Sveriges lantbruksuniversitet
Swedish University of Agricultural Sciences

**Department of Economics**

# Collaborating for Corporate Social Responsibility

- The case of conflict minerals in global supply chains

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# Acknowledgements

# Summary

Corporate Social Responsibility (CSR) refers to adjusting corporate goals so that they are not only based on maximizing corporate profits, but include ethical standards on socially desirable behavior (Boatright, 2008). Even though many companies have integrated CSR into their business operations, there are still many issues that are difficult to tackle. Especially Multinational Corporations (MNCs) in the global business environment face many challenging situations due to the fact that they often have linkages to countries where the local government is either unwilling or unable to take care of its responsibilities. MNCs often find themselves with increased responsibilities when they start solving some of the issues that earlier have been the sole responsibility of states. A specific case situation discussed in this paper is related to 'conflict minerals'. These minerals refer to ores of tin, tungsten, tantalum and gold that can be found for example from the Democratic Republic of Congo (DRC) in central Africa. What makes these minerals 'conflict minerals' is their linkage to conditions of the mining operations which are associated with armed conflicts, civil war and various human rights abuses. Besides providing little welfare and development for the local people in the DRC, those minerals have helped to fund the continuing civil war and conflict in the area for years. The conflict in the DRC has already led to over five million casualties (BSR, 2010, 1). The minerals discussed in the paper are in extreme demand on the modern global market, because after they are converted into refined metals, they end up for example in electronic consumer products such as computers, cell phones and digital cameras, thus linking the severe human rights atrocities in the DRC with branded electronic companies. The topic has received wide attention and created a public discussion about the MNCs' responsibilities towards human rights abuses that are outside the companies' direct control but that are still connected to their operations through the global supply chains.

The aim of this thesis is to describe the role of the CSR approach in addressing complex supply chain issues. The thesis explores the reasons for engagement in self-regulation with regards to responsible sourcing decisions, from an electronics company perspective. Further, the thesis sheds light upon, through the case of conflict minerals, the motivations of addressing these complex CSR problems through the multi-stakeholder collaboration and dialogue, and the challenges related to such practices.

In the study a qualitative approach with descriptive multiple case study design was used. The selected case companies Intel, Motorola Solutions and Nokia are all well-known brand electronics companies that have been proactive in the conflict minerals issue and are among the forerunners in responsible sourcing activities. Empirical data in the study was acquired through document studies and personal semi-structured interviews with management representatives in the case companies. The Corporate Social Responsibility landscape by McElhaney (2008), systems thinking view on stakeholder network model by Svendsen and Laberge (2005), and the motivations and challenges related to multi-stakeholder collaboration which were identified in the literature review part, were used as theoretical starting points to analyze the empirical results.

The identified motivations for multi-stakeholder collaboration are quite similar among the case companies and they are mostly linked to the complex nature of the problem and the fact that a diverse set of stakeholders is needed to address the problem. The perceived challenges among case companies vary to some extent. The findings demonstrate the importance of collective action when addressing complex CSR issues that reach beyond company boundaries and show how multi-stakeholder collaboration relates to corporate CSR strategy.

# Sammanfattning

Begreppet företagsansvar (CSR, Corporate Social Responsibility) handlar om hur företag tar ansvar för sin verksamhet i bred bemärkelse. Hit räknas företags arbete med etiska standarder och ett allmänt samhällsansvar. Även om många företag har integrerat CSR i sina strategiska beslut och dagliga verksamhet kvarstår många utmaningar. För multinationella företag är dessa utmaningar speciellt uttalade för att de möter marknader där den lokala stadsmakten inte förmår ta sitt ansvar på ett tillfredställande sätt. Problemställningen i detta projekt handlar om ett sådant ansvarsglapp, där det är oklart hur ett ansvarstagande företag kan kompensera för brister i det lokala samhällets lagefterlevnadskontroll. Det empiriska fallet handlar om så kallade "konflikt-mineral" (tenn, volfram, tantal och guld) som bryts i Kongo (DRC, Democratic Republic of Congo) i centrala Afrika. Det som gör att dessa mineral kallas konfliktmineral är att gruvdriften är associerad med väpnade konflikter, övergrepp och otillfredsställande metoder för att försäkra den lokala befolkningen om respekt för mänskliga rättigheter. Mineralen är hett efterfrågade av producenter på globala marknader för elektriska konsumentprodukter, till exempel mobiltelefoner och digitala kameror. Problemen har givits allt mer uppmärksamhet i samhällsdebatten och frågan är vilken roll de stora multinationella företagen som producerar tekniska varumärkesprodukter har. I ett värdekedjeperspektiv ligger problemen i produktionen av råmaterial, men de stora globala företagsaktörerna är beroende och intimt förbundna med råvaruproduktionen. De anses också ha resurser att ställa krav i sina inköp, göra så kallade etiska inköp.

Det övergripande syftet med mastersprojektet är att beskriva företags sociala ansvarstagande i en komplicerad värdekedja. Det innebär att beskriva motiv för självreglering i etisk inköp för en tillverkare av elektriska produkter. I uppsatsen ges även en kontext för att förstå situationen för produktion av så kallade konfliktmineral och hur problemen idag hanteras i en bred intressentdialog (så kallad "multi-stakeholder dialogue").

Tre välkända multinationella aktörer (Intel, Motorola Solutions och Nokia) inom elektronikområdet utgör studieenheter i en komparativ fallstudie. Alla företagen är aktiva i dialogen som handlar om att hitta lösningar på de många problem som brytningen av konfliktmineral innebär. Fallen bygger på dokumentstudier och personintervjuer med väl insatta representanter för företagen. Den komparativa fallstudien är teoretiskt inramad av valda modeller som beskriver företags strategiska val av att arbeta med ansvarsfrågor (The CSR landscape av McElhaney, 2008) i ett systemperspektiv (Stakeholder network model av Svendsen & Laberge, 2005) med speciellt intresse för att identifiera motiv och utmaningar för att skapa en bred intressentdialog (en demokratisk förankring av en förändringsprocess).

Motiven för att skapa en bred intressentdialog var relativt likvärdig i de tre företagen. Det förklaras till del av att alla företagen är medvetna om problemen och att problemen ligger utanför företaget, där de alternativa strategierna för att bedriva en förändringsprocess är begränsade. En bred intressentdialog upplevs som en hållbar metod för att öka förståelsen för problemet och skapa förutsättningar för att kunna ställa krav i inköp som bygger på mänskliga rättigheter. Studien pekar på vikten av att multinationella företag engagerar sig i utveckling av lokala institutionella aspekter för företagande som en del av en CSR-strategi för hållbar utveckling.

# Abbreviations

| | |
|---|---|
| BSR | Business for Social Responsibility |
| CC | Corporate Citizenship |
| CEO | Chief Executive Officer |
| CFS | Conflict-Free Smelter |
| CIA | Central Intelligence Agency |
| CoC | Codes of Conduct |
| CR | Corporate Responsibility |
| CSO | Civil Society Organization |
| CSR | Corporate Social Responsibility |
| CSV | Creating Shared Value |
| CSSP | Cross-sector Social Partnerships |
| DRC | Democratic Republic of the Congo |
| EICC | Electronic Industry Citizenship Coalition |
| EU | European Union |
| FLA | Fair Labor Association |
| GAN | Global Action Network |
| GC | Global Compact |
| GeSI | Global e-Sustainability Initiative |
| GLR | Great Lakes Region |
| GRI | Global Reporting Initiative |
| HP | Hewlett-Packard |
| ICGLR | International Conference on the Great Lakes Region |
| ICT | Information and Communications Technology |
| IT | Information Technology |
| ITRI | International Tin Industry Association |
| iTSCi | International Tin Industry Association Tin Supply Chain Initiative |
| MCR | Multi-stakeholder Collaborative Roundtables |
| MNC | Multinational Corporation |
| MSD | Multi-Stakeholder Dialogue |
| MSI | Multi-Stakeholder Initiative |
| MSLD | Multi-Stakeholder Learning Dialogue |
| MSP | Multi-Stakeholder Process |
| NGO | Non-Governmental Organization |
| OECD | Organisation for Economic Co-operation and Development |
| PC | Personal Computer |
| PPP | Public-Private Partnership |
| PPA | Public-Private Alliance (for Responsible Minerals Trade) |
| SEC | Securities and Exchange Commission |
| SSCM | Sustainable Supply Chain Management |
| TBL | Triple Bottom Line |
| TWB | The World Bank |
| UN | United Nations |
| USAID | U.S. Agency for International Development |
| U.S. | United States |
| WLAN | Wireless Local Area Network |
| 3Ts | Tin, Tungsten and Tantalum |

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# 1 Introduction

A Multinational Corporation (MNC) is a large business organization that has its head office located in its home country, while its production, marketing, investing and/or operating activities are dispersed amongst several host countries, or at least in one additional country (Subba Rao, 2010). MNCs "*draw their genesis and continued existence from the processes of globalization*" (Moore, 2005, 28) while they compete in the global arena. They do this by taking advantage of the opportunities of flexible production methods with countless suppliers that are located around the globe (Levy, 1997), by cutting costs when shifting activities to lower costs countries (Scherer & Palazzo, 2011), and by using globally located resources and servicing the global markets in the best possible way (Subba Rao, 2010).

The global business environment provides many new opportunities for MNCs, but at the same time numerous challenges (Sullivan, 2003). Nowadays, a large part of the global production activities takes place in countries with different institutional (i.e. formal and informal regulations, procedures, customs, and norms, such as political, financial, social and cultural) environments. Therefore, MNC managers must increasingly be aware of the various risks including environmental, labor or human rights issues that arise from the plurality of foreign locations where perhaps no rule of law or democratic control exists or is enforced (Scherer & Palazzo, 2011). Globalization is simultaneously linked to the increasing power of private businesses and to the declining role of the nation-states (Rainey, 2006). This power shift can be problematic for MNCs because the strict lines of responsibilities between private and public actors have become blurred (Scherer & Palazzo, 2011), thus making it unclear as to who should be responsible for which issue. As a result, the purely economic role of the private business is challenged when the companies find themselves assuming larger roles in the society and engaging in political decisions and activities (Scherer *et al.,* 2006).

Participants in the global civil society, for example Non-Governmental Organizations (NGOs), advocating for various issues, such as human rights and environmental protection, have earlier targeted governments in order to get their messages heard. Recently, the civil society has observed the increasing power and new roles of MNCs, leading many NGOs to concentrate their campaigns on private business firms (Doh & Guay, 2004). As a consequence to NGO pressure and the global legal vacuum, many MNCs have begun to solve the 'governance gap', and manage the complex situations by practicing so called soft law and participating in voluntary self-regulation (Scherer & Palazzo, 2011). Self-regulation refers to regulations (i.e. principles) that direct the environmental and social conducts of global companies without state enforcement (Vogel, 2007). These regulations are based neither on binding nor enforceable legal obligations, and therefore corporations are not legally requested to use such tools. In addition, corporations are also not legally responsible for their activities that do not fulfill the requirements of a self-regulatory instrument (Simons, 2004). Social reporting and verification (*Ibid*.), private company Codes of Conduct (CoC), and certification and labeling schemes (Vogel, 2007) are all part of these voluntary actions. These corporate self-regulatory activities that go beyond laws are also a part of Corporate Social Responsibility (CSR) movement (Scherer & Palazzo, 2011). Even though no universally accepted definition of CSR exists (Whitehouse, 2006), the essence of CSR relates to adjusting corporate goals so that they are not only based on maximizing corporate profits, but include ethical standards on socially desirable behavior (Boatright, 2008). A CSR strategy also includes a stakeholder perspective. This means that companies instead of caring solely of their shareholders' interests also pay attention to other groups and individuals who can affect or are themselves affected by the company decisions and activities (Freeman, 1984).

Even though many MNCs have integrated CSR into their business operations there are still many issues in the global business environment that are difficult to tackle. Many problems in the contemporary world are multifaceted and often cannot be solved by a single actor or company. In order to address these complex problems, the importance of collective action, particularly between public and private sectors, has been recognized (Albareda, 2008). Multi-Stakeholder Process (MSP) is an example of this type of voluntary, self-regulatory, collaborative effort. According to Sharma (2007), multi-stakeholder collaboration and dialogue are considered as universal remedies for multifaceted, complex problems that businesses, governments and society face, both locally and globally. The popularity of MSPs is linked to the increasing power of NGOs, the consumer pressure on companies, and to the idea that the company Codes of Conduct have been seen as a public relations tool rather than a solution to internal challenges (Utting, 2002). In addition, partnerships and collaboration are seen as a part of good company governance (*Ibid.*).

## 1.1 Problem background

One global issue where the importance of multi-stakeholder collaboration and dialogue has recently been recognized is the topic of 'conflict minerals'. Minerals or ores of tin, tungsten, tantalum and gold are quite rare natural resources that can be found in areas such as Australia, Brazil, China, Indonesia and central African countries (RESOLVE, 2010). These minerals are in extreme demand on the modern global market, because after they are converted into refined metals, they end up for example in electronic consumer products such as computers, cell phones and digital cameras (Gregow & Hermele, 2011). What makes these minerals 'conflict minerals' is their linkage to the mining operations which have been attributed by armed conflicts, civil war and various human rights abuses (BSR, 2010).

The Democratic Republic of Congo (DRC) in central Africa has rich mineral deposits of tin, tantalum, and tungsten, as well as gold (BSR, 2010). Besides providing little welfare and development for the local people in the DRC, those conflict minerals have helped to fund the continuing civil war and conflict in the area for years. The armed groups have controlled the mineral mining and used the profits from the mineral trade to buy arms (*Ibid.*). The conflict in the DRC is said to be the deadliest war in the world's history since the World War II, and it has already led to over five million casualties (BSR, 2010, 1). The situation in the eastern DRC is connected to noteworthy human rights abuses, and according to Global Witness (2010), the civilians in the country have suffered from "*massacres, rape, extortion, forced labor and forced recruitment of child soldiers*" (*Ibid.,* 2).

The conflict minerals issue has been in the spotlight over the last couple of years, but still remains unresolved. Several campaigners, such as Make IT Fair in Europe and Enough Project in the U.S., have highlighted electronic companies' responsibility to clean up their supply chains from conflict minerals. Supply chain in this paper refers to "*[t]he linkages formed by the relationships among firms that provide a firm with the materials necessary to produce a product*" (Werther & Chandler, 2011, xv). To clean up the supply chains from conflict minerals thus means that the companies should make sure that their products do not contain any minerals coming from the mines that are linked to the conflict. This refers to responsible sourcing practices from the companies' part. The topic has received wide attention and created a public discussion about the MNCs' responsibilities towards human rights abuses that are outside the companies' direct control but that are still connected to their operations through the global supply chains. Despite the wide attention to the problem from

many, the process of finding solutions has been long and challenging. This is partly because the supply chains are extensively complex "*involving a large number of stages from mine to finished product, and billions of final items*" (BSR, 2010, 13). Tracing the minerals back to the DRC is also problematic because when the minerals have been smelted in a smelter, it becomes impossible to find out their origin (BSR, 2010).

