

# Importance of Outcomes Measurement of CSR programmes - Case Nokia

International Business  
Master's thesis  
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2009

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## **IMPORTANCE OF OUTCOMES MEASUREMENT OF CSR PROGRAMMES Case Nokia**

### **Objectives of the Thesis**

The objective of the thesis was to find out how companies measure the societal and business outcomes of their CSR activities as well as to find out the reasons why outcomes measurement is considered important. The focus was on the societal aspect of CSR, and all programmes studied were community related CSR programmes. The programmes studied were categorised according to a framework of CSR action types modified from Halme and Laurila (2009). A fourth category of integration with society was added to the framework to complement the three prior ones, namely relationship to core business, target of responsibilities, and expected benefit.

### **Methodology and Data Collection**

The research was conducted as a single case study examining six community CSR programmes of Nokia, a large global mobile phone manufacturer based in Finland. Nokia was selected as the case company due to its extensive engagement in different types of CSR activities. The six programmes studied include Corporate giving, Nokia Helping Hands, BridgeIT, Nokia Data Gathering, Village Phone, and Make a Connection. Data for the thesis was collected through a documentary analysis complemented with interviews. The secondary data analysed included documents such as Nokia's CSR reports as well as information on the corporate website. Moreover, detailed reports of programme evaluation conducted on BridgeIT and Make a Connection were analysed more thoroughly. Two interviews were conducted for more thorough understanding of the specific case at hand.

### **Main Findings**

The six CSR programmes were categorised according to their characteristics, and the two first ones were concluded to fall into the category of Philanthropy whereas the others provided examples of CSR Innovation. Outcomes measurement was considered extremely important not only by Nokia but its non-profit partner IYF also. Both parties recognised that outcomes measurement is especially important for continuous learning and improvement. Nonetheless, there have not been official measurement efforts for all programmes. Finally, it was concluded that there is some evidence suggesting that, as was proposed by Halme and Laurila (2009), the opportunities for shared value and mutual benefit are greater for CSR Innovation than Philanthropic activities.

### **Key words**

CSR, corporate social responsibility, Nokia, outcomes measurement, societal benefits, business benefits

## **YHTEISKUNTA VASTU O HJELMIEN TULOSTEN MITTAAMISEN TÄRKEYS Case Nokia**

### **Tutkielman tavoitteet**

Tutkielman tavoitteena oli selvittää, miten yritykset mittaavat yhteiskuntavastuuohjelmiansa sosiaalisia ja taloudellisia tuloksia sekä selvittää, mistä syistä tulosten mittaamista pidetään tärkeänä. Painopiste oli yhteiskuntavastuun sosiaalisella dimensiolla. Ohjelmat luokiteltiin Halmeen ja Laurilan (2009) kehittämän mallin mukaan, ja malliin lisättiin neljäs ulottuvuus (yhteiskuntaintegraatio) edellisten kolmen ulottuvuuden (ydinliiketoimintaintegraatio, vastuun kohde ja odotettu hyöty) ohelle.

### **Tutkimusaineisto ja -menetelmät**

Tutkimus toteutettiin yksittäisenä tapaustutkimuksena, jonka kohteena oli Nokia ja sen kuusi yhteiskuntavastuuohjelmaa. Nokia valittiin tutkimuksen kohteeksi sen laajan ja monipuolisen yhteiskuntavastuutoiminnan vuoksi. Tutkimusaineisto kerättiin käyttäen julkaistun kirjallisen aineiston, kuten Nokian yhteiskuntavastuuraportin ja internet-sivujen, lisäksi yksityiskohtaisia raportteja kahden ohjelman kohdalla suoritetuista tulosten mittaamisprojekteista. Lisäksi kahden haastattelun tarkoituksena oli tarjota syvällisempi ymmärrys kohteena olevasta tutkimusaiheesta.

### **Keskeiset tutkimustulokset**

Kuusi tutkittua ohjelmaa luokiteltiin niiden spesifien piirteiden perusteella. Kaksi ohjelmista tarjosivat esimerkkejä hyväntekeväisyystyypisistä yhteiskuntavastuuohjelmista kun taas loput neljä luokiteltiin innovatiivisiksi yhteiskuntavastuuohjelmiksi. Ohjelmien tulosten mittaaminen nähtiin erittäin tärkeänä paitsi Nokiassa, myös sen yhteistyöjärjestössä IYF:ssä. Molemmat osapuolet olivat samaa mieltä siitä, että tulosten mittaaminen on ensiarvoisen tärkeää erityisesti oppimisen ja kehityksen kannalta. Siltikään kaikkien tutkittujen ohjelmien sosiaalisia ja taloudellisia tuloksia ei olla tutkittu virallisilla menetelmillä. Tutkimuksen perusteella voitiin lopuksi todeta, että Halmeen ja Laurilan (2009) oletuksen mukaisesti sekä sosiaalisten että taloudellisten hyötyjen mahdollisuudet ovat suuremmat innovatiivisten yhteiskuntavastuuohjelmien kuin hyväntekeväisyystyyppisten ohjelmien kohdalla.

### **Avainsanat**

Yhteiskuntavastuu, Nokia, tulosten mittaaminen, sosiaaliset hyödyt, taloudelliset hyödyt

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# **1 INTRODUCTION**

## **1.1 Background**

Corporate social responsibility (CSR) is continuously growing in importance in the modern world of globalisation. For various reasons companies take the initiative in composing codes of conduct, company values, and other means of taking their corporate responsibilities beyond the legally binding obligations. Many companies have now also realised their power to contribute to the common good of society at large and to have a positive impact on some of the most serious issues prevailing in the modern world and at the same time contribute to the financial performance of the company itself.

However, outcomes of CSR activities remain unclear. Extensive research in the field has produced mixed evidence on the impacts of CSR on corporate financial performance while the societal outcomes of the same remain largely unexplored. These key issues need to be addressed and coupled with a more fine-grained approach to CSR in order to find out whether CSR activities are really producing the benefits for society as well as for business as they are claimed to do.

## **1.2 Research problem**

Existing research in the area of CSR has largely focused on the motivators and drivers behind socially responsible actions in corporations or the stages of CSR development. At the same time, the actual outcomes of such actions remain under-researched and uncovered (see e.g. Halme & Laurila 2009; McWilliams & Siegel 2000). By definition, CSR refers to the idea of *doing good*, but the debate has been concentrating on the question whether it is possible for a business to “meet new social, environmental, and financial expectations and still win?” (Business Week 1999, in Orlitzky et al. 2003, 403). This has been researched through examining the relationship between CSR initiatives and corporate financial performance (CFP). However, the evidence has been

at best mixed and inconclusive, partly due to the fact that studies so far have not seriously addressed the differences among various types of CSR activities (see e.g. Halme & Laurila 2009; Hillman & Keim 2001; Barnett & Salomon 2006).

Moreover, research on the societal impacts of CSR initiatives still remains rare (see e.g. Halme & Laurila 2009; Margolis & Walsh 2003). In general, the very nature of CSR is such that its positive societal impacts are often taken for granted. After all, if a company engages in so-called socially responsible activities such as charity, is it not already going beyond its own duties and doing the best it can in order to make the world a slightly better place to live in? The question should be, however, more concentrated on the strategic intent of a company's CSR activities. There have been a few attempts to address this by claiming that CSR initiatives in fact could be mutually beneficial for society and the company itself – *if* strategically integrated into the company's core business (see e.g. Halme & Laurila 2009; Porter & Kramer 2006).

These two factors briefly introduced above (mixed evidence on CSR-CFP relationship and rare research on societal impacts of CSR) lead us to the research problem of the study at hand. The objective of this research is to *find out whether some type of CSR can be concluded to bring more benefit for the company and the surrounding society.*

### **1.3 Research questions**

In order to be able to answer the above research problem the following questions need to be addressed:

1. How do companies measure and evaluate the societal outcomes of their CSR programmes?
2. Is outcomes measurement and evaluation of CSR programmes considered important? Why?

## **1.4 Definition of key concept**

### **Corporate Social Responsibility (CSR)**

1. “Being socially responsible means not only fulfilling legal expectations, but also going beyond compliance and investing “more” into human capital, the environment and the relations with stakeholders.” (European Commission 2001, 8)
2. the “Triple-bottom-line” –approach to CSR: Performance measured based on combined contribution to economic prosperity, environmental quality and social capital. (European Commission 2001, 28) For the purposes of this thesis the environmental aspect is excluded and the term CSR is applied instead of CR to emphasise the focus on the social aspect of CSR.

## **1.5 Structure of the study**

First, the following chapter discusses in detail the concept of CSR, introducing the history of the debated concept and its evolvement. The underlying motives and reasons for companies to engage in such activities and different categorisations and typologies of CSR are briefly introduced, after which existing literature and studies on assessing the impacts of CSR are again more thoroughly addressed. A theoretical framework draws the lines together as regards the literature review of this study.

After explaining the methodology for data collection and analysis, the empirical part first briefly introduces the case programmes and then tries to find answers to the research questions and the broader research problem. Finally, the conclusions-section draws together the theoretical and managerial contribution of the research and points out direction for further research not covered within the reach of this particular thesis.





## **2 LITERATURE REVIEW**

In the following, some of the literature on the evolution of the concept of CRS as well as the most important contemporary perspectives are introduced.

### **2.1 The evolving concept of CSR**

Bowen's (1953) argument on the social responsibilities of a businessman can be considered to have started the contemporary debate on the social responsibilities of companies. He argued that businessmen share an obligation "to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society" (1953, 6 in Wartick & Cochran 1985, 759).

However, there have been differing opinions, such as that of Theodor Levitt who claimed that "government's job is not business, and business's job is not government" (1958, 47). Levitt concluded his article "The Dangers of Social Responsibility" with the remark that a business stands a much better chance of surviving "if there is no nonsense about its goals – that is, if long-run profit maximization is the one dominant objective in practice as well as in theory" (1958, 49). Also Milton Friedman was an advocate of the latter view, and the title of his 1970 article, "The Social Responsibility of Business is to Increase Its Profits", presents the idea underlying the friedmanian perspective on CSR. Friedman argued that only people can have responsibilities and that the discussions on CSR are not only analytically loose but also lacking in rigor. He defined CSR targets such as eliminating discrimination or avoiding pollution as contemporary catchwords. In his words, "there is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays *within the rules of the game* [emphasis in italics added]" (1970). For Friedman, it was thus enough for a company to follow the explicit rules such as legislation while maximising its profits.

Through the debates and discussions, models have developed aiming at incorporating both the economic and the non-economic aspects of CSR under one construction. For example, the Committee for Economic Development (CED) espoused a model of three concentric circles: the inner one for basic responsibilities for “the efficient execution of the economic functions”; the intermediate one for “a responsibility to exercise this economic function with a sensitive awareness of changing social values and priorities”; and the outer circle for the “emerging and still amorphous responsibilities that business should assume to become more broadly involved in actively improving the social environment” (CED 1971, 15 in Carroll 1979, 498).

## **2.2 CSR today**

In spite of the prevailing vagueness of the exact boundaries as regards to the concept of CSR, most academics and practitioners seem to be in accordance on one aspect: Somewhat contrary to the argument of Friedman in the 1970s, CSR implies the company going beyond the explicit legal obligations. For example, the European Commission green paper states:

“Being socially responsible means not only fulfilling legal expectations, but also going beyond compliance and investing “more” into human capital, the environment and the relations with stakeholders.” (European Commission 2001, 8)

One contribution related to CSR research that is widely referred to is the idea of a triple bottom line by John Elkington (1997, in Juholin 2003, 44; see also European Commission 2001). The foundation for this idea is that a business needs to not only be financially secure, but it also needs to eliminate or minimise any negative effects on the environment caused by its activities as well as act in accordance with the expectations of society.

As regards to the contents of CSR, a study conducted by Juholin (2003) demonstrated that all three of the original aspects included in the concept (financial, environmental,

and social) are still considered important. However, the emphasis has, for a fairly long time, prevailed on the environmental issues that now seem to be “processed and audited almost totally, and no longer needed special attention” (Juholin 2003, 92). Moreover, the economic foundations were considered to be in order, and therefore the emphasis in the content of CSR actions has shifted towards the third aspect of social issues. This is consistent with the statement of the European Commission green paper (2001, 8) that the experience of investing in and developing environmentally responsible technologies has suggested that going beyond the legally binding obligations can indeed contribute to a company’s competitiveness and actually be of direct economic value for the business. The Commission suggests that the same effect could take place in the area of social issues as well and that actions such as training and improved working conditions can have an effect on productivity, in this way successfully combining social development and improved competitiveness. (European Commission 2001)

### **2.3 Motivations for CSR**

Companies undertake activities related to, or termed as, corporate responsibility for a variety of reasons. A current view increasingly admits that CSR activities can indeed provide companies profitable business opportunities. For example, a study conducted on large Finnish companies indicated, that the overwhelming rationale for companies to engage in CSR actions is long-term profitability linked with corporate efficiency. (Juholin 2003, 89-101) The results of research, however, dismissed reputation management as a motive for CSR activities almost completely, and charity and philanthropy were reported as unnecessary for companies operating in the Nordic societies as long as they were paying taxes and otherwise “fulfilling their obligations to society” (Juholin 2003, 92)

A 2008 report “Corporate Citizenship Around the World” by the Global Education Research Network (GERN) highlights the current state of corporate citizenship in nine countries. Quite interestingly, motivations and driving forces for CSR tend to vary

between the different countries. Several countries reported pressure from NGOs, partners, employees, consumers, and society at large to be an important motivator for engaging in CSR activities. Also international standards and initiatives (such as the UN Global Compact or Global Reporting Initiative), local government laws, regulations and policies as well as incentives and guidance were reported as important driving forces. National sustainability index rankings (e.g. the São Paulo Stock Market Corporate Sustainability Index in Brazil) also function as motivators for CSR, as does good corporate reputation based on similar rankings as well. Employee values, corporate values and traditions, and religious culture of the surrounding society are also seen as pressures driving companies to undertake CSR efforts, and importantly, in the Philippines, the local government's inability to completely satisfy society's basic needs is seen as a motivator for CSR by the business sector. On the other hand, in the United States, risk management and expectation of future regulations offer further pressures for CSR. Interestingly, CSR engagement is also seen as providing opportunities for competitive advantage through for example differentiation. (GERN 2008)

Also according to the European Commission green paper (2001), companies are increasingly aware that CSR engagement can be of economic value, and that even though a company's main responsibility is to generate profits, it is possible for them to contribute to other objectives, such as those societal and environmental, as well through integrating CSR principles as strategic components of their particular core businesses (European Commission 2001, 5). The European Union acknowledges that companies globally are making investments in their future, and that the commitment to voluntary activities in the field of CSR will help them increase profitability in the future. The EU is concerned with CSR due to the concept's potential contribution to achieving the Union's strategic goal set in Lisbon in 2000. The goal is for the Union "to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion." (European Commission 2001, 4) The main contribution the EU will make is to help formulate a general European framework and to develop principles, approaches and tools to promote the quality and consistence of CSR practices. Also, the EU aims at

supporting the development of best practice approaches to cost-effective evaluation of CSR-practices in order to ensure their effectiveness. (European Commission 2001, 7)

## **2.4 CSR categorisations and typologies**

Along the discussions and debates various ways to categorise CSR activities have emerged despite the prevailing imprecision as to the actual definition of the concept. One way to categorise CSR has been presented by Husted and de Jesus Salazar (2003), who make a distinction based on a company's motivations to undertake CSR efforts. The categories suggested include altruism, coerced egoism and strategy, of which the last one offers the greatest possibilities for social output and benefit.

