

# NOKIA

The background of the entire slide is a photograph of a busy electronics manufacturing factory. Numerous workers, wearing white lab coats and blue hairnets, are seated at long assembly lines. They are working on electronic components, likely mobile phones, which are visible on the workbenches. The factory environment is industrial, with metal frames and various tools and materials scattered around the workstations.

## Nokia's Reputation and the SOMO Report

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## **Executive Summary**

In November 2006, SOMO published a report that criticised labour conditions in Nokia's factories in Asia. This report revealed conditions where workers work up to 72 hours a week with compulsory overtime, have insecure employment contracts and work in unsafe factories, where no or inadequate protection is offered while working with toxic chemicals. Research also showed that wages are below minimum wage, workers suffer inhuman treatment and are rarely aware of their rights or of Nokia's Code of Conduct. When doing piece work, quotas are often set extremely high, women are often fired when they become pregnant and there is no freedom of association.

This research focuses on Nokia and aims to find out whether the conclusions of the SOMO report and the publicity that followed afterwards had any harmful effects for the reputation of Nokia among consumers in The Netherlands. The target groups of this research are consumers and potential consumers of Nokia between the age of 18 and 65.

Nokia is the largest supplier of a wide range of mobile phones and its goal is to have the best quality products and services in the mobile phone industry. The company has a strict set of supplier requirements that are integrated in the contracts with their subcontractors and suppliers. Nokia tries to do business with suppliers that have the same standards as Nokia, but if the ethical performance of one of its suppliers might become questionable the company will compel such a supplier to take corrective action. However, if a supplier refuses to change any of the issues addressed Nokia is prepared to reconsider its business. In order to assess whether labour conditions at its production sites meet international standards, Nokia's Code of Conduct and local labour laws, the company conducts in depth assessments.

China's law states that a workweek contains 40 hours, forced overtime is not allowed, overtime is limited to 3 hours a day with a maximum of 9 hours a week. All workers have the right to a contract and paid annual vacation. It is forbidden to set unreasonably high quotas for workers doing piece work and workers have the right to organise in unions. Furthermore, no discrimination will occur on basis of gender and it is prohibited to fire women during pregnancy.

According to Thailand's labour law employees may work a maximum of 48 hours a week and 42 hours when labour is considered dangerous. Employees are entitled to an hour break a day and at least one day off a week. Forced overtime is forbidden, except when work is very urgent to which employers have a right of overtime pay. Employees are entitled to paid annual holidays and women are also entitled to 90 maternity leave days a year.

Pressure groups that are important to Nokia in the Netherlands are SOMO, MakeITfair, Goodelectronics and Greenpeace. They focus on labour conditions and the harmful effects the electronics and ICT sector have on the environment. Also the Dutch consumer organisation Consumentenbond is increasingly providing more information on corporate social responsibility.

Nokia's reputation, assessed by emotional appeal; products and services; financial performance; vision and leadership; workplace environment and social responsibility, shows that the company has built a strong reputation over the years. This means that if an issue appears it is not very likely that Nokia's image will easily be damaged.

Only a couple of rather small articles have been published by the Dutch press about the SOMO report neither of those articles criticised Nokia, they just summarised the main findings of the report. One article in *Consumentenbond* criticised the entire mobile phone industry for its practices, not Nokia in particular. The articles that have been published about Nokia in general almost all shape a positive picture of the company.

Research into Nokia's corporate image shows that loyalty of Dutch consumers to Nokia is high. They also seem to be aware that Nokia provides the best quality phones in the mobile phone business, is innovative, offers a fair price and has user friendly phones. Consumers do not seem to be aware of Nokia's positive attitude towards corporate social responsibility (CSR), as well of the fact that its policies concerning human rights, labour conditions and the environment are more developed than those of other mobile phone brands. Although only a very small number of consumers had heard of the SOMO report, research shows that a large group of consumers would no longer buy Nokia products if the company is accused of having serious labour conditions in their factories in developing countries.

It has become clear that the SOMO report did not have an effect on Nokia's reputation among consumers in the Netherlands. This has to do with the fact that the Dutch press did not publish much about this report, the media overall publishes positive articles about the company and the fact that consumers give more importance to social and environmental issues other than labour conditions. Since the company enjoys a strong reputation it cannot be easily damaged by such a report. However, Nokia needs to be aware that research shows that a report, like the one by SOMO, could have a serious effect on the company's reputation if more attention will be given to it by the media. Especially, since the media is slowly starting to publish more about issues concerning labour conditions in the technology sector. Although Nokia seemed to have handled this issue well, by responding to it fast and by being transparent about its own investigations, it needs to come up with a new strategy for the future.

CSR is of growing importance in today's society. It is also becoming increasingly important for organizations to communicate CSR policies and activities in order to inform and involve stakeholders and to create a dialogue. But, excessive promotion of CSR is considered by the public only as a way to receive credits. To avoid direct CSR promotion, but at the same time make a clear statement of what Nokia stands for, a good strategy would be to launch a foundation that is specialised in changing labour conditions and standards of living in developing countries. This foundation will carry the Nokia name but will be independent. Primary target groups that need to be addressed are Dutch consumers between 18-65 and pressure and interest groups. The secondary target group will be the media in the Netherlands.

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# 1. Introduction

## 1.1 Current Situation:

In November 2006, SOMO, the Centre for Research on Multinational Corporations, published a report *The High Cost of Calling: Critical Issues in the Mobile Phone Industry*. SOMO is an independent Dutch research and advisory organisation that investigates the consequences of multinationals on developing countries; its focus in this is labour conditions. In this report SOMO reported on labour conditions in factories in Thailand, India, China and the Philippines, which produce components of mobile phones for the major mobile phone companies: Nokia, Motorola, Samsung, Sony Ericsson and LG.

### Growth of the mobile phone sector

Since the 1980's the mobile phone industry has grown enormously and a mobile phone has gone from being an expensive item to a low cost one, available for everyone. During these years some strong powerful global players developed and at this moment the mobile phone market is dominated by a small number of strong, powerful companies among which Nokia by far is the largest and strongest with a market share of 35,1% in 2006. Figure 1 below demonstrates this further. (Wilde & de Haan, pp.8, 15, 39)

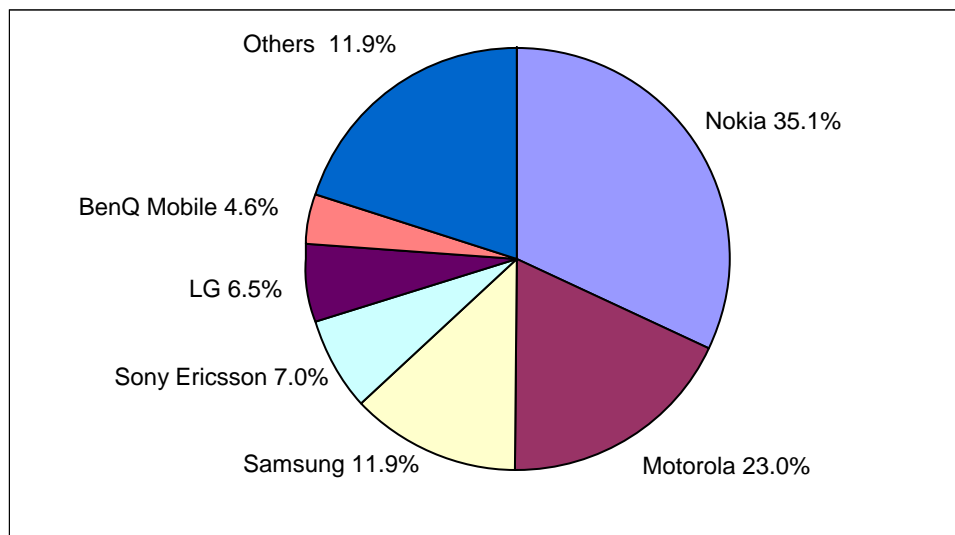


Figure 1: World market share, 2006. (Wilde & de Haan, 2006, p.39).

Due to heavy mutual competition on one hand and upcoming new mobile phone markets in developing countries on the other hand, mobile phone companies are compelled to reduce the cost of production to a bare minimum. (Wilde & de Haan, p.17) The effect of this is that many mobile phone companies shift their production to low cost countries, where labour and materials are cheaper, in this way lowering the price of mobile phones. China is by far the biggest manufacturer of mobile phones in the world. In 2006 its production reached 36% and it is expected to reach 75% by 2010. (Wilde & de Haan, p.23)

Until recently the media and the public mainly focussed their attention on labour conditions in the garment and footwear industry but due to the involvement of dangerous chemicals, labour conditions in the mobile phone sector are worse than in the garment industry. Already in 1994

studies revealed that electronics workers are more often exposed to toxic chemicals than workers in the chemical industry and pesticide manufacturing together. (Wilde & de Haan, pp.8, 68)

The report of SOMO focuses on factories in the Philippines, Thailand, China and India, since most components of mobile phones for the five biggest companies are produced in those countries (J.Wilde, personal e-mail, September 13, 2007).

### **Conditions at the Hivac Startech, Namiki and LTEC factories**

Conditions at three Nokia factories, the Hivac Startech factory in China and the Namiki and LTEC factories in Thailand, turned out to be the worst of all researched factories. These factories are all subcontractors of Nokia and produce components of mobile phones such as handset motors and lenses. Research, conducted by SOMO, revealed conditions where workers work up to 72 hours a week with compulsory overtime, have insecure employment contracts and work in unsafe factories where no or inadequate protection is offered when working with toxic chemicals. Research also proved that workers have wages below the minimum wage, suffer inhuman treatment and are rarely aware of their rights or of Nokia's Code of Conduct. When doing piecework, quotas are often set extremely high, women are often fired when they become pregnant and there is no freedom of association. For more detailed information about the situation in these factories see Appendix 2.

Mobile phone companies, such as Nokia, do check-ups in the factories that supply parts of their mobile phones, but the problem here is that in order to pass social audits of working hours and overtime pay factory managers falsify timecards and wage slips. (Wilde & de Haan, pp.65-89)

### **Nokia's response to the SOMO report**

As a response to the allegations made by SOMO, Nokia started investigations at two of the factories mentioned in the SOMO report, Namiki and LTEC. According to Nokia Hivac Startech is not a supplier of Nokia. The outcome of Nokia's own investigations showed some contradictions and some similarities to the SOMO report. According to Nokia protective clothes are offered and workers are not forced to do overtime. Nokia's investigations did show that women receive less pay and that on occasions workers were asked to work seven days. For about six months Nokia posted these findings on the home page of their web site. (SOMO, n.d., "Investigations into SOMO claims") For more information about Nokia's response see Appendix 3.

### **SOMO's response to Nokia's investigations**

After the investigations of Nokia, SOMO posted a response on their web site. In this they wrote that they were very pleased with the investigations of Nokia into the issues reported and appreciated Nokia for sharing information with SOMO, since this was a good step into more transparency and therefore improving labour conditions in the factories concerned. SOMO did have some questions concerning the way Nokia has done the investigations. Interviews of the workers were done by Nokia in the presence of supervisors and line leaders and SOMO wonders whether Nokia's visits were announced or unannounced, since these factors could almost certainly influence the outcome of Nokia's investigations. But it must be said that Nokia was

about the only company that responded to the SOMO report and shared information on their own investigations: most of the other mobile phone companies did not react at all. (SOMO, n.d., “SOMO comments on Nokia’s report”)

Since the end of 2007, SOMO is working on a follow-up report with new results of field research and the reactions of some of the mobile phone companies in order to find out whether the situations in the factories reported in *The High Cost of Calling: Critical Issues in the Mobile Phone Industry* have changed (J.Wilde, personal e-mail, September 13, 2007).

### **Concern for Nokia**

Lately the media has started reporting not only about the situation in the garment and footwear industry, but is reporting more and more about labour conditions in the technology sector in developing countries. If this trend continues it could have negative effects for the companies involved that are not contributing to solutions for this problem or not transparent in their activities.

Nokia is a company that is trying to find solutions for the problems in the technology sector and is open about their activities and seems to be taking a pro-active approach in changing labour conditions.

The company has been held responsible for labour conditions in factories in Asia before. In 2004 a documentary “*A decent factory*” was released which gave some insight into sometimes shocking labour conditions at Chinese factories that supply Nokia. What was special is that the documentary was made possible with the help of Nokia. Besides that the documentary also showed the conditions in which Chinese workers sometimes had to work, it also showed Nokia’s site visits and attempts to change the situation. For Nokia it was important to contribute to this movie in order to show that it is taking the problem serious and is trying to find solutions for this issue. The documentary was broadcasted in Finland, Denmark, The Netherlands, the U.K., France and Australia. (Thomas Balmès, 2004)

In 2005 Finnwatch published a report that also criticised labour conditions in Nokia’s factories in Asia. This report described the working conditions of mainly China’s internal migrants in factories for Nokia and was only available on Finnwatch’s web site. (Kaiming & Xin, 2005)

Although the SOMO report has also not been published widely this does not mean that Nokia can lean backward, because “It is important for organisations to manage these issues in order to protect their corporate image and avoid negative publicity” (Herlé & Rustema, 2005, p.109) and because:

Issue management involves environmental monitoring in order to obtain information that is suitable for use in policy planning. An effective issue management programme enables an organisation to influence the development of public issues or trends in society,



instead of merely responding to the issues after they have already manifested themselves. (Herlé, Rustema, 2005, p.109)

The research for this thesis focuses on Nokia and aims to find out whether the conclusions of the SOMO report and the publicity that followed afterwards had any harmful effects for the reputation of Nokia among consumers in the Netherlands. It is important for companies to monitor issues and trends in society and to respond to them in time, otherwise issues and trends could have a negative impact for a company.

## **1.2 Objective**

To formulate communication strategies in order to optimise Nokia's reputation as a responsible market leader of the mobile phone sector.

## **1.3 Target Group**

The target group of this research are consumers and potential consumers of Nokia between the age of 18 and 65. People of this age are directly connected to labour conditions, so this issue will appeal to many and their knowledge of possible negative labour conditions related to Nokia may have a negative effect on the company's reputation. Consumers increasingly boycott a company when it is accused of violating human rights or the environment and are often successful in forcing the company to change its practices. Companies on the other hand, still care in the first place about quality and price and not so much, yet, about corporate social responsibility (CSR) of other companies. Therefore the target group of this research is not business to business, but the Dutch consumer. CSR has a much longer history in Europe as it has in Asia, what for example shows in the underdeveloped CSR policies of Asian companies. Asian companies, such as Samsung and LG, have less developed CSR policies than European companies, such as Nokia and Ericsson, and the American Motorola, but CSR is of growing interest in Asia too (J.Wilde, personal e-mail, October 22, 2007). This report by SOMO could lead to an overall change in the perception that consumers, as well as potential consumers, will have of Nokia, because CSR and the issues concerned are of growing interest to people globally and therefore also of growing interest to companies. This has also resulted in an increasing growth of interest groups claiming to protect the interest of consumers. (Werther & Chandler, 2006, p.1) For this reason it is necessary to look at the consumers at large. Age, as well as the question whether they are a consumer of Nokia, is irrelevant.

## **1.4 Process and Methods**

The research goal of this paper is to measure the effect the SOMO report had on the reputation of Nokia among consumers in the Netherlands. In order to achieve this goal the Dutch media was investigated, the labour legislation in China and Thailand and the current perception of the Dutch consumers. Research for this report was conducted using a variety of methods including desk research, a questionnaire and e-mail correspondence, as well as an interview, with J. Wilde from SOMO.

Desk research included an online investigation of several web sites and the use of books from which various theories were used. First of all, *Strategic Corporate Social Responsibility* by

William B. Werther, Jr and David Chandler (2006), a theory from this book concerning trends in CSR was used to convey how important CSR is for companies. From the book *Corporate Communication Worldwide* by M. Herlé and C. Rustema (2005) theories regarding corporate identity, corporate image, issue management and reputation management were used. Theories regarding identity, image and reputation were included from the book *Corporate Communication* by Paul A. Argenti (2007) as well as from *Monitoring Public Perception of Organisations* (2006) and *Integrated Communication* both by Marita Vos and Henny Schoemaker (2001). From the book *Setting up a Strategic Communication Plan* by Marita Vos, José Otte and Paul Linders (2003), theory was used on how to write a communication plan. A questionnaire served to find out what the public perception is regarding Nokia and to find out whether the SOMO report has changed the perception the public has about Nokia.

### **1.5 Central Question**

What effect does the SOMO report, concerning labour conditions in Nokia's factories abroad, have on Nokia's reputation among consumers in the Netherlands?

### **1.6 Sub-Questions**

1. What is Nokia's corporate identity?
2. How strict are the labour regulations in China and Thailand?
3. Which pressure groups in the Netherlands are important to Nokia?
4. How strong is Nokia's reputation?
5. How did the Dutch media respond to the SOMO report concerning labour conditions in factories of Nokia?
6. What is Nokia's corporate image?

### **1.7 Explanation of Chapter Order**

In order to determine what Nokia's core values are and how the company feels about the issues regarding CSR it is necessary to first take a look at Nokia's corporate identity in Chapter 2.

Nokia has considerable production capacity in China and Thailand. The SOMO report mentions negative labour conditions related to Nokia in these countries. It is essential to find out whether policies exist to protect workers' rights and whether the labour conditions, as addressed in the report, were in violation of local laws, because if they were, the effect on Nokia's corporate image could be even more serious. Because pressure groups in The Netherlands keep a close watch on the same labour conditions and in general are successful in influencing public opinion, Chapter 3 also gives a summary of existing Dutch pressure groups that are important to Nokia.

To be able to determine if the SOMO report had an effect on Nokia reputation its necessary to know how strong Nokia's reputation is, this will also have an influence on Nokia's corporate image. Nokia's reputation will be measured in Chapter 4, with the use of the Reputation Quotient by Fombrum and Van Riel.

After a look at the legislation of China and Thailand, pressure groups and the media, a media content analyses will be conducted and Nokia's corporate image discussed in Chapter 5, because these items might influence the image of consumers regarding Nokia.

Finally Chapter 6 will give a final analysis and in Chapter 7 recommendations for Nokia will be given.

## 2. Nokia's Corporate Identity

*In order to assess which aspects are important to Nokia and how the company feels about specific issues, research into its corporate identity is needed. This identity determines the essential characteristics of Nokia and all the core aspects of the organisation. It will also help to explain the messages that are sent out by Nokia and furthermore, it will explain what Nokia's point of view is concerning the issues addressed in the SOMO report. In this chapter the term corporate identity will be explained and used to define the identity of Nokia. The corporate identity mix of Birkigt, Stadler and Funck is included because it will help to define the corporate identity of Nokia.*

### 2.1 The Definition of Corporate Identity

Communication specialists have come up with many definitions of the corporate identity of an organisation. The definition by Vos, stated below, will be used for this research. For more definitions of corporate identity see Appendix 1A.

“the strategically planned and operatively applied self concept and attitude of a company, both internal and external, based on an established corporate philosophy, long term corporate goals and a defined required image” (Vos & Schoemaker, 2006, pp. 45-46).

Thus, the corporate identity of an organisation is the personality of an organisation, all core values that are important to it, as well as its essential characteristics. To define the corporate identity of Nokia, the Corporate Identity Mix model, designed by Birkigt, Stadler and Funck will be used. (Vos & Schoemaker, 2001, p.98)

### 2.2 The Corporate Identity Mix: Personality of Nokia

Since its founding in 1865 in Finland, Nokia has developed from a small wood-pulp company to a large multi billion organisation with a clear vision and mission. For more information about the history of Nokia see Appendix 2. Nokia's vision is “a world where everyone can be connected” (Nokia, 2007, “Vision and strategy”, para.1). Its mission is to provide people with easy, user-friendly technology, which looks good and is fun to use. (Nokia, 2007, “Vision and strategy”, para.1) Nokia's goal is to have the best quality products and services. Customer satisfaction, that consumers are aware that Nokia provides the best quality in the mobile phone industry and customer loyalty is very important to the company. (Nokia, 2006, “Quality”)

As of May 2007 the Nokia values are: Engaging You, Achieving Together, Passion for Innovation and Very Human. The Nokia values are based on:

- Customer satisfaction
- Engaging stakeholders
- Collaboration
- Trust
- Innovation in technology
- Simplicity
- Being socially responsible. (Nokia, n.d., “Nokia way and values”, para. 1-5)

When dealing with customers and suppliers Nokia is honest and always looks for innovative ways to create and introduce new products. Nokia's perception is that design, brand, simplicity and price are the most important aspects of a mobile phone to consumers. ("Nokia," n.d., "Mobile phones", para. 2) Nokia as an organisation often mentions itself being the first to introduce new products to the market. ("Nokia," n.d., "Corporate culture", para. 2)

The corporate culture manifest, *The Nokia Way*, stresses equality of opportunities and openness towards people and new ideas. ("Nokia," n.d., "Corporate culture", para. 1) See Appendix 1B for the definition on Corporate Culture. Employee participation, speed and flexibility of decision-making are encouraged and personal growth, responsibility of employees are core values of *The Nokia Way*. *Listening to you* is an employee survey, which has as its goal to stimulate debate and discussions in a flat organisation. Employees are offered trainings, coaching and provided with opportunities to do volunteer work. (Nokia, n.d., "Nokia way and values", para.6-8) English is the official business language. ("Nokia," n.d., "Corporate culture", para. 3)

The company consists of four business groups; devices, services and software, markets and the corporate development office. (Nokia, 2008, "Structure") Nokia's operations are managed by the Group Executive Board, which falls directly under its Board of Directors. As of 2006 Olli-Pekka Kallasvuo is Nokia's President, chairman of the Group Executive Board and CEO. The Board of Directors appoints the members of the Group Executive Board and the chairman. ("Nokia," n.d., "Corporate governance")

### **2.3 The Corporate Identity Mix: Behaviour of Nokia**

The behaviour of Nokia can be divided into products and services, price and social behaviour.