There seems to be no easy solution for the challenge. Young *et al*. (2010), for example, have criticized the watchdog campaigns on conflict minerals and argued that the campaigns "*tend to overestimate the influence consumer electronics companies have at the mining level*" (*Ibid.,* 137). In addition, another problem is that the western advocacy groups have targeted the front line electronics companies and the debate has somehow been framed as a battle between MNC greediness and the causes that the NGOs represent. The danger has been that if the companies implement one-sided solutions, such as hands-off approach and a total ban on the minerals from the Central Africa, it would lead to the loss of livelihoods of artisanal miners who are not part of the conflict (Pers.Com., de Failly, 2011). According to World Bank (2008, 7; 8) there are up to ten million people in the DRC that depend directly or indirectly on the small scale mining operations. An embargo would significantly threaten the local stakeholders' livelihoods (BSR, 2010). In addition, in the United States, the Securities and Exchange Commission (SEC) has proposed rules that are mandated by the Dodd-Frank Act Section 1502. These rules will obligate all public companies in the U.S. to disclose information concerning conflict minerals originating from the DRC or a neighboring state if the companies' products include these minerals. At the time of writing this, the final rules have neither been decided nor have any activities been implemented (www, Dodd-Frank Act, 1, 2011). These legal rules might further foster a narrow focus on the problem if they are to be implemented without understandings of the consequences. Therefore, it is evident that new holistic solutions are needed so that solving one problem does not just create new problems.

## 1.2 Problem

As a solution to complex problems, Lehr (2010) writes that the "*[n]ew governance mechanisms such as multi-stakeholder initiatives have proven to be reasonably effective mechanisms to address human rights violations in supply chains*" (*Ibid*., 170). Kobrin (2009) also argues that when addressing human rights challenges that MNCs face, a 'hybrid regime' consisting of both the public and the private actors and that depends on soft law with non-hierarchical instruments, is most likely to succeed in the new globalized world order. A recently established multi-stakeholder collaboration, called 'the Public-Private Alliance (PPA) for Responsible Minerals Trade', has recognized the complex characteristics of the conflict mineral problem and the whole conflict in the Great Lakes region (GLR) of Africa. It is now understood that no entity or organization can alone solve the problem and the PPA has been initiated to provide a platform for multi-stakeholder collaboration among companies, industry, civil society and governmental agencies (www, RESOLVE, 2, 2012). Participants of the PPA include, among others, electronics companies Motorola Solutions, Nokia, and Intel, Enough Project that is the biggest civil society campaigner for conflict-free electronics, the industry representatives Electronic Industry Citizenship Coalition (EICC) and Global e-Sustainability Initiative (GeSI), and also governmental agencies such as the U.S. Department of State and USAID (www, RESOLVE, 1, 2012). (See Appendix 1 for the full list of the participants). The goal of the collaboration is to secure conflict-free mineral trade that still benefits the legitimate miners in the area (www, RESOLVE, 2, 2012). In addition to the PPA,

also other multi-stakeholder efforts have been experimented, such as multi-stakeholder meetings, these often being participated by the same actors as the PPA includes.

While the theoretical ideals for collaboration and dialogue exist, multi-stakeholder dialogue with various different voices and collaboration with different actors with diversity of interests and perceptions can be quite challenging. Therefore, the questions arise; Why do companies participate voluntarily in this type of new governance solution? What are the challenges of collaboration when addressing complex issues? And, why do the companies engage in self-regulation regarding responsible sourcing in the first place?

## 1.3 Aim and research questions

The aim of this thesis is to describe the role of the CSR approach in addressing complex supply chain issues. The aim is achieved by exploring the reasons for engagement in self-regulation in regard to responsible sourcing decisions, from an electronics company's perspective. Moreover, the thesis aims to shed light upon, through the selected case of conflict minerals, the concrete motivations for addressing complex CSR problems through the multi-stakeholder collaboration, and the challenges related to such practices. The specific research questions are:

> *What are the key corporate motivations and perceived challenges for addressing the issue of conflict minerals in a multi-stakeholder collaboration?*

> *How does the multi-stakeholder collaboration relate to corporate CSR strategy?*

## 1.4 Delimitations

This project concentrates on a rather complex issue where many different aspects could be studied. In order to be able to conduct the research within the given time frame, many limitations exist. The topic is limited to be concentrated on the collaborative aspects of the solution finding in the context of conflict minerals issue, this leaving out many of the issues related to the compound challenge, such many technical details related to the minerals and other supply chain aspects. In addition, this study is a snapshot in time although finding solutions for the conflict minerals has been a long process that still continues. Even though the number of case companies is limited given resource constraints, this thesis presents important findings and serves as a starting point for further research. The results of the study cannot be generalized but moreover are providing a deeper understanding of the phenomenon of (industry specific) interest. Because the topic is related to globalization and MNCs, the study could not been limited to geographically near locations. Therefore, the problem is that the interviewees were dispersed around two continents (North America and Europe). This presented methodological limitations that face-to-face interviews could not be conducted with most of the interviewees. The paper is limited to a corporate perspective. It is a limitation too that only one person from each organization could be included in the study, although these persons are experts about the specific topic.

## 1.5 Contributions

Murray *et al.* (2010) remark the existence of a noteworthy academic literature covering inter-organizational collaborating activities. The authors however state that this literature has

concentrated on "*market-oriented relationships such as corporate economics strategy, strategic alliances, or collaborative leadership with little application to corporate social responsibility (CSR), sustainability, or stakeholder engagement beyond their economic implications*" (*Ibid.,* 162). Further, even there are challenges related to these cooperative structures, collaborations are one way forward towards a better world and collaborations can indeed address complex world problems. Therefore, more research is needed on collaboration which *"goes beyond the organization and addresses directly the wider systematic problems facing humankind"* (*Ibid*., 174). This study aims to contribute to this gap.

Scherer and Palazzo (2011) mention the difficultness of the conflict minerals problem from the MNC perspective and highlight that there is a need for "*empirical research concerning the right tools and processes for managing*" (*Ibid*., 920) these issues along companies' supply chains. This thesis aims to describe this type of an instrument and process. In addition, the thesis project also aims to contribute to the practical understandings of the supply chain related challenges companies increasingly face. A master thesis written by Martin (2011) studied the problem of conflict minerals from a different perspective, with the aim of finding out the challenges of incorporating conflict-free minerals into the companies' supply chains. This thesis now offers another way of looking at the solution, i.e. through collaboration. Also Lehr (2010) wrote about the conflict minerals issue but the paper was written from legal perspective and before the PPA was initiated. Thus, this thesis provides timely new insights of the development of finding solutions for the problem.

## 1.6 Outline

Figure 1 presents the outline of the paper and aims to simplify the structure of the thesis paper. Chapter one gives an introduction to the self-regulation and the multi-stakeholder processes, as well as the conflict minerals challenge in the global electronics supply chains. The first chapter also presents the research problem and the aim of the paper. In addition, the delimitations and contributions of the project are also discussed. Chapter two is dedicated for the literature review and theoretical framework. Chapter three explains the method that was used in the study and also discusses the various choices that were made during the process. Chapter four gives a short background presentation to the empirical study. The chapter then presents the results from the empirical case studies.
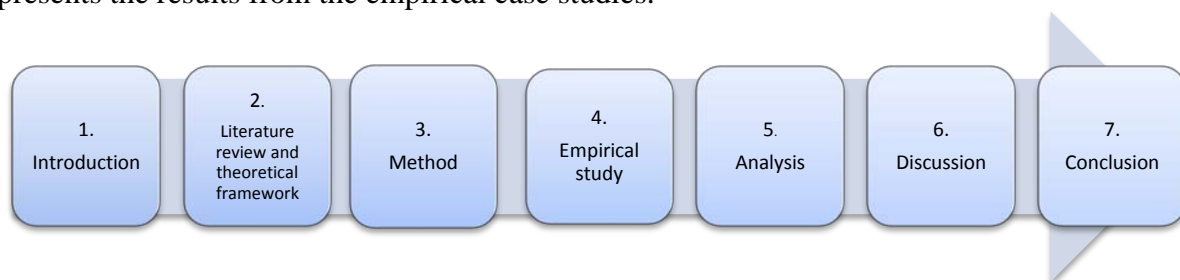


*Figure 1. Illustration of the outline of the study.*

The empirical findings are then analyzed in the fifth chapter with the help of the conceptual framework that was developed earlier the second chapter. Chapter six discusses the findings and relates the results of the research to the earlier studies. Finally, chapter seven presents the conclusion and gives some suggestions for future research.

After this introductory chapter to the topic, the next chapter explores the literature and presents the theoretical framework used for this thesis project.

# 2 Literature review and theoretical framework

This chapter explores relevant theories, concepts and models related to the research topic and also goes through the current literature on the multi-stakeholder phenomenon. The chapter starts by looking at the business-society relations first presenting the notions of Corporate Social Responsibility (CSR), followed by different aspects of stakeholder thinking. This chapter also summarizes existing knowledge about the multi-stakeholder topic in a review on literature which aims *"to locate the research project, to form its context or background, and to provide insights into previous work"* (Blaxter *et al.*, 2006, 122). The chapter is concluded in conceptual framework that brings together those concepts and models that will be used later in the paper to analyze the empirical findings.

## 2.1 Corporate Social Responsibility

Corporate Social Responsibility (CSR) has no universally accepted single definition (Whitehouse, 2006), and the criticism towards the concept has concentrated on this ambiguity (Andriof & Waddock, 2002). In order to understand the essence of CSR, Dahlsrud (2008) analyzed thirty seven different definitions of the concept. From those definitions the author found five common schemes that are regularly included in different CSR characterizations. First of all, organizations' economic, social and environmental responsibilities (the so-called 'Triple Bottom Line' (TBL) thinking coined by Elkington in 1998) are ideas that are frequently included in CSR thinking. This means that in addition to a profit making responsibility, companies are also seen as having responsibilities towards society and the biophysical environment. In addition, the importance of stakeholder relations (see section 2.2) and the voluntary nature of the CSR activities, in other words in most cases going beyond law, are also commonly present ideas in different CSR definitions (Dahlsrud, 2008).

In addition to different understandings of CSR, what another organization calls CSR, another organization might call, *inter alia*, sustainability, Corporate Responsibility (CR), or Corporate Citizenship (CC) (McElhaney, 2008). Yet, all these concepts basically refer to the same idea of voluntary activities that aim to include environmental and social concerns in company operations. This paper recognizes that the ideas behind different terms might slightly differ, but, the concept of CSR is used consistently throughout the paper. CSR in the context of this paper refers to the broad and common idea that, instead of mere profit making, corporations also play an important role in resolving various problems in the society (Masaka, 2008).

What makes CSR tempting for private companies is its argued connection to good business, enhanced brand value, better reputation and even increased financial bottom line. One of the (related) ideas of CSR is that by being a responsible company, the business can 'Create Shared Value' (CSV) (Porter & Kramer, 2011). The shared value concept refers to *"policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates"* (*Ibid.*, 66). McElhaney (2008) writes about CSR and its role in creating value, both for the company and the society at large. McElhaney (*Ibid.*) also explains how CSR can be thought of as a maturation process within an organization. An organization usually starts working with CSR by philanthropic efforts such as donating money and this, according to McElhaney, is actually where organizations have largely concentrated their CSR efforts on. The next step in the CSR evolutional process is that CSR becomes transactional. This means that a company starts sponsoring events and promoting employee voluntarism etc. The final state, according to McElhaney, is the integrative phase where company actions are about changing the rules of

the industry. Figure 2 illustrates different stages in company's CSR efforts and aims to show how an organization can work in many different ways in the CSR field.



| World | Transform multiple industries. | | | | |
|---|---|---|---|---|---|
| Industry | Transform industry. | | | Develop Codes of Conduct for the industry. | Take responsibility for our full impact (social, environmental, economic). |
| | Be a beacon to others. | | | | |
| Community | Be a good neighbour. | Support local communities (philanthropy, direct programs, employee matching and volunteering). Reduce waste, consumption and emissions. | Innovate and demonstrate restorative business practices. Influence the industry indirectly by example. | | Take responsibility for adjacent industries. |
| | Give something back. | | | Build strong coalitions to effect and enforce them. | Take responsibility for global conditions (climate change, global interdependence, etc.) |
| Company | Run a good business. | Provide access to tools/products. Disaster relief. | | | |
| | Company | Community | Industry | | World |

*Figure 2. The Corporate Social Responsibility landscape (reproduced McElhaney, 2008, 22).*

As it is seen in this *Corporate Social Responsibility landscape* (figure 2), the scale and scope of company CSR actions can range from local to global and from a company level to world wide activities. At the *company level* CSR is simply about running a good business. *Community level* refers to giving something back to community and being a responsible neighbor while paying attention to own activities by decreasing waste creation and emissions among other activities. At the *industry level* the company can act as a beacon to others by being a good example, and also transform the industry by building strong coalitions. The last category, the *world level,* refers to the stage where a company is transforming multiple industries by taking wider responsibility of global interdependencies (McElhaney, 2008).

While this paper is mostly concerned about the social responsibility dimension of CSR, it should be noted that problems that are social in nature are usually not seen as same in different societies (Masaka, 2008). When companies approach the last level in the *Corporate Social Responsibility landscape,* it can be a challenging task. Running a profitable company is still in the hands of the company CEO, but when the aim is to take full responsibility of global interdependencies etc. (especially if they are social issues), it includes entering into a value plurality, i.e. heterogeneous cultural values and traditions. This can be quite challenging.

Figure 2 showed how companies' CSR actions can range from own company activities all the way to worldwide activities. Companies can voluntarily start taking part in wider responsibility issues in the *world level* e.g. by signing to the United Nations (UN) Global Compact (GC) principles that are voluntarily codes of responsible business conduct (Kell, 2003). However, in contrast to companies voluntary starting to change the rules of the game, more and more companies find themselves in situations where they are expected to start carrying responsibility of challenging global problems.

In most countries governments are usually able to fulfill their roles and provide legal frameworks under which business can operate in its pure economic role. However, today many companies have operations in countries where the local governments are either unable or unwilling to take this responsibility and where corruption, human rights abuses and injustice are common (Sullivan, 2003). Scherer and Palazzo (2011) write about the political CSR perspective and argue that (in the globalized world) there is a shift toward a new and politically enlarged concept of CSR. Politics here refers to the public engagement that is

communicative in nature and that takes place in order to organize the actions most righteously (Young, 2006). Scherer and Palazzo (2011) state that in the globalized world private business actors have become 'politicized' because of two reasons. First, because of private business actors' (especially MNCs') extended roles and increasing power in the society, they themselves have become "*subjects of new forms of democratic processes of control and legitimacy*" (*Ibid.,* 918). Secondly, they now increasingly function with extended duties and take part in solving many problems that earlier have been the responsibilities of states alone. They now often do this in collaboration with public governmental and civil society actors, in other words they engage in dialogue and collaborations with diverse set of stakeholders.