Windsor (2006) makes a distinction between two types of CSR, ethical and economic, and the conception of corporate citizenship. Ethical CSR refers to corporate altruism, whereas economic CSR advocates market wealth creation for investors through a utilitarian perspective. The corporate citizenship metaphor falls to the conceptual gap between the two perspectives. Instrumental citizenship derives from the economic position through strategic use of philanthropy as a lever for self-interested promotion of corporate reputation and market opportunities. Ideal citizenship, on the other hand, derives from the ethical perspective through concern for corporate reputation. (Windsor 2006)

Stage theories provide another traditional way to categorise CSR. Carroll (1979) proposes that the social responsiveness of a business ranges on a continuum from no response to a proactive response. Mirvis and Googins (2006) offer an example of a stage model of the normative path for the development of corporate citizenship. The model includes five stages (elementary, engaged, innovative, integrative, and transforming) among which the movement is influenced by four challenges (credibility, capacity, coherence, and commitment) as well as some internal and external factors.

Furthermore, Carroll (1979) proposes a categorisation of CSR that is formed by the different types of responsibilities a company needs to address: 1) economic, 2) legal, 3) ethical, and 4) discretionary responsibilities. Historically the corporate attention has been heavily on the first two (“responsibility to produce goods and services that society wants and to sell them at a profit” and “business to fulfil its economic mission within the framework of legal requirements”; Carroll 1979, 500), but later the concern has moved on to the two latter ones. Ethical responsibilities imply that a business needs to comply with those expectations society has of business beyond the legal requirements, whereas the discretionary responsibilities form a category of those social roles that are dictated neither by law nor society but whose execution is determined by the business’s desire only. (Carroll 1979, 500) The content of the categories have been revised in later works, and in the subsequent pyramid-model the four categories of CSR are termed as economic (“*be profitable*”), legal (“*obey the law*”), ethical (“*be ethical*”), and philanthropic (“*be a good corporate citizen*”) components (Carroll 1991, 42).

## **2.5 Assessing CSR outcomes**

Halme and Laurila (2009) question the comfortable, widespread idea of CSR by definition bringing something good for everyone, that is, for the company itself as well as for the society at large. The reality is that the actual outcomes of CSR remain under-researched and unclear and the benefits of CSR activities are too often taken for granted. Research has focused on CSR programmes and policies without questioning the benefits and the actual results of such projects. (Halme & Laurila 2009) Moreover, McWilliams and Siegel note that existing studies on the impact of CSR on corporate financial performance also suffer from several important theoretical and empirical limitations, such as omission of variables that have been shown to be important determinants of profitability (e.g. intensity of R&D investment by the company; McWilliams & Siegel 2000, 603).

Halme and Laurila claim that the existing research is deficient in at least two ways. First, in spite of the vast research on the linkage between corporate financial performance and CSR, too little attention has been paid to the fact that different types of CSR result in different types of outcomes. (Halme & Laurila 2009) This traditional view of CSR as a monolith partly explains the mixed results of the existing research within the area (see also e.g. Barnett & Salomon 2006; Hillman & Keim 2001). Second, the societal outcomes of CSR activities are left largely unexplored thus far (see also e.g. Margolish & Walsh 2003). Halme and Laurila note that while the major rationale behind CSR lies in its societal outcomes, it still remains largely under-researched an area. It still tends to be taken for granted that CSR is good for the society, as long as it is not used solely for the purposes of PR gimmick. (Halme & Laurila 2009) The two areas of research are discussed in more detail the following section.

### **2.5.1 CSR and business outcomes**

McWilliams and Siegel (2000) note that the existing research results on the linkage between CSR and CFP remain inconsistent, having reported positive, negative as well as neutral relationships. According to the authors, the studies conducted can be divided into two main types: event studies that assess the short-run financial impact of CSR and studies utilizing accounting or financial measures to assess the impact of CSR to long-term CFP. Independent of this separation, findings of both research types remain mixed. (McWilliams & Siegel 2000, 604)

On the other hand, Orlitzky, Schmidt and Rynes (2003) conducted an extensive meta-analysis of 52 prior studies of the relationship between corporate social performance (CSP) and corporate financial performance (CFP). The results of the meta-analysis show that not only is CSP positively correlated with CFP but also that the relationship tends to be bidirectional and simultaneous. The analysis also showed that reputation is an important mediator of the relationship and that factors varying between distinct pieces of research such as stakeholder mismatching, sampling error, and measurement



error can explain between 15 and 100 per cent of the cross-study variation in various subsets of CSP-CFP correlations. The findings confirm the idea of CSR paying off for the company itself as well in the form of business benefits and improved CFP, even though operationalisations of CSP and CFP may moderate the positive association. For example, according to the analysis, CSP tends to be more highly correlated with accounting-based measures of CFP than with market-based measures of the same. (Orlitzky, Schmidt & Rynes 2003)

Hillman and Keim (2001) note that even though previous literature has studied the linkage between CSR or corporate social performance (CSP) and financial performance of a company, no clear empirical relationship exists so far. They call for a more fine-grained approach to studying the linkage between CSR and CFP instead of aggregating the different dimensions of CSR into one broad and diversified measure. They also provide a rare example of a research demonstrating that the content of CR actually makes a difference in corporate financial performance.

Hillman and Keim claim that financial performance, or shareholder value as they name it, is affected differently depending on the nature as well as the scope of the socially responsible activity. Hillman and Keim decoupled the term corporate social performance (CSP) down to stakeholder management and social issue management, the first referring to investing in relationships with primary stakeholders such as the customers, employees, suppliers, shareholders and the surrounding communities, and the second referring to CSP elements outside the direct relationships with primary stakeholders. These elements include for example avoiding nuclear energy, not engaging in “sin” industries (alcohol, tobacco, gambling), and refraining from doing business with countries accused of human rights violations (Hillman & Keim 2001, 128).

Hillman and Keim tested their hypotheses through correlation and regression analyses of more than 300 S&P 500 companies and found that stakeholder management and CFP measured as market value added are positively and significantly correlated and that the

direction of this relationship is such that effective stakeholder management leads to improved CFP. However, the study showed negative and significant correlation between social issue participation and financial performance. In other words, the findings suggest that if CSR activity is directly related to primary stakeholders, the investment tends to not only benefit the stakeholders involved but also create shareholder value through a unique competitive advantage that is difficult to duplicate and that is derived from the strategic relationships with key stakeholders. On the other hand, participation in social issues beyond direct stakeholder involvement might actually negatively affect shareholder value creation. (Hillman and Keim 2001)

Hillman and Keim (2001) suggest that investing in the relationships with primary stakeholders can lead to valuable, intangible competencies that are important in gaining and maintaining competitive advantage and that the underlying difference between stakeholder management and social issue participation is lack of the link of the latter to important sources of competitive advantage.

Barnett and Salomon (2006) also agree that both existing theoretical literature and empirical research have suggested mixed results as regards to the relationship between CSR and CFP, and just like Hillman and Keim (2006) and Halme and Laurila (2009) they call for further research with more fine-grained measures instead of treating CSR as a dichotomous variable of either being socially responsible or not. Socially responsible investing (SRI) is a practice of choosing financial investments based on socially responsible criteria (Barnett & Salomon 2006, 1101), and according to the authors, SRI funds vary greatly in terms of the type and intensity of the screening they apply in selecting their investments. Previous studies relating to SRI funds have compared the financial performance of SRI funds and non-SRI funds while ignoring the heterogeneity among SRI funds. This has, in spite of many years of research, resulted in mixed and uncertain research findings with no clear evidence to one direction or the other. Instead of simply choosing whether to be a SRI fund or not, the question today should ask just how socially responsible a fund it should be (Barnett & Salomon 2006, 1119).

In order to address this research gap, Barnett and Salomon (2006) measured the impact of variation in the intensity and type of social screening employed by SRI funds on CFP. Their findings suggest that the relationship is neither strictly positive nor negative, but curvilinear with highest financial returns at low and high levels of social responsibility and lower financial returns at moderate levels of social responsibility. In other words, the type and intensity of socially responsible screening in SRI funds does make a difference as regards to CFP.

### **2.5.2 CSR and societal outcomes**

On the other hand, Margolis and Walsh (2003) not only reported on a very mixed base of results on the CSR-CFP relationship but also concluded that research in the area of CSR impact assessment has largely left unexplored what it is that companies are actually doing to benefit the society, that is, assessing the societal effects of CSR activities. Halme and Laurila (2009) also state that the attention received by the CSP-CFP relationship is disproportional compared to the attention given to the societal outcomes of CSR, and that little effort has been directed at investigating the value of CSR to various societal stakeholders.

Also McWilliams, Siegel and Wright (2006) note that the relationship between the social performance of a company and the financial performance of the same has been of primary interest in recent research and that in order to gain a more thorough understanding of the phenomenon of CSR requires taking into account the impacts of CSR on other stakeholders as well. The authors also call for researchers to improve the precision of measurement of both the private and social returns of CSR (private returns referring to business benefits serving the bottom line of the company and social returns referring to serving the society, even at the cost of profits, as defined by Baron 2001 in McWilliams et al. 2006).

Blowfield and Frynas (2005) agree that some key questions have been neglected within the research field and that it would be important to go beyond the field of CSR as such and try to find out how does it help solve societal issues it claims to be addressing. After all, major rationale behind CSR lies in the ways in which it contributes to benefit the surrounding society.

### **2.5.3 Action-oriented typology for CSR impact assessment**

In order to fill the existing research gap and facilitate the assessment of societal and financial outcomes of different types of CSR, Halme and Laurila (2009; see also Kourula & Halme 2008) propose an action-oriented CSR typology that is formed from a more pragmatic perspective, with the underlying idea that the content of the categories should be empirically observable. The problem with earlier theoretical categorisations has been that their linkage to the actual outcomes is sometimes hard to grasp. For example, as Halme and Laurila point out, the trouble with the model of Husted and de Jesus Salazar (2006) is that studying links between motivations and outcomes is difficult as there are so many intervening factors between motivations to undertake CSR and the financial and societal impacts and therefore an empirical research of these factors would be overly complex. (Halme & Laurila 2009)

The model of Halme and Laurila introduces three types of CSR based on the company's dominant mode of CSR, namely Philanthropy, CSR Integration, and CSR Innovation. Table 1 on the next page presents the categorisation.

**Table 1: CSR action types**

		CSR action type		
		Philanthropy	CSR Integration	CSR Innovation
Dimension of action	Relationship to core business	Outside of the core business	Close to / integration with the core business	Extension of the core business or development of new business
	Target of responsibility	Extra activities	Environmental and social performance of existing business operations	New product or service development
	Expected benefit	Image improvement and other reputation impacts	Improvements of environmental and social aspects of existing business	Alleviation of a social or environmental problem

Source: Modified from Halme & Laurila (2009, 330)

According to the framework, the types of CSR projects and actions companies engage in differ in relation to three dimensions: 1) their relationship to core business, 2) their target of responsibility, and 3) their expected benefit. Philanthropic actions as a part of any company's CSR activities are usually external to the company's core business, driven mainly by reputation management, and targeting extra activities. CSR Integration activities, on the other hand, are close to the company's existing core business, and the target is to achieve better environmental or social performance of existing operations. Actions classified as CSR Innovation are also related to the company's current operations, but unlike CSR Integration activities, they function more as a means to enlarge the core business or develop new business, while at the same time helping solve existing social or environmental problems. The target of this type of actions is to develop new products or services. (Halme & Laurila 2009)

As Halme & Laurila (2009) point out, CSR Innovation is closely linked to an approach referred to as the base-of-the-pyramid or bottom-of-the-pyramid (BOP) that seeks to

solve social problems while simultaneously creating new businesses or business opportunities (see e.g. Prahalad 2005; Prahalad & Hammond 2002). This somewhat new trend might provide companies with attracting possibilities to carry out their share for the common good in terms of CSR activities while actually building on a true competitive edge in terms of for example new business areas, products or services and possibly gaining something truly valuable for themselves.

Prahalad and Hammond (2002) claim that building businesses aimed at the bottom of the pyramid can provide important competitive advantages for companies. Companies need not aim at solving all social issues or economic ills of the society but to act in their own self-interest and gain from the benefits from penetrating the markets of the developing world. According to the authors it is possible and even likely that a multinational company can benefit not only itself but also the society through direct and sustained strategic involvement in the developing markets.

According to Prahalad and Hammond, businesses can gain three types of advantages by choosing to penetrate the BOP markets of the developing world: a new source of revenue growth, greater efficiency, and access to innovation. First, opportunities for growth offered by the BOP markets can provide significant potential especially for large multinationals that have already saturated their existing markets. Also the growth in BOP markets can be remarkably rapid since the markets are only at the earliest stages of economic development. In addition to generating overall sales, a company can establish its presence and brand in these completely new markets before other companies arrive. Second, cost reduction opportunities arise from locating labour-intensive functions in BOP markets. This not only helps reduce the company's costs but through creating employment in the developing countries local consumers' purchasing power increases, enhancing demand and sales growth. Cost reductions can also occur through the pressures met in the BOP markets to maintain a low cost structure. Companies are forced to generate ways to enhance productivity in order to keep costs down, and the innovations made here can be often transferred back to operations in the developed markets as well. (Prahalad & Hammond 2002)

Third, BOP markets offer opportunities for business innovation. Conditions so different from those in the developed world force companies to come up with innovative solutions to overcome some critical barriers in the developing markets. For example, companies have generated devices that allow for Internet usage through voice-directed commands instead of keyboards, aimed for the illiterate. Also, in the BOP markets connectivity remains a problem since there are no fixed phone or Internet lines in most areas, and therefore providing different services through mobile technologies have provided important gains for some companies. (Prahalad & Hammond 2002)

Moreover, also Hart and Christensen (2002) claim that it is possible for companies to address the stakeholders' social and environmental concerns while generating growth and profits at the same time. They also state that companies need not primarily aim at lifting people at the bottom of the pyramid out of poverty – though this would be the ultimate end result – but to concentrate on finding the most exciting growth markets for the future and lead business the best possible way. Not surprisingly, according to the authors, the unsaturated BOP markets offer the greatest opportunities for generating growth. (Hart & Christensen 2002) Therefore, there is evidence that CSR Innovation activities should in general fulfil the win-win condition (Halme & Laurila 2009). Halme and Laurila also address the question whether CSR Innovation can eventually be seen as nothing else but good business, but points out that as long as a business delivers new solutions to social or environmental problems, it might just as well be called responsible (Halme & Laurila 2009).