#### Products and services

The company is the largest supplier of a wide range of mobile phones such as phones with camera's, video recording, MP3 players and WAP. Nokia's mobile phones serve GSM/EDGE, 3G/WCDMA and CDMA mobile technologies. ("Nokia," n.d., "Mobile phones", para. 1) Nokia became a worldwide mobile phone company since their phones provide almost every market aspect, from a simple phone to a phone with high quality cameras, music options to ones with GPS navigation systems. (Phones2udirect, n.d., "Nokia", para. 6)

In order to keep production costs low and profits high Nokia is shifting some of its manufacturing units to Southeast Asia and Latin America. Nokia's own production units in Asia are located in India and South Korea and the company has considerable production capacity in China where it owns four production plants at Beijing, Suzhou, Dongguan and Fujian. In addition the company works with several dozen direct suppliers/subcontractors, companies that provide fully assembled handsets to Nokia and hundreds of thousands of indirect, sub-tier, suppliers that produce small components in Asia, Latin America and Central and Eastern Europe. (Wilde & de Haan, 2006, p.41)

The company's other divisions are responsible for offering the underlying security infrastructure of mobile phones, software and services as well as providing communication, network service

platforms, professional services to operators and service providers. The division markets is also responsible for managing supply chains and marketing. (Nokia, 2008, "Structure")

### Price

Nokia offers, besides a wide range of mobile phones, also a wide range of prices for its mobile phones. They have simple phones for as little as €43,95 and €47, phones with more possibilities for €189 and €594 and the most expensive one, which features all the new technologies, for €1914,95. (Expansys, n.d., "Nokia telefoons: Alle producten"; Telecomadvies, n.d., "Altijd de beste aanbieding")

### Social behaviour

For Nokia, consumer satisfaction is not only related to its products, but also from the way Nokia interacts with society. Nokia has a growing interest for the impact their business has on the environment and society. Its goal is to produce high quality and safe products while taking care of the environment without breaking the law. (Nokia, n.d., "Our vision", para.1-2, 4) The company is also responsible for giving charities to different projects or in case of disasters, which can be either long term or short term. (Nokia, n.d., "Disaster relief") It has won three awards for its education programs *Bridgeit* in 2004 and *Text2teach* in 2006. (Nokia, 2006, "Spotlight on awards")

Diversity among its employees, as well as equal opportunities, are important aspects for Nokia. Nokia employs approximately 68.000 people of 120 nationalities of which 34% are woman. Of those, 12.5% holds managerial positions. (Nokia, n.d., "Who we are", para. 3)

Nokia's Code of Conduct, which is based on the Nokia Values and was first developed in 1997, sets out the company's vision on issues such as human rights, labour conditions and issues regarding the environment. Their CSR report is published annually. (Wilde & de Haan, 2006, p.41) See Appendix 1D for definitions of CSR. Nokia's aim is to be a leader in environmental performance. Its Code of Conduct concerning the environment is based upon recycling, energy efficiency and good management for activities that might have a negative impact on the environment. (Nokia, n.d., "Our footprint") Since 1999, Nokia's environmental performance is published in environmental reports. (Wilde & de Haan, 2006, p.42)

When it comes to Nokia's supply chain responsibility Nokia has a strict set of Nokia supplier requirements that include labour as well as environmental requirements and are integrated in contracts with suppliers. (Wilde & de Haan, 2006, p.43) Nokia tries to do business with subcontractors and suppliers, which have the same standards as Nokia and takes steps when the ethical performance of its suppliers becomes questionable. Nokia will compel such subcontractors and suppliers to take corrective action. Moreover, if a supplier refuses to change any of the issues that are addressed Nokia is prepared to reconsider its business with these subcontractors and suppliers. (Nokia, n.d., "Supplier network management")

According to Joseph Wilde from SOMO: "Nokia claims that it strives not to deal with companies that do not comply with international standards, but SOMO's research reveals that the company



does not do enough to ensure that its suppliers are following these standards” (J. Wilde, personal interview, March 4, 2008). He also comments that Nokia does have one of the best-developed CSR policies in the mobile phone industry and takes CSR very serious, but workers in Nokia’s factories often notice little of this (J. Wilde, personal interview, March 4, 2008).

Nokia also conducts in depth assessments to check if labour conditions at their production sites meet international standards, Nokia’s Code of Conduct as well as local labour laws. These assessments include factory checks, interviews with managers and workers and reviews of documentation. Nokia pays attention to working hours, child and forced labour, compensation, discrimination and freedom of association. In 2006, Nokia assessed internal labour conditions at all of their production sites worldwide. (Nokia, n.d., “Labor conditions compliance”) In these matters Nokia focuses on its first-tier suppliers and requires these suppliers to set standards for their own suppliers. Nokia does not see it as its responsibility to manage labour conditions in its entire supply chain. (Wilde & de Haan, 2006, p.44) But, “The greatest risk of poor labour and environmental conditions lies at the sub-tier suppliers (...), yet Nokia and other companies do not act sufficiently upon their social responsibility to systematically improve conditions beyond first tier suppliers” (J. Wilde, personal interview, March 4, 2008). According to Joseph Wilde, Nokia should start taking responsibility for the entire supply chain and should improve its method of monitoring its suppliers and at the same time have these results checked by an independent organisation (J. Wilde, personal interview, March 4, 2008).

#### **2.4 The Corporate Identity Mix: Visual Recognisability of Nokia**

Customers can recognize Nokia by their blue logo. Also Nokia’s slogan, Connecting People, is an important part of their visual identity as is the picture of the two hands that are reaching out for each other. Nokia’s logo uses Nokia’s proprietary font.

(“Nokia,” n.d., “Corporate affairs”, para.1) The colors for Nokia are blue and green. This can be seen on their web site, packaging of their products, brochures and advertisements. All Nokia products are provided with the company name.



Figure 2: The Nokia logo.

#### **2.5 The Corporate Identity Mix: Communication Activities of Nokia**

When listening to the Dutch radio, watching TV and reading Dutch newspapers or magazines it can be concluded that, at the moment Nokia itself does not conduct an advertising campaign to either promote the corporate brand or any of its products in the Netherlands. However, phone providers such as KPN, T-Mobile, BelCompany and Telfort do make advertisements for Nokia phones in combination with a telephone subscription or for pre-paid phones. See Appendix 6 for a collage of several Nokia advertisements by these providers.

##### Brand promotion

Nokia was one of the sponsors of Big Air, a snowboard contest that took place on October 7<sup>th</sup> 2007 in Rotterdam. Nokia was clearly visually presented by means of posters with the Nokia name and was mentioned on the Big Air web site. (Wintersport, n.d., “Big air”) In the past Nokia has been a sponsor for the TMF Awards, Parkpop and many more music festivals. (Sponsorprofiles, n.d., “Sponsoronline”)

Nokia's merchandise is also an aspect of their communication activity. Caps and towels with the Nokia name can be bought, as well as flip flops, coffee mugs, pencils, beach balls, chairs, notebooks and travel bags on a couple of Dutch web sites that sell merchandise from several brands.

#### Brand and Product promotion

Besides an international web site Nokia also has a Dutch one which contributes to the position of Nokia in the Netherlands. On this web site information about the company can be found, customers can search for a store in their neighbourhood that sells Nokia products, find information regarding Nokia phones, can receive support and software for their mobile phones and can subscribe to the company's newsletter, which contains information about the company, as well as about new Nokia products.

For Nokia press releases are also an important tool to promote its products, when new developments concerning the company occur or when new Nokia phones are being introduced to the market. These press releases are not published on its Dutch web site, but on its corporate one and are frequently published by the Dutch press. This is discussed further in Chapter 4.

## **2.6 Conclusion**

Core values of Nokia's identity are providing the best quality products and services, being innovative, simplicity, consumer loyalty and satisfaction and to sell at a fair price. Employee participation and personal growth are important for Nokia, as is doing business in a socially responsible manner. This means taking care of society and the environment in which they operate and having a strict set of policies and rules for doing business with their subcontractors and suppliers that go back as far as 1997. The company considers human rights, labour conditions and issues that concern the environment as very important. The company has a strict set of policies to avoid the labour issues that were addressed in the SOMO report, but what looks good on paper does not always seem to work well in reality.

### **3. External Analysis; the Government and Pressure Groups**

*In 1994 when the World Trade Organisation (WTO), supervised by the United Nations, was founded, free global trade received a big boost. International agreements, made by leaders of governments, must be executed on local levels. (Stelling, n.d., “Wat is de WTO?”, para. 1) Therefore a proper connection between international environmental policies and national programs is important. Due to globalisation the impact of large industries can be enormous and local issues, regarding environment and human rights, easily become international ones. Issues, as addressed in the SOMO report, are exposed faster nowadays and reach the consumer in a short time, with pressure groups keeping an eye worldwide and having the media to report them. In order to find out whether the issues reported in the SOMO report are in violation of the laws in China and Thailand it is necessary to take a closer look at the labour legislation in these two countries. Because pressure groups can be very successful and creative in the formation of an image regarding a certain issue or organisation, they can be powerful in influencing the public perception by means of the media, so they should not be forgotten either.*

#### **3.1 China**

##### Economic reform

In 1978, after years of strict government control, the Chinese government initiated an economic reform program. From a centrally planned economy China transformed into a market-oriented economy, while maintaining its communist framework. The country opened up to increased foreign trade and investment, stimulated the formation of rural enterprises and private companies, started investing in industrial production and education and reduced state control over prices. These reforms resulted in a tremendous decrease of the poverty rate and an annual economic growth of more than 9%. (Hu & Khan, 1997, “Why is China growing so fast?”) In the 1970’s China imposed strict population growth in order to limit its fast growing population and has the lowest growth rate of all developing countries although, due to the size of the population, growth is still significant. (“China,” n.d., “Population growth”, para. 7) Mid 2007 China had a population of about 1.3 billion people (Rosenberg, 2008, “The population growth”, para. 1) and due to that has a large workforce of which 3.5 million people find work in the electronics and ICT sector. (Kaiming & Xin, 2005, p.6)

##### The electronics and ICT sector

In the 1990’s China’s ICT and electronics industry began growing rapidly and mobile phone companies began shifting their production to China where labour was cheap and often unprotected. By the end of the 1990’s the ICT and electronics sector were the largest industry sector in China and still are today. This became possible because of inexpensive labour and a large consumer market. (Kaiming & Xin, 2005, p.8)

##### Chinese labour law

In 1994 China developed its first national unified labour law. (International Labour Organization, n.d., “Labour law-China”, para. 1) In this law it is stated that a workweek contains

40 hours, workers are not forced to do overtime work and that overtime is strictly limited to three hours a day and a maximum of nine hours a week. Overtime must be paid and is paid 150% when arranged, 200% on rest days and 300% on holidays. Moreover workers have the right to a contract, companies must pay social security for its workers and after one year all workers have the right to paid annual vacation. It is forbidden for employers to set extremely high quotas for employees doing work on the basis of piecework and employees have the right to organise in independent unions. Concerning women, the law states that no discrimination will occur on sex and that it is prohibited to fire women during pregnancy. (National Labor Committee [NLC], n.d., "Labor law in China") China does not have a law that forbids striking, but workers who do are often criminally charged. (Wilde & de Haan, 2006, p.30)

### **3.2 Thailand**

#### Economic growth

From the late 1970's until 1996 Thailand had annual growth rates of 9% or more and was officially one of the Tiger Economies. ("Economy of Thailand," n.d., "History", para. 1) Several factors contributed to the rapid growth of the Thai economy among which inexpensive labour, the presence of natural resources, reforms that opened the country to more foreign trade and investment, low inflation and a stable exchange rate. During this period the manufacturing, clothing, footwear and electronics industry, were able to grow fast. These were labour intensive and export orientated industries. In 1997 Thailand's economic growth ended with the currency crisis after which the country entered a recovery phase because of strong exports. Thailand depends heavily on exports and had an annual growth rate of 4.3% in 2007. ("Thailand economy," n.d.) Due to its central location in Asia, good infrastructure and wages and natural resources that are affordable, Thailand has an attractive climate for foreign investment that is encouraged by the Thai government. ("Foreign direct investment," n.d., para.1) Due to the family planning program that was introduced in Thailand in 1971, Thailand was able to cut its annual growth rate drastically from 3% in 1960 to 0.5% today. ("Demographics of Thailand," n.d., para.6) Many people find work in the electronics and ICT sector; 90.000 already find work in hard-disk drive manufacturing alone. (Schipper & de Haan, 2007, p.10)

#### The electronics and ICT sector

The electronics and ICT sector has been growing for the past 20 year and is the second biggest industry in Thailand after the automobile industry and is one of the main reasons of the Thai economic success. Thailand aims to increase growth in the ICT sector with the help of the Ministry of ICT. ("The market," n.d, "Electronics and ICT") Electronics is Thailand's main export product with an annual growth of 20% and employs 300.000 people. ("Thailand," n.d., "Industry", para.6)

#### Thai labour law

The Thai labour protection act of 1998 is Thailand's main labour law. According to this law employees may work to a maximum of 48 hours a week, but when labour is considered dangerous the maximum is set to 42 hours a week. Employees who work at least 5 hours a day are entitled to a one hour break and must be given at least one day off every week. An employee cannot be forced to do overtime except when a particular job is very urgent. A worker has the

right of overtime pay. Employees are entitled to 6 paid days leave after one year and 13 paid public holidays each year. Women are entitled to a minimum of 90 days of maternity leave. ("Thai labour law (part I)," n.d.)

### **3.3 Pressure and Interest Groups**

#### SOMO

There are several pressure groups in the Netherlands that could impose a threat for Nokia and that could have an influence on the image people have of the mobile phone industry or Nokia. Among those is SOMO, founded in 1973, that in November 2006 published the report *The High Cost of Calling; Critical issues in the Mobile Phone Industry* and is working on a follow-up report since the end of 2007. SOMO is a research and advisory office that investigates the consequences of the policies of multinationals and internationalisation in developing countries and is specialised in research on labour conditions in developing countries. (SOMO, n.d., "Welkom op de web site van SOMO", para.1) SOMO does not have one particular person who is a lobbyist at the EU level, but does undertake lobbying activities. The non-profit organisation is also a member of the Steering Group of the European Coalition for Corporate Justice, a network that lobbies the EU to change policies (J.Wilde, personal e-mail, March 7, 2008).

#### Other pressure groups

Recently MakeITfair was founded, a European project that focuses on the electronics industry and is co-ordinated by SOMO. Their goal is to let young people across Europe know about the labour conditions and environmental problems that exist with the production of mobile phones, laptops and MP3 Players at the bottom of the production line. (MakeITfair, n.d., "makeITfair")

Goodelectronics is a network based in Amsterdam, The Netherlands, and specialised in changing labour conditions and the harmful effects the electronics and ICT sector have on the environment in production countries. The network is still in a starting phase and participants are human rights and environmental organisations, unions, universities and individuals all around the world. (Goodelectronics, n.d., "About us", para. 1-7)

Greenpeace is a very strong and powerful pressure group that has protested already many years on several issues concerning the environment. (Greenpeace, n.d., "Dit is Greenpeace", para.1-3) In the past they have protested against toxic waste and issues that concern global warming. Greenpeace is very powerful globally and several times their actions have resulted in changes in the law in the Netherlands, public awareness for certain issues and solutions for problems concerning the environment. (Greenpeace, n.d., "Eerdere successen (2006)") Their actions could, when addressed against the mobile phone industry or Nokia, have a serious impact on Nokia's operations, its corporate image and its reputation.

#### Interest group

Consumentenbond is an independent Dutch consumer organisation that was founded in 1953 and compares prices as well as the qualities of several products and services. It does not only perform tests but also publishes several books and magazines each year. (Consumentenbond, n.d., "Historie", para. 1-4) Since 2001 Consumentenbond also provides information regarding the

corporate social responsibilities of companies. It focuses for this is on the meat, wood, garment and mobile phone industry. (Consumentenbond, n.d., "Interview met Klaske de Jong", para. 1-3) Consumentenbond has protested several times against the labour conditions that exist in the electronics and mobile phone sector in developing countries the last couple of years, as research shows on their web site and the internet.

### **3.4 Conclusion**

Both Thailand and China have labour laws to protect employees' rights, although China's seem to be more advanced. Research into the labour legislation of both countries shows that the situations reported in the SOMO report, concerning labour conditions in Nokia's factories abroad, are in violation with local laws.

In the Netherlands pressure groups exist, that focus on labour conditions and the harmful effects that the electronics and ICT sector have on the environment in developing countries. These pressure groups are important, since they will report almost any misstep Nokia makes regarding human rights, labour conditions and the environment. This in turn will likely have a negative effect on Nokia's reputation.



## **4. Nokia's Reputation**

*When assessing its reputation an organisation needs to examine all of its dimensions in order to find out how strong its reputation is. A strong reputation results in pride and loyalty among consumers, employees and the general public and offers the organisation assets that are necessary to compete with competitors. There are various ways to measure the reputation of an organisation. In this chapter the reputation of Nokia will be measured with the use of the six dimensions of the reputation quotient of Fombrum and Van Riel.*

### **4.1 The Reputation Quotient**

A way to measure the reputation of an organisation is with the use of the reputation quotient of Fombrum and Van Riel. This quotient makes it possible to compare the reputation of an organisation with other similar organisations and to monitor what developments it has made over the years. It measures how certain groups feel about elements of the organisation. The reputation quotient consists of six dimensions: emotional appeal; products and services; financial performance; vision and leadership; workplace and environment and social responsibility. (Vos, Schoemaker, 2006, p.75)

### **4.2 General Reputation of Nokia**

Nokia is the 5<sup>th</sup> most valuable global brand in Business Weeks Best Global Brand list of 2007, takes the 20<sup>th</sup> place of world's most admired companies in Fortune's Most Admired Companies list of 2007 and is listed on the 119<sup>th</sup> place of biggest companies worldwide in Fortune Global Brand 500 list in 2007. ("Top 100 global brands scoreboard," n.d.; CNN, n.d., "Fortune global 500"; CNN, n.d., "World's most admired")

### **4.3 Emotional Appeal**

The strength of a brand is an indicator of consumer's trust, loyalty and preference for it. If a company succeeds in building a relationship with its consumers and gives them a positive experience, consumers are willing to pay more for it. Having high quality products and services and being innovative are important aspects for consumers to develop an emotional association with a brand, to feel good about a certain company and to respect and have trust in it. Consumers will choose a brand they prefer, trust and feel close to which is the reason why Nokia is a leader in the mobile phone industry and has a market share of 38%. (Bayramov, n.d., "Crafting winning brands", para. 7-10) Customer loyalty, satisfaction and trust are important aspects for Nokia and Nokia sees itself as an honest company when dealing with customers or suppliers. (Nokia, 2006, "Quality") Both men as well as women gave Nokia a 6.5 for honesty in the survey conducted for this research paper.

In the survey, conducted for this research paper, it became clear that; only 4% of women and 0% of men had never owned a Nokia phone and preference for Nokia products is high, 46% women and 43% men would choose a Nokia phone over other mobile phone brands. From these facts it can be concluded that consumers feel more closely connected with Nokia than with other mobile

phone brands and that a positive emotional association exists. Outcomes of the survey will be discussed further in Chapter 5.

#### **4.4 Products and Services**

Nokia's goal is to have the best quality products and services in the mobile phone industry and to ascertain that customers are aware of this and sees itself as an innovative company that asks a fair price for its products. (Nokia, 2006, "Quality") Respondents, of the survey for this research paper, attribute high quality phones, simplicity, innovation and a fair price for products and services to Nokia. Although the first that comes to the mind of Dutch consumers are the aspects that are the most important for Nokia, average grades for these aspects are around a 7. The survey also showed that the quality of Nokia products is considered much better than that of other mobile phone companies.

In 2006 Nokia won the Global Mobile Awards with the Nokia 8800 in the category best mobile phone, but lost in 2007 from Samsung and 2008 from Sony-Ericsson. The world best selling mobile phone is the Nokia 1100 of which 200 million have been sold. ("Awards history," n.d., para.1; "Global mobile awards 2008," n.d, para.18; Will, 2007, "Best-selling mobile phone", para.1)

#### **4.5 Financial Performance**

Nokia is Finland's largest company and by far the largest and strongest mobile phone company worldwide, with a market share of 35.1% at the end of 2006, followed by Motorola with 23% and Samsung with 11.9% as can be seen in figure 1 on page 1. At the end of 2007 the company's market share has risen to 39% worldwide. (Nokia, n.d., "Q3 2007", para.1) For 2008, Nokia estimates its market share to rise to 40% and plans a 10% growth in mobile phone unit sales and operating margins to rise 17% in the coming two years, which is 2% more than the previous year. ("Future Nokia," n.d., para.3) Rivals, such as Motorola and Sony-Ericsson, had trouble growing its market share in 2007. (Reardon, 2008, "Nokia's success", para.3)

Due to the fact that Nokia's mobile phones have high quality MP3 players and cameras, the organisation is besides a great competitor to other mobile phone companies, also a great competitor of Kodak and Apple. In 2006 it bought an online music distributor that was launched in late 2007 and will be a great competitor of iTunes. ("Nokia," n.d., "Mobile phones", para. 5)

In the third quarter of 2007 Nokia had net sales of 12.8 billion, an increase of 28% compared to 2006 and net profit increased with 85% in the third quarter of 2007. In the same quarter it produced 111.7 million handsets, an increase of 11% compared to the previous quarter and 26% more than a year ago. (Nokia, n.d., "Q3 2007", para.2, 7)

The shares of Nokia are traded on the stock exchanges of Helsinki, Frankfurt and New York. (Nokia, n.d., "Stock exchange", para.2, 3) Value of Nokia's stock has risen from EUR 16 on January 1<sup>st</sup> 2007 to EUR 25 on December 20<sup>th</sup> 2007. (Nokia, n.d., "Share monitor 6") Between 2003 and 2007 earnings per share have even more than doubled. See figure 3 on the next page.