Now after understanding different aspects of CSR, the next section introduces the role of stakeholder thinking, which is a vital part of CSR discourse, as it was mentioned before.

## 2.2 Stakeholder thinking

Although the idea of stakeholders was discussed already in 1960's (by then known as a 'stakeholder perspective') the concept of stakeholder was made popular by Edward Freeman in 1984 (Andriof *et al*., 2002, 12). Freeman's (1984) famous definition, that is still widely used, defines stakeholders as "*any group or individual who can affect or is affected by the achievement of the organization's objective*" (*Ibid*., 46). Many variations of the concept have later been developed, such as Rainey's (2006) definition of stakeholders as "*any individual or group that is directly or indirectly affected by the products, programs, processes, and/or systems, but does not directly benefit as an economic participant such as a customer or supplier*" (*Ibid*., 711). Whatever the precise definition of a stakeholder is, an organization, or a firm, is seen in the center of the stakeholder thinking (Mitchell *et al*., 1997). The concept itself highlights the fact that companies have constant interactions with different stakeholders (Boatright, 2008). Stakeholders as such is a wide group of different actors and they can be for example persons, groups, organizations or institutions, or even the natural environment or a specific neighborhood can be seen as a stakeholder (Mitchell *et al*., 1997).

Stakeholder theory with wide literature covering the topic has been born around the concept. The stakeholder concept and *approach* have intended to enlarge managerial visions of the importance of stakeholders in a company environment so that instead of mere shareholder profit maximization also the interests of stakeholders are to be taken into account. The stakeholder *theory*, in contrast and more precisely, has intended to identify which stakeholder groups require or deserve attention from the company management (Mitchell *et al*., 1997). Stakeholder theory's principal idea is that the success of an organization is linked to the degree of how well the organization succeeds to manage its relationships with various stakeholders (Freeman, 1984). The theory can be used in three ways; namely normative, descriptive and instrumental (Donaldson & Preston, 1995). When the theory is used in normative way it tries to identify stakeholders according to their interest on the company, whether or not the company has any interests towards them. When the theory is used in descriptive way, it offers concepts and language to describe and understand the organization. The instrumental way of using the theory links the corporate performance as a result of stakeholder management and the stakeholder management process itself (*Ibid*.).

The original design of the stakeholder thinking consisted of a spoke-and-wheel model where the company was seen in the middle of the representation surrounded by different stakeholders (see figure 4, page 14, the model on the left). Stakeholder thinking has evolved during the years from the recognition of stakeholders' existence, to managing them, and

finally managing not the stakeholders as such, but the relationships with them. Some stakeholder theorists argue that the time of stakeholder management is over and instead of it talk about the stakeholder engagement (Andriof *et al*., 2002). This evolved stakeholder thinking concentrates on the interactive aspects of stakeholder relations and is about mutuality, engagement and responsive relationships (*Ibid*.).

Dialogue is an important feature of stakeholder engagement. Dialogue is about playing the game *with* the other players instead of *against* the other players (Bohm, 1998), and it entirely differs from debate, fighting, and even discussion (Hemmati, 2002). The goal of the dialogue is to establish a common ground and to build bridges rather than walls between different actors, so that a step further could be taken. Doh and Stumpf (2005) argue, that by having dialogue with stakeholders, this engagement method permits stakeholders participate in company decisions while also letting greater transparency about company practices. In theory, stakeholder dialogue has an advantage to provide valuable information for companies while helping them to stay safe from possible criticism received from outside stakeholders (*Ibid*.).

In general, stakeholder thinking has transformed from management of stakeholders to networks and relationships with them (Andriof *& Waddock, 2002*). In modern uncertain environments interdependent webs are connecting companies with their stakeholders (Andriof *et al*., 2002). Many challenges that companies face actually need stakeholder input in order to be solved. The following sections take an extensive view on the literature on this issue.

## 2.3 Multi-stakeholder collaboration

Corporations' collaboration with different stakeholders is an extensive area of study and includes a wide spectrum of different partnering and collaborating activities. In the context of this thesis paper, collaborations including multiple (i.e. more than two) stakeholder groups for solving a common complex problem, is the area of interest. More specifically, the focus is on multi-stakeholder collaboration related to profound supply chain, CSR and company sustainability problems that MNCs face due to the complex global business environment. Next paragraphs present the literature review findings.

### 2.3.1 Terminology and definitions related to multi-stakeholder processes
When looking at existing literature on the multi-stakeholder collaboration topic, the first thing that can be observed is that different authors have used diverse terminology, which according to Selsky and Parker (2005) is usual for a "*new and evolving field*" (*Ibid*., 850). The terms that have been used quite freely and even interchangeably are, *inter alia*, those listed in table 1.

*Table 1. Terminology related to the research topic of multi-stakeholder collaboration*

| Term | Author examples |
|---|---|
| Multi-stakeholder Governance | Fransen, 2012 |
| Multi-Stakeholder (Learning) Dialogue (MSLD) | Payne & Calton, 2002; 2004 |
| Stakeholder Learning Networks | Calton & Payne, 2003 |
| Multi-stakeholder Standards | Fransen & Kolk, 2007 |
| Multi-Stakeholder Processes (MSPs) | Hemmati, 2002 |
| Co-regulation | Albareda, 2008 |
| Multi-Stakeholder Initiatives (MSIs) | Lehr, 2010 |
| New Governance | Lehr, 2010 |
| Multi-stakeholder Collaborative Roundtables (MCRs) | Turcotte & Pasquero, 2001 |
| Multi-stakeholder Networks | Roloff, 2008b; Svendsen & Laberge, 2005 |
| Cross-Sector Social Partnerships (CSSPs) | Selsky & Parker, 2005 |
| Global Multi-stakeholder Networks, more specifically Global Action Networks (GANs) | Waddell & Khagram, 2007 |

In the literature, scholars have often used different terms than their colleagues, although they have referred to a same phenomenon. In addition, some scholars have also sometimes used the same terminology as their colleagues when referring to a slightly different phenomenon.

It is evident that this diverse terminology complicates comparisons of different authors' ideas and findings. For example, when writing about partnerships and collaborations "*some authors do not distinguish between bisector and trisector partnerships, so it is sometimes difficult to separate studies into the appropriate categories*" (Selsky & Parker, 2005, 863). In addition, the idea of 'multi-stakeholder' is also a quite vague idea and the concept itself has room for different understandings (Fransen & Kolk, 2007). This refers to the issue of representation and who are actually included as stakeholders. In spite of the diverse expressions, many common characteristics can be found from these collaborations even if the usages of words sometimes differ depending on the author.

Because of the before mentioned difficulties, it is important to make some clarifications about the topic of multi-stakeholder collaboration. According to Googins and Rochlin (2000), even the simple concept of partnership has often been misused. In many cases in reality the stated partnership has proved to be just a mere one-way transfer of resources where a corporation has provided financial aid and suppliers to a needy organization. This kind of partnering does not fulfill the definition and conditions of partnership of this particular thesis paper, where partnership refers to an interactive relationship between different parties. This interactive partnership is also the distinctive feature of multi-stakeholder collaboration (Roloff, 2008b).

Partnership is almost synonymous to collaboration word but the latter one further emphasizes the idea of working collectively and combining the strengths of different partners while pursuing an aim (Zadek & Radovich, 2006). Huxman and Vangen (2005) add inter-organizational relationships to the context of collaboration and tell that collaboration is about a situation "*in which people are working across organizational boundaries towards some positive end*" (*Ibid.*, 4). In addition to partnerships and collaboration, also coalition and alliance describe quite similar arrangements (Murray *et al.*, 2010). A specific concept of 'Public-Private Partnership' (PPP) indicates a more official 'quasi-legal' agreement or a partnership between public and private (i.e. business) members. This kind of partnership is more concrete than so-called ordinary partnership and can be even legally formed. PPPs are often established as reactions to institutional failures in circumstances where governments have been either unable or unwilling to provide funding to public investments and therefore the public sector has needed assistance from the private sector (Zadek & Radovich, 2006).

While so-called ordinary partnerships can often be associated with just two partnering members working together and concentrating on single issue, multi-stakeholder collaboration, on the other hand, is often linked to larger-scale projects, always including multiple partners and sometimes even handling multiple issues (Murray *et al.*, 2010). Multi-stakeholder collaboration can be seen as belonging to the wide PPP spectrum, but multi-stakeholder collaboration has certain additional characteristics that distinguish it from traditional PPPs. These characteristics will be discussed next to clarify the issue of how the focus of this thesis is narrower than a more traditional partnership, or collaboration, such as many PPPs are.

What distinguishes multi-stakeholder collaborations from PPPs and other more traditional partnerships are first of all their additional members or member groups. When breaking up the concept of 'multi-stakeholder', 'multi' refers to three or more stakeholder groups (Hemmati, 2002). While 'stakeholders' in the context of corporate management refer to "*any group or*

*individual who can affect or is affected by the achievement of the organization's objective*"
(Freeman, 1984, 46), they in the context of these collaborations are more generally defined,
such as by saying that they are "*any group or individual who can affect or is affected by the
approach to the issue addressed*" (Roloff, 2008b, 238), or those individuals or groups who
have a concern to a specific decision (Hemmati, 2002).  Roloff (2008b) states that "*[m]ulti-
stakeholder networks cannot be solely defined through their business participants. A more
neutral definition is needed*" (*Ibid.*, 238). She suggests that multi-stakeholder collaborations
are "*networks in which actors from civil society, business and governmental institutions come
together in order to find a common approach to an issue that affects them all*" (*Ibid.*). This
definition captures the three parties commonly being identified in the context of multi-
stakeholder collaboration. Indeed, most of the multi-stakeholder collaborations are tripartite,
this meaning that members from civil society, governmental institutions and private
businesses take part in the process (Roloff, 2008b). In figure 3 one can see the three main
institutional sectors (Googins & Rochlin, 2000) that are usually seen collaborating in multi-
stakeholder collaborations.
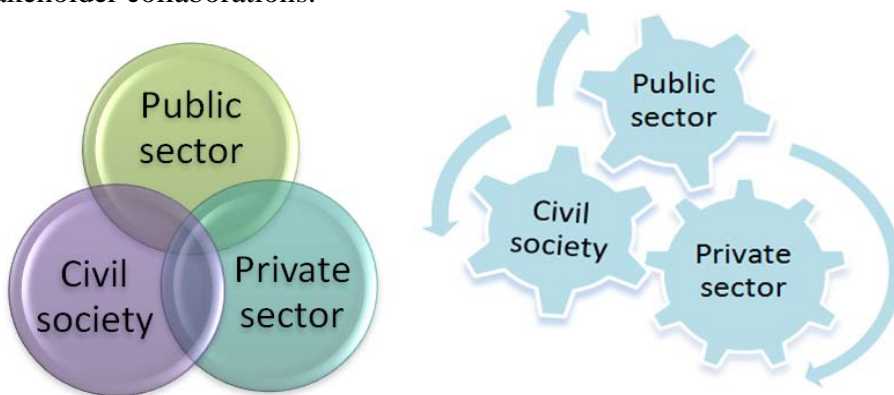


*Figure 3. Multi-stakeholder collaboration is often seen as tripartite.*

Even though there are only three stakeholder groups in the illustration (figure 3) participants
can also include members from supranational institutions (Roloff, 2008b). Civil society sector
here includes e.g. NGOs and religious, community, advocacy and labor organizations
(Waddell, 2000). Selsky and Parker (2005) categorize different partnerships into four groups:
business-government, business-NGO, government-NGO and trisectoral (i.e. the cooperation
of civil society, public sector and private sector). In this thesis paper, the trisectoral
partnerships are treated as multi-stakeholder collaborations and this separates them from
many other collaborations (such as numerous PPPs that often have only two stakeholder
groups, e.g. business and government). An important issue to be noted is also that sectors here
do not mean different industrial sectors but instead organizational sectors (Waddell, 2000).

The essence of multi-stakeholder collaborations is the membership of multiple different
member groups, called stakeholder groups, which all have their 'stake', i.e. concern, on a
specific issue. Definitions of multi-stakeholder collaborations vary but the common thing is
that they are often seen as a network. According to Roloff (2008b), these networks can be
seen as an organizational structure that permits collective achievements that can reach beyond
single national frontiers. Svendsen and Laberge's (2005) definition of this network refers to
"*a web of groups, organizations and/or individuals who come together to address a complex
and shared cross boundary problem, issue or opportunity*" (*Ibid.*, 92). Quite similarly, Payne
and Calton (2002) define stakeholder learning network as "*an interactive field of
organizational discourse occupied by all stakeholders who share a complex, interdependent,
ongoing problem domain and who want/need to talk about it*" (*Ibid.*, 122).

## 2.3.2 Corporate motivations for multi-stakeholder collaboration

Multi-stakeholder collaborations can be found from many different practical areas with different purposes, and varying scales, scopes and time frames (Roloff, 2008b; Selsky & Parker, 2005). Therefore one could perhaps think that the motivations for engaging in them could not easily be generalized. Yet, some of the papers writing about these co-operative structures mention corporate motivational factors and they are often a cocktail of company self-interest including e.g. expected future business benefits with altruism, i.e. companies wanting to do the right thing (Svendsen & Laberge, 2005; Waddell & Khagram, 2007). In addition, some companies "*believe that it is in their enlightened self-interest to work towards alleviation of many of the world's most pressing dilemmas*" (Kell, 2003, 37) and therefore join these networks. Yet, these are not the main motivational factors and the most commonly stated reason for joining these collaborations is something more unique. Many contemporary social issues require partnerships across sectors and necessitate public and private actors working together (Googins & Rochlin, 2000). These partnerships or collaborations typically aim for achieving something that a single partner could not accomplish alone. This goal refers to a notion of 'collaborative advantage' this meaning that partners can together accomplish something they could not attain by acting alone (Huxman & Vangen, 2005).

The collaborative advantage can be seen as the base for multi-stakeholder collaborations too, although multi-stakeholder collaboration furthermore and more specifically relates to *complex challenges*, and an urgency and need of solving those multifaceted problems that one actor cannot solve alone (Lehr, 2010; Turcotte & Pasquero, 2001; Roloff, 2008b; Svendsen & Laberge, 2005; Kell, 2003). This central motivational factor, a complex challenge, is indeed, the *raison d'être* of multi-stakeholder collaboration. According to Svendsen and Laberge (2005), many 21st century problems are characterized by codependences among stakeholders and therefore also different stakeholders are needed to address problems collectively. Turcotte and Pasquero (2001) write that simple challenges that are easy to be solved by one organization do not require multi-stakeholder collaboration. It is evident in the multi-stakeholder literature that these collaborations appear in response to difficult and multifaceted common challenges and they are initiated so that these problems could be resolved collectively by the stakeholders affected by the issue. According to Googins & Rochlin (2000) a single sector does not have sufficient resources and capability to address or resolve common social issues. This is also related to the fact that "*the fortune of each sector is inextricably linked to the other*" (Ibid., 128).