Also Porter and Kramer (2006) find the integration of business and society of crucial importance. They claim that the efforts taken by many companies to improve the social and environmental consequences of their activities have not reached the highest level of potential benefits for two reasons. First, the efforts have tended to match business against society when the two should be understood as more interdependent variables. Second, the general trend has pressured companies to think of CSR in more general terms instead of finding the most suitable strategy for each specific company. (Porter & Kramer 2006, 78) The authors also claim that the most common corporate response to

external pressures for CSR has been neither strategic nor operational but cosmetic in the form of public relations and media campaigns. CSR reports delineating a company's social and environmental good actions often merely aggregate uncoordinated activities to show off the company's social sensitivity. Reports rarely offer a coherent picture of a company's CSR, and for example philanthropic initiatives are typically described in terms of dollars or volunteer hours spent but almost never in terms of the most important indicator – impact. (Porter & Kramer 2006, 80-81)

For Porter and Kramer, integrating business and society is the key. Companies should analyse their potentialities for CSR using the same frameworks that guide their core business choices and in this way figure out the means to turn CSR into a source of strategic opportunity and innovation as well as competitive advantage. (Porter & Kramer 2006, 80) Authors suggest that after identifying the critical points of intersection between a company and society, it is important to choose which social issues to address. Instead of trying to solve society's every problem, issues that intersect with the company's particular business should be picked up for closer attention. The question to guide CSR choices should be whether or not a certain cause can provide an opportunity to create shared value, that is, benefit both the business and society in a meaningful way. (Porter & Kramer 2006, 84) After selecting which social issues to address, a company needs to create a corporate social agenda. It is not enough for CSR to be responsive to stakeholder claims and interests but it needs to go beyond and be truly strategic, since it is through strategic CSR that a company can conclude with the most significant social impact as well as reach the best business benefits. (Porter & Kramer 2006, 87) Overall, creating shared value should be viewed like research and development, as a long-term investment in the company's future competitiveness (Porter & Kramer 2006, 91).

Drawing on the notion of integration of business and society a fourth dimension of action could be added to the framework introduced above. The framework already encompasses the idea that the level of core business integration of a CSR programme is one important determinant for CSR outcomes, but the programmes and their impact also



vary in terms of their level of integration with society. For example, for Philanthropic activities such as charitable donations the level of presumed integration is low, since the donations tend to be relatively small sum and/or short-term in nature whereas true integration with society would require deeper long-term involvement. Often with charitable givings and the like there seems to be no real logic or rationale behind the decisions where to direct the donations, and the money might end up chasing the causes of the latest trends while leaving other issues aside. A lot of corporate philanthropy is formed by sporadic initiatives towards generic social issues (Halme & Laurila 2009, 334). For CSR Integration activities the level of integration with society may be a little higher. Improvements of the social aspects of existing business operations form the expected benefits from these activities, which implies that social issues are given serious attention but the ultimate focus is still on enhancing business activities. Finally, for CSR Innovation activities the level of integration with society is high. As discussed earlier, activities in this category have been formed around the premise of solving a social problem in the first place, and they are therefore deeply rooted in social considerations. CSR Innovation activities are conceived from business's integration with society.

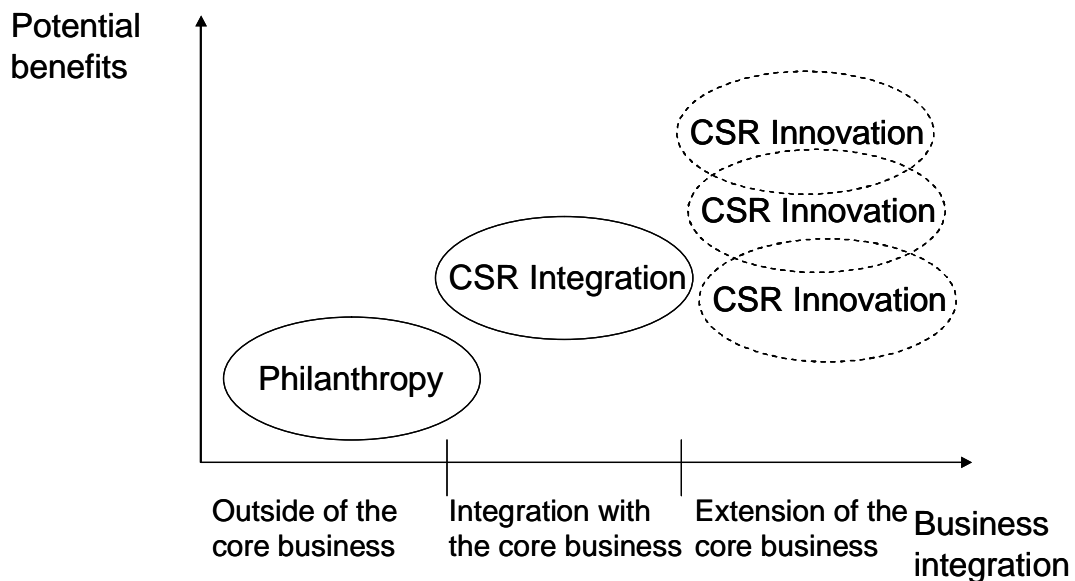
As mentioned in section 1.4, for the purposes of this thesis the environmental aspect of CSR is excluded and the emphasis is focused on the social aspect of CSR. Table 2 on the next page presents the extended and modified CSR action type framework.

**Table 2: CSR action types extended**

		CSR action type		
		Philanthropy	CSR Integration	CSR Innovation
Dimension of action	Relationship to core business	Outside of the core business	Close to / integration with the core business	Extension of the core business or development of new business
	Target of responsibility	Extra activities	Social performance of existing business operations	New product or service development
	Expected benefit	Image improvement and other reputation impacts	Improvements of social aspects of existing business	Alleviation of a social problem
	Integration with society	Low	Medium	High

Source: Modified from Halme & Laurila (2009, 330)

The assumption underlying the framework is that different types of CSR activities bring different types of societal and business benefits and the differences between the types should be well taken into consideration when assessing CSR outcomes. The hypothesis is that the level of integration of CSR activities into the core business of the company is positively correlated with the level of potential benefits from these activities. Therefore, the type of CSR with the highest level of integration to the core business, that is, CSR Innovation, is claimed to provide the greatest opportunities for business and societal benefits while the type with the lowest level of integration, Philanthropy, has the least potential in both respects. (Halme & Laurila 2009, 334) See figure 1 on the next page for an illustration of this hypothesis.



Baseline: Economic and legal responsibility

**Figure 1: Expected level of business and societal benefits by CSR action type I**

(Source: Modified from Halme & Laurila 2009, 334)

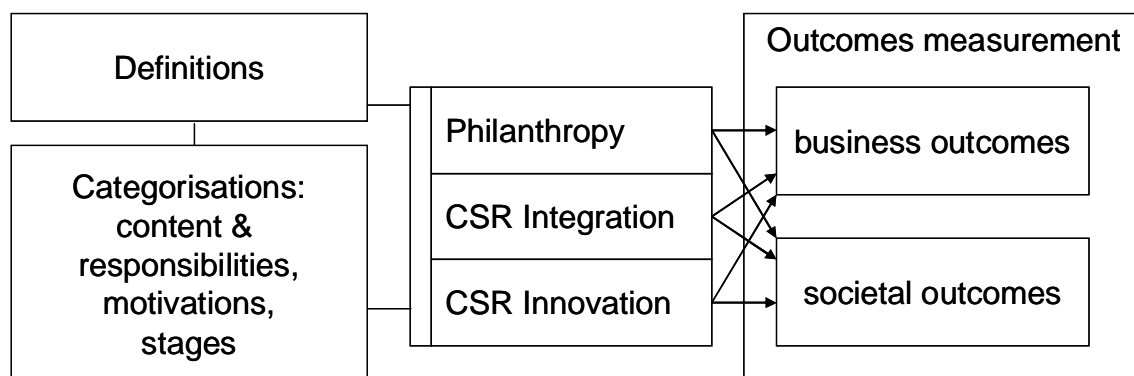
There is yet no sufficient critical evidence of the real outcomes of CSR Innovation or of how the outcomes compare with those of Philanthropy and CSR Integration, which is why three different outcome positions are illustrated in dotted lines (Laurila & Halme 2009, 334)

For the purposes of this paper, the framework developed by Halme and Laurila and presented and modified above is used to categorise particular CSR projects in which the Finland based mobile phone manufacturer Nokia is involved and also to test the framework through determining whether it is possible to fit the particular projects into the three categories presented based on their content, intent, expected benefits, and level of societal integration. Finally, the framework provides a basis for evaluating the particular projects in terms of their respective business and societal outcomes.

## 2.6 Theoretical framework

As discussed in the previous sections, much of the research around CSR has traditionally focused on the evolving definitions of CSR and the ways in which the concept could be categorised. On the other hand, the later trend has found some interest in assessing the outcomes of CSR activities, but even though the relationship between CSR and CFP and the business outcomes of CSR have been researched quite extensively there has been no consensus on the actual results. On the other hand, the societal outcomes of CSR activities have still been left largely unexplored, even though major rationale behind CSR lies in the benefits it brings to stakeholders involved.

A major explanatory factor for the mixed results of the CSR-CFP relationship seems to be the traditional way of treating CSR as a monolith, and today there is some evidence that the content and type of CSR indeed does matter when examining the impacts of these activities. Therefore, even though the focus is on the outcomes side of CSR, the different categorisations of CSR cannot be completely excluded from the scope of the thesis.



**Figure 2: Theoretical framework**



### **3 METHODOLOGY**

The research was conducted as a single case study of Nokia and six of its community CSR programmes. Nokia was selected as the case company due to its extensive engagement in different types of CSR activities. Case study was considered an appropriate research method for the study at hand for three reasons. First, the study focuses on contemporary events and interviews of people actually involved in the events are included. Second, no control over the events studied was possible by the researcher. Third, case study is considered a relevant research method for answering research questions of the form of “why” and “how”. (Yin 2003, 5)

#### **3.1 Methodology for data collection and analysis**

Data for the thesis was collected through documentary analysis complemented with interviews. The secondary data analysed includes documents such as Nokia’s CSR reports as well as information on the corporate website ([www.nokia.com](http://www.nokia.com)). Moreover, detailed reports of project evaluation conducted on two of Nokia’s CRS programmes were analysed for more thorough understanding of the specific evaluation projects. Also the website and specific publications by the International Youth Foundation (IYF) were used as sources of information.

Two interviews were conducted for more thorough understanding of the specific case at hand. First, the Director of Community Involvement at Nokia, Gregory Elphinston, was interviewed in November 2008 in Helsinki by the author of the thesis and Academy Researcher Minna Halme from the department of Organisations and Management of the Helsinki School of Economics. The second interview was held in December 2008 as a teleconference with Ami Thakkar, Programme Director at International Youth Foundation (IYF) responsible for a youth development co-initiative called Make a Connection with Nokia. Both interviews were held in English, recorded and afterwards

transcribed. The interview questions can be found at the end of the thesis as Appendices 1 and 2.

### **3.2 Reliability and validity of the study**

The following section describes the actions taken in order to ensure the reliability and validity of the study at hand. According to Yin (2003, 33-39), there are four tests to be taken into consideration when conducting a case study research, three of which were considered for this specific thesis, namely construct validity, external validity and reliability of the study. Internal validity was excluded since it is only a concern of causal or explanatory case studies while the case study conducted here is more descriptive or exploratory in nature.

**Construct validity** of the thesis was ensured mainly through the utilisation of multiple sources of evidence at the data collection phase of the research. Documented information is appropriate especially as it is stable and can be reviewed repeatedly, whereas interviews provide an opportunity for deeper understanding of the topic at hand through well targeted focus. (Yin 2003, 34-36 & 85-92)

**External validity** deals with the problem of generalisation (Yin 2003, 37). The possibilities for generalisation of the findings of this study are fairly limited since the scope of the study was defined narrow with six CSR programmes of one company. However, the findings are generalisable to the broader theoretical framework presented. Nonetheless, the findings should be replicated in other case studies in order to further ensure external validity.

**Reliability** refers to minimising error and bias in conducting a case study. Basically the objective is that a later researcher conducting the same study all over again would conclude with the exact same findings. (Yin 2003, 37-38) Reliability of this study was ensured in several ways. First, all steps of the research are well documented and

thoroughly described in the methodology chapter. Second, a case study database including all material was created to allow for later check-ups and verification of information. Interviews were recorded, transcribed word by word and saved in the database. Additional notes from the interviews complemented the transcribed records. Finally, the interview templates utilised are included as appendices at the end of this thesis.