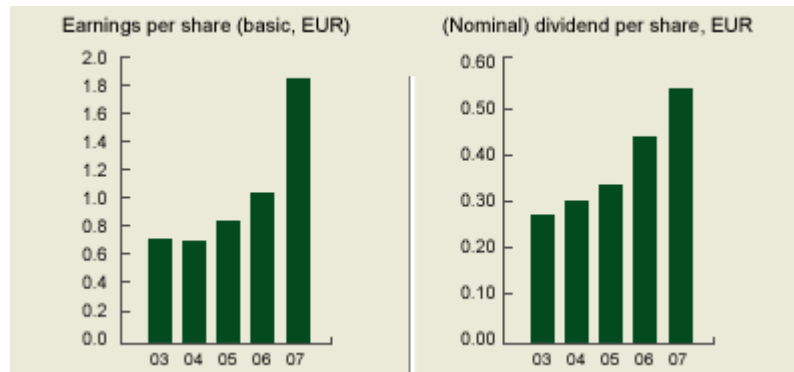


Figure 3: Nokia share data 2003 – 2007. (Nokia, n.d., “Share data”)

Nokia’s shareholders structure in figure 4 reveals that roughly 50% of Nokia’s shares are owned in Europe and 50% in the United States.

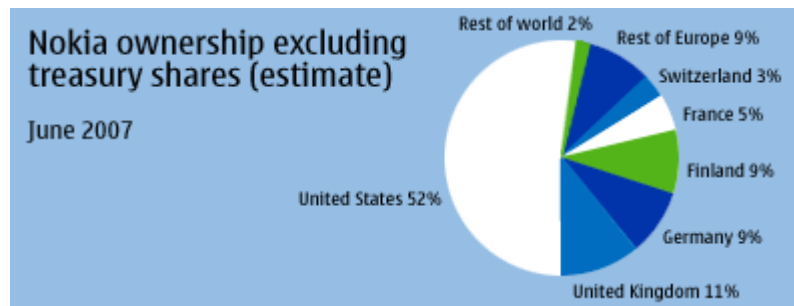


Figure 4: Shareholder structure, 2007. (Nokia, n.d., “Shareholder structure”)

#### 4.6 Vision and Leadership

At the moment Nokia is developing applications to bring more internet content to mobile phone users in developing countries and is also looking on how to integrate new ways of digital interaction. For the future Nokia continues to develop mobile phones with better possibilities for filming video, listening to music, playing games and surfing the web while trying to maintain its position as a market leader in its industry. (Nokia, n.d., "Nokia today", para.4-6) Its focus for the future is on the rapid change of the internet on mobile phones and on their commitment to environmental sustainability. Nokia is taking a leading role to create more environmental awareness and performance in the entire mobile phone industry and to come with more initiatives in areas such as energy and material efficiency, recycling, packaging and take-back. (Nokia, 2007, "Press release", para. 1-2)

In the beginning of 2008 Nokia will launch the Nokia 3110 Evolve which will be the first ecological phone made from more than 50% of renewable materials. The package of this mobile phone is made of 60% recycled material and the Nokia 3110 comes with the most energy efficient charger yet, using 94% less energy. Due to the introduction in 2006 of compact packaging by the company, 54% fewer materials are needed as are therefore fewer trucks for

transportation. Nokia was the first mobile phone company that encouraged people to unplug their chargers in order to save energy. (Nokia, 2007, "Press release", para. 11-12)

The organisation will also be the first mobile phone company to introduce a free music program to consumers who buy a Nokia phone, with a one year unlimited access to millions of songs for free. Once the year is over customers can keep all the songs they have downloaded. (Mobilecowboys, 2007, "Een jaar lang", para.1-3)

Research for this paper shows that when it comes to supply chain responsibility Nokia is a leader in its industry, closely followed by Motorola. Both companies have well developed policies and supply detailed information on their web sites about their rules and policies when dealing with its suppliers, although Nokia's policies seem to be better developed than Motorola's and the Nokia's web site contains more and better information than Motorola's web site. Sony-Ericsson's policies are also well developed, although less than Nokia's and Motorola's. Sony-Ericsson's web site also provides information regarding supply chain responsibility, although far less than Nokia and Motorola. Samsung and LG have the least developed policies and do not provide any information on their web site about doing business with suppliers and the responsibilities that go along with it.

#### **4.7 Workplace Environment**

Equality of opportunities and openness towards people and new ideas are encouraged by Nokia, as are personal growth, responsibility of employees, debates and discussions. (Nokia, n.d., "Nokia way and values", para.8-9)

Nokia rewards employees for good performance and for overall success of the company. This is done by means of the bonus system that rewards individuals and teams for their achievements, and the stock option plan, which is a long term reward. (Nokia, n.d., "Performance based rewarding", para. 1-6) Employees are offered trainings, coaching and on the job learning is encouraged. Trainings are offered through Nokia's global network of learning centres and Nokia's intranet offers information on e-learning and classroom training. Employees are encouraged to change their positions at Nokia and internal job opportunities are available through the internal job market on intranet. (Nokia, n.d., "Professional and personal growth")

In order to satisfy employee's needs and because the well being of their employees is important for Nokia, Nokia offers them possibilities to work at home, flexible working hours, sabbaticals and study leaves. Also volunteer work is encouraged and employees can take 1 or 2 days per year off to do volunteer work. (Nokia, n.d., "Work life balance", para. 1-5)

Employees working at Nokia are offered many extras and benefits such as health and retirement benefits, but also medical check-ups, counselling and insurance programs. The organisation also offers its employees fitness facilities, social and cultural activities, laundry services, take-away food and day care. (Nokia, n.d., "Work life balance", para. 6-8)

Nokia has been voted many times by the Finns as the best employer, but is not listed on Fortune's 100 Best Companies to Work for list of 2007 and is also not listed on the Dutch list of 25 best employers to work for in 2007. ("Nokia, the Finnish coms giant", 2007, para. 4; CNN, n.d., "100 best companies"; Intermediair, n.d., "De 25 beste werkgevers")

#### **4.8 Social Responsibility**

CSR is of growing importance because consumers want to buy products from companies they trust, employees want to work for a company they respect and NGO's and non profit organisations want to work together with companies that seek solutions in society instead of working against them. (Werther, Chandler, 2006, p.19) Employees are 40% more likely to be proud of their organisation's values if their organisation supports social issues and when it has corporate citizenship programs employees are nearly 25% more likely to be loyal to it. (Argenti, 2007, p.55) Consumers have growing expectations of companies and expect them to give returns to society in a variety of ways. When a company operates in a socially responsible manner it will be rewarded by its stakeholders for being a trustful and respectful company, which in most cases, will boost sales. (Werther, Chandler, 2006, p.19)

Nokia is aware of the impact their business has on the environment and on the community in which they operate and tries to reduce its environmental footprint. Nokia's code of conduct sets out the company's vision on issues such as the well-being of society and the environment. Recycling, material and energy efficiency and good management for practices that might have an impact on the environment are important aspects for Nokia as are waste treatment, extending product durability and taking back old phones, see Chapter 2. Nokia will try, together with the support of WWF, for the coming 3 years to reduce its impact on the environment. Its goal is to use 25% green energy during 2007-2009 and to increase this to 50% in 2010, which is more than the aim of the EU of 22% green energy in 2010. (Nokia, n.d., "Nokia offices and sites", para. 4-5) When it comes to its packaging Nokia has made some major changes and was able to reduce the amount of packaging materials by 54% and therefore doubled transport efficiency with more than 50% in 2006. (Nokia, n.d., "Packaging", para.1)

In Greenpeace's "Guide to Greener Electronics", a list in which the biggest companies in electronics are ranked according to use of toxic chemicals and electronic waste policies, Nokia took the first place in September 2007; it scored 8 out of the 10 "green points". (Greenpeace, 2007, "Panasonic de slechtste", para. 1-2) In December 2007 Nokia lost its top position when its scores dropped to a 7.7 and took the 9<sup>th</sup> place. (Greenpeace, 2007, "How the companies line up", para. 5) See the figures 5 and 6 on the next page. Even though Nokia does well in eliminating toxic chemicals it lost its top position due to the fact that the company fails to support its recycling program. In the Philippines, Thailand, Russia, Argentina, and India, Nokia's staff is not aware of the company's take-back programs. In Thailand, Russia and Argentina information regarding recycling is also not available in the local language. (Greenpeace, n.d., "Nokia rank", para.9-10)

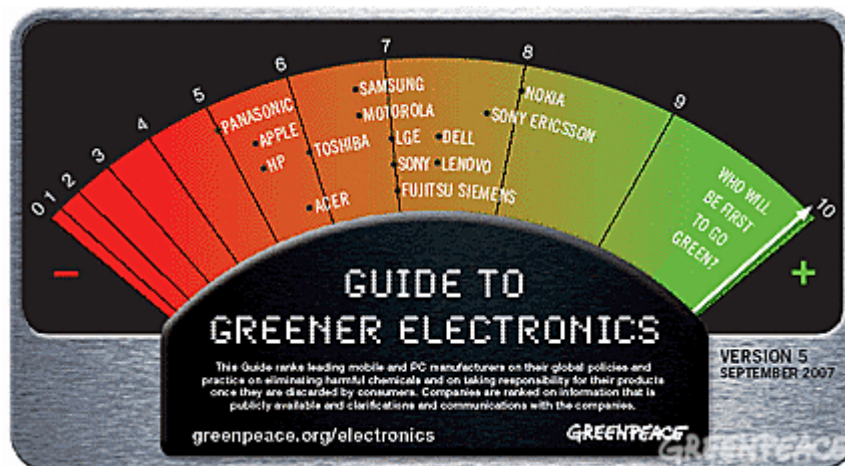


Figure 5: Greenpeace's "Guide to Greener Electronics", September 2007.  
(Greenpeace, 2007, "Panasonic de slechtste")



Figure 6: Greenpeace's "Guide to Greener Electronics", December 2007.  
(Greenpeace, 2007, "How the companies line up")

For Nokia customer satisfaction does not only come from their products but also from the way the company interacts with society. First of all Nokia works together with several organisations to help children worldwide, such as the International Youth Foundation and Plan, which includes charities to schools and kindergartens, hospitals and children with disabilities. Secondly, Nokia supports organisations such as UNICEF and the Red Cross by means of donations. When disasters occur Nokia tries to help by giving donations to the people who are affected or by giving direct donations to a specific area. Nokia has given donations in the past to organisations in order to help the victims of Hurricane Katrina, The Tsunami, the earthquake in Pakistan and victims of September 11<sup>th</sup>. (Nokia, n.d., "Disaster relief")

Although Nokia has a strict set of supplier requirements that include labour and environmental requirements, the company's efforts to improve conditions at their suppliers are insufficient. According to Joseph Wilde from SOMO the company should improve conditions beyond their first tier suppliers and start feeling responsible for the entire supply chain where conditions are even more severe. Nokia should improve its methods for monitoring its suppliers and work hard on improving conditions in their factories and supply chain, without having to rely on



organisations like SOMO. However, Nokia did seem to take the allegations made by SOMO in the report *The High Cost of Calling; Critical Issues in the Mobile Phone Sector* more serious than the other mobile phone companies (J. Wilde, personal interview, March 4, 2008). See Chapter 2 for more information on Nokia's supply chain responsibility.

For the survey that was conducted the question was asked which brand had shown their responsibility towards society the most. Men chose Nokia first and Sony-Ericsson second, but women choose Samsung first and Nokia second. This is striking to see, since Samsung is far less socially responsible and has far less developed policies than Nokia. This will be discussed further in Chapter 5.5.

#### **4.9 Conclusion**

Considering the six dimension by Fombrum and van Riel it can be said that Nokia scores overall well on all six, although some aspects request more attention. However, it can be said that Nokia has built a strong reputation over the years. This means that if an issue appears it is not very likely that Nokia's reputation will easily be damaged. But, since CSR is of growing importance to consumers, Nokia should try hard to avoid any issues and to be transparent in its activities, because if a situation appears that is serious enough even a strong reputation will not be enough to avoid damage.

## **5. Nokia's Corporate Image**

*A number of factors, largely outside the influence of the organisation, will build on the image formation process. Among these are personal experiences, rumours and the media. (Vos, Schoemaker, 2006, p.58) If a rumour or a negative conclusion regarding labour conditions or the environment thought to be related to activities of Nokia, will be spread in the media, a large group will absorb this information and form an opinion. To have a better understanding of the perception Dutch consumers might have of the mobile phone industry in general or Nokia in particular a media content analyses is needed and because corporate image is at least for a part determined by the media. Furthermore Nokia's current image will be discussed, since this will show how consumers perceive Nokia and whether a report like the one by SOMO has had an effect on the corporate image.*

### **5.1 The Definition of Corporate Image**

“Corporate image is the image of an organization as it is experienced by the various publics; it consists of impression and evaluations in relation to the organization as a whole” (Vos, Schoemaker, 2006, p.15). See Appendix 1D for more definitions of corporate image.

Thus, corporate image consist of impressions and evaluations in relation to an organisation which is directly or indirectly influenced by someone's experiences. It is a perception into people's minds that can either be clear or vague and is influenced by someone's own experience or involvement with an organisation; also emotions play a role. (Vos, Schoemaker, 2001, p.42) There is a strong connection between the corporate identity and the corporate image of an organisation and often the corporate image is less complete than the corporate identity. (Herlé, Rustema, 2005, p.103)

### **5.2 Reliability of the Media according to the Dutch**

The Netherlands is a democratic country where freedom of speech exists and is protected by law. Due to this there is no censure of the press and many different newspapers and magazines are available for the Dutch population. News in the Dutch press is therefore not one sided but has different perspectives and represents different groups of interest. In the Netherlands trust in the media has increased from 55% in 2007 to 59% in 2008. (Edelman, 2008, "Vertrouwen in media is toegenomen", para.1) This means that the Dutch for a large part do believe what their press publishes, but also tend to form their own opinion from the information they have gathered. A newspaper is read in around 75% of households in the Netherlands, this means that, due to the fact that newspapers have a large audience, their impact is also strong and negative publicity of a company in a Dutch newspaper could have a highly damaging effect. ("The influence," n.d., para. 4)

### **5.3 Media Content Analyses**

There are several external factors that can influence the image formation process over which companies do not have control; the media is such an external factor. The media is a powerful instrument that can influence the image people have of an organisation. It is important for

companies to monitor the media to obtain information that can be used for policy planning, instead of only responding to issues in society after they have manifested. Nokia needs to monitor the media in order to be aware of new trends and issues in society regarding the mobile phone industry in general or Nokia in particular. At the moment general topics that concern the company are radiation, global warming, electronic waste and coltan from the Democratic Republic of Congo. The media content analysis concerns the period June to November 2007.

### Radiation

In recent years many articles have been published about the possible negative effects of radiation emanating from mobile phones and base stations, but less in the past 6 months. See Appendix 7 for information regarding radiation. A few articles were published in the national newspapers *Algemeen Dagblad*, *Telegraaf*, *Volkscrant*, *Trouw*, *Het Financieele Dagblad* and *NRC Handelsblad*. In the regional newspapers a couple of articles were published in *De Twentse Courant*, *De Gelderlander*, *De Stentor*, *Dagblad van het Noorden* and *Leeuwarder Courant*. More have been published in *De Pers*, around 10, in this period. The only magazine that published an article on radiation was the magazine *Ode*.

The broadcasting media has not given much attention to this issue either. *NOS* broadcasted twice about radiation and *Het Jeugdjournaal* once. Radio stations did not have any programs about radiation between June and November. Even on the internet not much new information about radiation can be found and no new web logs either.

### Global warming

Many articles have been published in the media on the issue of global warming in the last couple of years and it is a topic in many people's minds. See Appendix 8 for information regarding global warming. Almost every day one can find an article in a newspaper or magazine that directly or indirectly concerns global warming. Between June and November 2007, the national newspapers *Telegraaf*, *Volkscrant*, *Trouw*, *Parool*, *Algemeen Dagblad*, *NRC Handelsblad*, *NRC Next* published hundreds of articles about this issue as have *Metro*, *Spits* and *De Pers*. Also regional newspapers like *De Stentor*, *Leeuwarder Courant* and *PZC* published articles about global warming, although less then the national newspapers and the magazines *Elsevier* and *Ode*.

The broadcasting media paid a lot of attention to the issue of global warming. In the month of July *Netwerk* alone broadcasted more then 10 shows about this issue. Other programs, such as *De Wereld draait door*, *1 Vandaag*, *Klokhuis*, *NOS Journaal*, *RTL Nieuws* and *Het JeugdJournaal* have paid attention to global warming several times between June and November 2007. *Nederland 3* and *KRO* both broadcasted two in depth programs about the effects of global warming. Two movies about global warming are running in the Dutch Theatres at the moment, *Earth* and *The 11<sup>th</sup> hour*.

Even on the Dutch radio global warming is a hot issue. *De Ochtenden*, *Wereldomroep*, *NPS Radio*, *Radio 1* and *Llinke Soep op de radio* all had programs about global warming. The internet is full with web sites bringing news and information about global warming, like *knmi.nl*,

*milieucentraal.nl* and *greenpeace.nl*. Many web logs can be found, for example on *elsevier.nl*, *greenpeace.nl* and *fietsnieuws.nl* regarding this issue and many movies on *youtube.nl* as well.

### Electronic waste

In the beginning of 2007 many web sites and newspapers published recurring articles about electronic waste (e-waste), but the period June-November only showed two articles in *NRC Next* and in *Trouw*, although these articles were about a movie that had been made that only briefly addressed the e-waste problem. November brought an article on *enviodesk.com* and several articles on the web site of *greenpeace.nl*. Radio and TV did not broadcast anything particular about electronic waste recently and the same applies to recent web logs. See Appendix 9 for information regarding electronic waste.

### Coltan from the Democratic Republic of Congo

In the past 10 years many articles have been published by the media about coltan that comes from the Democratic Republic of Congo. In the past six months though, only one article in *Het Parool* and on the web site of *somo.nl*. See Appendix 10 for information regarding coltan.

### Directly about Nokia

Every week many articles are published about Nokia in the national Dutch press, between June and November 2007 alone more than 1200 articles. Many articles in *Trouw*, *De Telegraaf*, *NRC Handelsblad*, *Algemeen Dagblad* and *Het Financieele Dagblad*. Also *Volkskrant*, *NRC Next* and *Parool* did publish about Nokia, but less than the previous newspapers, as did *Metro*, *Spits*, *Dag* and *De Pers*.

In the period of June-November regional Dutch newspapers like *De Stentor*, *Brabants Dagblad*, *Leeuwarder Courant*, *Dagblad de Limburger*, paid considerable attention to Nokia. *De Gooi-en Eemlander*, *Haarlems Dagblad*, *Leidsch Dagblad*, *De Gelderlander* and *PZC* all did publish several articles about Nokia, but far less than rest of the regional newspapers.

In the same period magazines like *Trends*, *De Tijd*, *Elsevier*, *FEM business*, *Knack Magazine* showed awareness of Nokia. It is striking to see that most of the articles shape a positive image of Nokia or are just informative, only a handful, around 8, express some critics about Nokia, but this is such a small number that relatively few consumers will have read them. Therefore it can be concluded that the image people receive from the media about Nokia is mostly positive.

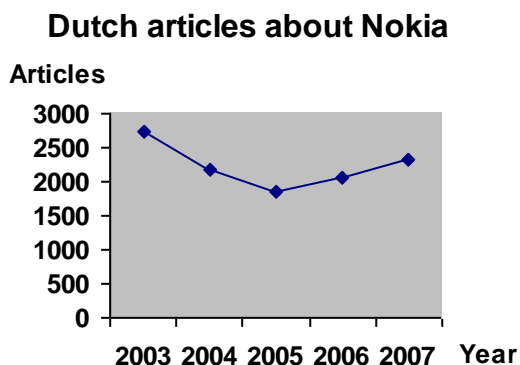


Figure 7: Number of articles about Nokia 2003 - 2007.

Besides *RTL Nieuws*, which broadcasted twice about Nokia, no other TV program has and neither did the Dutch radio. On the internet many web logs can be found regarding Nokia such as *Mobilecowboys.nl*, *Gizmodo.com* and *Blogisquare.com*. The many movies about Nokia on *Youtube.nl* bring a kind like positive image.

#### 5.4 Response of the Dutch Media to the SOMO Report

The Dutch media did not really give their opinion on the issue of labour conditions, mentioned in the report by SOMO. Although several articles were published in the Dutch newspapers *De Telegraaf*, *Volkscrant*, *Trouw*, *BN de Stem*, *Reformatisch Dagblad* and *PZC*, all these articles came from the press agencies Novum and ANP and were rather short. They only gave a summary of the main findings of the SOMO report. Two more articles appeared on the web sites of *Ravagedigitaal.nl* and *Mobilecowboys.nl*, also here only the main findings of the report were listed, the same accounts for an article in *Elsevier*.

In May 2007 a large article about mobile phones appeared in *Consumentengids*. A small part of this article was devoted to the production of mobile phones and labour conditions in developing countries. The *Consumentenbond* had some criticism here on the major mobile phone companies, because they only seem to feel responsible for first-tier suppliers and not for circumstances among sub-tiers all the way down at the production line. This is unacceptable according to the *Consumentenbond* since most problems occur at the bottom of the production line; in the factories. (Buelens, Gerlo & Rousseau, 2007, p.11) This article did not address Nokia in particular; it was more of a complaint to all the major mobile phone companies in general.

In the *Radio 1* program, *1 op de middag*, an interview was broadcasted with Joseph Wilde in November 2006 about the issues addressed in the report *The High Cost of Calling; Critical issues in the Mobile Phone Industry*.

#### 5.5 The Current Image of Nokia

To assess Nokia's corporate image and to measure the possible effect of the SOMO report a survey was conducted in December 2007. The survey, a questionnaire, was conducted among men and women between 18 and 65 who live in Amsterdam, Utrecht and Deventer. See Appendix 11 for the questionnaire.