Multi-stakeholder collaborations are often linked to situations where partners try to deal with so-called 'governance gaps'. The UN Global Compact for example brings together companies and other stakeholders in an attempt to close some of the global governance gaps (Ruggie, 2002). Also Lehr (2010) writes about these governance gaps. Her article is related to the topic of this particular thesis paper (conflict minerals) and even though it is from a law journal and written from the legal perspective, it recognizes inter-disciplines and blurred lines between law and corporate responsibilities. Lehr writes about the role of 'new governance' systems, more specifically Multi-stakeholder Initiatives (MSIs), in situations where multi-stakeholder collaboration has been formed to address difficult supply chain-related human rights and labor issues. According to Lehr (*Ibid.*), multi-stakeholder collaborations are often utilized in situations where governments cannot adequately engage in regulation activities and when legal policies are unable to address these problems. Therefore, the general corporate motivation for engagement in multi-stakeholder collaboration can be seen not to be related to its so-called benefits, but instead of that, to the shortages of traditional command-and-control regulation as well as the absence of governments' political willingness to solve problems.

Lehr (2010) discusses the corporate motivations for multi-stakeholder collaboration and uses the case of Fair Labor Organization (FLA) as an example. Lehr explains how companies in the 1990s, during the time of fast globalization, faced profound challenges because of the changing business environment. More complicated supply chains begun to reach into countries with weak standards on issues such as labor and environmental practice. NGO pressure impacted branded companies and the companies needed to do something to improve the situations in their supply chains. However, the companies were ill-equipped to address for example human right challenges on their own. The reason why the companies joined the FLA multi-stakeholder collaboration was because it provided an answer for the problem that companies could not have been able to solve alone.

Lehr's (2010) thoughts are quite similar to Roloff's (2008b) views, while Roloff suggests that companies' *"participation in multi-stakeholder networks can be interpreted as a permissible and laudable corporate response to the complexities and uncertainties caused by globalization"* (*Ibid.*, 245). Roloff (2008a) also writes that corporations face challenges in the global business environment and because MNCs are seen as influential actors in the society they are also expected to solve some of the challenges of globalization. *"Being confronted with these expectations and with difficulties due to the lack of reliable structures"* (*Ibid*, 322) some companies join these networks where societal problems are addressed in a non-bureaucratic way (*Ibid.*). Roloff (2008b) also states that a serious and multifaceted topic might even force different stakeholders of the problem to start cooperating with each other, even they perhaps first are doubtful or even hostile to the idea of cooperation.

To conclude, where many traditional, such as business-NGO, partnerships can often be seen looking for a win-win outcome (e.g. Argenti, 2004), multi-stakeholder collaborations seem to be born *around* challenges that each stakeholder is connected to and motivated to resolve.

### 2.3.3 Collaboration and dialogue in a multi-stakeholder setting

A Multi-stakeholder Process (MSP) is one kind of decision-finding and/or decision-making arrangement that concentrates on a specific question (Hemmati, 2002). The aim is to find a common ground and approach for a common challenge (Roloff, 2008b). Several different structures and varying levels of engagement related to MSPs exist. Hemmati (2002) addresses some of the common characteristics of these processes. The author highlights the involvement of all major stakeholder groups, the aim of bringing them together in order to communicate and to develop partnerships and networks among them, and finally, the importance of participation and democracy in the overall process (*Ibid.*). Scherer and Palazzo (2011) recognize the different goals of the MSPs, and write that they range from dialogue to designing and monitoring of standards. In spite of the different final goals of these processes, the overall aim, however, is to bring several voices into decision-making (Utting, 2002) and balance the power between different interests groups (Scherer & Palazzo, 2011).

When stakeholders from different sectors focus separately on the same issue, they might think about it in a different way, and be motivated by different goals, and moreover have different methods to address the topic. However, when all stakeholders gather in order to collectively focus on the same issue, a partnership project is created (Selsky & Parker, 2010). These partnership projects, i.e. multi-stakeholder collaborations, are usually seen as a web or network that is established around a difficult problem (Roloff, 2008b). The literature writing about these networks commonly shows that a difficult social issue or challenge has stakeholders, and not any organization as such (Selsky & Parker, 2005). Therefore, even companies are important or even the key actors in these networks (Roloff, 2008a), they are

only partakers among other members, and in addition, only partially in control of the process. Other members of the network might even have more influence in the accomplishments, it all depending on the specific issue discussed and the expertise of the members (Roloff, 2008b).

Svendsen and Laberge (2005) write about these stakeholder networks and explain how three companies managed to establish prosperous networks. They explain how GlaxoSmithKline worked in collaboration related to many issues that could not be solved by one organization alone, MacMillan Bloedel had its Joint Solutions Project with numerous stakeholders for better logging methods, and Nike established a multi-stakeholder network in order to find a solution to its organic cotton approach. Svendsen and Laberge's (*Ibid.*) aim was not to explore the cases thoroughly but moreover to describe how stakeholder networking in general occurs. The authors state that a company is not seen as a system within itself but moreover a member in a bigger system that also contains various other stakeholders. In general, this networking includes new ways of thinking, being and engagement when comparing it to conventional ways of managing bilateral relationships with company stakeholders (*Ibid.*).

Also Roloff (2008b) writes about companies' role in these collaborations and explains the process that takes place in these networks. She argues that corporations use two different kinds of stakeholder management approaches: one that is organization-focused and concentrates on the welfare of the company, and one that is about an issue that affects companies' relationships with other organizations and groups. The latter approach she calls issue-focused stakeholder management, and that is what is being practiced in multi-stakeholder collaborative networks. She critiques the traditional stakeholder theory by saying that the theory does not reflect the things that happen in reality in multi-stakeholder networks.

Svendsen and Laberge (2005) also argue that traditional corporate stakeholder engagement methods cannot solve cross-boundary, interdependent and compound situations. Instead, these high-stake situations need a systems approach for problem solving. 'Systems thinking' is a way of understanding how things relate and influence each other, and it is all about interdependence, and seeing the whole picture rather than concentrating on the separate parts (Jackson, 2003). Systems thinking view of stakeholder the network sees the network as an interactive space with diverse set of stakeholders. The stakeholders in these networks share a complex and co-dependent problem and have a need to talk about it (Payne & Calton, 2002). "*Within this domain, the corporation is not so much a system within itself as a participant in a larger system that includes other stakeholder citizens*" (*Ibid.*, 122). Figure 4 shows the difference between the traditional organization-centric stakeholder model (on the left) and the systems thinking view of the stakeholder network (on the right).
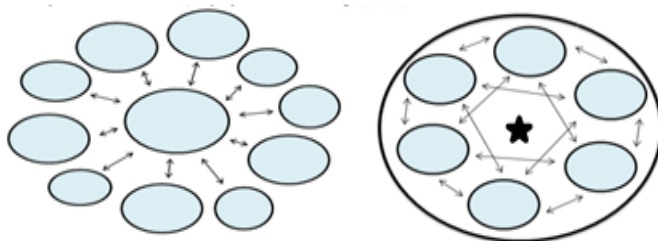


*Figure 4. Comparison of an organization-centric stakeholder model and a systems thinking view of the stakeholder network model (modified from Svendsen & Laberge, 2005, 97).*

As illustrated in figure 4, the systems thinking view of the stakeholder network (on the right) focuses on network of relationships that have been born around a specific issue (the star in the middle) (Svendsen & Laberge, 2005). Engaging in the network is not organization centric but

instead the focus is on problems or opportunities that reach beyond a single organization. The engagement in the network involves the whole 'system' (*Ibid*.). Diversity from the systems thinking perspective is seen as a resource and not (only) as a challenge. Different perspectives and backgrounds of the participants mean that network members can be more creative and innovative, and therefore also provide better solutions to those challenges that they tackle together (Senge & Carstedt, 2001). Total agreement is not the final goal, instead, pluralistic approaches can lead to success (Waddell, 2003). In the network collective learning takes place and trust is important (Svendsen & Laberge, 2005). The stakeholder network is like a 'living system' and its strength is that the 'whole' is greater than the sum of its parts (*Ibid*.).

The model in figure 4 (page 14, on the right) matches with Roloff's (2008b) thoughts about issue-focused stakeholder management approach. Roloff (*Ibid*.) states that when the issue-focused stakeholder management approach is practiced, the organization is not the point of reference, but instead of that, the mutual problem, conflict or challenge that all the parties try to overcome, is in the center of the attention. All stakeholders in the network are working together in a non-hierarchical way. Communication in the network is deliberative in nature, this meaning that different and sometimes contradictory perspectives are to be balanced. The mode of action in the issue-focused stakeholder management is the 'communicative action'. The communicative action is an idea by Habermas (1984) and according to it, "*actors in society seek to reach common understanding and to coordinate actions by reasoned argument, consensus, and cooperation rather than strategic action strictly in pursuit of their own goals*" (*Ibid*., 86). This means that multiple perspectives are listened and not just views of a particular stakeholder (Roloff, 2008b). In the network, information and knowledge about a common challenge is collected from different stakeholders and collective cooperation is the aim (Roloff, 2008a).

Scherer and Palazzo (2011) have written about the phenomenon of 'politicization of corporation', this meaning that many private companies have started to take part in decisions that have earlier been the responsibilities of the public sector alone. Roloff (2008b) suggest that the issue-focused stakeholder management is a valuable management approach in the context of the new role of the private sector (political CSR) because it helps companies establish legitimate policies related to business and society interactions. Multi-stakeholder networks can thus serve as platforms for deliberation and legitimate action (Roloff, 2008a).

### 2.3.4 Multi-stakeholder collaboration and CSR

When looking at the connection between multi-stakeholder collaboration and CSR, some links can be seen. In general, CSR creates a demand for business to partner with different actors (Selsky & Parker, 2005). Murray *et al.,* (2010) state that sustainable development has generated many challenges for the business sector, the civil society and governments. However, it is questionable that the solutions could be found from one specific sector. The authors furthermore write that cross-sectorial collaborations seem to be a rational step towards a more sustainable and responsible global economy. "*Collaboration is identified as a potential approach when addressing the complex challenges facing the world today*" (*Ibid*., 2010, 174). Many responsibility and sustainability challenges seem to be areas where multi-stakeholder collaboration is seen as a possible way forward (Svendsen & Laberge, 2005).

Murray *et al*. (2010) write about collaboration in its many diverse forms and recognize the potentials of collaboration for the advancement of both sustainability and CSR. Waddell (2003) argues that the traditional approach to CSR is sometimes difficult when it advocates that the solutions to *massive* problems can be achieved by an individual company. Waddell

thinks that this does not work since *"firms that respond individually often find themselves at a disadvantage to their competitors, which have lower standards" (Ibid*., 39*).* Thus, multi-stakeholder networking offers a change strategy to proceed at a similar pace (Waddell, 2003).

Albareda (2008) writes about multi-stakeholder initiatives and explains that they are quite similar CSR mechanisms as self-regulation activities (such as certifications), but Albareda calls multi-stakeholder initiatives as 'co-regulation' instead of self-regulation this emphasizing their collaborative structures. For example, Global Reporting Initiative (GRI) and UN Global Compact both are multi-stakeholder initiatives and examples of innovative CSR collaborations both linked to responsible business conduct (*Ibid.*). Lehr (2010) writes about the same issue as Albareda but uses a concept of 'new governance'. She states that "*the field of corporate social responsibility is replete with examples of 'new governance'*" (*Ibid.,* 150). Lehr (*Ibid*.) explores these new governance structures involving multi-stakeholder dialogue and rule making while arguing that in some instances multi-stakeholder initiatives can be valuable ways of addressing global supply chain-related human rights and labor rights issues. According to Lehr (*Ibid*.), new governance can be useful in situations in which new rules and ways of behaving are needed to solve unique or quickly developing situations, especially if the problem area is new and novel, and if it is not known what the best solution could be. Lehr specifically points out situations where problems are so difficult that command-and-control regulations cannot provide solutions and where rules should be more flexible so that they could be altered and modified if necessary.

In addition, Lehr (2010) writes that new governance is also related to other advantages such as enhancement of new insights and shared learning among stakeholders, because new governance mechanisms usually advocate good dialogue. New governance can also have better participation because different actors give their input and are brought together for problem solving. Lehr also states that actors that participate in these collaborations are often "*far ahead of their peers*" (*Ibid*., 155), and that different perspectives can enhance the problem solving when new information sharing permits faster solution creation. Also, by bringing stakeholders together, e.g. business and NGO representatives who have perhaps earlier been on opposing sides, can enhance trust among them. The traditional command-and-control mechanisms are sometimes restricted because regulators often do not have required expertise to develop and design perfect legal rules for diverse difficult cross-boundary situations (Lehr, 2010). Moreover, legal rules always need resources enforcing the rules in diverse different jurisdictions in different countries around the globe. Multi-stakeholder initiatives while fueled by corporate voluntarism can overcome at least some of these shortcomings of command-and-control rules in some specific situations (*Ibid*.).

Multi-Stakeholder Dialogue (MSD) also has its connection to CSR. Often various different stakeholder demands affect companies' decisions and sometimes this can lead to unintended consequences. An example is the case of child labor that has been in the public sphere in western countries for a long time. A specific case is when NGO and activist pressure on companies finally led to the Bangladesh government passing a law that totally banned child labor. This situation led children to be fired. In less developed countries poverty often compels children to work. While there were only a small number of schools to go to and while poor families were dependent on the children's income, the unintended outcome was that many children were forced to find another way of earning an income and even forced to sex trade work (Rahman *et al*., 1999). MNCs often find themselves in a situation of contrasting stakeholder demands, e.g. between western ethical consumers and activists and the civil society groups and local people in the production countries. In order to understand

these complex CSR challenges, different perspectives, local realities, and unintended consequences, can a MSD be a helpful tool (Andriof *et al*., 2002).

### 2.3.5 Challenges and critique of multi-stakeholder processes

Despite the extensive usage of MSPs there are challenges that the participants can face. According to Roloff (2008b), multi-stakeholder collaborations require time and are often unstable. Waddell (2000) recognizes the tensions and contradictions in stakeholders' opinions and stances. In addition, for the business participants it can be challenging to adapt to the multi-stakeholder world since it differs greatly from the 'for-profit world'. Dialogue is different than traditional business negotiations. Also the issues addressed are more complex and often objectives, roles of the participants and tasks are not well-defined (Waddell, 2003).

In addition to the challenges, multi-stakeholder processes are also seen having many shortcomings. According to Roloff (2008b), multi-stakeholder collaborations are often "*not able to construct a lasting and comprehensive solution. Their strength is to be more than a quick fix one actor could provide, but their sphere of influence will always be confined to the participants*" (*Ibid*., 243). Lehr (2010) writes that even though multi-stakeholder initiatives have many benefits, traditional government roles are still needed to fulfill their responsibilities. For example, the problem of "*conflict minerals is a subset of a wider political and economic breakdown, and demands that a complementary and interlocked web of new and old governance approaches be utilized*" (*Ibid*., 149). Without strong public sector influence on the political situation in the area and capacity building, multi-stakeholder initiatives are unlikely to end neither the sale of conflict minerals nor the total conflict in the area (Lehr, 2010). There is also some critique towards MSIs in general saying that they might enhance learning but do not bring any major results (Turcotte & Pasquero, 2001). Collaborations are sometimes also criticized as trying to avoid regulation by showing that stakeholders can take care issues by themselves, although this criticism is perhaps mostly present in industry-wide collaborations (Lenox & Nash, 2003). However, it should be remembered that e.g. the UN Global Compact does not aim to substitute effective regulation or governmental action. Moreover, it is a voluntarily opportunity for the stakeholders to exercise their enlighten self-interest while it aims to establish a 'business case' for the right thing to do. In addition, it is a realistic response to the failures that governments have failed to address but it does not aim to be a substitute for strong political state action (Kell, 2003).