## **4 CASE STUDY: NOKIA**

### **4.1 Nokia in brief**

Nokia, one of today's most highly valued electronics brands in the world with its conglomerate roots in Finnish paper, cable and rubber industries, decided to focus on the telecommunications sector in 1992. This decision taken by the then new CEO Jorma Ollila can be considered the most important strategic decision for the company throughout its entire history, and at the end of the 1990s Nokia was already the world leader in the mobile telephone industry. (Nokia 2009a)

Also today, Nokia remains the world's leading manufacturer of mobile devices by market share (estimated at 39% in 2008) and a leader in the converging Internet and communication industries. Nokia manufactures a wide range of mobile devices for all major consumer segments and offers Internet services that enable people to experience music, maps, media, messaging, and games. (Nokia 2009b)

Nokia's head office is located in Espoo, Finland, but production, R&D, sales, and marketing activities are located around the world. The company has sales in more than 150 countries. Nokia's net sales were EUR 50,7 billion in 2008, leaving an operating profit of EUR 5,0 billion. Nokia employed 128 445 people at the year end (including the subsidiary Nokia Siemens Networks). (Nokia 2009b)

### **4.2 Overview of CSR at Nokia**

Nokia states to have accepted the responsibility that comes with operating globally and occupying the top position in the market. The company's operations affect a great number of people and communities all around the world, and the company believes that the best contribution it can make to sustainable development is to carry out its business

in a responsible way. (Nokia 2009d) Overall, Nokia's CR agenda is framed around the corporate values (namely, "engaging you", "achieving together", "passion for innovation", and "very human") and is carried out in every aspect of the corporate activities. (Nokia 2009e) The company values have also served as the starting point for the development of corporate guiding principles compiled as the Nokia Code of Conduct, first published in 1997 but revised multiple times over the years. The Code of Conduct is also an important part of both the company's overall operations as well as its CSR, and it includes aspects of business ethics such as fostering diversity and equal opportunity among the work force, various environmental considerations, zero-tolerance for corruption, and requirements for partners to comply with laws and regulations as well as encouragement for the same to strive even beyond legal compliance in areas such as governance, human rights and environment. (Nokia 2009f)

Nokia's CSR can be understood as an entity with four aspects: 1) employees, 2) supply chain, 3) environment, and 4) community. First, as a part of its CSR agenda Nokia looks after its employees through various employee programmes and ethical labour practises. The company strives to act as a world-class example of a truly diverse and inclusive working environment. (Nokia 2009g) Second, Nokia expects that its suppliers also take a similar ethical business approach, and through close-up supply chain reviews and rigid partner selection Nokia aims to ensure that environmental, ethical as well as health and safety issues and ethical labour practices are embedded in all Nokia's sourcing processes including supplier selection and relationship development. Nokia has developed a comprehensive set of global Nokia Supplier Requirements (NSR) that include specific environmental and social requirements based on international standards ISO 14001, SA 8000, OHSAS18001, PCMM and ILO, and UN conventions. (Nokia 2009h)

As another part of responsible supply chain management Nokia engages in industry collaboration initiatives such as GeSi and RosettaNet. Nokia joined GeSi (the Global e-Sustainability Initiative) Supply Chain working group in 2004, and the aim of the group is to promote good conduct and to develop tools, management practices, processes and

systems to assist all group members in dealing with CSR supply chain issues. RosettaNet, on the other hand, is a voluntary initiative of over 500 major information technology and electronics manufacturers worldwide committed to developing solutions for standardised exchange of information. As a part of its supplier cooperation development, Nokia utilises a web-based RosettaNet information exchange solution in its product information exchange with suppliers. (Nokia 2009i)

Third, environmental initiatives can be understood as a part of Nokia's CSR even though it is separated as its own entity on the corporate website instead of including it as a component under CSR (Nokia 2009j). The reason for this separation might be Nokia's commitment to fully integrating environmental issues in its business activities. Taking care of the environment is considered everyone's responsibility within the company and part of everything Nokia does, with global perspectives and approach. (Nokia 2009k) Nokia's aim is to be a leader in environmental performance, and the goal is not only to improve the environmental performance of its operations on a continuous basis but also to make a positive impact through products and services that enable people to make more sustainable choices. The corporate approach to environmental management is based on the idea of product life-cycle, encompassing measures to reduce environmental impacts of operations throughout the entire life-cycle, ending with proper treatment and recycling. Environmental management priorities include energy efficiency, managing substance of products, and take-back of used devices for proper recycling. (Nokia 2009l)

Nokia also collaborates with stakeholders in the industry and beyond in order to maximise contribution in the environmental management field. For example, in 2007 Nokia initiated supplier collaboration to work on energy efficiency targets that go beyond Nokia's current environmental supplier requirements. (Nokia 2007a) Nokia has also worked closely together with World Wide Fund for Nature (WWF), a global conservation organisation, from 2003 in order to find new ways of enhancing Nokia's environmental performance and increasing the environmental awareness of all Nokia employees while at the same time supporting nature conservation. Since January 2008

Nokia has also been a member of WWF's programme "Climate Savers" that works to reduce greenhouse gas emissions. Moreover, Nokia also supports Connect2Earth, a green on-line community launched by WWF and the International Union for Conservation of Nature (IUCN) in 2008 enabling young people to express their views on the environment by uploading videos, pictures, and comments. Finally, Nokia has also supported WWF's project "Operation Mermaid" in the Baltic Sea as well as various other local WWF projects world wide. (Nokia 2009m)

The fourth area of Nokia's corporate responsibility encompassing community programmes is of major interest for the thesis at hand and is discussed in more detail in the following sections.

#### **4.3 Nokia's Community CSR**

Nokia's community CSR programmes include everything from donations and sponsored programs to partnerships specifically supporting organisations and projects that reflect the company's core values, thus linking CSR more closely into the corporate culture. Many of the programs are targeted at young people and youth development. (Nokia 2009n) For example, Nokia collaborates with the International Youth Foundation (IYF) on a number of youth programmes, and the company has also signed a cooperative agreement with the international children's organisation Plan in order to utilise modern communication technologies in Africa to raise the children's awareness of their rights and opportunities. During the first stage of the effort Nokia has been focusing on supporting Plan's existing media and communications technology projects in Africa. These kinds of cooperation programs are important because they not only benefit the youth themselves but they also tend to have spark off wider societal impacts through benefiting parents, teachers and other members of the community. (Nokia 2009o)

In addition to youth development, Nokia engages in three other types of societal CSR, namely employee volunteering, corporate giving, and a cluster of programmes coined

under the heading Mobile Technologies for Development (Elphinston 2008). Programmes in this area mirror the company's dedication to bridge communication gaps around the world through providing universal access to communications technology. Nokia believes that mobile technologies can provide both social and economic improvements such as better access to information, enhanced business opportunities and increased potential to network with others in the community and beyond, making the technologies a powerful weapon in the fight against social exclusion. BridgeIT is one example of an innovative program that seeks to bridge the digital divide by bringing interactive, multi-media learning materials and enhanced teaching skills to classrooms in developing countries through utilising existing mobile products and satellite technologies and the 3G network. (Nokia 2009p)

Village Phone provides another example of a programme targeting universal access, providing rural areas in developing countries with access to affordable telecommunications services and in this way boosting economic development in rural communities. (Nokia 2009q) Accessibility is another cluster of CSR projects that target universal access through providing accessibility features specifically designed for people with disabilities and cognitive, sensory and physical limitations. (Nokia 2009r)

Moreover, Nokia Data Gathering is yet another example of a CSR programme that utilises Nokia's own expertise in mobile technologies to do good things for society. The software allows different organisations to collect data using mobile phones instead of more laborious paper forms, PDAs or laptops. Since mobile phones can send data from remote locations, the data collected can be transmitted for analysis in near real-time. (Nokia 2009s)

In addition to BridgeIT, Village Phone and Nokia Data Gathering, Nokia is developing a fourth project under the heading of Mobile Communications for Development that is supposed to remind people to take their HIV/AIDS medicines on time. This is crucial for if taking medicines is ignored, the virus will mutate and cause not only health problems but it will also require a more expensive set of medicines. Nokia has been

looking for a way to remind people on their phones in a way that would be culturally appropriate as well as discreet, and possibly even have them confirm that they have taken the medicine. This would allow for better monitoring and control from the side of health organisations all around the world. The system is also valid for other conditions such as asthma or hypotension, and Nokia hopes that insurance companies will see the potential the system has in the Western world, where it is ultimately the insurance companies that will pay the costs of a person spending a night in a hospital at a thousand dollars when the alternative could be to give this person a hundred dollar phone with the software to remind of the medications. (Elphinston 2008)

The six programmes researched for this thesis will be discussed in more detail in the following sections.

#### **4.3.1 Corporate giving**

Nokia's main objective for corporate donations is to target issues directly involving children and to invest in preventive programs bringing together expertise from private and public sectors as well as from the civil society. In addition to supporting schools and kindergartens, donating hospital equipment and providing charity for children with disabilities Nokia makes charitable contributions in support of disaster relief efforts. Nokia cooperates with organisations such as the International Federation of Red Cross and Red Crescent Societies to provide financial assistance to disaster areas but also takes part in the long-term reconstruction efforts. For example, the company's response to the 2004 Southeast Asian tsunami included an immediate cash donation and a thousand mobile phones given to the rescue teams and operator customer teams working to restore and expand the network capacity. In addition, Nokia developed a long-term recovery proposal with a Reconstruction Fund of EUR 2,5 million managed by the IYF, supporting the revival of traditional handicrafts, diversifying the sources of income of the people involved, providing access to capital and training to help people

affected by the crisis to create their own business or to develop new skills, and promoting a larger scale of production. (Nokia 2009t)

#### **4.3.2 Nokia Helping Hands**

Nokia Helping Hands is an employee volunteerism program functioning globally as a part of the company's corporate responsibility scheme, allowing employees dedicate a maximum of two working days per year to volunteer work of their choice. In 2007, Nokia employees participated in 32 000 hours of volunteer work in 32 different countries. The program creates connections between people, fosters Nokia's corporate values and facilitates employee participation. The program aims at building on the corporate culture in a sustainable way. (Nokia 2009u) The volunteer work conducted includes building schools, cleaning beaches, collecting toys, clothes and other supplies for people in need and arranging activities for children and the elderly. (Nokia 2007c)

Nokia sees it as important to support and encourage employees who want to make a difference with their own actions. Through helping others it is possible to learn new skills and find new perspectives. Volunteerism can also further improve the balance between work and personal life. (Nokia 2009u)

#### **4.3.3 BridgeIT**

BridgeIT was the first project under the broad category of Mobile Technologies for Development at Nokia, and it is the result of a unique partnership between Nokia, IYF, Pearson, SEAMO Innotech and the United Nations Development Program (UNDP). The program uses existing information and communication technologies to facilitate access to quality education everywhere in the world. (Nokia 2007d) The idea is to offer young people the opportunity to education and skills development that will enable them to lead successful life and to become productive members of the society. The program



supports the youth's development during their critical years and the objective is to develop an inexpensive way to deliver educational material of high quality to developing country schools through wireless technologies. (Nokia 2009y) Nokia supplies mobile phones and monthly prepaid credit to the participating schools (Nokia 2007d).

The text message technology used in the programme enables teachers and students to request and download materials from a digital library, allowing for an access to over 900 multimedia educational resources such as lesson plans and videos (Nokia 2007d). In practice, the teacher connects to the library with a mobile phone, selects a video and then downloads it into a digital video-recorder connected to a TV-set of a class room. In this way, BridgeIT brings global educational materials into the immediate reach of teachers and students in developing countries who would not otherwise have access to these. (Nokia 2009y)

The program was launched in 2003 in the Philippines, reaching 240 schools and 900 000 pupils across the country. The University of Philippines conducted an impact assessment project showing a significant increase in average academic scores and decrease in absenteeism in the participating schools. (Nokia 2007d) The societal outcomes evaluation project will be discussed in detail in section 4.4.2.1.

#### **4.3.4 Nokia Data Gathering**

Nokia Data Gathering is a fairly new software solution developed by Nokia and Instituto Nokia de Tecnologia (INdT), a non-profit research and development centre in Brazil, to help the public sector and NGOs quickly and accurately collect data even in the remotest parts of the world (Nokia 2009aa). The solution enables the use of mobile phones to collect data instead of using paper forms, PDAs or laptops, therefore allowing for immediate sending out of the data for analysis (Nokia 2009ab).

The software will be available for public sector organisations and NGOs free of charge. It can be used to create tailored questionnaires and distribute them to multiple mobile phones using a normal mobile network, which makes it quick and easy for the field personnel to complete the surveys and then transmit their findings back to a central database for analysis. The system also allows organisations to geo-tag with GPS location information to build a more detailed picture. The Amazonas State Health Department in Brazil will be the first to use the solution as a part of the fight against dengue fever in the city of Manaus in Northern Brazil. (Nokia 2009aa)

#### **4.3.5 Village Phone**

In 2006, Nokia joined forces with the US-based Grameen Foundation to build on the pioneering work of Professor Muhammad Yunus and the Grameen Bank in Bangladesh awarded the Nobel Peace Prize in 2006. The consequent Village Phone-project follows the concept of Grameen Phone, a successful program being now operated in Uganda and Rwanda. The concept uses microfinance as an innovative tool to create entrepreneurship and to boost network connections in areas with poor infrastructure. A microfinance loan of approximately USD 200 is provided for a female villager willing to start business as a Village Phone operator. With the loan provided the operator purchases a mobile phone kit comprising of a Nokia handset, a SIM card preloaded with prepaid airtime, an external antenna set (including a booster antenna, a coupler, and a cable), and marketing materials. The loan is usually for a period of up to nine months, at an interest rate of less than four per cent. Village Phone operators typically pay back the loan in six months' time from their income from operating the Village Phone, that is, from selling airtime for other villagers who typically have no other access to communications technology. The extra income earned from the micro-business can then be used to things still rare in the developing world, such as educating one's children or paying for one's own housing. For example, in Uganda five thousand new businesses have been created since 2003 and the number continues to grow. (Nokia 2009q)

Nokia considers the Village Phone –project to be an excellent example of today’s collaborative efforts to make universal access a reality. (Nokia 2009q)

#### **4.3.6 Make a Connection**

As mentioned earlier, Nokia supports various youth development programmes and for many years, the company has been cooperating with the International Youth Foundation (IYF). IYF, established in 1990, is a global non-profit organisation working to empower young people to be healthy, productive and engaged citizens with a presence in close to 70 countries worldwide. IYF’s programmes help youth obtain quality education, gain employability skills, make healthy choices, and work to improve their communities. (IYF 2009a) Together with its numerous partners IYF has reached millions of young people around the world. (IYF 2009b) Instead of developing completely new programmes from scratch, IYF strives to identify those of its programmes that are working and bringing the expected benefits for participants, expand their reach and strengthen their impact so that more young people can benefit. All IYF’s programmes are built around four themes: Education, Employability, Leadership and Engagement, and Health Education and Awareness. (IYF 2009a)

IYF organises its programmes through a global network of local partners that are highly respected, innovative, and independent organisations rooted to address youth issues at a local level. IYF also serves to create strategic alliances between the corporate, public, and civil society sectors through a multi-sector approach in order to maximise both the reach and the impact of its youth development programmes. The multi-sector collaborations are usually three to five years, multi-million dollar initiatives carried out in numerous countries. IYF also partners with multilateral institutions such as the United States Agency for International Development (USAID) and the Multilateral Investment Fund of the Inter-American Development Bank (IDB). (IYF 2009a)

In 2000, Nokia and the IYF launched a global youth development initiative called Make a Connection to strengthen the life skills of young people and prepare them for the future. To date, Nokia has invested USD 26 million in 24 countries and directly benefited more than 330 000 young people. The country programmes, implemented by local NGOs, provide a means for achieving important youth development outcomes such as improved performance at school, increased literacy, job placement, and active citizenship. Examples of the different country programmes include *Conéctate* (providing Colombian youth with training in information technology, at the same time developing their self-esteem, creative and critical thinking, and communication skills), *Kapcsolodj be* (supporting the efforts of young community volunteers in Hungary and equipping them with project management and budget planning skills), and *Mudando a História* (training Brazilian youth to serve as reading mentors to disadvantaged children). (Nokia 2009ad)

Table 3 on the next page presents a summary of Nokia's Community CSR programmes discussed above. The six programmes chosen for closer examination for this thesis are highlighted with a light-gray background. The software for reminding people to take their HIV/AIDS medication was left out due to it being only at the developmental stage. The partnership with Plan International was not included since at the first stages of the cooperation Nokia has purely focused on supporting Plan's existing media and communications technology projects for African children and youth with an initial investment of USD 1 million in 2006. Instead, Make a Connection –initiative in cooperation with IYF was chosen since it provided a more extensive basis for examination due to its longer history and wider reach.