In total 55% of the respondents were men and 45% were women. The respondents were divided into four age groups. The tart in

figure 8 shows the division in age. Respondents were first asked several questions about their preference of mobile phones, then about their familiarity with Nokia and the last part of the questionnaire served to measure the effect of the SOMO report. See Appendix 12 for the outcome of the questionnaire.

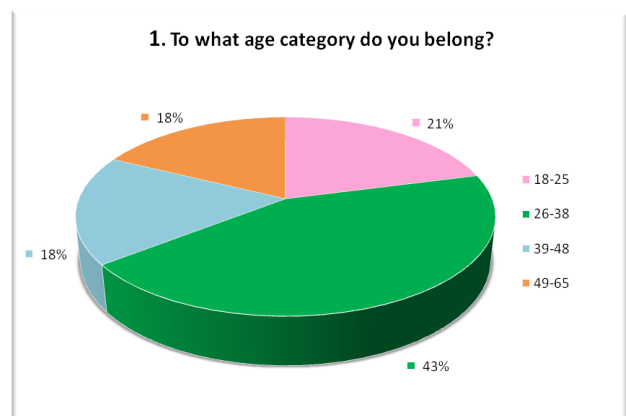


Figure 8: Age division of the survey.

### Ownership and preference

Almost all of the respondents own a Nokia, either for work or for private, or had once owned one; 82% of men and 86% of women. Respondents prefer Nokia phones over other mobile phone brands; 46% of women and 44% of men would choose a Nokia phone over other brands. If the phone was not already offered by work or offered with a mobile phone contract only a small percentage of the respondents would not voluntarily choose a Nokia. A large part of women have no preference; 21%. A small group would choose a Samsung mobile or a Sony-Ericsson, none would choose a Motorola or LG.

### Market leader

The most important aspects of a mobile phone, in which Nokia tries to be a leader, are for Nokia to produce high quality phones, offer a fair price, user friendly phones and to be innovative. Respondents are aware of this and attribute these qualities to Nokia; 33% of men and 29% of women mention the high quality of Nokia's phones when asked what comes into their mind when they think of Nokia. Also simplicity, a fair price and being innovative are mentioned. Only a very small percentage of women, 4%, think something negative of Nokia, among these is complexity and dishonesty of the company.

According to the respondents Nokia is well ahead of its competitors when it comes to quality but, there is also a very large group of respondents who do not know which mobile phone brand offers the best quality phones, 32% of men and 43% of women. Nokia sees itself as a leader in providing high quality phones, offering a fair price, providing friendly phones and being innovative and the respondents share this perception. Respondents are also aware of Nokia's slogan; 71% of men and 54% of women answered correctly. Only a small percentage does not know or gave an incorrect answer.

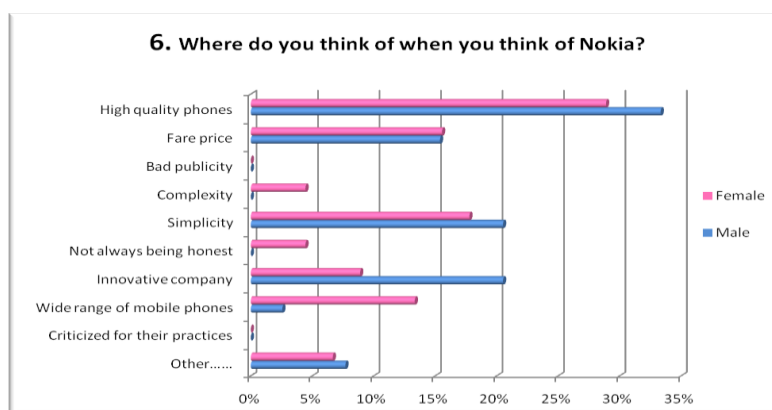


Figure 9: Different aspects Nokia.

### Positive and negative news

Most respondents have not heard anything negative or even positive about Nokia in the press in the past year. This was striking to see, because the media has published many, mainly positive, articles about Nokia in the past couple of months. One would assume that consumers would have

heard about these articles, but the opposite is true. Negative news was heard via word of mouth, magazines, web logs, TV, internet and newspapers. Positive news was also heard on the radio.

### Issues

The social issues that have the highest priority of the respondents are: global warming, hunger, poverty, war/refugees and child labour. Labour conditions come at the 7<sup>th</sup> place and seem not to be considered as very important. It is therefore also very likely that respondents will not read much about this issue since they give more importance to other ones.

### CSR

The company is well ahead of its competitors when it comes to CSR but the respondents do not seem to be aware of this. Men gave an average of 6.5 and women a 6.6 for the corporate social responsibility of Nokia. Many respondents do not know which mobile phone brands have shown their responsibility towards society; 59% of men were unable to answer this question and 79% of women. Men put Nokia on the first place and Sony-Ericsson second, while women put Samsung on the first place and Nokia second. From this it can be concluded that Dutch consumers know too little about the socially responsible practices of the major mobile phone brands and of Nokia in particular.

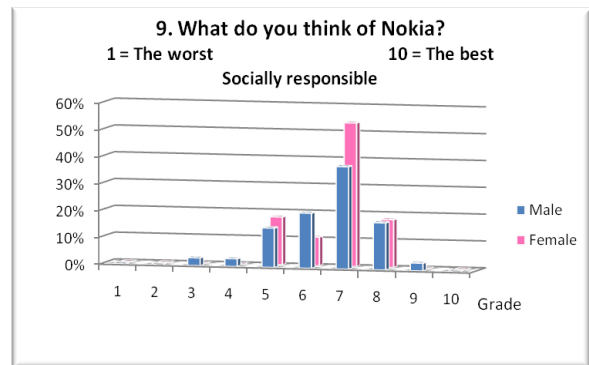


Figure 10: CSR Nokia.

### The SOMO report

Only a very small percentage, 11% and 9%, of the respondents heard about the report *The High Cost of Calling; Critical Issues in the Mobile Phone Industry* that was published in 2006. The few who did hear of this report, read about it in magazines, the newspaper, word of mouth and the internet. Although only a very small percentage of the respondents had heard of the report by SOMO, 35% of men and 54% of women said that they would no longer buy Nokia products if Nokia is accused of having serious labour conditions in their factories in developing countries and they would know this report.

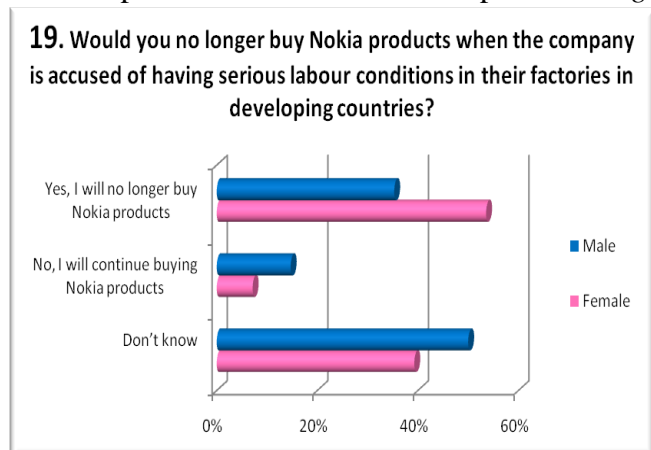


Figure 11: Possible influence of the SOMO report.

To measure the effect of the SOMO report, respondents were asked to give a grade for Nokia at the beginning of the survey and at the end. At the beginning of the survey men gave an average grade of 7.8 and at the end of the survey a 7.1, while in the beginning women gave a 7.2 and at the end a 6.6. This shows that if Nokia would not have a very strong reputation a report like the

one by SOMO would almost certainly have a damaging effect on the corporate image of Nokia, if the media would have published more about this report.

## **5.6 Conclusion**

The media content analysis shows that in the period June-November many positive and informative articles have been published about Nokia and hardly any negative ones. Therefore Dutch consumers will have received a positive image about the company from the media. It also became clear that no articles regarding labour conditions were published during this period which shows that the Dutch media do not regard this issue as very important yet. The preference for Nokia products is high among the respondents and almost all of them own a Nokia phone or have in the past owned one. Quality, being innovative, a fair price and simplicity are aspects that are attributed to Nokia. Respondents know too little of Nokia's socially responsible practices towards society, which is worrying for Nokia because this may in the future, if they will be criticised again, backfire. Although hardly any of the respondents had heard of the report by SOMO, it has become clear that a report as such could impose a threat to Nokia if more media attention would have been given to it. Nokia needs to pay more attention to communicating its activities with regard to CSR in general.



## 6. Final Analyses

Having researched all aspects an answer can be given now to the central question:

*What effect did the SOMO report, concerning labour conditions in Nokia's factories abroad, have on Nokia's reputation among consumers in the Netherlands?*

Although CSR is considered as very important by Nokia and it has a well developed Code of Conduct that gives the company's vision on issues such as labour conditions, human rights, the environment and has a strict set of supplier requirements. This is no guarantee that situations as addressed in the SOMO report, will not appear and re-appear. Nokia does not see it as its responsibility to manage labour conditions for its entire supply chain while often the most critical conditions can be found at the bottom of the production line. It is not that the company does not care about those labour conditions but expects its first tier suppliers to set requirements for their suppliers which practice shows, does not work.

Research, for this report, shows that the conditions in three Nokia factories were in violation with the labour laws in China and Thailand. This could have a serious impact on Nokia's reputation if situations like this continue to happen and pressure groups like SOMO reporting them, especially when laws are violated. The accusations made by SOMO did not turn into a crisis for Nokia, because the Dutch press did not publish much about this report. This might have to do with the fact that the issue of labour conditions is not, yet, considered as very important by the Dutch. The Dutch give more importance to environmental and social issues as global warming, poverty, hunger and war. Therefore not many consumers had heard of the SOMO report and this is why this report did not have an effect on Nokia's reputation. The media content analyses shows that most of the articles that have been published in The Netherlands about Nokia shape a positive image of the company and that therefore Dutch consumers would have received an overall positive picture of Nokia.

Nokia is a company that enjoys a strong reputation, which means that a report like the one from SOMO will not easily have a damaging effect for the company. But, although the SOMO report did not have an effect on the reputation of Nokia among consumers, research shows that such a report, if it would have been published more and if consumers would therefore have been aware of the information that was in this report, would definitely have had an effect for the reputation of Nokia. It would not only have an effect on Nokia's reputation as perceived by Dutch consumers but it would even mean that a large group of Dutch consumers would no longer buy Nokia products.

It is important for Nokia to be aware of this and the fact that the media is slowly reporting more on the issue of labour conditions in the technology sector and not only on those in the garment industry anymore. Due to globalization issues are exposed faster than ever before and local issues easily become international ones. The media and pressure groups have an eye everywhere and can be fast and very judgmental, shortly followed by the public. Multinationals are therefore easily blamed and condemned especially when they violate (local) laws. Nokia seems to have

handled this issue well by responding to it fast and starting its own investigations but for the future needs to come up with a new strategy.

## 7. Recommendations

*Research for this paper shows that the SOMO report did not have an effect on Nokia's reputation. This was due to the fact the Dutch media did not publish much about it, publishes overall positively about Nokia while consumers on the other hand give more importance to other issues than labour conditions. Although the report did not have an effect on Nokia's reputation this time, it is certainly no guarantee that in the future such a report again will fail to have impact. Especially, if the media would publish more about such a report, a negative effect for Nokia's reputation certainly would be the consequence. This chapter will discuss what steps Nokia may take to decrease the chance that in the future such a report will have negative implications for Nokia. Theory regarding how to set up a communication plan was used from the book "Setting up a strategic communication plan" by Vos, Otte and Linders (2003). (pp.57-98)*

### 7.1 Generic Communication Objectives

The following general communication objective will have to be achieved:

- Strengthening Nokia's brand value through its social responsibility activities.

### 7.2 Target Groups

#### Primary target group: Dutch consumers

In the Netherlands the primary target group consists of consumers, men and women, between 18 and 65. This group needs to be made aware of Nokia's CSR activities. People of this age are directly connected to labour conditions and their knowledge of possible negative labour conditions related to Nokia may have a negative effect on the company's reputation. Although the Dutch do not consider labour conditions a top priority (see page 33), yet, it should be taken into account that the media is slowly starting to publish more on the issue of labour conditions in the technology sector and this might therefore change in the future (see page 8).

The reason that Nokia needs to focus on this target group is the fact that this group can be very judgmental when the company faces issues and can turn their back on a company or boycott its products. Especially since Dutch consumers know too little of Nokia's CSR activities.

According to Hofstede's cultural dimensions The Netherlands has a high femininity index, which means that it is a country where its citizens are very caring about the well being of others which can for example be seen in its well developed welfare system. ("Geert Hofstede cultural dimensions," n.d., para. 7, 11) A high femininity index also means that consumers have a higher tendency to solve serious issues that exist worldwide, such as severe labour conditions in developing countries.

Although the SOMO report did not have an impact for Nokia it is important that the company starts taking steps to minimise the chance that in the future similar reports will have a negative implication, especially since SOMO is working on a follow up report and it is not sure what effect its outcome will have for Nokia.

The target group needs to be divided into two age groups since consumers between 18 and 65 do not all have the same characteristics. Therefore this group will be split into age groups of 18-39 and 40-65.

The age group 18-39 is a group that cares less about issues regarding environment and human rights. (Consumentenbond, 2002, “Maatschappelijk verantwoord ondernemen”, p.28) This group watches mostly programs of the commercial broadcasting media and is a frequent user of the internet, msn, Hyves and Youtube. (Lauwers, 2006, “Media gebruik jongeren”, para. 1; Sociaal en Cultureel Planbureau [SCP], n.d., “Oude en nieuwe media”, para. 5)

People in the age group 40-65 care more about issues regarding environment and human rights than people in the age group 18-39 and mostly watch programs from the public broadcasting media. (Consumentenbond, 2002, “Maatschappelijk verantwoord ondernemen”, p.28; SCP, n.d., “Oude en nieuwe media”, para. 5) This group is a frequent reader of newspapers and magazine and listener of the radio. It relies less on the internet as a source. (“Ouderen waarderen internet,” 2007)

It is important to know that the younger target group cares less about issues regarding environment and human rights than the older one, because it shows that these two groups need to be addressed differently, the first less direct than the second one. It is also important to know what media they use the most in order to know through which media channels they are the easiest reached.

#### Primary target group: Pressure and interest groups

Pressure and interest groups are also a primary target group that needs to be addressed at the same time as Dutch consumers and are just as important, since they generate opinion and put pressure on organisations and consumers. Pressure groups can be very successful and creative in the formation of an image regarding a certain issue or organisation and can be powerful in influencing public perception by means of the media.

The pressure and interest groups that need to be addressed are SOMO, MakeITfair, Goodelectronics, Greenpeace and Consumentenbond. These are aware of labour conditions in developing countries and the gap that exist between the code of conduct of Nokia and weak enforcement of rules in those countries.

#### Secondary target group: the media

Nokia does not have a problem with the Dutch media, which publishes in general positive articles about the company. However, it is important that Nokia maintains this good relationship. Since Nokia does not meet with problems with the Dutch media this target group is considered as a secondary one. Besides the fact that Nokia needs to maintain its good relationship with the media, it also needs the media as a channel to reach its consumers and pressure groups.

### **7.3 Specific Communication Objectives**

For the target groups, specific communication objectives will be identified in terms of knowledge, attitude and behaviour.

#### Primary target group: Dutch consumers

##### Knowledge:

- Increase 60% more awareness of Nokia's corporate social responsibilities activities within two years.

##### Attitude:

- Change the association of Dutch consumers towards Nokia being a socially responsible brand with 60% within two years.

##### Behaviour:

- Increase 40% more brand loyalty within two years.

#### Primary target group: Pressure and interest groups

##### Knowledge:

- Increase 80% more awareness of Nokia's CSR activities within one year.

##### Attitude:

- To be 25% less critical of Nokia and 40% more positive on its CSR efforts within two years.

##### Behaviour:

- Engage 60% more discussion within one year to reduce distance and increase transparency within two years.

#### Secondary target group: the media

##### Knowledge:

- Maintain awareness of Nokia's CSR activities in the coming two years.

##### Attitude:

- Maintain a positive association towards Nokia's CSR activities for the coming two years.

##### Behaviour:

- To continue publishing positive articles about Nokia and in particular about its CSR activities for the coming two years.

## **7.4 Communication Strategies**

### CSR

CSR is of growing importance in today's society because consumers want to buy products from companies they trust, investors want to support organisations that are socially responsible, suppliers want to do business with companies that are committed to environment and human rights, employees want to work for companies that do well and are respected and pressure groups want to deal with organisations that seek solutions. (Werther & Chandler, 2006, p.19)

CSR is important nowadays because consumers in developed countries are willing to pay more for brands they trust and expect more from those organisations. Due to globalisation any misstep a multinational takes rapidly reaches the consumer via the media, the internet or photos taken with mobile phones and in this way news is transmitted much faster nowadays. Furthermore, consumers punish companies more rapidly when these are not contributing to solutions for ecological problems. (Werther & Chandler, 2006, pp.19-20)

For organisations it is important to communicate its CSR policies and activities in order to inform and involve stakeholders and create a dialogue. But, it is considered to be a sensible area where excessive promotion of CSR is often considered as a way to only receive credits of the public. (Werther & Chandler, 2006, pp.20, 77)

### Future trends of CSR

The future trends of CSR are the following:

- Increased focus on doing well, besides making profit.
- Effective stakeholder engagement becomes more important.
- Increased integration of CSR policies in day-to-day business.
- CSR policies are more communicated internally and externally.
- More transparent reporting of CSR policies and activities. (Jayaram, n.d., "Corporate social responsibility", p.16)

### Strategy

Since too excessive self promotion of a company's own CSR activities is not considered as very reliable, more and more companies are starting foundations in order to give something back to society by means of this foundation and to avoid direct CSR promotion. In the Netherlands there are several companies that have foundations that carry the name of the mother company, like the Unilever foundation, the ABN-AMRO foundation and the Fortis foundation. The same applies to the mobile phone companies. These are the Motorola Foundation, the Ericsson Foundation and the Samsung Foundation. LG does not have one. These foundations are all devoted to teaching and give grants to students, except the Samsung Foundation which strives to develop arts in Korea. None of the mobile companies have a foundation that focuses on labour conditions in developing countries.

From the research is concluded that the target groups know little, to almost nothing, about Nokia's CSR activities and how important it is for Nokia to conduct its business in a corporate

social responsible manner. In order to change wrong associations and achieve the communication objectives, a good strategy would be to launch a foundation that specialises in changing labour conditions and standards of living in developing countries.

- This foundation will cooperate with local organisations, watchdogs and pressure groups in order to increase dialogue and effectiveness and set up a Code of Conduct of monitoring suppliers worldwide.
- Besides this, it will have a program to stimulate and raise money for children that cannot go to school in order to bring them a better future, at the same time to avoid child labour, The School Program.
- Another aspect of this foundation will be The Expert Volunteer Program. This will be a program with retired volunteers giving advice to employees and organisations worldwide on not only how to improve labour conditions, but also on how to do business and increase profits in a sustainable way.
- The foundation will have its own program for stimulating and increasing fair trade products, The Fair Trade Program.

Since it is not uncommon for such a foundation in the Netherlands to carry the name of the mother company, the Nokia foundation will carry the company's name, but will be an independent foundation to which Nokia donates the largest amount; for the rest it will work with sponsors and investors. Initially the Nokia foundation will be Dutch and if successful plans could be made to extend it globally.

Central theme:

Nokia has to position itself as company to which social responsibility is very important and CSR part of its day to day business, especially the issue of labour conditions. Nokia should inform and involve its stakeholders in its CSR efforts to make sure that this message is received clearly.

### **7.5 Communication Messages**

From the central theme the following specific communication messages for the target group are formulated.

#### Primary target group: Dutch consumers

- Nokia cares about the well being of society and wants people in developing countries to have suitable labour conditions and be treated in a human way.
- Nokia is far ahead of other mobile phone brands to improve labour conditions and human rights.

#### Primary target group: Pressure and interest groups

- Nokia is extending its CSR activities and is open for discussion and more transparency.

#### Secondary target group: the media

- Nokia is continuing and extending its commitment to CSR and is open for discussion and more transparency.

### **7.6 Communication Instruments**

Now recommendations can be made on how to achieve the stated communication objectives and how the messages can be promoted to the target groups.

#### Dutch consumers general

To increase awareness of Nokia's CSR activities and the importance the company attributes to that, the promotion of the Nokia foundation is needed in the Netherlands. Nokia's web site will provide a short explanation of the foundation and mobile phone stores will have brochures of this foundation available in their shops, as well as a box to collect money for it. Brochures will also be included in the packaging box of Nokia products. The foundation will have its own web site where information regarding its goals can be found. Furthermore Dutch consumers can become a supporter by paying a monthly contribution. Fair trade products under the foundation's name will be sold in The Netherlands and, in this way, also serve as a communication tool to promote the foundation.

- Web site
- Brochures
- Box for donations
- Fair trade products

As consumers between 18-39 and 40-65 do not respond in the same way to issues concerning the environment and also use different media, a division needs to be made when choosing appropriate communication instruments for the two groups.

#### Dutch consumers 18-39

Consumers of this group will mostly subscribe to the company's digital newsletter since they are frequent users of the internet and can easily be reached by e-mail. The Nokia Foundation will also organise and sponsor events and festivals that appeal to this age group such as Lowlands, Pinkpop and Dancevalley. Advertisements for this group should be made using Hyves, MSN, the commercial broadcasting media and radio stations like 3FM and Radio538.

- Newsletter
- Email
- Organise and sponsor events and festivals
- Advertising



### Dutch consumers 40-65

Consumers of this group make less use of the internet; a better way to reach them is via direct mailing. In order to appeal to this group different events and festivals have to be organised and sponsored. The foundation will be a sponsor of traditional, international dance, music and cultural festivals and shows that take place in the Netherlands such as the Himalaya film festival, North Sea Jazz and Amnesty Film Festival. Advertisements for this group need to be made in the national newspapers, direct mailing and radio stations such as Classic FM, Radio 1, 2 and 3 and the public broadcasting media.