## 2.4 Summary of the chapter – the conceptual framework

This chapter explored the current knowledge on the research topic starting from the CSR and different aspects of stakeholder thinking. Also different features of multi-stakeholder collaboration were discussed. In the chapter five where the empirical results will be analyzed, some of the theories, models and concepts that were explained in this chapter will be used. McElhaney's (2008) *Corporate Social Responsibility landscape* illustrated how diverse CSR activities are performed at different levels ranging from company level to the world level while creating value both for the company and its stakeholders. The model will be used to analyze the empirical results while the *world level* will be receiving much emphasizes. Svendsen and Laberge's (2005) *stakeholder network model* and the motivations and challenges related to multi-stakeholder collaboration which were identified in this chapter (Appendix 2) will also be used as a theoretical starting point to further analyze the findings.

Now after this overview on the research topic area, the following chapter will concentrate on the methodological questions related to this thesis project.

# 3 Method

Research is about making choices and every choice always comes with a tradeoff. "*It is sometimes difficult to establish from qualitative research what the researcher actually did and how he or she arrived at the study's conclusion*" (Bryman, 2008, 392). To overcome this critique of the qualitative research approach, this chapter will describe the choices made along the research procedure to ensure a transparent and rigorous research process, and to show the external validity aspects of the study.

## 3.1 Literature review process

The literature reviewed for the purpose of this paper was mostly based on peer-reviewed articles from academic management journals. These articles helped establish an understanding of the area and issues related to the research topic. A systematic method of finding and reviewing suitable and currently available articles was used. During the first phase several different search terms and combinations were used because multi-stakeholder collaboration closely relates with many different key words. Also, several databases were used. In the second phase of the literature search, relevant and irrelevant material related to the research topic was separated. After screening all of the found articles, the most suitable articles were reviewed and included in the literature review, based on their connectedness to the research topic. Lastly, the reference lists of the reviewed articles were looked over in order to be sure that any significant material had not been missed. Multi-stakeholder processes inevitably cross sectors and disciplines, and consequently also the literature is often inter-disciplinary. Therefore, some important material was also taken into account even it was not from the management perspective. Also, many articles suggested by the supervisor were used.

## 3.2 Choice of the theoretical framework

The selection of a theoretical framework is an important part of the research and it has a major influence on the further analysis of the results. This study was an empirically driven project and very much has lied in iteration, which has led to new ideas and revision of the theoretical perspective. As there were many limitations in the paper, also the theoretical framework had to leave out many theories, such as the Sustainable Supply Chain Management (SSCM) topic. In order to concentrate on and to understand the CSR approach in solving complex supply chain problems, and to analyze the empirical findings, the following theories, concepts and models were selected.

The *Corporate Social Responsibility landscape* by McElhaney (2008) was used to analyze the case companies' CSR strategies and the collaborative activities in the conflict minerals case, since the landscape offers a clear presentation and categorization of different CSR activity levels. Stakeholder thinking helps understand the importance of stakeholders from the corporate perspective. However, in order to solve or manage complex cross-boundary challenges, collaboration, communication and integrated actions that are building on strengths of many different stakeholders are needed. Traditional stakeholder theory, i.e. the organization-centric model, does not provide a relevant theory to understand these situations. Instead, a systems thinking view on the *stakeholder network model* by Svendsen and Laberge (2005) was selected to be part of the analysis because this model helps illustrate how different stakeholders organize around a common problem. In addition, the motivations and challenges

related to multi-stakeholder collaboration, which were identified in the literature review (see Appendix 2) were used as a theoretical starting point to further analyze the empirical findings.

## 3.3 Empirical study

This section motivates the choice of a qualitative approach and multiple case study research design, and also explains how the empirical data in the research was gathered and analyzed.

### 3.3.1 Qualitative multiple case study

Broadly speaking, there are two ways of conducting research; the quantitative and the qualitative approaches (Fitzpatrick *et al.*, 1998; Bryman, 2008; Bhattacherjee, 2012). Quantitative study is a deductive or 'top down' way of doing research and it is used for the purpose of explaining, predicting and describing (Johnson & Christensen, 2004). It is based on hard and reliable quantitative data (Bryman, 2008). The results in quantitative approach are statistical, the focus of the research is testing a particular hypothesis and the aim is to generalize the results (Johnson & Christensen, 2004).

If the qualitative approach is to be used, the researcher gathers data from the original place where the problem occurs (Fitzpatrick *et al*., 1998). The qualitative, in other words empirically driven, approach is an inductive or 'bottom up' approach where the aim is to describe, discover and/or explore (Johnson & Christensen, 2004). Data in the qualitative research is based on rich and deep narrative data (Bryman, 2008), and when examining the data, the researcher tries to find themes and patterns (Johnson & Christensen, 2004). The final report about the results is a written report that aims at providing in-depth understanding of the problem (*Ibid*.). In contrast to quantitative research' random sampling method, the qualitative research uses a purposive sampling tactic where the researcher selects a small number of cases that have specific contextual characteristics (Bhattacherjee, 2012).

A case study "*is an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used*" (Yin, 1984, 23). A case study is a research design that aims at answering to research problems related to 'how' and 'why' in research areas that are still unmapped (Yin, 2003). According to Jacobsen (2002), a case study can be used when the aim of the research is gaining deeper understanding of a specific unit, particular subject or area. Bhattacherjee (2012) adds that most of the case studies are interpretive and inductive studies, where the researcher aims to build new theories or expand the existing ones. The case study design is flexible and the data can be collected using a combination of different techniques (Denscombe, 2007; Bhattacherjee, 2012), such as interviews, personal observations, and external or internal documents (Bhattacherjee, 2012).

In order to find out the answers for the research questions of this thesis project, the qualitative approach was used. The choice is motivated by the facts that the data in the study is qualitative, the aim of the research is to describe and sample in the study is small and purposeful. Also, the aim of the whole study was to gain in-depth understanding of the issues rather than generalize the results. Further, a case study design was selected to be used because it allowed the researcher to use a combination of data collection techniques and many sources of evidence in order to gain deeper understanding of the subjects that are still unmapped.

This paper investigated more than one case sites, in other words, a multiple case design was used. The reason for this was that by investigating multiple cases the results can be more

compelling and corroborated. Even though the aim of the paper was not to generalize the results, however, "*by replicating and comparing the analysis in other case sites in a multiple case design*" (Bhattacherjee, 2012, 41) can extend the results.

### 3.3.2 Interviewing as a data collection technique

Interviewing "*involves questioning or discussing issues with people. It can be very useful technique for collecting data which would likely not be accessible using techniques such as observation or questionnaires*" (Blaxter *et al.*, 2006, 172). Finding data about motivations and challenges cannot be done through observation and it would also have been difficult to design a good questionnaire about an area of study that needs reflection and is about multifaceted topic. This is why the interview method was selected for data collection, even though the expressed opinions in an interview situation might be less truthful than, for example, in an anonymous questionnaire. Furthermore, language could be a limitation between the interviewer and the interviewees because the interview situation relies on communication where language plays a critical role.

Interviews can be conducted both in person (face-to-face) and at a distance, e.g. over the telephone (Bhattacherjee, 2012). Personal face-to-face interview is a popular data collection method in case studies and it was known that face-to-face interviews would be the preferable data collection technique. However, just as Bryman (2008) writes, sometimes the interviews need to be conducted in a less personal way because the preferable interviewees might be located abroad, and because of the time restrictions and financial limitations, personal face-to-face interviews are not always possible. One of the interviews included in this study was a face-to-face interview (the interview with Nokia) and it was conducted in Nokia's headquarters in Espoo, Finland. Other interviews were conducted by the telephone.

### 3.3.3 Telephone interviews

Telephone interviews have gained increasing popularity in the primary data collection process because of technological advances in the contemporary world. In this study, due to the in-depth interviews where the interviewees were placed in various different physical locations (Finland, and the West Coast and the Midwest of the U.S.) and the limited financial budget and the strict time schedule, the telephone interviews were thought to be an ideal method to gather most of the primary qualitative data in this study. The decision was linked to the advantages of telephone interviews, such as the cost-effective way to have extended access to participants located around the world (Denscombe, 2007; Robson, 2011). This technique also allowed a more flexible schedule to conduct the interviews.

Shuy (2002) writes that the communicative behavior which the interviewees are used to might affect the quality of the data received from distance interviews. The case companies are all leading technological companies in the world. It was assumed that the interviewees are comfortable with the method, and that is why telephone interviews were considered suitable.

### 3.3.4 Semi-structured interview type

Interviews in this study were semi-structured interviews, which according to Robson (2011) can be more flexible than structured interviews. This interview type allowed additional questions to be developed during the interview. The interview guide (see Appendix 3) was emailed to the interviewees prior to the interviews so that they could familiarize themselves with the themes and have time to think about the questions. Interviews were conducted in English with the U.S. participants and in Finnish with the Finnish participant. The Finnish interview was first carefully translated into English and after validated with the interviewee.

In this study, the telephone interviews lasted between 45 and 60 minutes. Robson (2011) suggests audio-taping the interviews whenever it is possible. The permission to record the telephone interviews was asked, and the interviews were recorded, listened several times after that, transcribed and sent for validation. It was known that note taking is the least preferred method in semi-structured interviews, because it is labor intensive, takes time and some data could be missed. However, the face-to-face interview was conducted in the company premises and the interviewer was not allowed to record the interview due to the company policies. Because of this reason, it took extra time to conduct the interview (total two hours) so that careful note-taking could be conducted. Translating and transcribing this interview was done right after the interview when the interview situation was still in fresh memory.

### 3.3.5 Document studies, triangulation and validation

One way to collect data is documentation which refers to the practice where both internal and external documents *"such as memos, electronic mails, annual reports, financial statements, newspaper articles, websites, may be used as independent data sources or for corroboration of other forms of evidence"* (Bhattacherjee, 2012, 107). This project used documentation in order to triangulate, in other words to check the data received from the interviews against the additional sources of information, such as reports (Denscombe, 2007). The data in the case studies was validated with the interviewees (see table 2, page 23) in order to overcome some of the threats to internal validity, i.e. the influence of the researcher and wrong interpretations.

### 3.3.6 Data analysis

Robson (2011) emphasizes that qualitative data must be analyzed in a systematic way. In this study the data analysis was conducted according to Robson's (*Ibid.*) advice about thematic coding analysis, so that all the data that was gathered was first coded and labeled. Thereafter the codes with the same labels were organized to form a group, i.e. a theme. The themes and codes were selected based on their significance to the theoretical aspects and research questions, and some codes also emerged during the interview transcripts were reviewed inductively. The themes then allowed further analysis of the data (*Ibid.*) and furthermore allowed a comparison between the three case companies. The issues related to deficiencies of a human as an analyst, such as the tendency to either under-react or over-react to new information, or the tendency of ignore conflicting information, or emphasize confirming information (*Ibid.*), was given considerable carefulness during the data analysis. These issues were thought to affect the internal validity, and keeping an open mind, avoiding preconceptions and keeping the participants voice while interpreting data were paid attention.

## 3.4 Choices related to the case study – units of analysis

This section motivates the selection of the industry, the supply chain problem, the case companies included in the study, and the interviewed individuals.

### 3.4.1 Choice of the industry

Electronics industry covers the creation, designing, producing and selling products such as televisions, radios, semiconductors, stereos, computers and mobile phones. Electronic products are a part of the everyday life in the 21$^{st}$ century and have turned out to be somewhat a necessity to a modern life, especially in western countries. These products now *"support critical aspects of communication, education, finance, recreation, and government"* (Kawakami & Surgeon, 2010, 3). Electronics industry is an industry where global outsourcing and off-shoring are common (Kawakami & Surgeon, 2010). While having many life-transforming positive effects, electronics products are also linked to some problems that

electronics companies face, such as the labor rights in the industry, safety and health of workers, wages and the conflict minerals issue that this paper discusses (RESOLVE, 2010). While in the recent years for example the branded clothes and footwear industries have been in the spotlight (Roberts, 2003), the electronics industry has now been the arena of scrutiny (RESOLVE, 2010), this making it also an interesting industry to investigate.

### 3.4.2 Choice of the supply chain problem

While there are several issues in the global electronics supply chains that could be studied, and were collaboration and dialogue are present and needed, such as the working conditions, the case of conflict minerals presents a complex example to explore where no easy solution exists. It is evident that "*[a]ddressing the links between minerals sourcing and the conflict in the DRC requires an integrated, multi-stakeholder and multi-sector approach*" (BSR, 2010, 27), and that those solutions that can address the issue effectively need collaborative action from different stakeholders. Moreover, the different efforts should be mutually supporting (BSR, 2010), this leading to the importance of communication and dialogue. In addition, conflict minerals topic is an issue where MNCs have found themselves in a position of solving rather political issues that once have been the sole responsibility of states. Furthermore, the conflict minerals issue also presents an example where some NGOs first have 'targeted against' MNCs but have now started to cooperate with them. All these issues make the topic an interesting case to research further.

### 3.4.3 Choice of the case companies – firm level analysis

The site selection in the case study should not be based on convenience or be opportunistic (Bhattacherjee, 2012). Instead, the selection of the site should be based on the suitability of the units with the research questions (*Ibid.*). When identifying the cases for the study, the researcher should select the case units by using purposive sampling process that differs from random sampling. Those cases that are perfectly appropriate for the nature of the research questions should be selected (*Ibid.*).

If the study involves interviewing, it is also vital to select the interviewees based on their personal connection to the issue that is being studied as well as their willingness to participate in the study. The interviewees should not be selected based on easy access or mere convenience (Bhattacherjee, 2012).

"*Given the complex and embedded nature of the social reality it aspires to study, qualitative research usually employs small, focused samples that fit the phenomenon of interest, rather than large, random samples*" (Bhattacherjee, 2012, 106). Further, the case subjects in a multiple case study should be selected either by expectation of receiving similar results or contrasting results (Yin, 2003). In this study, three (that is a rather small number) well-known electronics companies which have been proactive in the conflict minerals topic were selected to be the case subjects with an expectation of receiving rather similar results. The selected companies for this particular project were: *Intel, Motorola Solutions* and *Nokia.*

The companies were chosen by theoretical reasons related to the research questions. The selection criteria to include the specific companies in the study were: their proactive attitude and historical progress in the conflict minerals issue in general (see Appendix 4), their participation in the Public-Private Alliance (PPA) for Responsible Minerals Trade (see Appendix 1), their proactive engagement in collaborative efforts within industry peers and other stakeholders (www, Nokia, 1, 2012; www, Intel, 1, 2012; www, Motorola Solutions, 1, 2012), and lastly, their interest and willingness to be included in the study. Hewlett-Packard

(HP), once ranked as the leader on the progress in the conflict minerals topic in the Enough Project's study in 2010 (Appendix 4), would also have fulfilled the selection criteria. However, the company could not be reached, and could not be included in the study.