**Table 3: Nokia's Community CSR Programmes**

<b>Project</b>	<b>Theme</b>	<b>Issue</b>	<b>Partner</b>
<b>Corporate giving</b>	Philanthropy	charitable donations, disaster relief	e.g. Red Cross, Red Crescent Societies
<b>Nokia Helping Hands</b>	Employee volunteering	employee volunteering	-
<b>Accessibility</b>	Universal access	providing access to mobile communications for people with disabilities and cognitive, sensory or physical limitations	-
<b>BridgeIT</b>	Mobile Technologies for Development / Universal access	bringing interactive teaching materials to schools through mobile technologies	International Youth Foundation, Pearson, SEAMO Innotech, UNDP
<b>Nokia Data Gathering</b>	Mobile Technologies for Development	enabling fast and accurate data collection through mobile phones	Instituto Nokia de Tecnologia (INdT)
<b>HIV/AIDS medication reminding software (under development)</b>	Mobile Technologies for Development	providing better monitoring of disease prevalence and preventing virus mutations	-
<b>Village Phone</b>	Mobile Technologies for Development / Universal access	providing rural areas in developing countries with access to telecommunication services through micro-credit schemes	Grameen Foundation
<b>Cooperation with Plan in Africa</b>	Youth Development	raising African children's awareness of their rights and opportunities	Plan International
<b>Make a Connection</b>	Youth Development	strengthening life skills of young people and preparing them for the future	International Youth Foundation

## **4.4 Empirical findings, discussion and analysis**

First, the CSR programmes chosen for closer inspection are categorised using the framework modified from Halme & Laurila (2009, see chapter 2.5.3), after which the following chapters try to answer the two research questions presented in section 1.3.

### **4.4.1 Case project categorisation**

According to Gregory Elphinston, the Director of Community Involvement of Nokia, there are four areas of community CSR within Nokia: 1) Corporate giving, 2) Nokia Helping Hands, 3) Mobile Technologies for Development (e.g. BridgeIT, Nokia Data Gathering, and Village Phone), and 4) Youth Development (e.g. Make a Connection) (Elphinston 2008). Comparison of the case programmes against the four dimensions of the extended CSR action type framework introduced in section 2.5.3 is presented on the next page.

**Table 4: Case programmes: Dimensions of action**

<b>Project</b>	<b>Relationship to core business</b>	<b>Target of responsibility</b>	<b>Expected primary benefit</b>	<b>Integration with society</b>
<b>Corporate giving</b>	outside of the core business	extra activities	reputation building	low
<b>Nokia Helping Hands</b>	outside of the core business	extra activities	employee engagement	low
<b>BridgeIT</b>	close to or integrated with the company's existing core business / extension of the core business	new product/ service development	alleviation of a social problem	high
<b>Nokia Data Gathering</b>	extension of the core business	new product/ service development	alleviation of a social problem	high
<b>Village Phone</b>	extension of the core business	new product/ service development	alleviation of a social problem	high
<b>Make a Connection</b>	outside of the core business	new market development	alleviation of a social problem	high

Corporate giving is not only outside the company's core business but it is also outside the domain of the Community Involvement team headed by Gregory Elphinston as it happens right across the entire company. Corporate giving involves relatively small sum, ad hoc donations to help, for example, a school buy some equipment (Elphinston 2008) or charitable contributions including money and mobile phones in support of disaster relief efforts after major environmental hazards (Nokia 2009ae). Thus the targets of responsibility of corporate giving activities are most often extra activities, and the expected benefits from corporate giving are most likely limited to aspects such as reputation and brand building, and perhaps employee engagement because, after all, "employees want to work for a company that has a soul" (Elphinston 2008) and that contributes to the well-being of the society. The activities are one-off donations that do

not usually require follow-up (Elphinston 2008). The level of integration with society of corporate giving is fairly low even though Nokia has quite narrowly defined which kinds of items to target with its charitable givings (children, disaster relief). Small ad hoc donations are not integrated with society's concerns or long-term development plans but they aim at business benefits for the company while at the same time helping on a relatively minor social cause.

Nokia Helping Hands also falls outside the activities of the Community Involvement team and is instead managed through Nokia's corporate Human Resources department. The volunteering programme involves Nokia's own employees and it is obvious that HR has to administer the practical issues. (Elphinston 2008) As is the case with corporate giving, employee volunteerism activities fall purely outside Nokia's core business and the target of responsibility can be described as extra activities. One of the main benefits Nokia is trying to gain from the Nokia Helping Hands programme is employee engagement. Nokia has noticed that volunteering increases employee satisfaction (Nokia 2009af) Other benefits could include reputation and brand building and the like business benefits. For Nokia Helping Hands also the level of integration with society is low. Employees are free to choose whichever type of volunteering activity they prefer, and there is no consistent supervision as to guide employees to direct all their efforts to solving pressing social issues identified in cooperation between the company and the society. Efforts thus tend to be very dispersed and lack any larger-scale rationale as to their impact on social issues.

On the other hand, the two latter ones, Mobile Technologies for Development and Youth Development form the two broad areas of interest for the Community Involvement team. The first category includes programmes such as BridgeIT, Nokia Data Gathering and Village Phone, and as the name invokes, they all utilise Nokia's expertise in mobile technologies to create some sort of benefit for the community. The programmes are built around Nokia's core business and they all have targeted at as well as resulted in a completely new service or product through their initiation and development. Perhaps the most important aspect defining these programmes as CSR



Innovation is what Elphinston (2008) mentioned as the driving force for the projects managed through the Community Involvement team: a decentralised team strategy. The global team works in a much decentralised way where the regional personnel look across different areas and countries and identify the different social issues that are pertinent in these countries. Then they select the relevant social themes Nokia should address within the two broad themes of activity (Mobile Technologies for Development and Youth Development), only after which actual project concepts are started to be developed with NGOs. This means that existing social issues and problems serve as the starting point for the community involvement programmes (Elphinston 2008), and therefore also the level of integration with society is high for these programmes.

Youth Development programmes, such as Make a Connection, are also of great interest for Nokia and they are separated from plain corporate giving to a detached entity within the Community Involvement team. According to Gregory Elphinston, unlike corporate giving ad hoc -donations, programmes managed through the Community Involvement team are long-term, usually three-year investments aiming to benefit society. (Elphinston 2008) Part of Nokia's CSR is to create positive societal impacts and changes in those communities where the company interacts, and many of the programmes in this area are directed towards positive youth development. Supporting these kinds of programmes bears also more extensive societal meaning since they tend to benefit not only the young people but also their parents, families, teachers and other players in the community. (Nokia 2009ag) Nokia also points out that, especially in disadvantaged communities, youth development is critical for both social and economic progress. (Nokia 2007e) Thus, the existing social problems are the starting point for Youth Development programmes as well as for the Mobile Technologies for Development projects, only the approach is different. Whereas the latter one utilises, as discussed earlier, Nokia's expertise in mobile technologies to address a social problem and is tightly built around the company's core business, for Youth Development initiatives Nokia is usually funding the programmes resource-wise. Operations of the Make a Connection programme are outside Nokia's core business, but the programme still fits the category of CSR Innovation the best. Also for Youth Development

programmes the level of integration with society can be considered to be high since the programmes encompass social problems as their starting point. On the other hand, also the target of responsibility is different from “new product/service development” of the previous category of Mobile Technologies for Development due to the donor –approach where Nokia is not actively trying to build a new product or service for target groups or beneficiaries. Perhaps what is looked for with Youth Development initiatives is more extensive societal development in areas and countries of interest for the company and in this way building the basis and paving the way for market penetration in the future. After all, as Elphinston (2008) mentioned, Nokia’s Community Involvement team’s actions are only relevant if they are relevant for the future customer:

“But all you can say is that we’re not trying to do this for benefit of people in Head Office, we’re doing this because ... ultimately we know that the people we’re speaking to is some random person in the streets of Columbia, who is going to buy a phone one day. That’s, you know, our customer. And this is sort of, you know, our engagement with the community. It has to be, if it’s not relevant to him, it’s not relevant – period.” (Elphinston 2008)

The categorisation of the six CSR programmes discussed above is presented in table 5 on the next page.

**Table 5: Categorisation of case programmes by CSR action type**

		CSR action type		
		Philanthropy	CSR Integration	CSR Innovation
Dimension of action	Relationship to core business	Outside of the core business	Close to / integration with the core business	Extension of the core business or development of new business
	Target of responsibility	Extra activities	Social performance of existing business operations	New product or service development
	Expected benefit	Image improvement and other reputation impacts	Improvements of social aspects of existing business	Alleviation of a social problem
	Integration with society	Low	Medium	High
Case programmes		Corporate giving, Nokia Helping Hands	---	BridgIT, Nokia Data Gathering, Village Phone, Make a Connection

Source: Modified from Halme and Laurila (2009, 330)

None of the programmes researched here can be concluded to fit into the category of CSR Integration. However, there are other CSR programmes within Nokia that could provide examples of this category, especially on the environmental side. For example, the previously described cooperation with WWF could be understood as CSR Integration since it aims at continuously enhancing Nokia’s environmental performance as well as increasing environmental awareness among Nokia employees while at the same time delivering the broader benefit of supporting nature conservation. (Nokia 2009m) Level of integration with society is thus fairly high, since Nokia is taking seriously environmental problems and the further effects of its own operations on them.

These activities are by necessity close to the core business since it is the business operations the environmental efficiency of which is being improved.

On the supply chain side, the GeSi Supply Chain working group offers another example of CSR Integration type of activity. Members of the GeSi initiative promote good conduct and develop tools, management practices, processes and systems to help all members deal with CSR supply chain issues. (Nokia 2009i) The working group was formed when many companies in the ICT sector were beginning to address issues such as labour standards and working conditions within their extended supply chains. An industry-wide approach was developed to be better able to address common issues with greater impact. (GeSi 2009) As a global company sourcing materials worldwide, supply chain issues are close to Nokia's core business, and the target of the GeSi initiative is obviously to ensure and further enhance the social aspects of Nokia's extensive supply chain operations. Integration with society is again relatively high but not reaching to the level of integration immanent in CSR Innovation activities.

#### **4.4.2 How to measure CSR outcomes**

In section 1.3, the first research question asked how companies measure outcomes of their CSR activities. The following section presents in more detail two attempts to measure the outcomes of Nokia's two CSR programmes, BridgeIT and Make a Connection. After introducing the evaluation efforts their importance is discussed in the following chapter.

##### **4.4.2.1 BridgeIT Philippines Societal Outcomes Evaluation**

A societal outcomes evaluation study was conducted in the Philippines in 2004 after a BridgeIT pilot project in order to determine the impact of the BridgeIT intervention on teaching and learning science. The study was conducted by the National Institute for

Science and Mathematics Education (NISMED) of the University of the Philippines.

The evaluation study's specific aims included to determine the impact of BridgeIT on:

- a. student performance and attitude in science and technology teaching;
- b. teacher competence and attitude in using the technology in science teaching;  
and
- c. school environment.

The study also aimed at determining the effect of formal teacher training on teachers' competence and attitudes in using the technology in science teaching and on the students' performance in a science achievement test. (NISMED 2004)

The evaluation was conducted in three phases: baseline, mid-project, and end-of-project. The first phase gathered data on selected variables of the BridgeIT schools, their teachers, students, and environments. The second phase focused on classroom observations and interviews with teachers and students, and the third phase looked into the impact of project interventions on teachers, students, and school environment. Six experimental schools using BridgeIT were studied and compared against five schools not using it. All in all, the study involved 11 schools, 11 principals, 28 teachers, 674 pupils, and 35 parents and/or community leaders. All sample schools were public schools except for one. (NISMED 2004)

To evaluate the students' performance, a pre/post science achievement test was developed. To gather data on the competencies and attitudes of teachers, students and principals, questionnaires were used at the start as well as at the end of the BridgeIT pilot project. Classroom observation forms and focus group discussion were used by the research team for students, teachers, principals, and community leaders during the mid-project phase. Finally, teachers and students were requested to document their reflections through visual and textual formats. (NISMED 2004)

Findings of the study showed that both the students' test performance as well as their attitudes towards science and technology teaching had improved during the BridgeIT

pilot project. Also the teachers' competence and attitudes towards using technology in science teaching enhanced during the pilot project. (NISMED 2004)

In measuring the effect of formal training on teachers' competence and attitudes in using the technology in science teaching and on the students' performance in a science achievement test the study showed that students taught by teachers formally trained to use BridgeIT scored higher than the students taught by non-formally trained teachers. Both formally trained and non-formally trained teachers were, however, adept to use the system, and at the end of the project the positive attitudes towards technology in science teaching of both types of teachers' were enhanced even more. (NISMED 2004)

The results of the classroom observations, focus group discussions (FGDs) and reflections showed that the students' positive attitudes were reflected in their journals and reflection sheets as well as in the data gathered by the research team during the FGDs. Teachers' felt they were given an advantage over teachers not participating in the pilot project in terms of the BridgeIT lesson plans minimising their preparation time. They also felt that the students became more attentive and focused on the lessons, absenteeism was reduced and the children showed more interest in science education. Teachers also pointed out that despite some problems with the videos (such as narrators speaking too fast or having unfamiliar accent or a pronunciation difficult to understand), the videos helped students in science concept formation and provided students with concrete and visual examples of the real-life application of the same concepts. (NISMED 2004)

The school principals, parents and community leaders involved in the BridgeIT pilot project felt that the project gave their schools an advantage over other schools and they hoped that the project would help raise the students' performance in the national achievement tests. Overall, BridgeIT raised students' performance and brought out more positive attitudes toward science and technology. It improved the teachers' competence and attitudes in using technology for teaching purposes. Likewise, the BridgeIT project motivated school officials, parents, and community leaders to give full support to

technology-enhanced lessons in elementary school science teaching. Finally, the formal training of teachers on the use of technology-enhanced lessons helped improved the students' achievement in science, and evoked in them more positive attitudes towards science and technology. The BridgeIT pilot project clearly benefited the schools and students with relatively poor teaching and learning resources. (NISMED 2004)

Based on the results of the evaluation study, the research team concluded with a detailed list of recommendations on how to ensure the best possible benefits out of BridgeIT. The list included items such as expanding the project to more schools, conducting a follow-up study for the schools participating in the pilot project to determine the impact over time, developing videos with narration in local accent and pronunciation to overcome the language barrier, and promoting BridgeIT and its potential through demonstrating video lessons not only to teachers but to the community at a larger scale also. (NISMED 2004)

#### **4.4.2.2 Make a Connection Outcomes Measurement Study**

A 20-month study was conducted on the Make a Connection (MAC) youth initiative by Brandeis University's Center for Youth and Communities (Waltham, MA, U.S.) between 2004 and 2006 (Hahn, Lanspery, & Leavitt 2006). The purpose of the Outcome Measurement Study (OMS) project was to evaluate the outcomes of various MAC programmes being run in several countries worldwide and answer some key questions such as are the youth doing better for having participated in the projects, do young people attribute changes in their lives to their experiences in the projects, and how do participants rate their MAC project experiences. The aim for Nokia and IYF was also to address the broader existing gap in knowledge about whether the numerous youth programmes targeting life skills development run by various organisations all around the world really do result in positive life skills change and whether or not these programmes can actually make a difference. (Hahn et al. 2006)

In the past, the MAC programmes' outcomes were mainly documented through focus groups and small group surveys. (Hahn et al. 2006, 14; Thakkar 2008) These methods of data collection and documentation were not providing the kind of information on the MAC projects' outcomes that was needed to really enable learning from the experiences. Focus groups and small group surveys did not provide information that would allow objectively assessing whether the project was producing positive results or not. The data received could not be considered objectively verifiable because it did not look at a representative sample. Moreover, the data did not look systematically at certain questions or compare them to what was intended to be achieved. The data just did not provide a satisfactory level of evidence on outcomes and impact, and therefore a better evaluation system that would provide objectively verifiable information and allow for making conclusions and learning was required. (Thakkar 2008) Nokia and IYF believed they needed a more systematic and a larger scale cross-documentation effort that would also respect the special features and approaches of the different projects, and on a pilot basis the Brandeis University team developed an outcomes measurement system, working with Nokia, IYF, and the local partners implementing and carrying out the country projects.