- Direct mailing
- Organise and sponsor events and festivals
- Advertising

### Pressure and interest groups

The web site of the Nokia Foundation will also serve to provide information to pressure and interest groups about Nokia's CSR activities and to emphasise Nokia's CSR transparency. Furthermore press releases will also be sent to these pressure and interest groups and they will be invited for press conferences. Since it is important to maintain regular contact with them and provide them with information of the latest developments within the Nokia Foundation a pr-representative working for the foundation will keep regular contact and answer possible questions. Members of these pressure and interest groups can also subscribe to the newsletter. When events are organised by the Nokia Foundation or sponsorship of certain events takes place it is important to send information regarding the events to these groups, because some publish events, which interest their target group on their web site.

- Web site
- Press release
- Press conference
- Contact with pr-representative
- Newsletter
- Events

### The media

For the media more or less the same communication strategies apply, the foundation's web site, press releases, press conferences and regular contact with a pr-representative. Some reporters might subscribe to the newsletter and report on events, organised or sponsored by Nokia. On the web site a special page will be attributed to the press.

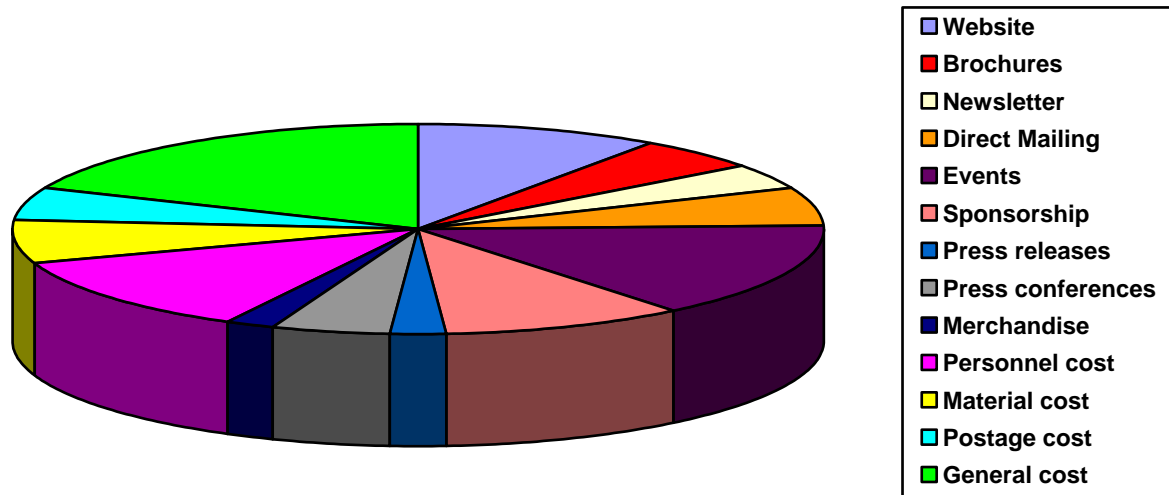
- Web site
- Press release
- Press conference
- Contact pr-representative
- Newsletter

- Events

## 7.7 Time Plan

<b>Introduction of the Nokia Foundation</b>		
<i>Time</i>	<i>Activity</i>	<i>Target Group</i>
January	<ul style="list-style-type: none"> <li>- Web site</li> <li>- Press conference</li> <li>- Press release</li> <li>- Contact pr-representative</li> <li>- Movie Youtube</li> <li>- Brochures in stores</li> <li>- Brochures in boxes Nokia products</li> <li>- Email</li> <li>- Create a Hyves account</li> <li>- Place donation box in mobile phone stores</li> <li>- Promotion of Fair Trade products</li> </ul>	<ul style="list-style-type: none"> <li>- Consumers, pressure and interest groups and the media</li> <li>- The media, pressure and interest groups</li> <li>- The media, pressure and interest groups</li> <li>- The media, pressure and interest groups</li> <li>- Consumers 18-39, pressure and interest groups and the media</li> <li>- Consumers 18-65</li> <li>- Consumers 18-65</li> <li>- Consumers 18-39</li> <li>- Consumers 18-39</li> <li>- Consumers 18-65</li> <li>- Consumers, pressure and interest groups and the media</li> </ul>
February	<ul style="list-style-type: none"> <li>- Direct mailing</li> <li>- Newsletter</li> <li>- Promotion of Fair Trade products</li> <li>- Press release</li> </ul>	<ul style="list-style-type: none"> <li>- Consumers 40-65</li> <li>- Consumers 18-39</li> <li>- Consumers, pressure and interest groups and the media</li> <li>- The media, pressure and interest groups</li> </ul>
March	<ul style="list-style-type: none"> <li>- Direct mailing</li> <li>- Newsletter</li> <li>- Place updated movie on Youtube</li> </ul>	<ul style="list-style-type: none"> <li>- Consumers 40-65</li> <li>- Consumers 18-39</li> <li>- Consumers 18-39, pressure and interest groups and the media</li> </ul>
April	<ul style="list-style-type: none"> <li>- Sponsor event</li> <li>- Press release</li> <li>- Direct mailing</li> <li>- Newsletter</li> </ul>	<ul style="list-style-type: none"> <li>- Consumers 18-65</li> <li>- The media, pressure and interest group</li> <li>- Consumers 40-65</li> <li>- Consumers 18-39</li> </ul>
May	<ul style="list-style-type: none"> <li>- Promotion Fair Trade products</li> <li>- Press release</li> <li>- Direct mailing</li> <li>- Newsletter</li> </ul>	<ul style="list-style-type: none"> <li>- Consumers, pressure and interest groups</li> <li>- The media, pressure and interest groups</li> <li>- Consumers 40-65</li> <li>- Consumers 18-39</li> </ul>
June	<ul style="list-style-type: none"> <li>- Own event</li> <li>- Press release</li> <li>- Direct mailing</li> <li>- Newsletter</li> </ul>	<ul style="list-style-type: none"> <li>- Consumers 18-65</li> <li>- The media, pressure and interest groups</li> <li>- Consumers 40-65</li> <li>- Consumers 18-39</li> </ul>
July	<ul style="list-style-type: none"> <li>- Direct mailing</li> <li>- Newsletter</li> <li>- Sponsor event</li> <li>- Sponsor event</li> <li>- Press release</li> </ul>	<ul style="list-style-type: none"> <li>- Consumers 40-65</li> <li>- Consumers 18-39</li> <li>- Consumers 18-39</li> <li>- Consumers 40-65</li> <li>- The media, pressure and interest groups</li> </ul>

## 7.8 Estimated Division of Budget



## 7.9 Evaluation

Evaluations will takes place six months after the foundation is founded and then after one year, a year and a half and two years to have enough data to make comparisons and to judge if the founding of the foundation has been successful in achieving its objectives towards consumers, pressure and interest groups and the media.

All communication activities need to be evaluated and of all aspects it needs to be checked how successful they have been in achieving the communication objectives per target group.

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## **9. List of Appendices**

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## **Appendix 1. Definitions**

### **A) Corporate Identity**

- According to Herlé and Rustema corporate identity is “all of the distinctive characteristics of an organization; the way in which an organization actually manifests itself and what all its essential characteristics are” (Herlé, Rustema, 2005, p.101).
- Blauw states that “the corporate identity is the image which the company wishes to establish or to continue” (Vos, Schoemaker, 2006, p.45).
- Birkigt, Stadler and Funck describe it as “the self-presentation of the enterprise strategically planned and operationally launched” (Vos, Schoemaker, 2001, p.57).

### **B) Corporate Culture**

- Vos and Schoemaker define Corporate Culture as “an all encompassing system of meaning and purpose relating to the entire organization and its history” (Vos, Schoemaker, 2006, p.50).
- Important characteristics of corporate culture that Luthans mentions are; observed behavioural regularities, norms, dominant values, philosophy, rules and organisational climate. (Vos, Schoemaker, 2006, p.50)

### **C) Corporate Social Responsibility**

According to Werther and Chandler

- “CSR covers the relationship between corporations (or other large organizations) and the societies with which they interact” (Werther, Chandler, 2006, p.6).
- “CSR is about business and other organizations going beyond the legal obligations to manage the impact they have on the environment and society. In particular, this could include how organizations interact with their employees, suppliers, customers and the communities in which they operate, as well as the extent they attempt to protect the environment” (Werther, Chandler, 2006, p.8).

### **D) Corporate Image**

- Herlé and Rustema define the corporate image as “The image of an organization as perceived by various groups of the public” (Herlé, Rustema, 2005, p.103).
- According to Birkigt, Stadler and Funck “the corporate image is the projection of a corporate identity into the social environment” (Herlé, Rustema, 2005, p.103).

Thus it can be said that there is a strong connection between the identity of an organisation and its image as perceived by its various groups and since the corporate image is a projection of the corporate identity it is often less complete. (Herlé, Rustema, 2005, p.103)

## **Appendix 2. Hivac Startech, Namiki and LTEC Factories**

### **A) Hivac Startech factory in China**

Conditions at the Hivac Startech factory in China turned out to be the worst. Hivac Startech is a supplier of lenses for Motorola and Nokia. People who work at this factory use n-hexane, which is a very dangerous chemical, for the production of lenses. Since ventilation at this factory is usually never turned on, factories workers inhale the chemical odours and because workers are also not provided with adequate protective clothes this chemical also enters the body via the skin. Neither is any training given to new workers about the dangerous effects of n-hexane. N-hexane is a chemical that can cause numbness and can eventually lead to paralysis. As a result of these dangerous conditions many workers were diagnosed with chemical poisoning and some of them even had to be hospitalised in the end. One of them was pregnant and had to undergo an abortion due to the dangerous effects this chemical poisoning might have on the baby. The factory did not offer them any help, refused to pay compensation during treatment period and even put pressure on the sick workers to leave the hospital. After the n-hexane poisoning, the factory did nothing to improve the situation and after the incident relocated or replaced all remaining workers. A different chemical eventually replaced n-hexane but this contains benzene, which could have effects that are even more serious. At the Hivac factory pregnant women are also denied maternity leave and as a result they tend to work as long as possible to maintain their income. (Wilde & de Haan, 2006, p.68-71)

### **B) Namiki factory in Thailand**

At the Namiki factory in Thailand, a supplier for Nokia, workers use dangerous chemicals and workers have to buy their own protective clothing since the factory does not supply those because it wants to spend as little as possible on protective clothing to keep costs at a minimum. Instead each worker is given a carton of milk each day to wash off the chemicals. The factory never told their workers that the chemicals they work with are dangerous and after a while some of the workers got sick and were diagnosed with lead poisoning. Lead has been banned from electronic products in the EU because it is very dangerous to health. Still, Nokia said that all its products comply with EU regulations, but this case shows differently. At this factory workers are also denied going to the bathroom and pregnant women are not hired. If they become pregnant while working at Namiki they get fired. (Wilde & de Haan, 2006, p.73)

### **C) LTEC factory in Thailand**

At the LTEC factory in Thailand, also a supplier of Nokia, workers officially have workdays of eight hours a day but they are forced to do overtime every day. Often they work 12 hours each day and seven days a week. If they refuse to do any overtime work they get fired. Each worker has been given a target of work pieces that has to be reached. If the worker is unable to reach this target the supervisor will treat the worker rudely, but if the worker is able to reach the target, the target is set higher and higher. At this factory the number of workers has increased by 2000, yet the number of toilets stayed the same. (Wilde & de Haan, 2006, 75-76)

### **Appendix 3. Results of Nokia's Investigations**

In a response to the report by SOMO Nokia started investigations in the Namiki and LTEC factories but denies that Hivac Startech is a supplier for Nokia.

The result of investigations by Nokia in the Namiki factory was that no lead is used in the production of mobile phone parts and that protective clothes are offered. Nokia also found no evidence that employees are not allowed to go to the bathroom.

The investigations of Nokia revealed that some workers had to stay home for a period of time due to a decline in orders and pregnant women received less compensation and asked Namiki to correct this. Regarding overtime Nokia has requested that the factory change its rules regarding overtime, which it has done now, according to Nokia.

Regarding LTEC Nokia has said that this is not a direct supplier and most claims in the SOMO report were inaccurate. The number of toilets at LTEC complies with local law. Regarding overtime the Nokia findings stay a bit vague. Nokia says that workers at LTEC are not forced to do work overtime and have one day a week off and that workers do receive leave days, but whether this really happens in practice stays a bit vague. Nokia did find out that on a small number of occasions, when the factory had very high orders, workers had been asked to work seven days. (SOMO, n.d., "Investigations into SOMO claims")



## **Appendix 4. The History of Nokia**

Nokia was founded in 1865 by Fredrik Idestam as a wood-pulp mill in Tampere, Finland. Later a second one was built at Nokia, a town at the Nokiavirta river that gave its name to Nokia. This mill was built here because of better resources for hydropower production. ("Nokia," n.d., "Pre-telecommunications era", par. 1) Shortly after World War I, Finish Rubber Works acquired Nokia Ab and Finish Cable works, which merged in 1967 into the Nokia Corporation. The Nokia Corporation, which was created after the merger in 1967, was active in many different sectors such as rubber, cable, electronics and power generation, but also in sectors such as paper products, computers and TV's. (Nokia, n.d., "Three companies merge to form Nokia Corporation", para. 1-2; "Nokia," n.d., "Pre-telecommunications era", para.3).

In the 1970's Nokia started to develop a digital switch for telephone exchanges after which it became more involved in telecommunications. ("Nokia history," n.d., "The journey into telecommunications, para. 2) With the introduction of the Nordic Mobile Telephone (NMT) network in 1981, the first international cellular network, the mobile phone industry began growing rapidly and Nokia was the first to introduce car phones to this network. (Nokia, n.d., "The mobile era begins") In 1987 a common standard for digital mobile phone, GSM, was introduced and in 1992 Nokia launched its first digital handheld GSM phone. (Nokia, n.d., "GSM: a new mobile future opens up", para. 3, 5)

By the end of the 80's Nokia was a large manufacturer of TV's and the largest technology company in Scandinavia. In 1992 Nokia decided to focus only on its telecommunications and to divest its non-core operations. ("Nokia history," n.d., para. 10-11) Nokia's decision to focus solely on telecommunications and its investment in GSM technology has made Nokia the number one leader in mobile phones, technologies and communication networks. ("Nokia history," n.d., "Focusing on telecommunications")

## Appendix 5. Transcript of Interview

Transcript of interview with Joseph Wilde, researcher at SOMO and one of the writers of the report *The High Cost of Calling; Critical Issues in the Mobile Phone Sector*, March 4<sup>th</sup> 2008.

### **1. Nokia seems to be a company that takes Corporate Social Responsibility (CSR) very seriously. Is this really true or just the way they portray themselves?**

Nokia does indeed have a very well developed CSR policy and appears to take what they view as CSR very seriously. However, as we revealed in *The High Cost of Calling*, those policies that look good on paper and on Nokia's web site are unfortunately often not reflected by the reality for workers in mobile phone factories in China and Thailand.

### **2. How important is “supply chain responsibility” for Nokia?**

Supply chain responsibility is an important issue facing the entire mobile phone industry, especially given the complexity and length of mobile phone production chains. What is clear from the research is that Nokia's efforts to improve conditions even at their direct suppliers are insufficient. Too often, Nokia trusts suppliers to monitor themselves for compliance with legal and sustainability requirements. The greatest risk of poor labour and environmental conditions lies at the sub-tier suppliers that make the parts that go into mobile phone handsets, yet Nokia and other companies do not act sufficiently upon their social responsibility to systematically improve conditions beyond first tier suppliers. Companies like Nokia rely heavily on direct suppliers to ensure that their standards are being followed further down the supply chain. The field research, however, indicates that conditions at sub-tier suppliers, even those producing for the top mobile phone companies, are often below minimum standards and sometimes downright illegal. Nokia should improve its methods for monitoring suppliers and have their monitoring verified by an independent organisation, such as a local organisation. Nokia emphasises that its liability ends at their direct suppliers, but they must begin to take responsibility for the entire value chain of the products they buy and sell.

### **3. Is Nokia well ahead of other mobile phone companies when it comes to “supply chain responsibility” and commitment to sustainability?**

Nokia works hard on its image as a sustainable company and indeed has one of the best-developed CSR policies in the industry. However, as mentioned above, research for the *High Cost of Calling* revealed issues in Nokia's supply chain that were just as serious as in the supply chains of the other companies. It must be said that Nokia and Motorola did appear to take the problems we uncovered more seriously than some of the other companies.

**4. In order to keep production costs low and profits high Nokia is shifting some of its manufacturing units to Southeast Asia and Latin America. How important are human rights and labour conditions in those countries to Nokia compared to making profits?**

Making profits will always be more important to Nokia and other companies than human rights, labour and environmental conditions due to the nature of the shareholder capitalist system in which they operate. Some companies are trying to find a way that they can make profits with as little social and environmental impact as possible, but if a decision has to be made between the two, profits will always prevail. A good example is the weighting that Nokia and other companies give to different concerns when they are choosing a supplier in Latin American and Southeast Asia; the price at which a supplier can produce a certain good and the quality of the good.

**5. What actions does Nokia take against subcontractors and suppliers whose ethical performances become questionable?**

Nokia claims that it strives not to deal with companies that do not comply with international standards, but SOMO's research reveals that the company does not do enough to ensure that its suppliers are following these standards.

**6. What kind of measures has Nokia taken to minimise the issues, addressed in the report *The High Costs of Calling; Critical Issues in the Mobile Phone Sector*, in the future?**

Nokia did undertake an investigation to verify the findings reported in *The High Cost of Calling* and did ask the supplier factories to improve some issues, but I am not aware of any structural adjustments in its policies or procedures that Nokia has taken to prevent the same issues from arising again at other supplier factories.

**7. How serious did Nokia take the allegations, made in the report by SOMO?**

Nokia did undertake a serious investigation to verify the findings report in *The High Cost of Calling* and did request that the factories improve some things like equal treatment for (pregnant) women workers. However, the methods that Nokia followed were not made public and did not justify the findings that it reported.

**8. How important is it for SOMO to reveal the circumstances in the Electronics and ICT sector in developing countries?**

SOMO and other labour, human rights and environmental organisations, especially those on the ground in developing countries, have a critical role in monitoring the conditions in the electronics industry. Local organisations are often the most in tune with the sentiments and complaints of the workers. However, Nokia and other companies cannot rely on SOMO and similar organisations alone to find problems. Nokia must actively work to improve conditions in its factories and supply chain by, for example, giving more weight to social and environmental criteria in their purchasing practices and doing more to ensure that suppliers are adhering to

Nokia's standards. Furthermore, companies like Nokia need to develop a systematic process for engaging local organisations in order to improve their CSR performance and make sure that human rights, labour and environmental standards are being complied with throughout their supply chain.