The interviewed individuals (see table 2) in this study representing the case companies were assigned by their organizations after a short introduction of the thesis project and aim of the paper was explained to the contact persons in the companies. It was known that the quality of the final research depends on the quality of the data received from the empirical study. Therefore, a suitable person with personal experience was asked to be interviewed. All of the company representatives have a high personal involvement with the issue, much experience on the topic and also a valid and high position in their organizations. Every interviewee also expressed a personal interest for answering the questions, and was willing to talk and reflect.

*Table 2. The interview process*

| Organization | Interviewee | Position | Interview date | Transcript sent out (first/last version) | Validation received (first/last validation) |
|---|---|---|---|---|---|
| Intel | Gary Niekerk | Director of Corporate Citizenship | June 22nd 2012 | July 6th 2012/ August 30th 2012 | August 9th 2012/ August 31st 2012 |
| Motorola Solutions | Michael Loch | Director of Supply Chain Sustainability | July 3rd 2012 | July 13th 2012/ August 17th 2012 | July 21st 2012/ August 21st 2012 |
| Nokia | Mika Kiiskinen | Director of Supply Chain Sustainability | June 5th 2012 | June 6th 2012/ August 30th 2012 | July 10th 2012/ September 4th 2012 |

The interviews were conducted during June and July 2012. The conversations were transcribed and the written transcripts sent to the interviewees for validation. (In addition to the interview transcripts, also the written case studies based on the interviews were validated)

## 3.5 Ethical considerations

The choice of the research problem in this study is linked to some ethical considerations. Therefore, the PPA was informed about the study and also correspondence about the ethical issues related to the study and the choice of the research topic was done with the PPA representative. Kvale (1996) mentions the three common ethical areas that should be considered during the research process they being confidentiality, informed consent and consequences. The interviewees in this study were offered the possibility to stay anonymous and also it was stated that the company names could not be mentioned in the paper. Every person however gave his consent to be identified in the paper. Confidentiality issues related to the workings of the PPA were highly respected and all requests for confidentiality were respected. Interviewees participated in the study voluntarily, and they had the possibility not to answer any of the questions if they did not want to. Validation was done throughout the interviews and after the interviews transcripts were also sent for validation. Also the written case studies were validated with the interviewees. The topic of this paper touches ethical issues linked to human rights atrocities and struggle over livelihoods. Every interviewee is personally concerned about the DRC situation and if in any case a reader might get another view about this issue, the responsibility lies solely with the thesis author. The issues in this paper were discussed from the corporate point of view, and the results reflect that.

After this discussion about the methodological aspects of the paper, the next chapter will present the results from the empirical case studies.

# 4 The empirical study

This chapter first gives a short background introduction to the empirical study mostly concentrating on the issues that were not explained in first chapter. After this introduction the chapter presents the results from the empirical case studies.

## 4.1 Introduction to the empirical study

Democratic Republic of the Congo (DRC) is located in Central Africa and is a former Belgian colony that gained its independence in 1960 (www, CIA, 1, 2012). DRC's border countries are Angola, Burundi, Central African Republic, Republic of the Congo, Rwanda, South Sudan, Tanzania, Uganda and Zambia (*Ibid*.). DRC is the 11th largest country in the world (*Ibid*.) and its land area is a size of two-thirds of the European Union (EU) member countries' total area (www, 1, TWB, 2012). The population of the DRC is almost 70 million people (*Ibid*.). It is estimated (data from 2006) that 71% of the population lives below the poverty line (www, CIA, 1, 2012). However, DRC is "*a nation endowed with vast potential wealth*" (*Ibid*.). The country is extremely rich in mineral resources (www, 1, TWB, 2012) such as tin, tantalum, tungsten, and gold (BSR, 2010). DRC has the possibility of becoming one of Africa's richest states (www, 1, TWB, 2012). Yet, years of corruption and conflict have left the country exceptionally poor (www, CIA, 1, 2012). DRC has been going through a tough civil war. Over five million people have died since the war started in the late 1990s (BSR, 2010, 1). Even though the war was officially declared over already in 2003, the eastern part of the DRC stays unstable. Killings, mass rapes, and other atrocities are still constantly committed by both rebels, local militias and DRC's own army (BSR, 2010). These armed groups acquire money by controlling mines, and in addition by demanding taxes and bribes from buyers, those people who transport minerals, and also at border controls (Enough Project, 2009). Actions vary from road blocks to "*co-opting those state institutions that are present in eastern Congo as well as local traditional authorities*" (*Ibid*., 4).

The minerals that the armed groups sell are in extreme demand on the modern global market, because after they are converted into refined metals, they end up e.g. in electronic consumer products such as computers, cell phones and digital cameras (Gregow & Hermele, 2011). These minerals include coltan (that is the ore for tantalum), cassiterite (that is the ore for tin), wolframite (that is the tungsten ore) and, lastly, gold. Tin, tantalum and tungsten are sometimes referred as the '3Ts' and also this paper uses that abbreviation. The 3Ts and gold are valuable and essential when manufacturing for example electronic products such as computers and mobile phones. Tin is used in circuit boards and tantalum is used in capacitors as well in components that store electricity. Tungsten is needed in the mobile phones and it makes the mobile phones vibrate. In addition to 3Ts, the electronics industry also uses gold in various products as coating for wires (Gregow & Hermele, 2011). (See Appendix 5 for percentages of the 3Ts and gold that come from the eastern DRC). Minerals are partly fuelling the conflict and providing money to those who commit atrocities, but the underlying problem in the DRC is fundamentally a political one (Enough Project, 2009, 4) being linked to identity, land rights, power struggles and weaknesses of the state (*Ibid*.). However, even the conflict is a political one, business has its role to play in finding solutions. According to the United Nations (UN) Guiding Principles for Multi-national Enterprises (so called Ruggie Framework or Principles) the role of the business is to *respect* human rights. The role of the state is to *protect* human rights (Taylor, 2011). In the case of conflict minerals, the electronics industry has received wide attention, and it has been asked to take part of the responsibility of

the issue. From the companies' point of view even respecting human rights in this case has been difficult. The supply chains lack transparency and are complex (RESOLVE, 2010). (See Appendix 6 for the simplistic illustration of the conflict minerals supply chain). The supply chains include many different actors *"from small scale producers, to local consolidators and traders all over the world, as well as smelters and other processors"* (BSR, 2010, 11). Moreover, smelting and refining of the minerals *"often combines ores from multiple sources-various mines in various regions- making it extremely difficult to trace their origin after refining occurs"* (*Ibid.*). Additional challenge is the smuggling of minerals to neighbouring countries because it makes these minerals even more difficult to track (BSR, 2010). The issue has been too difficult for one company or even one industry to address. To tackle the problem, many collaborative efforts have been initiated. For example, electronics industry associations EICC and GeSI have been working with the topic. The PPA further is a platform and hub for multi-stakeholder collaboration in order to find and support best approaches to legitimate minerals trade in the DRC and GLR. The PPA members include electronics companies, other industries (e.g. automobile), CSOs and public sector stakeholders. (See Appendix 7 for more information about the different collaborations discussed in the case studies).

Now after this short introduction, the next sections present the findings from the case studies.

## 4.2 Case studies

In this section the empirical findings based on qualitative personal interviews and secondary sources such as company reports are presented. Companies (Intel, Motorola Solutions and Nokia) are listed in alphabetical order. In each case, an overview of a case company is first given followed by the themes of: Corporate Social Responsibility, Case company and conflict minerals, Motivations for collaboration, Challenges of multi-stakeholder collaboration, Core Problem, and Collaborating for CSR. The interviewees representing the case companies are highly experienced with the topic. The interviewees are Gary Niekerk, the director of Corporate Citizenship for Intel; Michael Loch, the director of Supply Chain Sustainability for Motorola Solutions, and Mika Kiiskinen, the Director of Supply Chain Sustainability for Nokia. First, the results from the Intel's perspective presented.

### 4.2.1 Intel
Intel, founded in 1968, is an American MNC that has its headquarters located in Santa Clara, California, the U.S. (www, Intel, 2, 2012). Intel designs and produces *"advanced integrated digital technology platforms"* (Intel, 2011, 6), which refer to microprocessors and chipsets, and possible additional supporting services (*Ibid.*). These platforms are used e.g. in personal computers (PCs), smartphones, data centers, automobiles and medical devices (*Ibid.*). Intel also develops services and software mainly in the area of security and technology integration (*Ibid.*). Intel's mission it to *"[d]elight our customers, employees, and shareholders by relentlessly delivering the platform and technology advancements that become essential to the way we work and live"* (www, Intel, 3, 2012). The CEO of Intel, Paul Otellini, tells in the company's 2011 Corporate Responsibility Report that Intel's vision for the next decade is to *"[c]reate and extend computing technology to connect and enrich the lives of every person on earth"* (Intel, 2011, 3).

Intel has customers in over 120 countries (Intel, 2011, 6), and most of the company's customers are original equipment or design manufacturers. Also other manufacturers, such as makers of different industrial and communications equipment purchase Intel's products (Intel, 2011, 9). Intel's main customers in 2011 were Hewlett-Packard (HP) and Dell (*Ibid.*). Intel

recognizes that as a major supplier to many other leading electronics companies, Intel's activities might affect the reputation of Intel's customers (Intel, 2011, 85).

Intel has more than 300 facilities and they are located in over 60 countries (Intel, 2011, 7). In 2011 the company had 100,100 employees (Intel, 2011, 6). Intel is different than most of the other companies in the electronics industry which over the last 20 years has outsourced a major part of their production to Southeast Asia (Pers.com, Niekerk, 2012, Q1), because 55% of Intel's employees reside in the home country (www, Intel, 2, 2012). However, Intel has its global supply chain with "*thousands of suppliers, including subcontractors, that provide Intel with materials and services*" (Intel, 2011, 7). Intel as a brand is highly valued. The Interbrand study both in 2010 and 2011 ranked Intel as the 7th most valued global brand (Intel being the leader in the electronics companies category) (Interbrand, 2010, 15; Interbrand 2011, 20).

## Corporate Social Responsibility

Intel is dedicated for doing the right things, and corporate responsibility is deeply embedded in Intel's business (Intel, 2011, 3). Intel believes that this integrated approach is creating value both for Intel and company's customers, shareholders and the whole society (Intel, 2011, 5). The responsible business approach is also saving costs, protecting the brand value, mitigating risks and helping the company find new market opportunities (Intel, 2011, 3). Niekerk (*Ibid*.) explains Intel's idea about CSR (Intel uses the term CR but to keep the consistency in the paper the concept CSR is used) and says that they see it in a way that if you are successful and doing well as a company, you have an obligation or responsibility to think about the society's needs beyond your own needs. It is also long term sustainability of you. For example, if the environment is so bad that people cannot grow food and people have no food to eat, they are obviously not going to be buying computers, so it is all interrelated.

Intel sees the technology that the company makes as an enabler. Through extending this technology, and for example by providing people access to Internet, people have bigger chances for economic viability, democracy and freedom and better access to important topics such as information about medical issues (Pers.com, Niekerk, 2012, Q1). Under Intel's vision the company has four strategic pillars that hold up the vision, and one of those strategies is care for the people, the planet and inspire the next generation (*Ibid*.). Intel has realized that they are all kind of interrelated. "*First you need to do really good as a company on your own stuff, and then you can kind of move beyond on what you are doing to think about how you can try to improve society*" (*Ibid*.).

## Intel and conflict minerals

Initially Intel learnt about the conflict minerals issue from the Enough Project. This NGO approached Intel's CEO (among many other electronics companies) by a letter, in which they explained that some of the metals that Intel is potentially using in its products could be financing human rights atrocities in the DRC. Intel does not buy these metals for the most part directly, and therefore was unsure about the origins of the metals. After meeting with the Enough Project and learning more about the topic, Intel contacted its suppliers asking them where they get their metals from. The suppliers' response was unclear. Some of them did not know the sources and some of them did not really answer the questions. Other suppliers guaranteed that they did not get any metals from the DRC, but they could not verify that. These mixed responses were not acceptable for the chief operating officer of Intel, who wanted the company to fix the problem as soon as possible. At first Intel's personnel thought that they do not have any ability to deal with the issue, but then after they figured out that the only way for Intel to try to solve the problem was to jump over the entire supply chain and go right to the smelters. Once the minerals come out from Africa, Australia or Brazil and once

they are refined in a smelter and turned into a metal, then there is no way to track the origin anymore. Therefore, Intel decided to jump over the whole supply chain, go directly to the smelters and ask them where they get their mineral ores from. At this point the company started to visit and investigate the smelters, one after another (Pers.com, Niekerk, 2012, Q2).

**Motivations for collaboration**

If Intel could have solved the problem alone, it had done it. However, as a microchip is a really tiny product and uses only little bit metals, Intel as a single company does not have that much leverage on smelters. Joining forces with colleagues from the electronics industry gave more influence on those smelters. Intel together with some other companies travelled and visited smelters around the world. Companies could together create a Conflict-Free Smelter (CFS) Program. Intel worked with other industry association (GeSI and EICC) members and together they set up their protocols and standards of how they could verify that the smelters are 'clean'. The strategy was to get all the smelters verified that they were conflict-free, that they were not taking materials from the Congo or they had the systems to prove that the materials coming out of the Congo were non-conflict. For example there are only a dozen or fifteen tantalum smelters in the world. If they all were certified, in theory you do not have to worry about the supply chain anymore since there cannot be any tantalum that has not gone through a certified smelter (Pers.com, Niekerk, 2012, Q3).

However, even though the companies collaborated and did their best at the industry level, they soon heard about an unintended consequence. Niekerk (Pers.com, 2012, Q3) explains that then they started to get letters again and hear about the problems of artisanal miners in the DRC who were no longer able to sell their minerals. The actions of avoiding purchasing from the conflict regions had almost created a *de facto* embargo in the area and shut down the economic viability of that region affecting hundreds of thousands of artisanal miners. Niekerk (*Ibid.*) explains how the companies are in a difficult spot here when they do not want to destroy the economic viability for the artisanal miners trying to earn a living and feed their family but at the same time they are being criticized for potentially buying minerals from the DRC and not being able to be sure that they are conflict-free. "*We want to do the right thing. Just tell me what the right thing is*", Niekerk (*Ibid.*) adds.