The approach had three parts, first, a prospective system in which nearly all projects took place and which included surveys to the youth at three points of a project (baseline, project completion, and several months after completion). Second, a single retrospective survey was administered to the youth who had already completed a project, and third, two projects (youth community engagement in Mexico and promoting youth civic engagement in the Czech Republic) went through a comprehensive strategy to gain insights through visits, manager interviews and deeper analysis of context. The purpose of the two comprehensive studies was to enrich understanding of the self-reported data not only in Mexico and Czech Republic but indirectly in other MAC countries also, learn more about the contexts in which the country projects are being operated, and study project history, leadership and implementation in more detail. The MAC initiative targets 12 life skills in total: communication, conflict resolution, cooperation, creative thinking, critical thinking, decision making, empathy, managing emotions respect,



responsibility, and self-confidence. Each country project only targets a sub-set of these 12 skills, but still they were all examined for all projects in the outcomes measurement study since the individual projects might affect skills that they do not explicitly target. (Hahn et al. 2006, 25-27)

The OMS project showed that the MAC projects were producing meaningful changes in a variety of life skills and other outcomes. Furthermore, it demonstrated that these changes can indeed be documented and measured as a part of an effort to monitor the projects. The OMS pilot also showed that a logical story generally emerged from the monitoring effort, and the prospective and retrospective studies suggested a harmony between what were the intentions of a specific project and what was it that actually happened. The general picture of the outcomes was positive even though the results were a little bit mixed since the projects included in the MAC initiative are so different in their approaches, strategies, target groups as well as locations. (Hahn et al. 2006)

The OMS pilot project faced challenges in measuring hard-to-measure concepts such as life skills. The team also encountered difficulties in making comparisons across projects. Even with standardised surveys, the projects as well as the participants were too heterogeneous and the social conditions in each society too unique for a more meaningful cross-project comparison. (Hahn et al. 2006)

As mentioned before, the OMS pilot project focused on answering questions “can life skills be measure in a systematic way” and “can the programmes’ outcomes be documented”. Both questions received positive answers despite the challenges faced in data collection and aggregation across countries, and the pilot project provided a valuable tool for the IYF to build on to even better assess the impacts of the individual country projects. (Thakkar 2008)

#### **4.4.3 Why to measure CSR outcomes**

The second research question asked whether organisations take positive CSR outcomes for granted or if outcomes measurement is considered important. The following section will try to find the answer for this question. After this a more general view is taken to draw together the lines of outcomes measurement and its importance and to conclude the empirical part.

##### **4.4.3.1 Importance of CSR outcomes measurement: a business view**

For Nokia, it is important to be strategic about its investments (Elphinston 2008), no matter whether they are investments related to core business or CSR activities or something else. Being strategic by necessity requires efficient monitoring of the results and impacts of the investments made, and for CSR programmes by definition it is important to determine not only their effects on the business side but also on the actual beneficiaries of such programmes. In order for Nokia to reach the primary goal of delivering a societal benefit it is important to monitor whether or not the intended benefits are realised through the specific CSR programmes. If they are not, then ways to modify and enhance the programmes need to be devised based on the outcomes measurement results.

For Nokia, on the business benefits side important targets include shaping corporate culture, minimising risk, enhancing efficiency and building company reputation. Transparency and both internal and external communication is considered important to build trust and company reputation. Responsible business practices help improve risk management and legal compliance, and responsible supply chain actions reduces risks related to quality and productivity. Also new growth markets are sought for through the theme of universal access in cooperation with a range of industry, government, and non-governmental organisations. (Nokia 2009af) In general, CSR is considered very important for Nokia's brand and reputation, and the CR report 2007 states accordingly:

“Corporate responsibility is fundamental to Nokia’s business, brand and culture.”  
(Nokia 2007b)

On the other hand, for Nokia engaging in CSR is not only about managing risk or acting responsibly in the eyes of the public, but the company considers CSR as an integral part of good business sense. Even the activities referred to as “corporate social responsibility” function as channels to seek business benefits through integrating them closely with the core business and other corporate activities. (Nokia 2009ai)

As mentioned earlier, Nokia’s Community Involvement team headed by Gregory Elphinston has two broad themes of activity: Youth Development and Mobile Communications for Development (i.e. “using mobile phones to do good things”; Elphinston 2008). Nokia’s other CSR areas are managed through other channels: employee volunteering programme Nokia Helping Hands is administered through the Human Resources department whereas Corporate giving happens right across the entire company. Overall, the Community Involvement team works in a very decentralised way where the regional personnel look across different countries and identify social issues relevant in these countries. Social issues that fall within the two broad themes of activity of the team thus form for Community Involvement projects the basis from which actual project concepts then start getting formulated with partner NGOs. (Elphinston 2008) Due to the fact that social issues and problems act as the very starting point for Nokia’s Community Involvement programmes it is particularly important to measure the programmes’ outcomes to see whether answers to the existing problems have been found.

As regards the Community Involvement programmes, the primary target for Nokia is to achieve a good benefit for society, because if this does not happen then ultimately there is no business benefit either. As Elphinston explained, there has to be a real social benefit to back up the claimed social actions, otherwise it would only be a matter of time before the true state of actions was revealed. Nokia aims to have a balance of social benefits and business benefits, and even though the primary aim is to make sure

there is a social benefit, justly thinking a company also needs to have a business benefit. Just aiming for plain social benefit is not what a company is as an organisation, and clearly a business organisation would be well outside its domain conducting projects that are irrelevant to its business in every respect. (Elphinston 2008)

“So, in a way the theory is, we want to have a balance of social benefits and business benefits, but the primary aim is to make sure that we have the social benefit, just without that the business benefit won’t flow. But I think ethically, you know, we have to have both. I don’t think we can simply say we’re just gonna have social benefit because that’s really not what we are as an organisation.” (Elphinston 2008)

It may be quite surprising to hear that a business organisation such as Nokia claims to target social benefits as primary outcomes of its CSR activities. On the other hand, it can be understood as a very rational and well justified a claim since the whole Nokia corporate CSR strategy aims at creating social benefits *through* good CSR that by definition incorporates good business sense (Nokia 2009ai) and thus opportunities for business benefits as well.

According to Elphinston, the three main business benefits include 1) employee engagement, 2) reputation and brand building, and 3) government relations. The last one is particularly important for the Community Involvement team since there clearly are relevant touch-points between the team’s programmes and government policies relevant for the entire company. The Nokia Data Gathering software and BridgeIT provide good examples of this. Both projects use a mobile network to provide an important social benefit, but their success depends heavily on the mobile network and the delivery means. Sometimes government policies can be strangling the local policy environment so that the intended social benefit cannot be delivered, but with these types of tools critical for public health or education Nokia can negotiate that the local government open up the policy environment to enable the use of such a tool. (Elphinston 2008)

On the other hand, the expected social benefits depend on the specific project and its goals (Elphinston 2008). For example, Village Phone can be expected to increase

livelihood of the Village Phone operators as well as the people around them, improve communication possibilities, and there is even indication that increased mobile coverage might increase the country's GDP (see Waverman, Meschi & Fuss 2005). BridgeIT mainly aims at reducing illiteracy and improving the quality of education, and Nokia Data Gathering tries to achieve reductions in logistics expenses, error rates and amount of work (by eliminating unnecessary duplication of data entries) as well as speeding up data collection processes overall. Youth Development initiatives aim, by definition, for positive youth development, and the Make a Connection programme has various specific targets (depending on the particular focuses of country projects), such as information technology training combined with development of self-esteem, creative and critical thinking and communication skills in Colombia, equipping youth with project management and budget planning skills in Hungary, or training young people to serve as reading mentors for disadvantaged children in Brazil (Nokia 2009ad).

Irrespective of the specific outcomes targeted, it is important for Nokia to have programme evaluation and outcomes measurement of its community CSR programmes conducted. The Community Involvement programmes are long term, at least three-year, investments aiming at benefiting the society. For example, if a local government is not providing certain public services, Nokia might be filling this void through buying this service from an alternative supplier. Consequently, it would be irrational or even irresponsible from Nokia not to measure the effectiveness of the project or the return for society on that investment. (Elphinston 2008) Not measuring the outcomes would also be irrational from the business benefit side as well due to the fact that Nokia also wants to achieve some sort of benefit for itself through its CSR activities. After all, the ultimate aim is to have a good balance of social benefits and business benefits.

However, the actual measuring is up to the partner running the programme. Elphinston admits that conducting evaluation is usually not a problem if Nokia pays for it, and especially with the non-profit partners it tends to be a little bit easier because Nokia is funding a programme and there might be a kind of a power relation between the two partners. This tends to buy a certain amount of flexibility from the side of the partnering

organisation. In any case, Nokia always sets aside some money for programme evaluation, but the biggest problem from Nokia's point of view is that very few project proposals contain an evaluation component in the first place, and even if it is included it may be a fairly superficial kind of component. (Elphinston 2008) This is somewhat surprising and the reasons for this can only be guessed at. Are the benefits of CSR programmes taken for granted and therefore no measurement is felt necessary? Or is the NGOs' focus simply on the amount of funding received? Having Nokia – a successful, global company well-known for its commitments in the CSR field – as a partner might be a very enticing idea for an NGO, since it might even attract other similar companies as partners or donors as well in addition to having Nokia funding and supporting its activities. However, all parties involved in cooperative programmes are aware that measurement and evaluation efforts take a lot of time and money, and perhaps the potential partner-NGO fears Nokia is not willing to invest that much in evaluation and thus any extensive proposals for programme evaluation are left out of initial project proposals. After all, everything else, that is, the programme itself, needs to be implemented and executed before any evaluation and measurement can take place, leaving evaluation the last component to be conducted and perhaps therefore the first to be left out.

Outcomes measurement efforts for BridgeIT and Make a Connection were introduced previously. However, there has been no outcomes measurement or value destruction for Nokia Helping Hands or corporate giving actions because they are not, as mentioned before, included under the Community Involvement heading and they do not undergo such thorough follow-up as the longer-term Community Involvement programmes do. However, the question is whether there should be some kind of outcomes measurement or result monitoring for them as well. On the one hand, it would be important to know what it is your company is investing in and contributing to, but on the other, as discussed earlier, these efforts are so slight and minor in their monetary value so that monitoring their impacts would require investments too extensive in comparison to the initial dollars or hours spent. As Elphinston put it:

“at the end of the day, you can’t spend all your time and money simply defending yourself against cynics, it’s just not feasible” (Elphinston 2008).

Nokia Data Gathering is such new software that it has not been utilised in action yet, and therefore also concrete measurement of its outcomes is still yet to be conducted. The software will be provided free of charge for public sector organisations and NGOs, and through the first pilot experiments the organisations’ experiences can be turned into programme improvements. However, this will only be made possible if the organisations’ experiences of utilising the software are thoroughly documented and researched.

Quite surprisingly, however, there has not been any organised evaluation effort of the social benefits of Village Phone either. Nokia’s trust in the programme’s social benefits is, however, clear:

“to be honest, I think the only people that aren’t convinced are the people who don’t live there” (Elphinston 2008)

The benefits seem to be taken almost for granted, and for Nokia, there is no point in measuring something considered self-evident. For Nokia, Village Phone is just as much pure business as it is CSR, and thus it might not even be rational to measure its outcomes according to CSR targets. Secondly, Village Phone operations follow the well-established concept of Grameen Phone and are such by nature that there might not be very much to modify based on evaluation results, and for Nokia it could conclude only as a very expensive exercise requiring a lot of time, money and other resources with no relevant or simply self-evident results. Moreover, there has been some macro-level indication that increased mobile phone coverage increased a country’s GDP by a certain percentage. Waverman, Meschia and Fuss found that mobile telephony has a positive and significant impact on economic growth and that the impact might be as much as twice as great in developing countries as compared to developed ones (Waverman et al. 2005).

On the other hand, outcomes measurement and programme evaluation seems very important for Nokia, and as mentioned before, Nokia always requires for an evaluation component in the Community Involvement programme proposals it receives. For Nokia it is important to find out to what extent a particular project is working and consequently look for ways in which it would be possible to achieve incremental or even radical change and improvement and, in this way, deliver even better outcomes. (Elphinston 2008) This is the case also for Village Phone. Even though the social benefits of the programme might seem self-evident based on previous experiences or research on a general level, there may always be something that comes out of a good and thorough evaluation effort and that can help further enhance programme efficiency and possibly result in greater benefits for both parties. After all, if a programme is not working and delivering the intended benefits for programme participants, it is not doing what it is supposed to be doing, and a programme that is not reaching the results it has been claimed to reach might even degrade company reputation:

“But if there’s no social benefit to back that up, I think it’s just a matter of time before that’s revealed and you’re exposed for it, the sham that you would be” (Elphinston 2008).

However, lack of trust from the side of partners can sometimes hinder effective and honest programme evaluation. Especially for non-profit partners there might be some motivation not to reveal the true state of not-so-positive project results in order not to lose funding and to avoid termination of projects. Nevertheless, for Nokia it is important to be able to be strategic about its investments, and for the Make a Connection OMS pilot project, for example, it was made clear that one of the aims is to identify which of the numerous country projects were working best and which ones were not doing so well. Scaling down the less effective projects would leave more resources for the more effective ones, and scaling down or even terminating a project would not mean scaling down or terminating the entire cooperation with the partner. Instead, the purpose is to find more effective or totally new projects to work on together. (Elphinston 2008) Programme evaluation reports not concluding with results critical enough could perhaps be partly explained by differing motivations of the company and NGO sides. For an



NGO, it is particularly important to ensure continuing funding, which might sometimes tempt to slight whitewashing of programme results or leaving out the not-so-positive ones. On the other hand, a company is heavily dependent on the shareholders' and even the general public's trust, and it is against a business organisation's best interests to engage in activities that are not generating positive results in exchange for stockholders' investments. Thus it is important also for Nokia to ensure that the programmes it is participating in are creating value for shareholders in some way, be it in the form of increased profits, reduced costs, improved company image or better appreciated brand or the like.