## Appendix 6. Collage of Dutch Nokia Advertisements

**BELCOMPANY**  
Alle netwerken. Alle toestellen. Alle vrijheid.



**Hi superdeal:**  
• 125 + 50 belminuten of  
• 250 + 100 SMS'jes  
• Eindeloos internet op je  
mobiel f.w.w. 9,95  
**Nu voor 24,95\***  
\*i.c.m. 12 maanden

**NOKIA N81 8GB Multimedia computer**  
• 8GB intern flashgeheugen voor muziek, games,  
video- en fototoepassingen  
• gamen in breedbeeldformaat  
• Navi™ afdruk en 3D multimediamenu  
• MP3-speler met FM radio

**GRATIS** i.c.m. Hi 20 + Eindeloos Online 2 jaar  
(1\* 12 maanden 24,95 p/mnd)  
Losse toestelprijs 499,99

**GRATIS NOKIA 6500 Slide!**  
1 jaar Relax 150 of Flex 25!



**1 Jaars ACTIE**

G600 6500 Classic

**Nokia N73**  
**GRATIS!**  
i.c.m.  
2-jarig  
Hi 20  
10,- p/mnd\*



Bestel direct

**Nieuw op Typhone.nl**  
Vóór 21:00 uur besteld is de volgende dag in huis  
Typhone.nl 24-uurs Comfort levering

**GRATIS Nokia N95**  
Exclusief bij Typhone.nl: Nokia N95!

**NORMAAL**  
€ 24,50  
per maand

**NU SLECHTS**  
€ 19,50  
per maand

**MAAR LIEFST**  
200 Belminuten  
per maand

•• T-Mobile ••

meer info bestellen

**Gratis Nokia N73 + Complete Europa Navigatie**



**SLECHTS**  
€ 9,95  
per maand

Gratis Nokia N73  
Gratis compleet  
Europa navigatiesysteem  
150 minuten/sms per  
maand  
2-jarig Vodafone  
Basis 22,50  
Geen aansluitkosten  
Eerste 8 maanden  
slechts €9,95 per  
maand

vodafone

meer info bestellen

**kpn**

Eerste 12 maanden  
tot 25% korting

Nieuw:  
Flexibel van  
KPN Mobiel

Sterk verlaagde  
tarieven

**Alle maanden  
de beste  
deal**



Gratis Nokia N95  
+ onbeperkt internet

kpn.com

**Gratis TomTom Europa + Nokia 1600**



180 min  
14,95  
p/mnd

- Navigeren door heel Europa  
- Bellen met een Nokia toestel  
- 24 maanden contract  
- Ook voor verlenging

Telfort

E-shop >> ACTIE: Nokia weken

**Nokia weken bij debitel!**

- de nieuwste Nokia's EXTRA scherp geprijsd
- 1 jarig abonnement al vanaf €17,50 p/mnd
- Alle toestellen GRATIS
- géén aansluit- en verzendkosten

**NOKIA WEKEN**

**NOKIA**  
Connecting People

**Nokia 2310 KPN Prepaid**  
Nu in prijs verlaagd!



Van 49,99 voor  
**39,99** p/st.

incl. €15,- beltegoed

info en bestel

**Goedkoop bellen,  
met gratis toptoestel!**

180 min  
14,95  
p/mnd

klik hier

Telfort

**GRATIS GSM + KADO**



**Vodafone Basis 24 mnd**  
van € 22,50 p/mnd  
voor € 9,95 p/mnd

**Nokia 3110  
Classic Black**

**Nokia  
Bluetooth  
Headset HS-13**

INFO EN BESTELLEN

**Gratis  
Nokia 6300 +  
TomTom One**




8 maanden van €27,50 voor  
€ 12,95 per maand  
Bestel nu >

## **Appendix 7. Radiation**

Since the introduction of mobile phones there have been many concerns about mobile phone use and health, especially following the enormous increase in mobile phone use worldwide and the growth of the number of base stations. (Nederlandse vereniging voor stralingshygiëne [NVS], n.d., “Elektromagnetische velden en volksgezondheid”, para.3) Many illnesses are associated with radiation from mobile phones and base stations such as cancer, headaches, fatigue and damage to the immune system, although no evidence for this has been found. (BBC News, 1999, “Health scientists cut their mobile phone use”, para. 3-4) Studies in the US have revealed that mobile phone use might possibly be the cause of a sharp decline in the number of bees in the US, Germany, Switzerland, Spain, Portugal, Italy and Greece and may therefore indirectly be responsible for a decline of crops. (“Sterven bijen uit door mobile telefonie?,” 2007)

The World Health Organization has concluded that it is very unlikely that serious health risks will be caused by the use of mobile phones or base stations and that none of the recent publications, concerning this issue, prove that radiation could have negative health effects. In the Netherlands De Gezondheidsraad confirmed again in 2006 that radiation could not lead to physical health problems. (KPN, n.d, “Wetenschap: Geen nadelige effecten op gezondheid”, para. 3-4) Nokia provides information on their web site about the possible effects of radiation to inform its consumers and furthermore sponsors research programs on radiation. (Nokia, n.d., “Mobile communications & health”)

## **Appendix 8. Global Warming**

Global warming is caused by the burning of gasoline, coal and other fossil fuels which causes an increase in the amount of greenhouse gasses, such as carbon dioxide, into the atmosphere. (McClure & Stiffler, 2007, "Scientists agree: Humans causing global warming", para. 1, 26) Deforestation is also a major reason for the increase of these gasses, by the reduction of the number of trees, while by burning trees additional carbon dioxide is released. (Wilson, n.d., "If we stop global warming", para.5)

Besides the fact that global warming is responsible for climate changes, it is also expected to increase sea levels and the spreading of diseases, such as malaria, and to affect wildlife, as well as animals. Due to global warming there will be a greater risk of flooding and droughts, growing deserts as well as more intense tropical storms and hurricanes in the future. (Stanford Solar Center [SSC], n.d., "Global warming", para. 2)

Concerns about global warming led to the Kyoto Treaty in 1997, which had as its objective the reduction of greenhouse gasses and is ratified by over 175 countries as of 2007. ("Kyoto protocol," n.d., para. 1)

Nokia's operations are considered to have little impact on global warming, since the whole ICT sector is responsible for less than 1% of CO<sub>2</sub> emissions worldwide. Nevertheless Nokia wants to be a leader in this field and therefore reductions of CO<sub>2</sub> emissions and energy use are important aspects of its business. (Nokia, n.d., "Nokia's approach to climate change")

## **Appendix 9. Electronic Waste**

The number of people using electronic devices is growing every year and so is the amount of electronic waste that contains toxic chemicals. The amount of electronic waste grows faster than any other waste stream with 20-50 million tones every year. ("Kenya faces an e-waste time bomb," n.d., para. 1; Solomon, 2001, "When toxic waste comes calling", para, 5) Electronic waste is at the moment the fastest growing amount of waste, since computers, printers, mobile phones and TVs today are being replaced faster than they were ever before. Mobile phones and computers are the biggest problem, since they have the shortest life-span. (Greenpeace, n.d., "Het e-waste probleem", para. 4)

Every year tons of old computers and mobile phones are being dumped in landfills or burned in smelters. Often the electronic waste is exported illegally from Europe, the US, Japan and other industrialised countries to Asia and Africa. Once in Asia and Africa the electronic waste is dumped at scrap yards where workers are exposed to the toxic chemicals. Scrap yards are often places where children play and animals can be found that are later on eaten. ("Kenya faces an e-waste time bomb," n.d., para. 1, 2)

Electronic waste contains toxic chemicals such as lead, cadmium and mercury which could cause serious illnesses for humans in the surrounding areas of scrap yards, such as cancer and skin diseases. ("Kenya faces an e-waste time bomb," n.d., para. 4) It is also a threat to the environment, since after a period of time toxins could start leaking from the electronic devices into the groundwater and thus seriously affect streams, wildlife and drinkingwater. (Solomon, 2001, "When toxic waste comes calling", para, 5)

Extending product durability, minimising toxic waste and promoting recycling, are key principles for Nokia to minimise the negative affects their operations might have on the environment. (Nokia, n.d., "Our footprint", para. 6) Taking mobile phones to take-back points, after which they can be recycled, is not very common yet. Nokia faces a challenge here and is trying to stimulate mobile phone users to return their old mobile products in order to minimise the amount of electronic waste and therefore the chances that mobile phones will end up in landfills. (Nokia, n.d., "Where is you used phone?")



## **Appendix 10. Coltan**

In the eastern war-torn part of the Democratic Republic of Congo about 80% of the world known reserves of coltan can be found. (“Coltan,” n.d., “Production and supply”, para.1) Coltan is a material that is used as tantalum in the production of mobile phones, laptops and game consoles. (Hickman, 2006, “Is it OK..to use a mobile phone?”, para. 5) Much of the coltan is mined illegally and smuggled over the borders to Rwanda, Uganda and Burundi by militia from those countries. Coltan smuggling has been a major source of income to rebels and warlords. (“Coltan,” n.d., “Coltan in the Congo”, para. 1-2)

Due to international protests mobile manufacturers had to assure that they do not use any coltan from these regions. (Hickman, 2006, “Is it OK..to use a mobile phone?”, para. 5) Nokia has notified their suppliers that use coltan about this situation and asked them not to purchase any coltan from Congo. Nokia requests its suppliers to avoid using any raw material that is procured or distributed illegally or for which human beings as well as animals have been abused. (Nokia, n.d., “Our position: Tantalum/Coltan)

## **Appendix 11. Questionnaire**

December, 2007

Dear sir or madam,

As part of my thesis of my study at the School of European Studies (HEBO), I am undertaking a research into the image of Nokia.

I would appreciate it very much if you would be so kind as to assist by completing the attached questionnaire.

The questionnaire will take about 5 minutes and all responses will be used anonymous.

Many thanks!

Annemarie de Weijer

Mark what is most applicable to you.

**1) To what age category do you belong?**

- ☐ 18 - 25
- ☐ 26 - 38
- ☐ 39 - 48
- ☐ 49 – 65
- ☐ Over 65

**2) I am:**

- ☐ Male
- ☐ Female

**3) Give a grade for Nokia from 1 to 10**

**1= Very bad                      10 = Very good**

.....

**4) Do you have a Nokia phone?**

- ☐ Yes, for work
- ☐ Yes, for private use
- ☐ Yes, for work and private use
- ☐ No, not at the moment
- ☐ I have never had a Nokia phone

**5) If you would have a choice would you choose to have a Nokia phone?**

- ☐ Yes
- ☐ No
- ☐ It doesn't matter
- ☐ Don't know

**6) What comes into your mind when you think of Nokia?**

**Choose no more than 3**

- ☐ High quality phones
- ☐ Good price
- ☐ Bad publicity
- ☐ Complexity
- ☐ Simplicity
- ☐ Not always being honest
- ☐ Innovative company
- ☐ Wide range of mobile phones
- ☐ Criticized for their practices
- ☐ Other.....  
.....

**7) When buying a new mobile phone which brand do you prefer?**

**(Choose one)**

- ☐ Motorola
- ☐ LG
- ☐ Nokia
- ☐ Sony - Ericsson
- ☐ Samsung
- ☐ Other
- ☐ No preference
- ☐ Don't know

**8) Which mobile phone company has the best quality phones in your opinion?**

- ☐ Motorola
- ☐ LG
- ☐ Nokia
- ☐ Sony - Ericsson
- ☐ Samsung
- ☐ Other
- ☐ Don't know

**9) What do you think of Nokia?**

**Circle the number that best fits your opinion**

**1 = The worst      10 = The best**

Innovative company	1	2	3	4	5	6	7	8	9	10
Fair price	1	2	3	4	5	6	7	8	9	10
Honest company	1	2	3	4	5	6	7	8	9	10
Design of phones	1	2	3	4	5	6	7	8	9	10
User friendly phones	1	2	3	4	5	6	7	8	9	10
Socially responsible	1	2	3	4	5	6	7	8	9	10

**10) What is the slogan of Nokia?**

- ☐ Sense and simplicity
- ☐ I'm lovin' it
- ☐ Just do it
- ☐ Intelligence everywhere
- ☐ Be inspired
- ☐ The choice of a new generation
- ☐ Connecting people
- ☐ Always in touch with your friends
- ☐ The perfect experience
- ☐ Don't know

**11) Have you heard in the past year anything negative about Nokia?**

- ☐ Yes,.....  
.....  
.....  
.....(go to  
question number 12)
- ☐ No                      (go to question number 13)
- ☐ Don't know            (go to question number 13)

**12) I heard something negative about Nokia on/via:**

**(More than one option possible)**

- ☐ Radio
- ☐ TV
- ☐ Internet
- ☐ Newspaper
- ☐ Word of mouth
- ☐ Magazines
- ☐ Web logs
- ☐ Don't know

**13) Have you heard in the past year anything positive about Nokia?**

- ☐ Yes,.....  
.....  
.....  
.....(go to  
question number 14)
- ☐ No (go to question number 15)
- ☐ Don't know (go to question number 15)

**14) I heard something positive about Nokia on/via:**

**(More than one option possible)**

- ☐ Radio
- ☐ TV
- ☐ Internet
- ☐ Newspaper
- ☐ Word of mouth
- ☐ Magazines
- ☐ Web logs
- ☐ Don't know

**15) To which social issues do you give the most importance?**

**Please arrange these issues according to your importance from 1 to 11**

**1 = Most important**

**11 = Least important**

- ☐ Global warming \_\_\_\_\_
- ☐ Hunger \_\_\_\_\_
- ☐ Poverty \_\_\_\_\_
- ☐ Labour conditions \_\_\_\_\_
- ☐ War/refugees \_\_\_\_\_
- ☐ Electronic waste \_\_\_\_\_
- ☐ Obesity \_\_\_\_\_
- ☐ Child labour \_\_\_\_\_
- ☐ Addictions (drugs and alcohol) \_\_\_\_\_
- ☐ Radiation \_\_\_\_\_
- ☐ HIV \_\_\_\_\_

**16) Which of the following brands do you think have shown their responsibility towards society?**

**Please arrange these brands according to your preference**

**1 = The best**

**5 = The worst**

- ☐ Motorola \_\_\_\_\_
- ☐ LG \_\_\_\_\_
- ☐ Nokia \_\_\_\_\_
- ☐ Sony – Ericsson \_\_\_\_\_
- ☐ Samsung \_\_\_\_\_
- ☐ Don't know \_\_\_\_\_

In November 2006 a report *The High Cost of Calling; Critical issues in the Mobile Phone Industry* was published by SOMO. In this report Nokia was criticized for labour conditions in their factories in Thailand and China.

**17) Have you heard of this report or about the labour conditions in Nokia's factories in Thailand and China?**

- ☐ Yes (go to question number 18)
- ☐ No (go to question number 19)
- ☐ Don't know

**18) I heard information about this report on/via:**

- ☐ Radio
- ☐ TV
- ☐ Internet
- ☐ Newspaper
- ☐ Word of mouth
- ☐ Magazines
- ☐ Web logs
- ☐ Don't know

**19) Would you no longer buy Nokia products when the company is accused of having serious labour conditions in their factories in developing countries?**

- ☐ Yes, I will no longer buy Nokia products
- ☐ No, I will continue buying Nokia products
- ☐ Don't know

**20) Give once more a grade for Nokia**

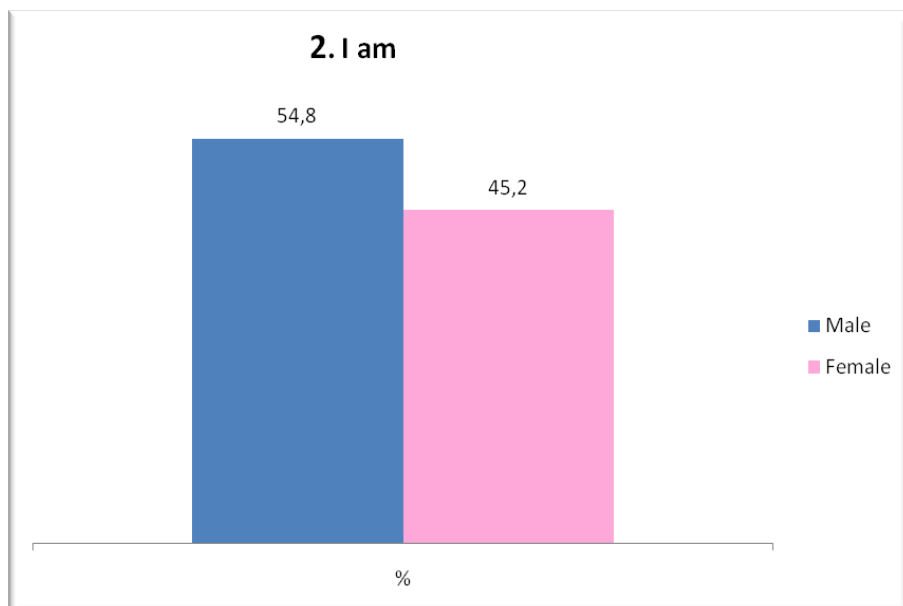
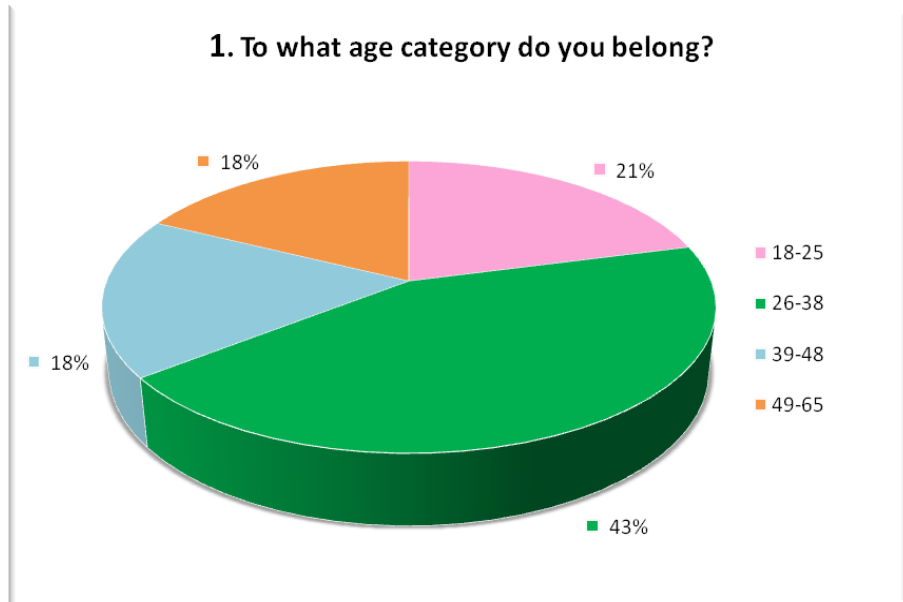
**1= Very bad                      10 = Very good**

.....

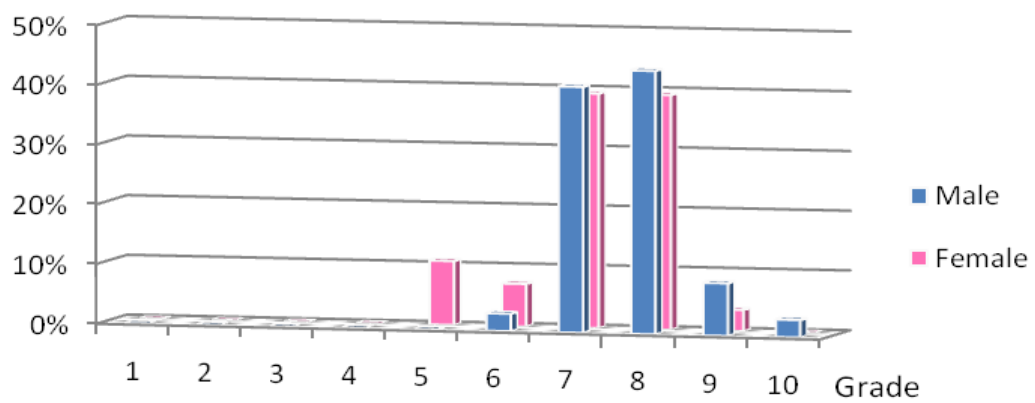
**End**



## Appendix 12. Outcome Questionnaires



**3. Give a grade for Nokia from 1 to 10**  
1 = Very bad                      10 = Very good

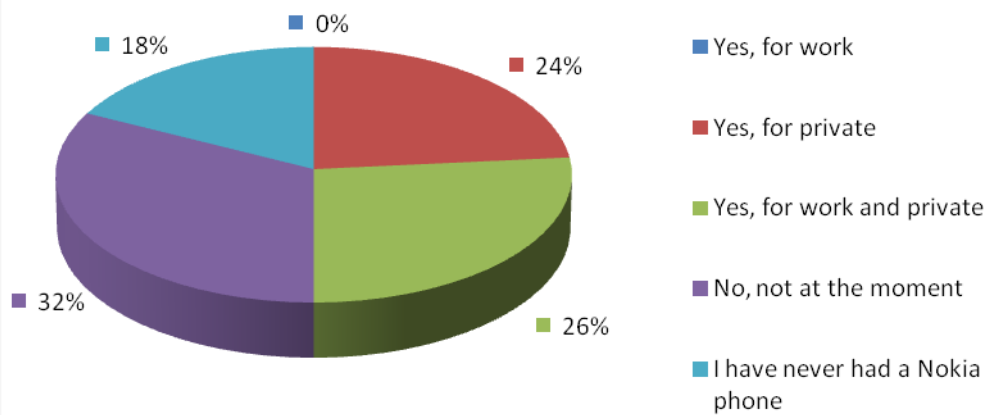


**Average Grade Male: 7.8**

**Average grade Female: 7.2**

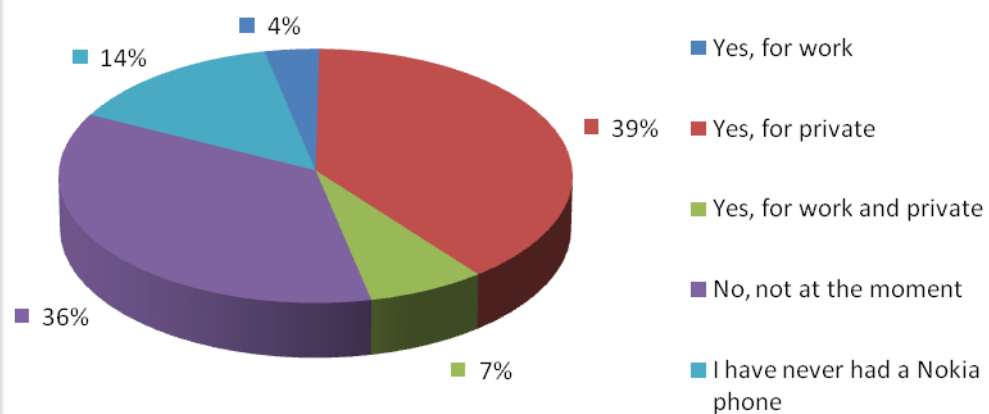
#### 4. Do you have a Nokia phone?

##### Male



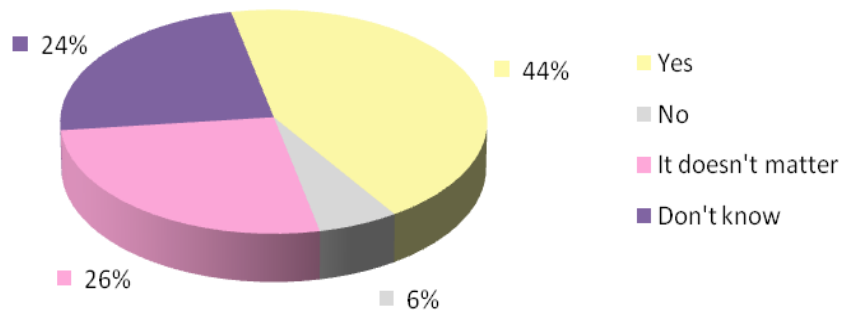
#### 4. Do you have a Nokia phone?