In late 2011, Intel and some other companies decided to work together with the U.S. government because the conflict minerals case is an issue that really needs governments, NGOs, and companies working together (Pers.com, Niekerk, 2012, Q3). The whole problem is complex and in the DRC they do not have the infrastructure, or the government control and also smuggling takes place. In a location where there is no rule of law, it is impossible to do all the things that you would like to do as a company. Government support is vital, and for example the government's help is needed so that companies could learn more about the location of 'safe' areas where to pull minerals from. The government is also needed to work with the Congolese Government (*Ibid.*). The idea behind the PPA is that companies do not want to completely pull out of the DRC, because they want to help the artisanal miners have viable income and also to have extra additional sources of materials and minerals is good from a competition and capacity point of view (*Ibid.*). The reasons why Intel has joined the PPA are mostly associated with the issues that to solve the problem a holistic solution is needed and actions from many layers (business, civil society and government), and that the company has wanted to think more broadly about the issue while understanding the consequences of the *de facto* embargo (Pers.com, Niekerk, 2012, Q6). Those two issues are perhaps the *key* reasons, but all of the options (see Appendix 3, Question 6) have somehow contributed to the decision of being part of the PPA (*Ibid.*)."*They all are part of the equation*

*and it is hard to say, yeah, this is it. This is the one that did it*" (*Ibid.*). However, guaranteeing future supply of raw materials is not part of the reason since DRC is not the only place that has these minerals (*Ibid.*).

## Challenges of multi-stakeholder collaboration

When thinking about the challenges of collaboration in conflict minerals case, Niekerk (Pers.com, 2012, Q5) tells that, all in all, the companies have been able to cooperate quite well. However, "*working with industry can sometimes be like herding cats. Every company has its own culture and also some companies are more motivated than others*" (*Ibid.*). There are some differences in the approaches and in some technical details. An example is the question of how companies should treat recycled metals. Recycling is good for the environment, but there is no way to verify where the recycled metal once came from, and did it originally come from conflict sources. So there are a lot of difficult decisions to be made and it is not always so clear what is the best approach (*Ibid.*).

Another challenge is different opinions among civil society. While some of the NGOs are saying that companies should stop the money flows to the DRC because the money ends up fuelling the human rights atrocities, rape and murder, at the same time some other NGOs are saying that this approach is causing more devastation to the Congolese people than if companies did nothing, because it impacts the livelihoods of the artisanal miners. For a company, it is not that clear what is the best thing to do (Pers.com, Niekerk, 2012, Q5).

The current challenge is related to the SEC 1502 regulation and the fact that it is being delayed. Intel started working proactively with the conflict minerals case already a long time ago and Intel would like to move as much forward as possible. The problem now is that because the regulation is being held up, some other companies and smelters that Intel would like to get involved in the issue are still delaying action while they are waiting to see what will happen with the final SEC decision (Pers.com, Niekerk, 2012, Q5).

## Core problem – and solution, role of different stakeholders & regulation

Conflict minerals challenge is seen by Intel definitely as a very complex issue (Pers.com, Niekerk, 2012). The reason why the problem exists is that in the DRC the government is unable to govern and to prevent the atrocities that are going on there against their own people. The abuse of mining and the illegal taxation occur because of the DRC government's inability to govern that region. Minerals from Australia for example are not a problem for Intel because there are no atrocities to go on in Australia (*Ibid.*). Niekerk (*Ibid.*) recognizes that there are many places in the world that have rule of law challenges, but also reminds about the Ruggie principles and that the role of corporations is to respect human rights, not to remedy them. That's the role of governments.

At the end of the day, the long term solution must involve governments (such as the U.S. and EU). Business is an important part of the solution and industry can do its best, but in the conflict minerals case governments play a critical role. For the companies it is really difficult to do anything without governmental support. However, nowadays governments are dealing with a lot of challenging issues on their own, such as the Greece's and potentially also Spain's situations. Therefore, it is tough for the governments to think about what is going on in Africa, five thousand miles away, to a group of people, when they have so many challenges in their own country. Nevertheless, if the government sees that the industry is united for a cause, backed by the support of NGOs, it is an additional motivation for the government to take action (Pers.com, Niekerk, 2012).About the collective sum of every stakeholder in the

PPA, i.e. many actors collaborating together, Niekerk (Pers.com, 2012, Q6) comments that it takes many people on this because companies do not have the expertise on the issue or knowledge of the region. By bringing different groups together and based on their input, people try to make the best decisions. Niekerk (Pers.com, 2012) reminds that Intel is a company that must think about its business too. One activist NGO told Intel that unless everyone in the company is working on the topic 100% of time, they are not doing it enough. *"Of course if everyone was working on this 100% of time, we would go out of business"* (*Ibid.*). According to Niekerk (Pers.com, 2012), the draft SEC rule is a good start, but the regulation is only about reporting whether companies have these minerals in their products or not, and it does not say that companies actually have to do anything. Given how complex the topic is, *"you can imagine how complex it would be to try to regulate it from the point of view of the regulating a company in the U.S. that might [emphasizing] use materials from the Democratic Republic of the Congo"* (*Ibid.*). Further, *"[i]deally, you would regulate this issue in the Congo, and not in the U.S."*(*Ibid.*).

**Collaborating for CSR**
In general, Intel has found out that if they are going to work in CSR areas that they are not familiar with and that are not part of their day-to-day operations, or own area of expertise, they need to engage with others (Pers.com, Niekerk, 2012, Q7). It is relatively easy to control and try to decrease for example own water usage, but issues such as conflict minerals and multifaceted human rights topics are much more difficult, and therefore require collaboration (*Ibid.*). Intel is good at making the world's best microprocessors. That is what they have been doing for the last 50-60 years. Conflicts in the DRC are not their expertise and that is why they do so much outreach and try to keep open dialogue (Pers.com, Niekerk, 2012, Q5).

As an additional complex challenge where collaboration is also needed, Niekerk (Pers.com, 2012, Q7) mentions human rights issues, especially when they are related to privacy questions. A few years ago Intel acquired McAfee, which is a company that has software products that screen and filter Internet content. Companies can use these services for example to prevent people from going to gambling or pornography sites. However, some countries can also use the screen software tools to limit their citizens' access to democracy, freedom and human rights. In relation to this issue a company faces difficult questions: Should it help a government to put the screening capability into the computer networks? What control does a company have to affect how different governments around the world use this technology after it is sold to them? The contract itself might be big and company might lose a huge financial opportunity if it does not accept the order. So, all in all, these are very difficult questions from the company point of view. *"It's not that these corporations are evil and that they are trying to... They are struggling with many difficult challenges and really difficult problems* (*Ibid.*). The best way to solve these difficult challenges *"is to talk to a number of people who have the expertise and familiarity in these areas that you might not have as a company"* (*Ibid.*). Intel for example has its multi-stakeholder panel made up from NGOs and social responsible investment managers, and the aim of the panel is to guide Intel in difficult issues. It is important to talk and collaborate with many different people and get their ideas. *"We don't always agree and we don't always, you know, solve these challenges, but what we try to do is, is to try to do the best you can do given the complexities of the situation"* (*Ibid.*).

Next section presents the results from the case company Motorola Solutions' perspective.

## 4.2.2 Motorola Solutions

In January 2011, American MNC Motorola, Inc. (founded in 1928), was divided into two publicly-traded independent companies: Motorola Mobility, Inc. and Motorola Solutions, Inc. (www, Motorola Solutions, 2, 2012). Motorola Mobility was spun off while Motorola Solutions is considered as the direct successor of the historical company (Motorola Solutions, 2011a). Motorola Solutions is the company of this thesis paper, and its headquarters is located in Schaumburg, Illinois, the U.S. (www, Motorola Solutions, 3, 2012).

Motorola Solutions provides *"mission-critical communication products and services"* (www, Motorola Solutions, 4, 2012) including for example mobile computing, Voice Over WLAN (wireless local area network) and two-way radios (*Ibid.*). These solutions are used for example in police stations, ware houses and government offices (www, Motorola Solutions, 3, 2012). Motorola Solutions' products are linked to efficiency and safety and the company's purpose is to *"help people be their best in the moments that matter"* (Motorola Solutions, 2011a, iii). Greg Brown, the CEO of Motorola Solutions, explains that the company's products help make people safer (Motorola Solutions, 2011b, 2). An example is Motorola Solutions' portable radio with special qualities that helps firefighters in their task when they enter into a burning apartment to rescue a trapped person. With the special product enhancements, *"the firefighter can do his job better and save lives"* (*Ibid.*).

Motorola Solutions' core customers and markets are found in commercial enterprises as well as public safety government agencies (www, Motorola Solutions, 3, 2012). Motorola Solutions is an industry leader and has sales in more than 100 countries (Motorola Solutions, 2011a, 1). The company has 23,000 employees in 65 countries (www, Motorola Solutions, 3, 2012) and the company has an extensive supply chain (Motorola Solutions, 2011b, 32). Motorola Solutions is a recognized brand and it was for example ranked as the 17th company in 2011 by MPP Consulting which studied the current market value of the U.S. brands (www, Ranking the Brands, 1, 2012).

**Corporate Social Responsibility**

Motorola Solutions is dedicated to operating ethically, and caring of the environment and the communities where the company does business (Motorola Solutions, 2011b, 5). For Motorola Solutions, being a responsible company is not only the right thing to do, it is also related to good management. Responsible business approach also helps the company e.g. reduce costs by becoming more resource efficient, protect the reputation and avoid risks, protect the customer trust, be prepared for future regulations and sustain good stakeholder relationships (Motorola Solutions, 2011b, 5).

There are a number of reasons why the company cares about its supply chain related issues (such as conflict minerals), and one of them is that Motorola Solutions *"as a corporation, wants to do the right thing"* (Pers.com, Loch, 2012, Q1). In addition, there is a mutual benefit in this approach too. Motorola Solutions benefits *"from the high performance of efficient, responsible suppliers"* (Motorola Solutions, 2011b, 32) while in less-developed countries the local economies are boosted by the company's suppliers who can create job opportunities, pay taxes and buy local services (Motorola Solutions, 2011b, 32).

**Motorola Solutions and conflict minerals**

The reason why Motorola Solutions got involved in solving the challenge of conflict minerals is that the company does not want to have the organization or its products associated with minerals that maybe are helping to fuel and support some of the conflicts in the DRC

(Pers.com, Loch, 2012, Q1). Motorola Solutions' products contain numerous metals, including 3Ts and gold, which originate in mines from all around the world (Motorola Solutions, 2011b, 40). The company has done a lot of work with the topic and tried to identify which of its products could possibly contain minerals related to the conflict in the DRC (Motorola Solutions, 2011b, 41). Motorola Solutions has also sponsored numerous conflict minerals meetings in order to raise awareness of the issue also in other industries (*Ibid.*). In addition, Motorola Solutions in partnership with a major supplier of electronic capacitors, helped create the Solutions for Hope Project that is a "*pilot program to create a closed-pipe system of mining conflict-free tantalum from the DRC*" (*Ibid.*). Motorola Solutions was among the creators of this project and the project is now joined by many other companies including Nokia and Intel (Pers.com, Loch, 2012).

**Motivations for collaboration**

The reason why Motorola Solutions initially started to collaborate on the issue of conflict minerals was because even though there is only a limited amount of minerals coming out of the DRC that could end up in the company's products, Motorola Solutions was not sure whether or not those minerals were actually ending up in the products of the company. Therefore, the company wanted to support and build the transparency mechanisms that are required to understand minerals' origin and to help the company source responsibly. As part of that work, the company worked with the industry associations since the industry collaboration is very important (Pers.com, Loch, 2012, Q3).

In addition, because of the Dodd-Frank Act (SEC 1502 regulation) in the U.S. and the messaging created by a number of NGOs, "*companies and people decided it's too difficult, too much of a challenge, too much of brand reputation issue to source from the region*" (Pers.com, Loch, 2012, Q3). One of the things Motorola Solutions also did not want to be associated with was making a bad situation worse by creating an embargo in the area, because millions of people in the DRC rely on mining. Motorola Solutions did not want to put them out of the livelihoods (*Ibid.*). Collaboration was also needed in order to solve this challenge and find a good approach to the problem.

When thinking about the key motivations for joining the specific collaboration of the PPA, probably the two key reasons are that there needs to be a holistic solution from many players (business, civil society and government) and also the problem cannot be solved by one industry, and therefore wide collaboration is needed (Pers.com, Loch, 2012, Q6). The legitimacy of operations and brand reputation are somehow important too. Also harmonization of various activities is part of the reason, because the capacity (in other words the ability to do stuff) of the DRC is very low. If too many different things are created for them to do, there will be more complexity, and then nothing will be achieved. Therefore, the PPA needs to look at and support programs that have a high probability of success and that can be sustainable. Industry should not have to subsidize mining industry of the DRC. The global economics will come in the play and if it makes sense from the economic standpoint then people will stay engaged in the region (*Ibid.*).

**Challenges of multi-stakeholder collaboration**

Loch (Pers.com, 2012, Q5) comments on the challenges and says that actually what he has seen in many different fronts is that the collaboration has actually been very good. In this situation "*people do desire the same outcome. How you get to there is probably where the variability takes place. Or how you go about doing what needs to be done*" (*Ibid.*). Loch adds that with dialogue people can articulate their concerns with different approaches and get a

better appreciation from each other's position. Everybody does not have to agree on everything but they at least can be in the position to agree to disagree. They can then appreciate each other's position, whether it is right or wrong, they at least understand, where it is coming from (*Ibid.*).

**Core problem – and solution, role of different stakeholders & regulation**
Conflict minerals case is an extremely complex problem (Pers.com, Loch, 2012, Q2). The conflict in the DRC is not caused by the minerals but the minerals are currently being used as one of the very many means of which to fund some of the armed groups. The conflict is not about controlling the mines, but the conflicts there are much deeper geo-political historical situations. Armed groups get money from the minerals but they also get money from the timber trade and a number of other sources. The real challenge is the ability to create security on the ground for the people in the DRC. And, according to the UN Guiding Principles, it is the state's responsibility to provide that security (*Ibid.*).

Loch (Pers.com, 2012, Q2) sees that until the DRC state provides the needed security (in which they are going to need the help of other governments), until then the issue around conflict minerals will always exist. So even if companies do all the right things and can source legitimate minerals from the DRC, the conflict is going to exist. Solving the conflict minerals issue will not solve the conflict of the DRC. "*So as a company, our obligation is to source responsibly and we will put the programs, put the processes in place that will allow us source responsibly*" (*Ibid.*). However, if at the end of the day sourcing minerals cannot be done within the DRC due to the conflict or unstable aspects, "*we will still continue to source responsibly but unfortunately that will lead to sourcing materials from other areas outside the DRC*" (*Ibid.*).

In order to stop the flow of money to the armed groups can be compared to building a dam to stop the flow of water in the river (Pers.com, 2012, Loch, Q2). Many actors are needed to do that. "*No single company, no single industry, but multiple industries, governments and civil society need to be part of the solution" (Ibid.).* If the aim is to stop the flow of money to the armed groups, the dam needs to be built "*all the way across with all the actors doing their part. Because if you only build it part way, you will have leakage, and with leakage you will have not accomplished anything*" (*Ibid.*).