Nokia recognises that there is always room for improvement when it comes to evaluation strategies and methods. An important aspect mentioned by Elphinston would be to shift the focus onto the actual project beneficiaries instead of the donor. A strong donor-focus tends to exist when there is a need for the NGOs to report to the donor, drawing from the certain power relation of a donor organisation funding the project and making it possible in the first place. According to Elphinston, a better idea would be to rather push the results down towards the actual community instead of pushing them up towards the donor. It would be important to go back to the local community leaders and project participants, go through the outcomes measurement results together and find out ways for further improvement:

“If we're not willing to share and be transparent with the people we're claiming to benefit, then I think any kind of claims to being good for the society are, well, maybe they're wishful thinking. ... it is not up to us to decide whether it is good for the community.” (Elphinston 2008)

#### **4.4.3.2 Importance of CSR outcomes measurement: an NGO view**

Learnings from the Make a Connection OMS pilot project included lessons learned for both the MAC projects as well as for IYF's evaluation systems and methods in general. In terms of the MAC projects the OMS showed that 1) life skills development can be measured over time, 2) outcomes were in general rather evenly distributed across youth

within country programmes (not varying for age, gender, location etc.), 3) disadvantaged (in terms of coming from “stressed” environments or possessing lower levels of core competencies such as reading, writing or working with numbers; Hahn et al. 2006, 45) youth showed greater gains (the OMS was needed to prove this interesting aspect to be accurate, despite the fact that intuitively one could claim this or the opposite, depending on the point of view), 4) longer duration and higher intensity programmes were more successful, and 5) outcomes sustained over time. Especially the last one was a particularly welcome finding for the IYF since it proved the programmes are working on a longer perspective and that their positive outcomes are not just a one time success. (Thakkar 2008)

In addition to the learnings specific for MAC projects, the OMS showed for IYF that the need for triangulation of data collection methods is critical in order to produce valuable information that includes more than just self-reported data of the youth. (Thakkar 2008)

Dialogue and working together is important in collaborative projects such as the MAC programme, and after receiving the results of the OMS pilot project IYF held discussions with its local partners to find the key learning points and, based on them, to improve the country projects. The MAC programme improvements included enhanced programme design quality in terms that the IYF is now reflecting more on whether the activities bring value for the money invested than in terms of the programme outcomes at the back end, and a much better defined and tracked direct beneficiary cohort for each particular project. Also importantly, the focus on programme outcomes changed after the OMS pilot project. Earlier the focus was simply on life skills and life skills development as the end result, but through the study life skills altered from an end in itself to a means to other outcomes (such as increased school attendance, job placement and being civically engaged). (Thakkar 2008) At the end, this seems to have been the logical aim behind all youth development activities, because clearly the benefit of just life skills development is not as high for the youth as is better school success or better job placement. The pilot project helped thus focus IYF’s outcomes measurement and

evaluation efforts appropriately, and now, when measuring the actual outcomes, evaluation makes more sense and this it also brings more value for the money.

What happened after the OMS pilot project is that the outcomes measurement system developed for global use was further altered to a decentralised evaluation framework rooted in local need-to-know. It does not provide a one-size-fits-all –solution, and the focus is strongly on the local relevancy of the country projects. In other words, instead of telling every local organisation to measure particular things, IYF developed broader guidelines for evaluation and learning to function as a tool to be shared with the local partners. The local organisations then use the framework as a basis for developing their own learning and evaluation plans for their particular projects. (Thakkar 2008) Development of such a guide would not have been possible without the results of the outcomes measurement study. This was one of the most important results of the study, and reflects exactly what is IYF’s aim in all programme evaluation and measurement efforts: proving and improving, measuring and learning.

There are also three areas in which IYF would have changed and further developed the OMS pilot system. First of all, the OMS pilot project was not really evaluation in the true sense of the word as it did not include the idea of going back to compare the outcomes and results to initial programme targets. Including a component to achieve this could have provided perhaps a little more focus. Secondly, more analysis on not just life skills development but the impact of life skills development on other outcomes such as education or employment would have been welcome. Thirdly, IYF would have liked to see more in-depth studies that would allow studying the reasons why certain outcomes have materialised. After all, outcomes measurement and project evaluation is a two-part exercise for IYF: First, there is the proving part to find out whether or not the programmes are in fact working and producing positive outcomes, and then there is the improving part entailing the organisation’s desire for learning. To have learned from the OMS pilot project as much as possible more in-depth data collection and complementary collection methods would have been required. This is an important component for IYF, not just to document project outcomes but to reflect on and learn

from them, and now after the OMS pilot this is done on a project/country level. (Thakkar 2008) This also reflects the organisation's ultimate aim of learning from previous experiences.

On the other hand, IYF as an organisation has quite extensive experience in working with private sector companies, and Nokia is one of the organisation's largest collaborators and donors. As an organisation, unlike the traditionally more activity than output driven NGO sector, IYF claims not to be activity driven or even output driven but strongly focused on the desire to show evidence in terms of project results. The organisation has placed a lot of emphasis on the need to be able to measure results of its programmes and also to learn from those results. Programme Director Ami Thakkar recognises that the general focus should also be shifting into this direction. (Thakkar 2008)

IYF claims to "love evaluation" since it helps prove the organisation's programme's to other partners who potentially would be interested in participating in similar projects (Thakkar 2008). This is especially important for YIF since as an NGO it is dependent on the funding it receives from external sources, and the more partners it can attract and get involved in and committed to its programmes the better its operations will be secured for the coming years. Evaluation also helps serve as a tool for IYF's local organisations not only to learn but also to be able to assess the learnings and then apply these learnings to other programmes. As Thakkar put it, "we know it takes time and it takes money but for us it's very worth it". (Thakkar 2008) In the end, generating social benefits for programme participants is what IYF is about as an organisation, and without monitoring the results and the benefits created through its programmes there would be neither any evidence of the outcomes of its core operations nor any rationale behind its activities.

For the reasons discussed above, an evaluation component is almost always built into IYF's programmes, all Make a Connection country projects and other Nokia funded programmes have it, as well as most of the other programmes run by the IYF. Along the

IYF logic model, it is all laid out at the initial phases of a programme. First it needs to be indicated what is it that a certain programme wants to achieve, and only then is it determined what it takes to achieve those outcomes. Any good evaluation work does – or at least it should – then at the end of the measurement effort go back and assess how the programme did against its intended targets. However, it very much depends on what the partner or the donor is interested in seeing measured. After all, IYF does what the partner or the donor wants – and pays for. (Thakkar 2008) This reflects the certain donor-focus almost by necessity existing behind a collaborative relationship between a company and an NGO. It might not make much sense (as the focus should clearly be on the actual beneficiaries and programme participants) but it is perfectly understandable since the NGO's operations are dependent on the funding received from the same donor companies. Perhaps more open and extensive dialogue between the two parties might help finding and defining common interests to be measured.

#### **4.4.4 CSR outcomes measurement: challenges and trends**

According to Thakkar, IYF faces three types of challenges related to outcomes measurement and project evaluation. First of all, for a non-profit organisation it is always a question of funding and resources: It requires not only money to do good evaluation work but also capacity to be able to execute on a sophisticated or even a basic evaluation plan. Also, programme managers tend to focus on day-to-day routines and have very little time left for reflecting on what has been achieved or not and what can be done about it. Another challenge is the difficulty of measuring soft concepts like life skills (such as social behaviours, attitudes, and human development). In outcomes measurement the potential changes in behaviour to be tracked need to be monitored not only at individual level, but potentially also at community level and even at country level if it is a multi-country project, and clearly the levels add up to the difficulty of the evaluation effort. Finally, due to the very nature of things being measured, the programmes are long-term by necessity, and long-term commitment is required to be

able to reliably measure the project outcomes developing and sustaining over time. (Thakkar 2008)

Thakkar recognises a CSR trend going into the direction of more and more companies wanting to know what are the results and outcomes of the projects they have invested their money in instead of it being just about how much they have committed to a particular programme. The direction is good, but the move should be more visible still. There are still companies that tend to focus, instead of the results, on other aspects such as the activities carried out, the plain number of beneficiaries reached, or simply the communications part of what they are doing (that is, “investing USD 500 000 on a programme and then spending USD 1 million on marketing”, Thakkar 2008). Not all donors are willing to invest any extra resources in evaluation, and IYF credits Nokia for wanting to invest both the time and money in evaluation efforts and for having the patience that it takes to look at evaluation systems. From the perspective of an NGO, for IYF it is clear that companies should always set aside some resources for evaluation as part of their investments in the collaborative programmes. (Thakkar 2008)

Linked to this change there seems to be a shift that companies are taking towards more serious working together with the NGO community and investing resources to assess what it is that is being done. If the result is not satisfactory to both sides, the activities can be renegotiated to find out a mutually satisfying way of changing the approach. (Thakkar 2008)

For Nokia’s Community Involvement programmes it is especially important to see whether the results are as expected, since as Gregory Elphinston pointed out, existing social issues and problems form the starting point for the programmes and since the aim is to deliver a benefit for the society, it would be irresponsible not to measure the results and make sure the programmes are achieving are what they were intended to. Moreover, measuring outcomes is important for Nokia to determine whether the intended balance between social benefits and business benefits really exists. (Elphinston 2008)

Elphinston recognises a further trend towards a general wish for more robust CSR measurement basically measuring what it is that a company is committing and investing. Another trend is pushing companies to aggregate at a global level things that cannot be aggregated, such as social projects. Rationally aggregating and comparing results from completely different types of projects is not even possible, and as Elphinston pointed out, it would be better to shift away from this trend of aggregating at a global level and focus on the relevant issues instead (that is, the actual measurement as well as evaluation of results and outcomes). (Elphinston 2008) This is consistent with the idea of Porter and Kramer, who claim that many companies have not reached the highest possible level of potential social and environmental benefits because the current trend in CSR has pressured them to think of CSR in more general terms and to aggregate. Instead, each company should concentrate on finding the most suitable strategy for itself. (Porter & Kramer 2006, 78)

Nokia also acknowledges that it is not the only one trying to deliver a benefit for the society. It is not only the investments made by Nokia that are shared in the field, and as a part of this it is important that each organisation in the field would play the role that is meaningful and appropriate for itself. For Nokia it would be best to utilise its own existing expertise in mobile technologies and mobility and do more with it in community involvement projects as well:

“I’m thinking there’s a lot we can do and it should be embedded in our business.” (Elphinston 2008)

According to Elphinston (2008), there is a lot that mobile communications can do for example in education or public health, and also the cost of technology helping society is fairly low. For example, for software systems the marginal cost of replicating the system from one place to another is basically zero after the initial one-off, upfront investment. (Elphinston 2008)

There are, however, negative externalities related to companies engaging in social services. For example, there is a possibility of a large multinational company throwing

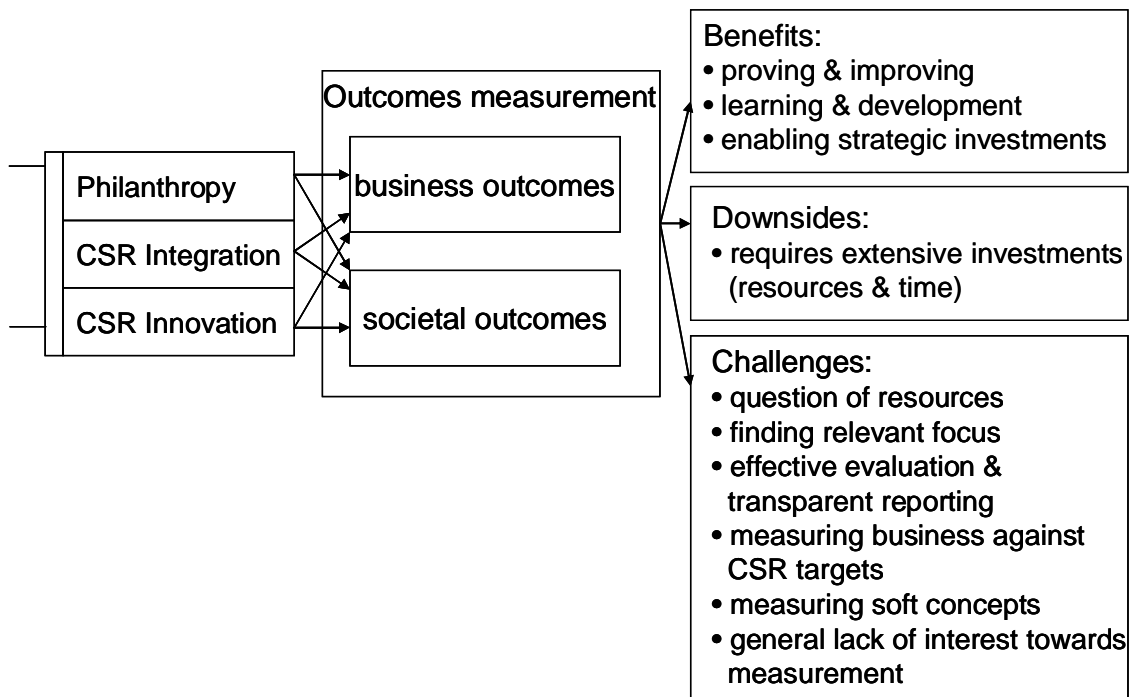
of the market dynamics when entering a field filled with very small and insecure local start-ups. Chances are that the larger company will drive local entrepreneurs out of business which is clearly neither what was intended nor a good thing in the long term. Also, there is a possibility that companies participating in social projects will give the public a message that social services are somehow the responsibility of companies. (Elphinston 2008) This would clearly shift the focus of attention to an incorrect direction and build external pressure for social services wrongly to burden companies.

Elphinston (2008) also admits that many people are still horrified of the idea of a company taking a philanthropy venture and handing it over to the core business. However, this is how it needs to be handled to survive. When embedded in its core business, the company can generate a market around the venture, bring down the associated costs, and finally benefit both the company as well as the society. Through incorporating CSR activities into business it is more likely to generate longer term and wider scale impacts than what could be reached just with the plain philanthropic budget:

“the best thing ultimately is to encourage companies to do good things for society that are profitable and can be maintained” (Elphinston 2008)

In conclusion, there are great benefits to CSR outcomes measurement, but also downsides and various challenges exist. The main findings of the research in these aspects are illustrated in figure 3 on the next page.