##### Female



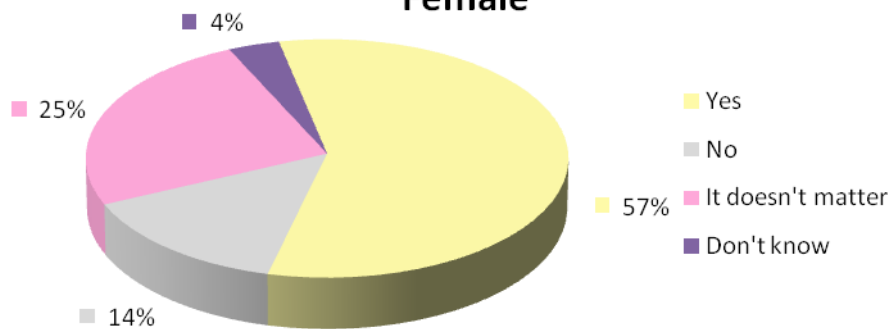
**5. If you would have a choice would you choose to have a Nokia phone?**

**Male**

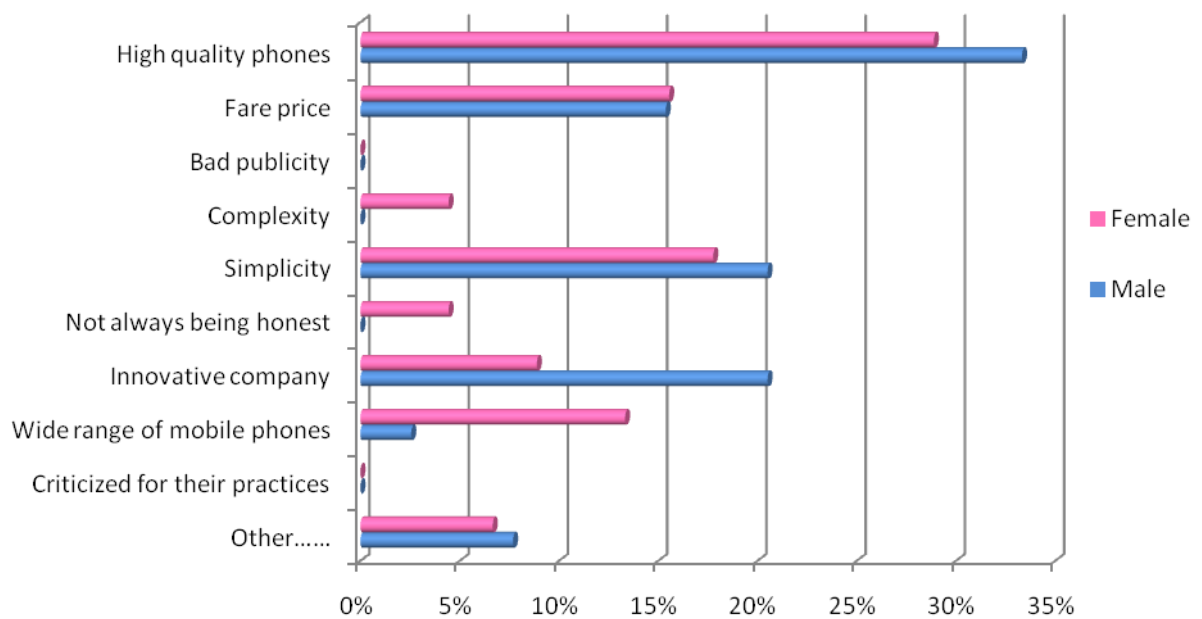


**5. If you would have a choice would you choose to have a Nokia phone?**

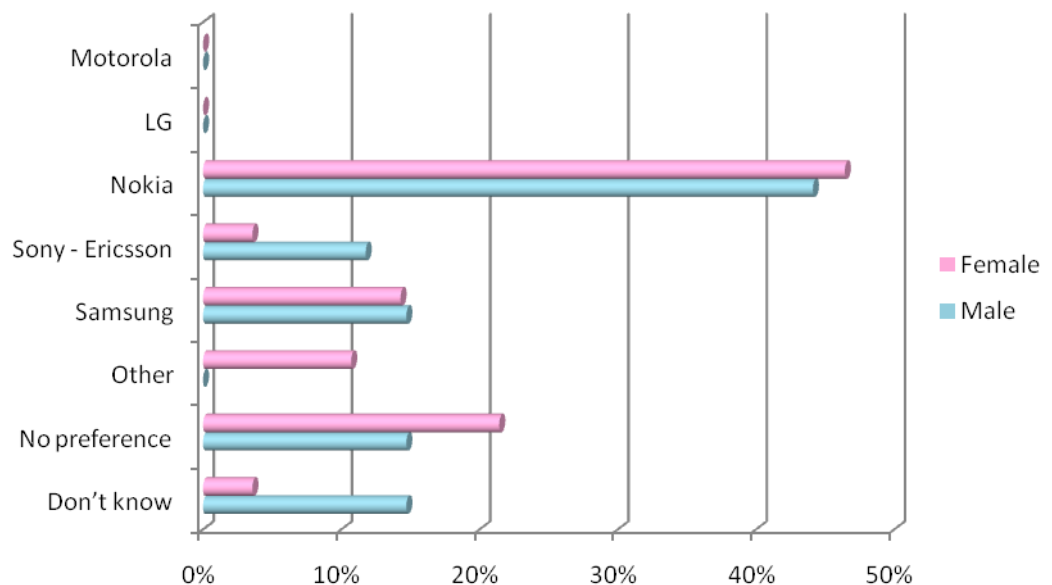
**Female**



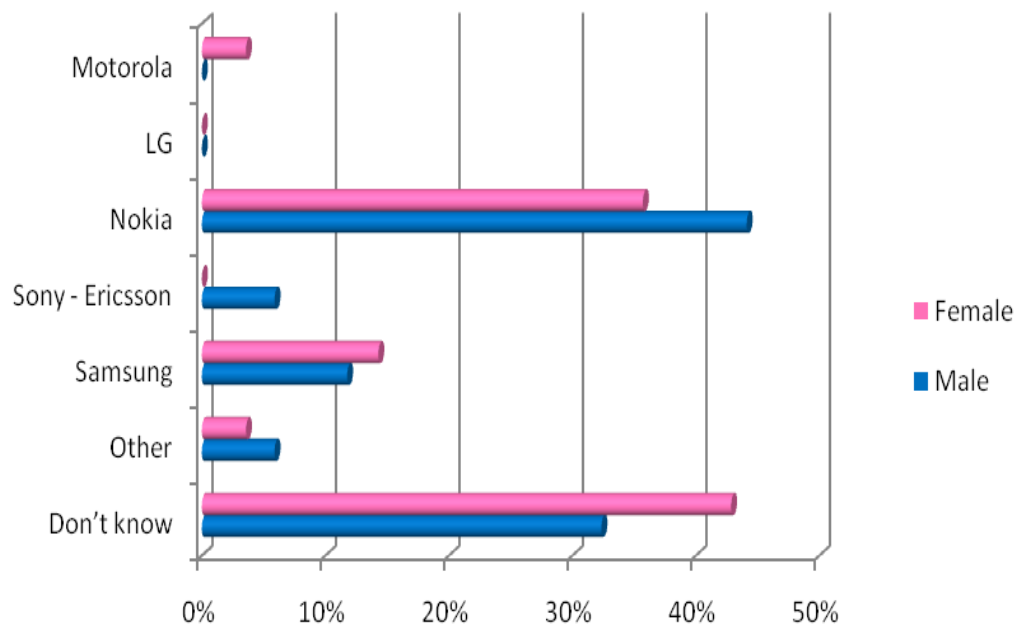
## 6. What comes into your mind when you think of Nokia?

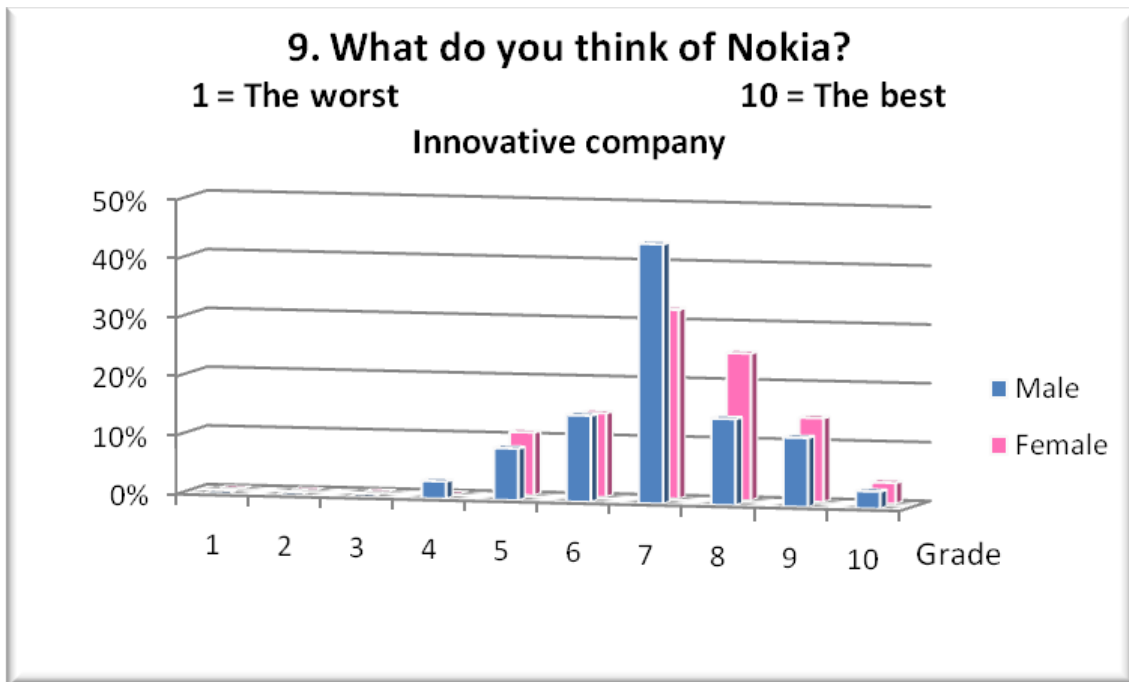


## 7. When buying a new mobile phone which brand do you prefer?



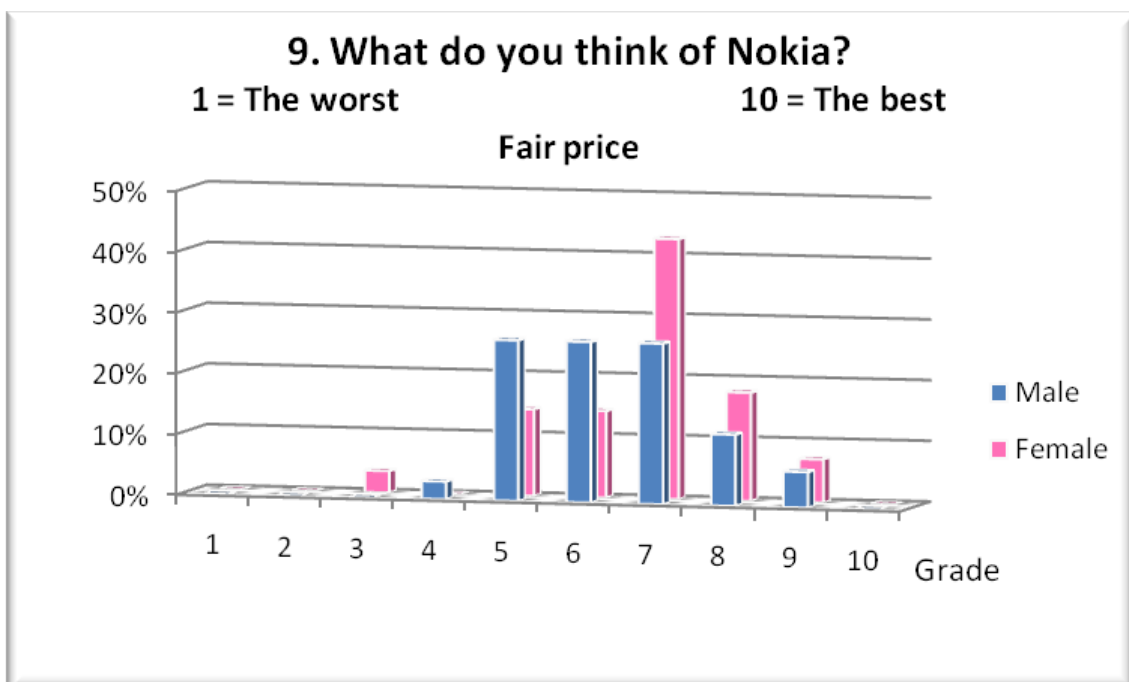
**8. Which mobile phone company has the best quality phones in your opinion?**