**Figure 3: Benefits, downsides and challenges of CSR outcomes measurement.**

First of all, both Nokia and IYF reported CSR outcomes measurement to be of crucial importance because it allows for multiple ways of proving and improving not only the CSR programmes themselves but operations on a larger scale also. Learning from outcomes measurement was considered important also because it leads to wider development through applying the learnings to other programmes as well. For Nokia, it is important to be able to be strategic about its investments, and only through effective outcomes measurement and programme evaluation it is possible to determine whether the programmes are really producing the results intended and shift emphasis on those programmes that are delivering the social benefits and business benefits expected. On the downside, outcomes measurement was by both parties considered an effort requiring extensive investments of both time and money and also capabilities to be able to execute sophisticated and efficient evaluation work.

There are many challenges that organisations face as regards outcomes measurement. First, especially for the NGOs actually conducting the measurement efforts it is always

a question of resources. It takes both time and money, and this might distort the focus wrongly towards the donor to whom the NGO is required to report to and from whom the NGO is dependent on resource-wise. Thus one challenge is to refocus downwards onto the programme participants and beneficiaries instead of upwards onto the donor. A further challenge also arises from the differing interests of the two parties that might lead to ineffective evaluation or unclear reporting. Moreover, for Nokia the line between normal business and CSR activities is not clear-cut but the two are very much intertwined. This is the case especially for Village Phone, and it is not clear whether or not the outcomes of the particular programme should even be measured against CSR targets since it is, to a great extent, regarded as business as usual. IYF, on the other hand, faces challenges particularly in measuring soft concepts such as life skills. Finally, both Nokia and IYF also recognise that even though there is a current trend towards more companies and organisations becoming interested in outcomes measurement, a further challenge is to get the general shift even more into this direction.



## **5 CONCLUSIONS**

The last chapter will summarise the main findings of the research and remark any theoretical and managerial contributions of the same. Lastly, limitations of the study will be discussed with recommendations for further research.

### **5.1 Main findings and theoretical contribution**

The thesis at hand looked at six community CSR programmes Nokia is involved in and categorised them according to the framework of CSR action types modified from Halme and Laurila (2009). A fourth category of integration with society was added to the framework to complement the three prior ones, namely relationship to core business, target of responsibilities, and expected benefit. The six CSR programmes (Corporate giving, Nokia Helping Hands, BridgeIT, Nokia Data Gathering, Village Phone and Make a Connection) were categorised according to their characteristics, and the two first ones were concluded to fall into the category of Philanthropy whereas the others provided examples of CSR Innovation. None of the CSR programmes studied for the thesis could be considered as an example of CSR Integration, but this third CSR action type was still considered appropriate since there were examples of it in other areas of Nokia CSR involvement (e.g. environmental responsibility and supply chain management related CSR).

Interestingly, after talking to a representative from both Nokia and IYF, it is clear that the ideas and thoughts of a company and an NGO are congruent and overlapping in many of the important areas when it comes to outcomes measurement and CSR programme evaluation. First of all, both sides claimed project evaluation to be something of great interest for their organisation and that an evaluation component is always either included in project proposals or required to be included. On the other hand, both also recognised that the tangible measurement effort is actually up to the partner. For IYF, it is a question of resources, and the organisation is only able to

measure what the partner or the donor is interested in seeing measured – and pays for. Nokia also acknowledges that having a partner conduct project evaluation or outcomes measurement is usually not a problem – if Nokia pays for it.

Nokia and IYF also share the view of what measurement and evaluation should be aiming at: learning and improvement. For Nokia, it is important to measure the outcomes in order to be able to be strategic about its investments and in this way deliver the best possible benefit for society and its shareholders. For IYF, project evaluation is especially important because it helps not only improve programme quality but also prove the projects to other partners who might be interested in engaging in similar activities as well. Both also recognise that it is crucial that a company making an investment in a collaborative project should budget some money for evaluation also. It is not enough just to invest and commit resources in certain activities but their consequences need to be monitored and measured as well.

Both Nokia and IYF also emphasize the importance of dialogue and serious working together between the corporate and the NGO sector. Nokia also stressed that building trust is critical to have a working relationship, where the partners can together sit down and evaluate whether the contemporary projects are delivering the outcomes aimed for without the fear of losing funding if they are not. Instead, it is important not only that the outcomes are measured accurately but also that even the negative results would be reported frankly and openly so that improvements can be made and some weaker projects scaled down in order to expand some other, better functioning programmes.

The first research question asked how do companies measure and evaluate the societal outcomes of their CSR programmes. Outcomes measurement study for Make a Connection was conducted to gain more and better information on the outcomes of individual projects than what had been received through the earlier evaluation and monitoring methods of focus groups and small group surveys, and this aim was reached through three types of research strategies (prospective, retrospective, and comprehensive) complementing each other. For BridgeIT the situation was somewhat

different since there had not been earlier studies of its outcomes, but here too various research methods (classroom observations, interviews, performance testing, focus group discussions, and reflections) were implemented to gain a comprehensive and reliable picture of the programme's outcomes. In both cases the outcomes measurement studies were designed to deliver thorough information of the current state of each programme through extensive cross-documentation efforts so that the operations could be further enhanced if the intended outcomes were not being realised.

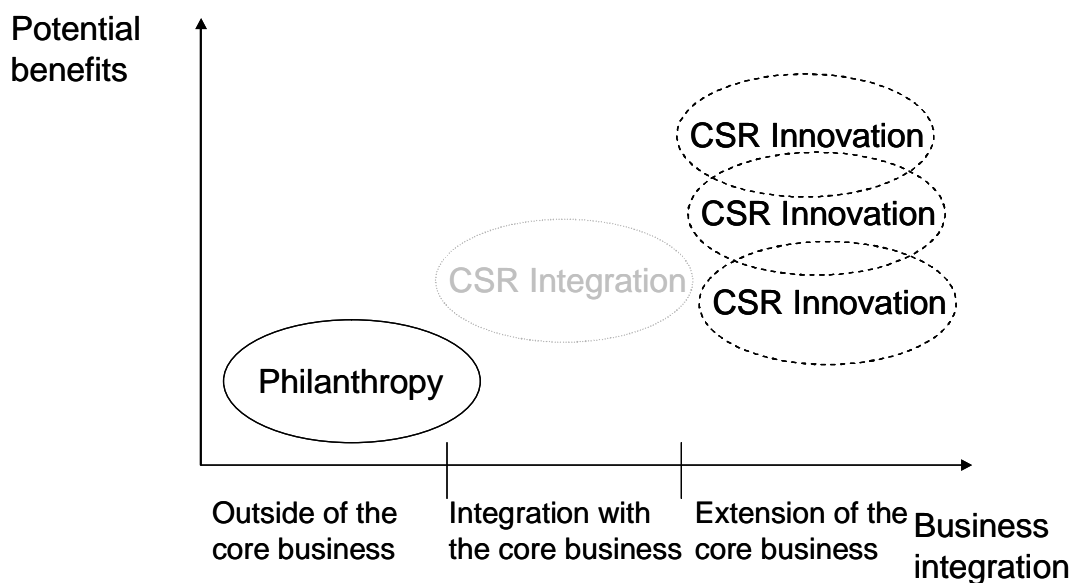
The second research question asked whether or not outcomes measurement and evaluation of CSR programmes is considered important and why. Both Nokia and IYF considered CSR outcomes measurement extremely important to be able not only to prove whether a particular programme is working or not but also to learn from the results and apply those learnings for other programmes as well. Nonetheless, quite interestingly there had not been official measurement efforts for programmes other than Make a Connection and BridgeIT. For small-sum ad hoc –donations of corporate giving or the employee volunteering initiative Nokia Helping Hands outcomes measurement is not considered important due to the small scale of the activities, and for Nokia Data Gathering software there has not been any research yet since the software itself is still waiting for its first experiments in action. The most surprising finding was that even though Nokia considers CSR outcomes measurement of critical importance, there has not been any measurement effort aimed at determining the societal outcomes of the Village Phone programme. Nokia is, however, convinced that the programme is working and delivering the desired societal benefits and that there is not necessarily a need to measure something that can be considered self-evident. Nokia also sees its CSR activities as an integral part of good business sense, and even the activities referred to as “corporate social responsibility” function as channels to seek business benefits through integrating these activities closely with the core business and other corporate operations. Village Phone is an excellent example of integrating an attempt to provide a solution to an existing social problem with the core business of a company; of integrating business and society in a meaningful manner. This, in a way, can explain or even justify not

measuring societal outcomes of Village Phone as it might not be rational measuring “normal business” activities against CSR measures and targets.

The research objective of the study was to find out whether some type of CSR can be concluded to bring more benefit for the company and/or society. First of all, the societal benefits of philanthropic activities such as corporate giving have not been even measured as they are considered small-scale and short-term and their expected impacts are thus minor. On the other hand, the outcomes measurement efforts for Make a Connection and BridgeIT showed that their societal benefits have been extensive and exactly what has been intended to be achieved with the programmes. However, the societal benefits of Nokia’s other community CSR programmes, most importantly those of Village Phone, have not been researched so no conclusions based on empirical evidence can be made on their benefits for the society. Nonetheless, there is prior macro-level evidence that increased mobile phone coverage (which is what also Village Phone promotes) leads to an increase in the nation’s GDP. Thus it can be concluded that at least Nokia’s understanding of the societal benefits created through its CSR programmes falls along the same lines of thought as was proposed by Halme and Laurila (2009; see figure 1 in section 2.5.3)

Secondly, Nokia considers its CSR activities as good business sense, and the business outcomes of CSR programmes are thus by necessity measured as a part of Nokia’s business figures. Business benefits identified by Nokia for Philanthropic activities (such as employee satisfaction or brand and reputation building) are, however, most likely to be left smaller in impact compared to the business benefits targeted at with CSR Innovation activities (such as increased sales thanks to a new product or service developed or new markets created). Therefore, there can be concluded to be some evidence suggesting, according to the hypothesis presented by Halme and Laurila (2009) that the opportunities for shared value and mutual benefits are greater for CSR Innovation than Philanthropic activities. This conclusion is illustrated in figure 4 on the next page. Again, there is still not sufficient empirical evidence of the outcomes of CSR Innovation and how they compare with those of Philanthropy, and thus three alternative

outcome positions are still marked with a dotted line. Furthermore, since none of the programmes studied were considered as CSR Integration and nothing could be thus empirically concluded of its benefits, is the outcome position for CSR Integration benefits marked with a light grey colour. Again, the category is still included in the illustration, since it was concluded earlier that it is a relevant category that some of Nokia's other CSR programmes fall into.



Baseline: Economic and legal responsibility

**Figure 4: Expected level of business and societal benefits by CSR action type II**

(Source: Modified from Halme & Laurila 2009, 334)

## 5.2 Managerial implications

The study at hand has created a basis for some managerial implications. First of all, managers in all sectors of business should see that the choice to be made no longer lies between whether to engage in CSR activities or not but the decision has to be made about what kind of CSR to engage in. This study has given some indication of what has been demonstrated by other researchers as well, that if CSR is strategically integrated



with the core business of a company it provides greater opportunities for shared value and mutual benefits for both the company as well as the society.

Secondly, it should be understood that outcomes measurement is of crucial importance in determining the societal and business benefits of CSR activities, since only through a thorough analysis of the programme it can be evaluated whether or not the intended benefits are being materialised both for the shareholders as well as for the society. Only when it is known how well a programme is functioning it can be concluded if the benefits of one type of a programme are greater than those of another type.

### **5.3 Limitations of the study and suggestions for further research**

Limitations of the thesis at hand are, first of all, related to the methodology selected. According to Yin, case study as a research method does not provide basis for scientific generalisation (2003, 10). It is clear that it is not possible to draw definite conclusion that could be generalised to apply for all businesses of different sectors, sizes or backgrounds. The case study method is utilised here in order to give an overview of the current situation of CSR outcomes measurement at Nokia. Therefore, the scope defined for this thesis also limits the research to one company and a selected sample of its community-related CSR programmes only.

The study at hand also does not provide for a normative guideline for how to measure the business and societal outcomes of CSR but it serves as a case study example of how Nokia assesses the outcomes of a few programmes. Based on more extensive empirical research in this area it might be relevant to try developing a more uniform guideline for impact assessment. Moreover, the empirical part offers only a scratch on the surface of a very interesting and extensive research area and can only provide some slight evidence on CSR outcomes measurement. Therefore, empirical research that is both wider by scope and deeper in focus is required to be able to make relevant conclusions regarding the societal and business outcomes of different types of CSR activities.

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## APPENDICES

### Appendix 1: INTERVIEW QUESTIONS November 21<sup>st</sup>, 2008

- Gregory Elphinston, Director of Community Involvement, Nokia
- Evaluation and impact assessment of Nokia's CR programmes/projects, particularly Nokia Helping Hands, Corporate Giving, Youth Development, RosettaNet, GeSI, BridgeIT and Village Phone.

#### 1. Programme/project background

- Why is a particular programme/project initiated? What is the underlying driver of action?
- How and to what extent are Nokia's different CR programmes/projects integrated into the organisation?

#### 2. Expected results and benefits

- What does Nokia expect for itself from a programme/project?
- What does Nokia expect for society to gain from a programme/project?
- How is risk assessment done? What are the key criteria assessed?

#### 3. Impact assessment and evaluation

- Do you evaluate the programmes/projects and their impacts?
- How often is evaluation and impact assessment conducted?
- What issues are assessed?
- How do you measure the programmes'/projects'
  - efficiency (outcomes in terms of resources utilised)?
  - effectiveness (reaching targets and initial objectives)?
  - impact (actual outcomes for company and society)?
  - long-term impact (impact and outcomes measured over time)?
- Are established assessment tools used for programme/project evaluation and impact assessment? What tools?

#### 4. Realised results and benefits

- Has Nokia reached the expected benefits? Have the expected risks materialised?
- Have the programmes/projects benefited the society as expected? Have the expected risks materialised?
- What would be the reasons for discontinuing a programme/project?

#### 5. Future

- How do you see Nokia's CR evaluation develop in the future?



## **Appendix 2: INTERVIEW QUESTIONS December 15<sup>th</sup>, 2008**

- Ami Thakkar, Programme Director, IYF
- Brandeis University Outcomes Measurement System (OMS) pilot study of the Make a Connection (MAC) programme
  - When is evaluation and impact assessment / outcomes measurement of a project conducted? What triggers the start of an outcomes measurement project?
  - In impact assessment, are project results compared and measured against specific goals set for a particular project at project initiation?
  - Prior to the Brandeis OMS pilot project, the MAC projects' outcomes were documented through focus groups and small group surveys. Why was a more systematic approach required?
  - Is the Brandeis OMS pilot a typical type of tool for impact assessment in terms of intensity, scope etc.? In what ways is it typical / uncommon?
  - Were the findings of the OMS study expected or surprising? In what ways?
  - Do you see the OMS pilot as an appropriate tool for impact assessment of MAC projects?
  - Based on the OMS study findings, have MAC projects been altered or improved? Have projects been discontinued or scaled back? What were the reasons for this?
  - How will the MAC projects and their outcomes be assessed and measured in the future? Is the OMS pilot continued and / or further developed?
  - How would you change or further develop the OMS or outcomes measurement and project evaluation in general?