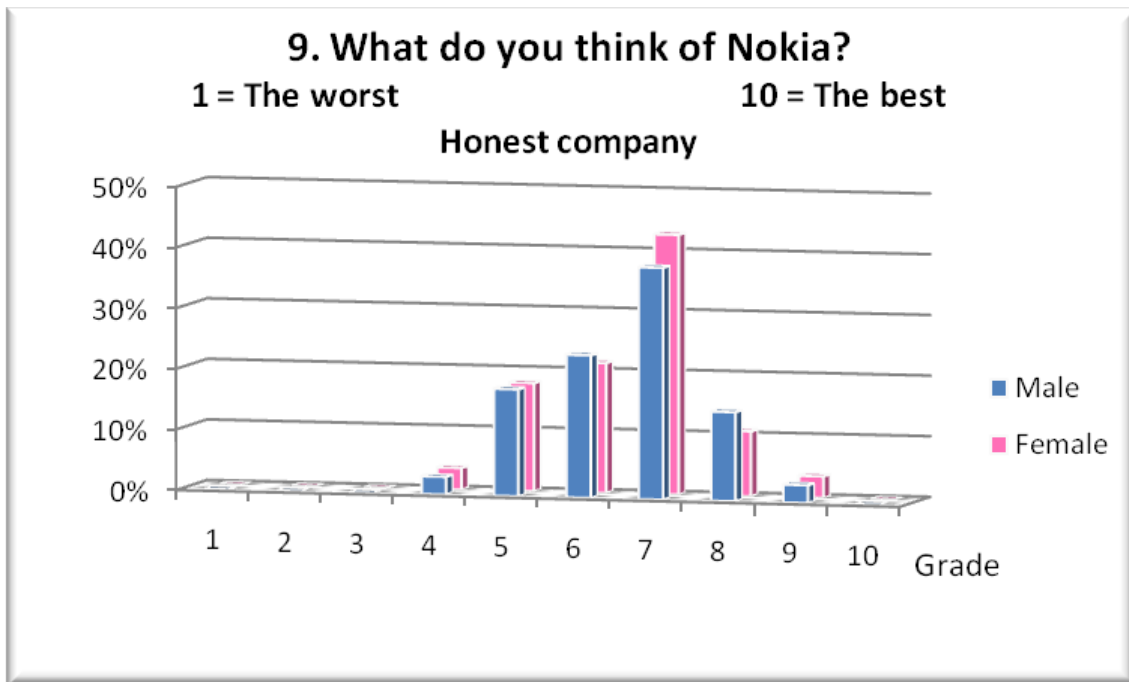
**Average Grade Male: 7.0**

**Average Grade Female: 7.3**



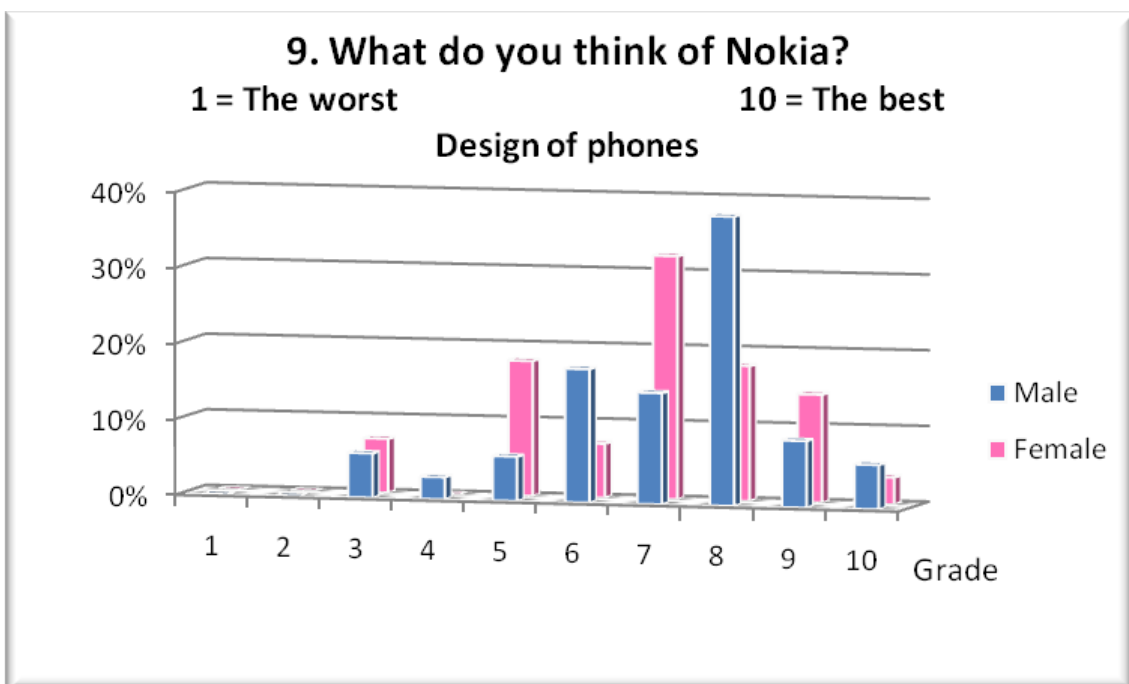
**Average Grade Male: 6.4**

**Average Grade Female: 6.8**



**Average Grade Male: 6.5**

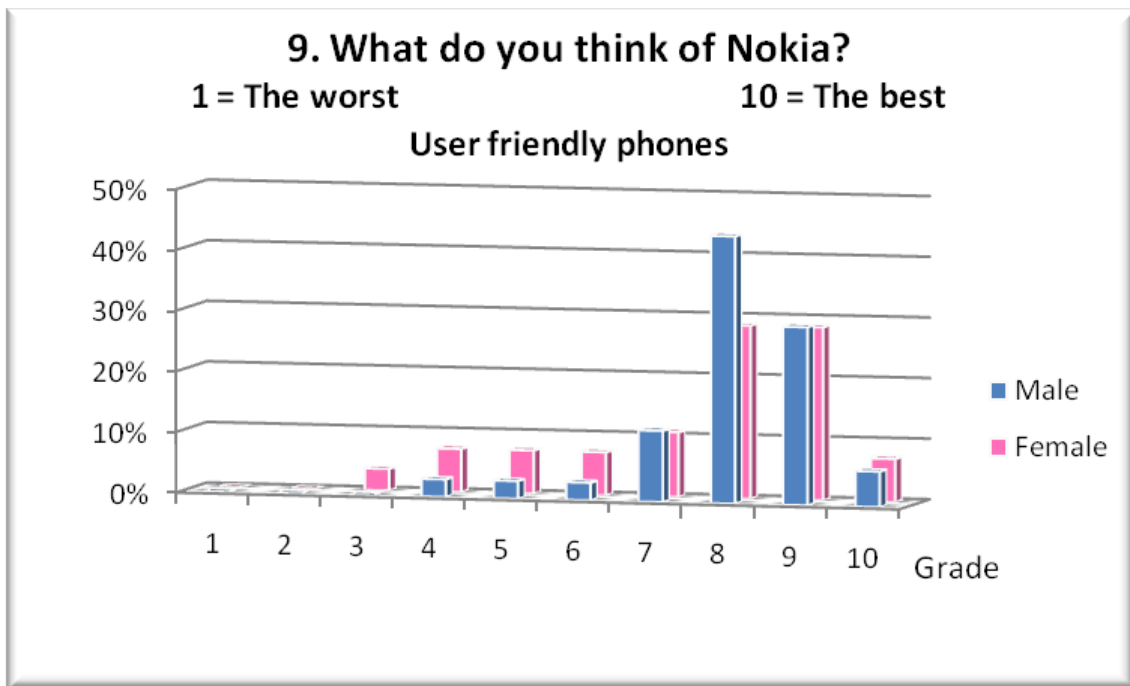
**Average Grade Female: 6.5**



**Average Grade Male: 7.1**

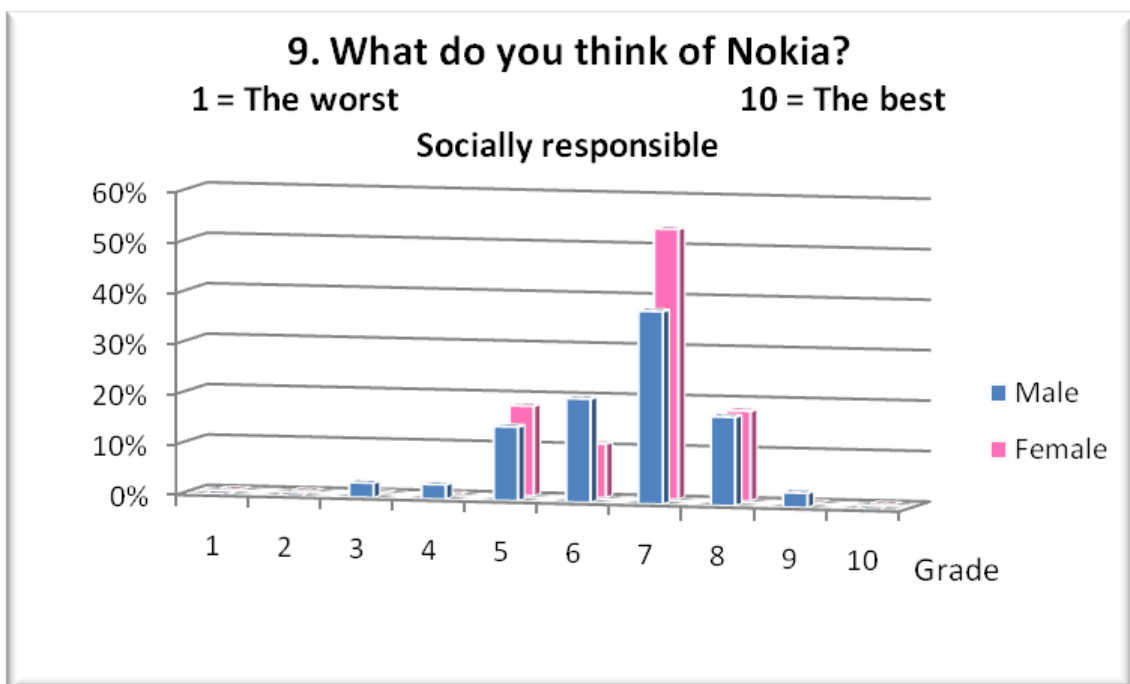
**Average Grade Female: 6.9**





**Average Grade Male: 8.0**

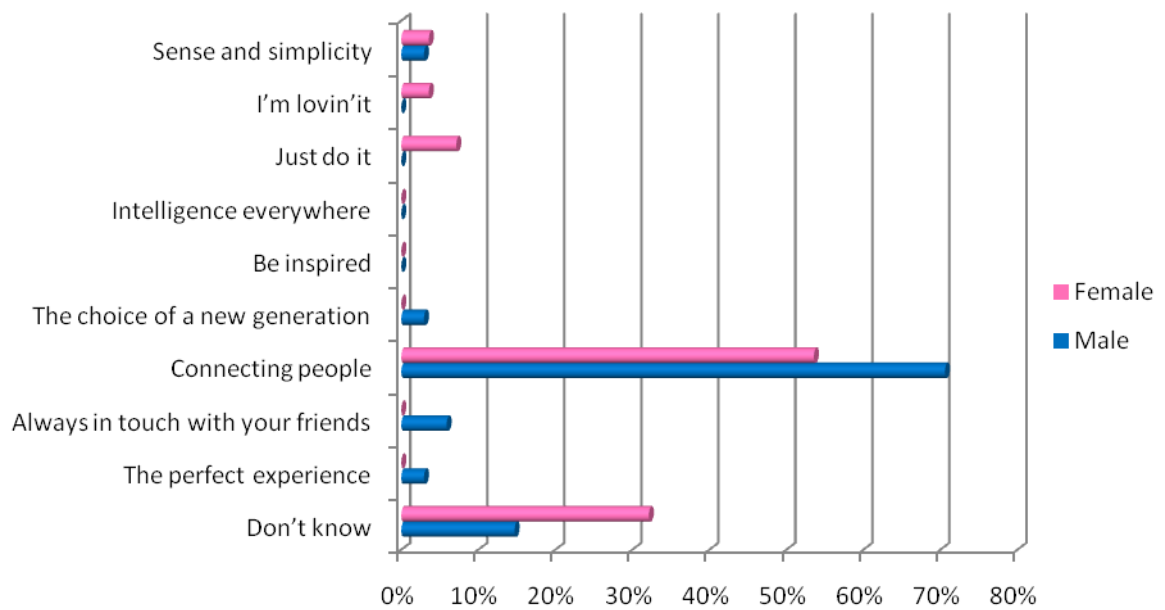
**Average Grade Female: 6.7**



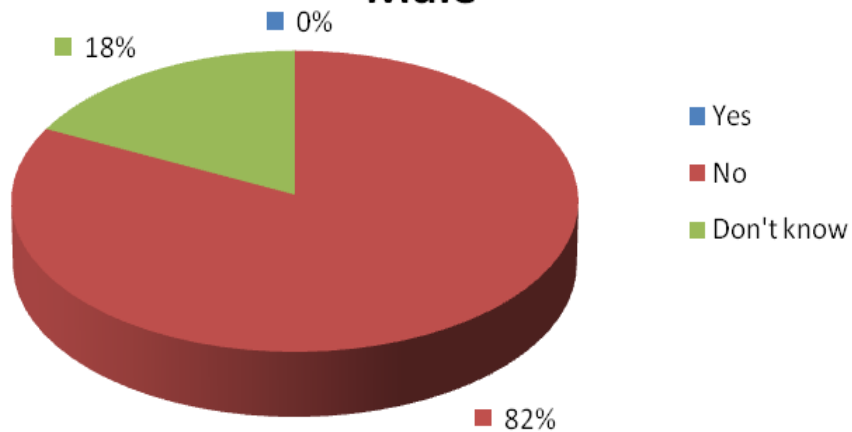
**Average Grade Male: 6.5**

**Average Grade Female: 6.6**

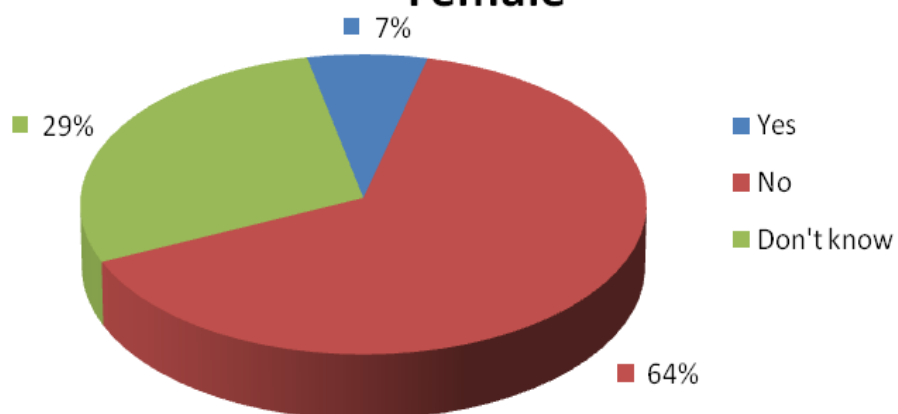
### 10. What is the slogan of Nokia?



**11. Have you heard in the past year anything negative about Nokia?**  
**Male**

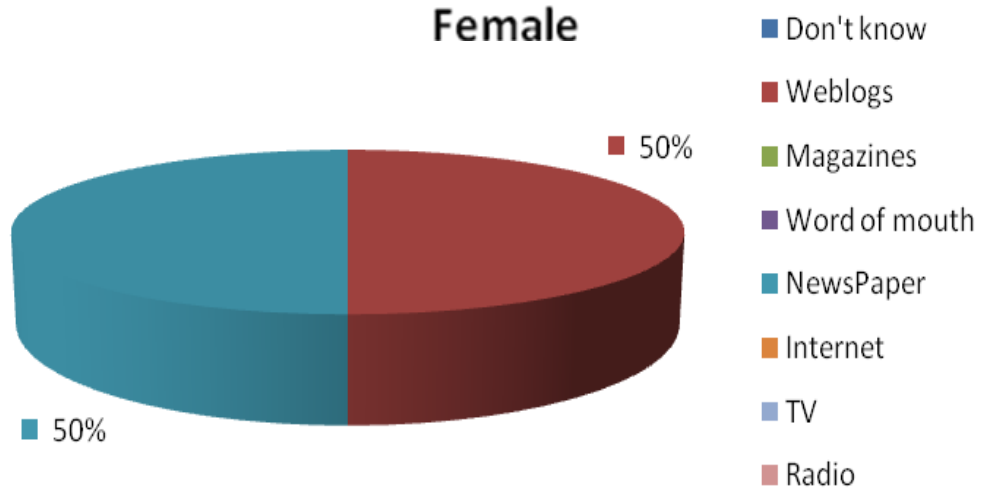


**11. Have you heard in the past year anything negative about Nokia?**  
**Female**



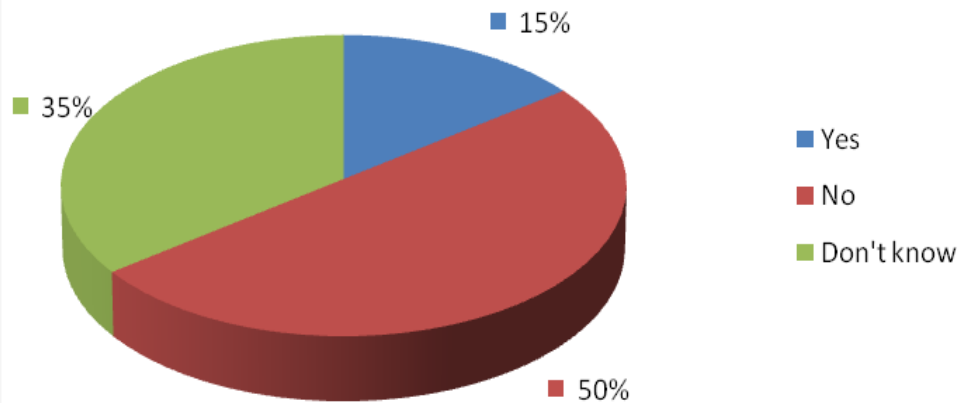
## 12. I heard something negative about Nokia on/via:

Female



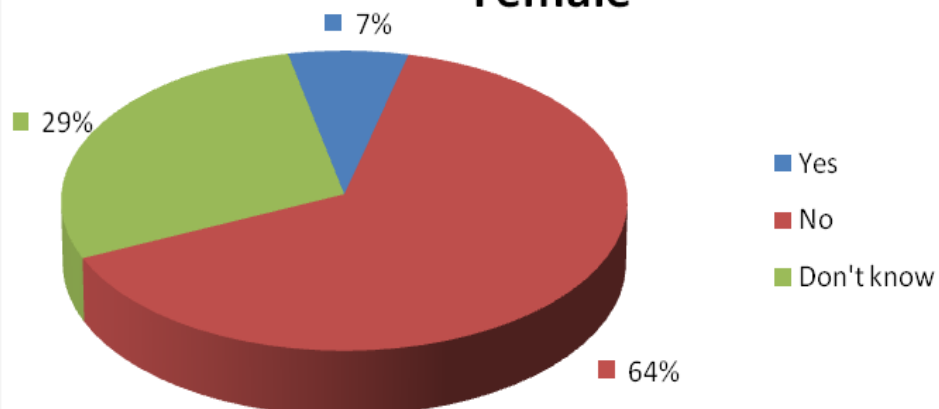
**13. Have you heard in the past year anything positive about Nokia?**

**Male**



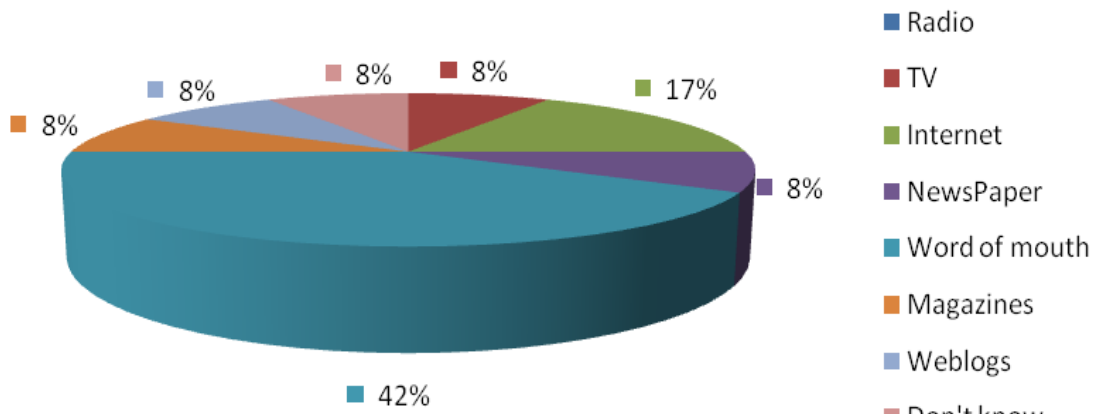
**13. Have you heard in the past year anything positive about Nokia?**

**Female**



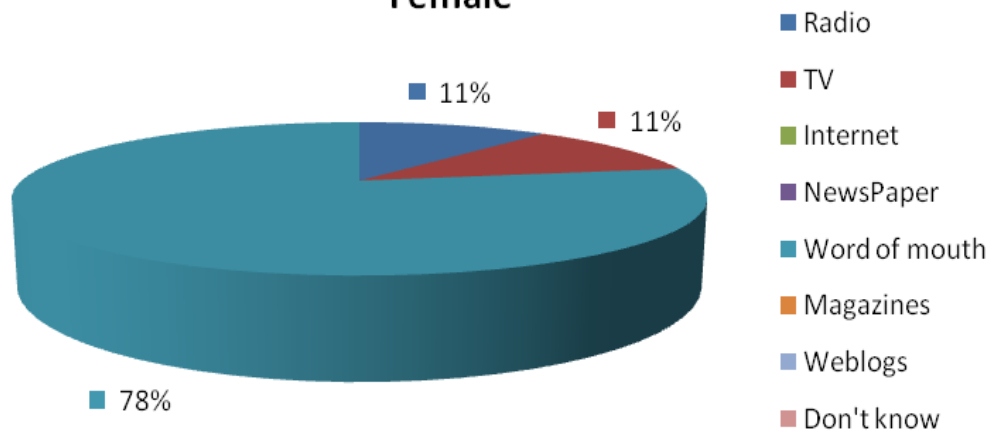
14. I heard something positive about Nokia on/via:

Male



14. I heard something positive about Nokia on/via:

Female



## 15. To which social issues do you give the most importance?

Male	Female
1 <sup>st</sup> - Global warming	1 <sup>st</sup> - Global warming
2 <sup>nd</sup> - Hunger	2 <sup>nd</sup> - Poverty
3 <sup>rd</sup> - War/refugees	3 <sup>rd</sup> - Hunger
4 <sup>th</sup> - Poverty	4 <sup>th</sup> - War/refugees
5 <sup>th</sup> - Child labour	5 <sup>th</sup> - Child labour
6 <sup>th</sup> - HIV	6 <sup>th</sup> - HIV
7 <sup>th</sup> - Labour conditions	7 <sup>th</sup> - Labour conditions
8 <sup>th</sup> - Addictions (drugs and alcohol)	8 <sup>th</sup> - Obesity
9 <sup>th</sup> - Radiation	9 <sup>th</sup> - Addictions (drugs and alcohol)
10 <sup>th</sup> - Electronic waste	10 <sup>th</sup> - Electronic waste
11 <sup>th</sup> - Obesity	11 <sup>th</sup> - Radiation

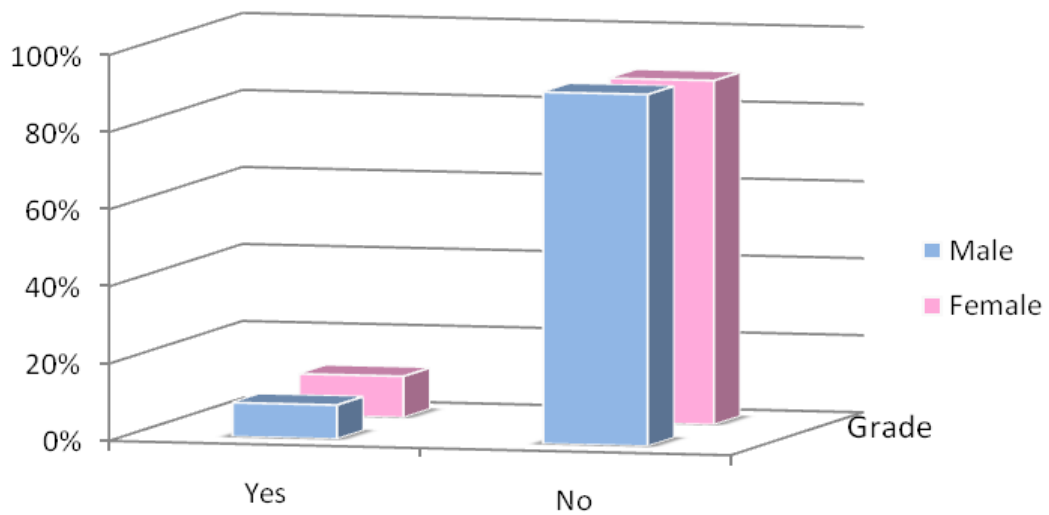
## 16. Which of the following brands do you think have shown their responsibility towards society?

41% of men were able to answer this question and 59% didn't know

21% of women were able to answer this question and 79% didn't know

Male	Female
1 <sup>st</sup> - Nokia	1 <sup>st</sup> - Samsung
2 <sup>nd</sup> - Sony - Ericsson	2 <sup>nd</sup> - Nokia
3 <sup>rd</sup> - Samsung	3 <sup>rd</sup> - Sony - Ericsson
4 <sup>th</sup> - Motorola	4 <sup>th</sup> - Motorola
5 <sup>th</sup> - LG	5 <sup>th</sup> - LG

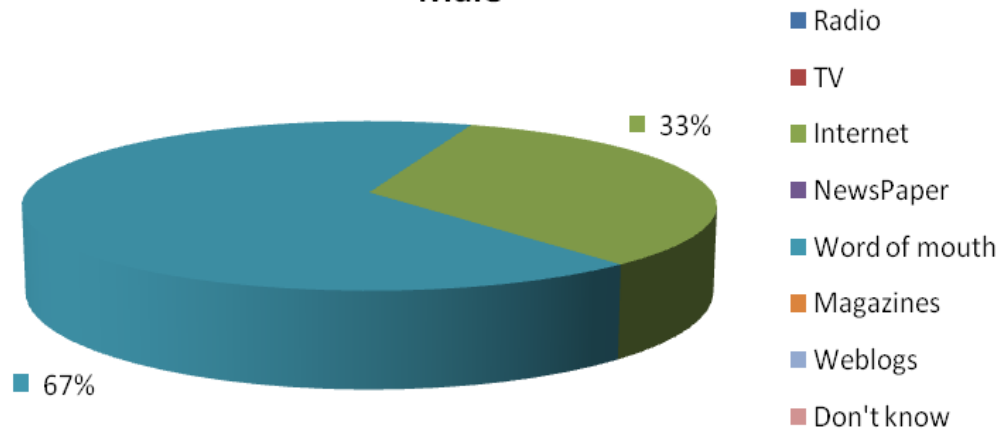
**17. Have you heard of this report or the information that was in it?**





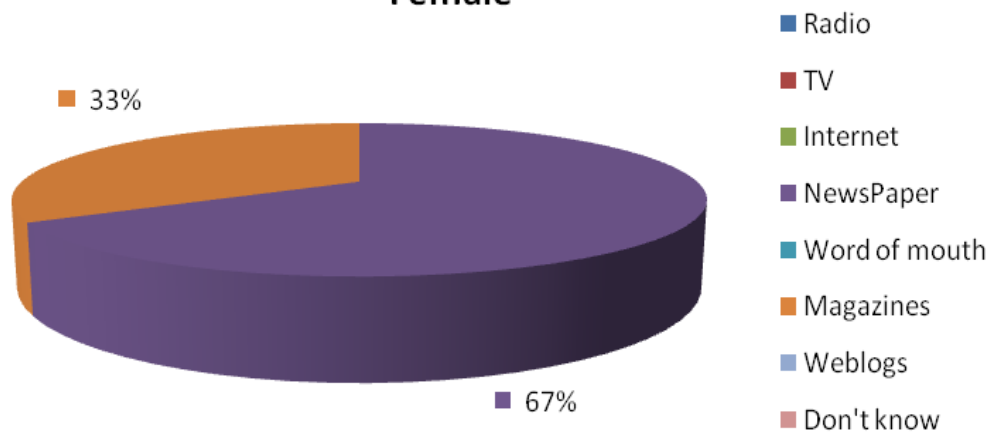
**18. I heard information about this report on/via:**

**Male**

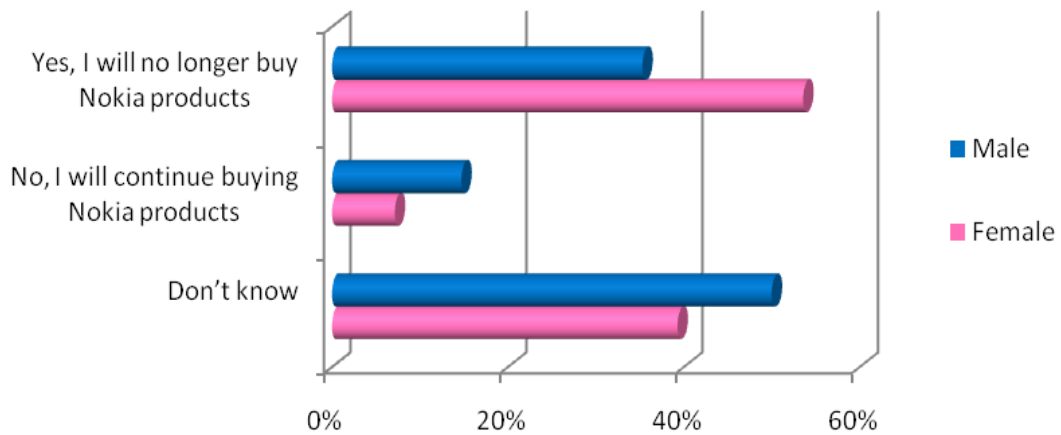


**18. I heard information about this report on/via:**

**Female**

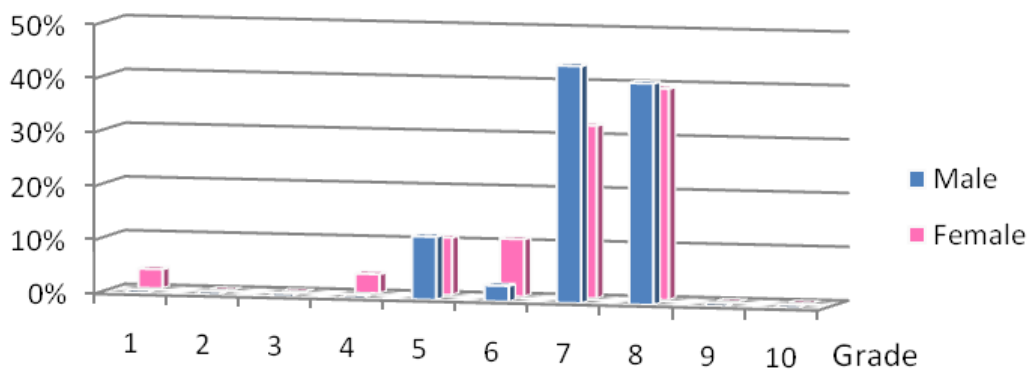


**19. Would you no longer buy Nokia products when the company is accused of having serious labour conditions in their factories in developing countries?**



**20. Give once more a grade for Nokia**

1 = Very bad                      10 = Very good



**Average Grade Male: 7.1**

**Average Grade Female: 6.6**