In multi-stakeholder collaboration and dialogue there are different roles for each of the stakeholders. Everybody does not have to agree on everything, and for every step of the process. The NGOs provide the monitoring on the ground to assess if the problem exists. Industry needs to figure out how to solve the problem because it is a problem that needs to be solved with the industry solution. And, then the government can help create stability and provide incentives to those programs to help them succeed (Pers.com, Loch, 2012). "*And working together, and having that collaboration and dialogue with everybody doing their role and supporting other people in their roles is very important*" (*Ibid.*). For example, the PPA is a good example where everything has worked well and each stakeholder has been participating as they should. There is a potential benefit in multi-stakeholder collaboration when it is done the right way (*Ibid.*).

Multi-stakeholder aspect in the conflict minerals case is important because in developing solutions buy-in from all participants is needed so that everybody understands how the solution was achieved. One thing you do not want to do is, have a very small number of people saying something is the right thing to do without having other people be part of the

process (Pers.com, Loch, 2012). The next thing might be that *"the people who were excluded from the process, or who are not part of the process, are going to try to find anything and everything that's wrong with what was rolled out"* (*Ibid*.). There are many situations, especially with the mining industry and the DRC, where not everything is going to be perfect at the get go. Therefore, there has to be enough appreciation for "*bumps in the road as they occur or hick-ups in the system*" (*Ibid*.). In this way if something does not work everybody understands why and how it could be fixed, as opposed to somebody who has not been part of the process may just come and say, see it does not work, you should stop it doing it right now. Multi-stakeholder aspect helps with the monitoring part, the problem solving aspects, the policy side if it is needed, and also the type of tripartite governance structure like the PPA has (*Ibid*.).

Motorola Solutions has supported the development of proper legislation that could help companies understand whether or not their raw materials are associated with the DRC conflict (Motorola Solutions, 2011b, 40). However, according to Loch (Pers.com, 2012), the Dodd-Frank section 1502 is an example where there has been significant NGO input but not much industry input. What has been created is a framework that is problematic to support the three pillars of sustainability (people, planet and prosperity). First of all, the companies that source from the region have to submit a conflict minerals report and therefore have a higher level of risks and reporting requirement. So their future prosperity is negatively affected. "*Let's say you have a Chinese manufacturer that has no reporting obligation but can still sell in the U.S. markets, and not have to disclose or make that type of declaration*" (*Ibid*.). So they have an unfair advantage. On the people side, because companies want to minimize risks as much as possible, and because the Dodd-Frank creates a disincentive to source from the area, it is negatively impacting the people of the region. In addition, because of the *de facto* embargo, tagged material (conflict-free tin) has become much more expensive ($ 8/kg) than untagged material (not verified conflict-free tin) ($ 2-3/kg). There are now Chinese buyers of that material and not only are they able to potentially ship product that does not have to be labeled as DRC conflict-free, they can actually get cheaper materials into their product. So there is a potential pricing disadvantage created by the bill which was caused by the *de facto* embargo. Therefore, the future prosperity of the U.S. publicly traded companies is negatively affected. In addition, there are issues around recyclability and the ability to encourage or dissuade recycling, in relation to the Dodd-Frank Act, and so that issue needs to be addressed because that is impacting on the planet (*Ibid*.). Hopefully, the final rule issued by the SEC will address the concerns raised by a number of stakeholders during the comment period and release a rule that supports the three pillars of sustainability including the on-going sourcing of legitimate conflict-free material from the DRC.

**Collaborating for CSR**
From Motorola Solutions' point of view, multi-stakeholder collaboration is very appropriate for some of the emerging issues and also in areas where it is not necessarily the company's core competence. Conflict minerals topic is a good example of that. There are many different stages between Motorola Solutions and the mines in the DRC (Pers.com, Loch, 2012, Q7). "*[I]t's not something that was, as people say, on our radar screen or part of our procurement process. So because it is a significant issue, we need to understand it better*" (*Ibid*.). In some cases the NGOs can help the industry understand the issues around the problem. Then as far as the industry understands what their role is, and understands their supply chain related elements, then developing controls that meet the needs of the industry and that allow a sustainable approach to the solution, can be developed. The various governments can then work and try to get all the people to at least be driving in the same direction (*Ibid*.).

There are also some case-by-case situations where multi-stakeholder collaboration is helpful. Many supply chain issues can be very dynamic, and depending on the life cycle of the products and the competitiveness of the global market, issues come up. If it is a new issue where the company does not have the expertise, multi-stakeholder engagement can be very helpful (Pers.com, Loch, 2012, Q7). It helps in a problem solving aspect "*because not only you have to solve the problem, the solution has to be credible in the eyes of the NGOs, the eyes of the government*" (*Ibid.*). If the solution is not credible, it creates reputational issues that the company must deal with, this being related to legitimacy of the solution (*Ibid.*).

Next section presents the result from the case company Nokia's perspective.

### 4.2.3 Nokia

Nokia, founded in 1865, has had a history of making car tyres, rubber boots, television sets and even producing electricity. Nokia is a Finnish telecommunications MNC (www, Nokia, 2, 2012), that has its headquarters located in Espoo, Finland (www, Nokia, 3, 2012). Nokia produces mobile products (Nokia, 2011, 7), and the mission of the company is "*Connecting People*" (www, Nokia, 3, 2012). Nokia's goal is "*to build great mobile products that enable billions of people worldwide to enjoy more of what life has to offer*" (*Ibid.*). Nokia produces its products to the consumer market, and each day over 1,3 billion people around the world use their Nokia phone. Nokia produces products for nearly every demographic and almost every geography, and has sales in over 160 countries (Nokia, 2011, 7). Nokia operates its global production facilities network in eight countries and the company's sales, customer service and other additional operational units are located globally (*Ibid.*).

Nokia has a long supply chain "*with thousands of direct and indirect suppliers*" (Nokia, 2011, 88). In 2009 Interbrand, that studies companies' brand value, ranked Nokia as the 5th global brand while the company held the leading global electronics brand position (Interbrand, 2009, 25). In 2010 Nokia was ranked as the 8th best global brand (Interbrand, 2010, 15), and in 2011 it held the 14th position (Interbrand, 2011, 22).

**Corporate Social Responsibility**
Shortly, CSR for Nokia is about the basic responsibility. However, Nokia itself uses the concept of 'Sustainability', and this is because there has been a change in mind-set and thinking (Pers.com, Kiiskinen, 2012, Q1). The CSR concept was connected to donations. "*We still do those donations and such things, but now we do so much more too*" (*Ibid.*). Further, "*if it before was mostly philanthropy, now we think how our responsibility can be part of making the world a better place*" (*Ibid.*). Nokia now advances people's lives through the company's asset, i.e. mobile technology (Pers.com, Kiiskinen, 2012, Q1). Nokia sees that access to communication and information brings enormous benefits for people and by connecting people to information and the Internet, Nokia can provide those benefits to increasing numbers of people. In this way Nokia advances people's lives through its services that enable people to have e.g. improved education (by mobile learning). Nokia sees that the company with its products also has a positive impact on safety, accessibility and human rights (Nokia, 2011, 10). One of Nokia's strategic goals now is to connect the next billion people to the Internet and provide the benefits that information gives to these people (*Ibid.*).

A large number of suppliers gives Nokia great responsibility and the company is committed to ensuring that, both the environmental requirements and the social responsibility standards are implemented throughout the Nokia's supply chain (Nokia, 2011, 10). The key challenges in supply chains are related to labor conditions, and environmental and raw materials issues

(Pers.com, Kiiskinen, 2012, Q1). In the past the responsibility was mostly about Nokia's own factories but now it encompasses the whole supply chain. Nokia is differentiating itself with this issue when compared to some competitors. Nokia takes responsibility of every step in the supply chain. Of course, when there are 4-8 tiers it is not that easy always, but Nokia wants to be different. "*On the background we have shared value thinking. We think that every actor in our supply chain should benefit from being part of the chain*" (*Ibid*.). Also, it is about risk management. If there is a problem with a supplier, e.g. a strike, this would mean problems for Nokia, such as no production and delivery disruptions (*Ibid*.).

**Nokia and conflict minerals**
Nokia began working with the conflict minerals topic about ten years ago and at some point it had already been progressing a lot with the electronics industry actors, but then the participants were expanded to include e.g. automobile industry (e.g. in OECD collaboration) (Pers.com, Kiiskinen, 2012, Q2). Nokia has participated in the OECD Due Diligence for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas collaboration in order to support development of responsible supply chain management (Nokia, 2011, 12). Once Nokia was also planning to start trying something by itself that would have been similar to the PPA or the Solutions for Hope projects, but the company could not get help for that from its CSO contacts. Now Nokia has a good feeling about the whole issue if compared with how it was two years ago. That time Nokia thought it was a complex challenge and they were working with it, but now finally there is enough speed. There are two areas that Nokia works in: the collaborations and Nokia's own processes (Pers.com, Kiiskinen, 2012, Q2).

Nokia has received publicity related to the conflict minerals case in Finland when the documentary 'Blood in the Mobile' was shown in Finnish TV. This documentary revealed the conflict in the DRC and asked Nokia to take its responsibility for the problem (www, Helsingin Sanomat, 2010). Kiiskinen (Pers.com, 2012, Q2) tells that he approached the director of the documentary by himself, and suggested him to organize a meeting and dialogue, but the director needed something else for his trailers. The document caused some extra work for Nokia but not so-called consumer reaction. These types of sensational documents come and go. Consumers nowadays are quite media literate and they do not believe everything anymore, which was the case with this documentary since there were many quite obvious misleading parts (*Ibid*.).

Kiiskinen (*Ibid*.) also corrects a misunderstanding about the central African tantalum, and says that it is not good for the mobile capacitors. It can be used for something else (e.g. wires) but it is not that good for sophisticated needs of mobiles. In addition, the whole problem is not only related to mobile phones or even electronics industry. The background is that it all started some ten years ago from tantalum, the 'blood metal', but for example, the amount of how much the biggest mobile company in the world uses tantalum in one year could be placed on one table. However, mobile phones are a 'media sexy' target. But, there are also other types of products that use these metals. Tungsten is used also in lamps, gold is connected to the jewelry industry and tin is used in many items such as washing machines, automobiles, and actually every single component has little bit tin in it.

**Motivations for collaboration**
The motivations both for industry-wide and multi-stakeholder collaborations from Nokia's perspective are linked to the reasons that the company can mirror its own work against the others' work. It is like benchmarking. Also when collaborating, the company can learn *from*

others and *with* others. In conflict minerals case learning together has been an important aspect (Pers.com, Kiiskinen, 2012, Q3). First companies were discussing how they could solve the problem. Kiiskinen tells that "*one company can't do much, and we thought perhaps we can't even do it together with the others*" (*Ibid*.). The companies then understood the smelter audits. In addition, many companies in the electronics industry use same suppliers with their industry peers and therefore companies do not want to overload the suppliers with different types of forms. This is why companies have also been trying to find the easiest way to collect data and use different reporting templates in relation to the conflict minerals problem (*Ibid*.).

The smelter auditing now gives confidence about the supply chain. Then another phase is the PPA (and also Solutions for Hope program) and then it goes even further and is about responsibility (Pers.com, 2012, Q2). While Nokia wants to make sure that the company's products do not contain conflict minerals, it is also important to support legitimate minerals trade and avoid an embargo in the DRC. That is why Nokia has joined the PPA (Nokia, 2011, 12). Kiiskinen (Pers.com, 2012, Q6) tells that the motivations for joining the PPA can be basically linked to almost all of the options (see Appendix 3, Question 6), but there are three key reasons: the problem cannot be solved alone and at least industry wide collaboration is needed, holistic solution is also needed from many layers (private business, civil society and governmental organizations), and lastly, Nokia has wanted to take a wider responsibility of the issue while understanding the consequences of a *de facto* embargo. The PPA is not about guaranteeing the future supply of raw materials, because at the end, the DRC is not the only country that has these minerals. Also, the PPA is not related to risk management (*Ibid*.).

**Challenges of multi-stakeholder collaboration**
There have not been any big challenges about confidentiality issues, but one challenge, that was present in the beginning of the OECD collaboration process, was a kind of 'chicken and egg' problem during dialogue. This refers to a situation where a government representative tells that if other parties buy from them, they will fix the issue, and at the same time the other parties say that if the government fixes the issue, they will buy from them. So the problem is about who should take the first step in actual implementation (Pers.com, Kiiskinen, 2012, Q5). "*In these kinds of situations the facilitator is highly valuable*" (*Ibid*.).

Another challenge is that multi-stakeholder collaborations require resources, this referring to time. "*We must select whether to join a workshop in another country for three days or use that time for something else that is also important here in the office*" (Pers.com, Kiiskinen, 2012, Q5). Choosing how to invest time and prioritizing are needed and therefore Nokia is really careful which collaborations the company engages in. One additional challenge is that when the collaboration includes members from many countries around the globe and when meetings are online, time differences can be a challenge for some members (*Ibid*.).

**Core problem – and solution, role of different stakeholders & regulation**
The problem of conflict minerals is complex (Pers.com, Kiiskinen, 2012, Q2). Nokia is far away from the mines in the supply chain (*Ibid*.). The real challenge in the supply chain is related to the smelters where the minerals are smelted. "*We could compare the issue with milk. Once you mix milk from one cow with milk from another cow you can't know from which cow it originally came from*" (Pers.com, Kiiskinen, 2012, Q2). Kiiskinen (*Ibid*.) also acknowledges that the minerals are not the root cause of the problem in the DRC, and that the conflict item could even be potatoes. In the beginning the situation was perhaps seen as companies' fault and people did not want to see that there has been a civil war in the DRC during the past 25 years (*Ibid*.). In addition, it is not a necessity for the companies to buy

these minerals from the DRC because there are other areas in the world too where same minerals can be found from. For example, Australian tantalum has become more competent now even though earlier it was not that competent because of the price difference (*Ibid.*). The ideal solution for the problem is that all smelters would be audited, raw material sources and mines certified, and the conflict areas would have been taken into consideration. Peace in the country is ideal too, and that the police and officials could be trusted (Pers.com, Kiiskinen, 2012, Q2.). Because of the Dodd-Frank Act (SEC regulation) it is good that the government has come along and taken part of the responsibility (Pers.com, Kiiskinen, 2012, Q6). The government's role in the conflict minerals case is very important.  If governments were not there the process would be more difficult. They have power and muscle (Pers.com, Kiiskinen, 2012, Q3). Kiiskinen comments on the collective sum of all the parties of the PPA and says that he would say it is "*beyond the sum of its parts*" (Pers.com, Kiiskinen, 2012, Q6). SEC rule will touch Nokia too (when it is implemented) and Nokia will have to be prepared to report and demonstrate that the company's products do not have conflict minerals. However, Nokia has been among the early runners in this topic (Pers.com, Kiiskinen, 2012, Q2).

**Collaborating for CSR**
Stakeholder engagement from Nokia's part has earlier been so that always media and investors have been engaged, and also some CSOs, but the CSO engagement has been different than nowadays. Now there is a different mind-set, and CSO engagement is more constructive. Nokia's Human Rights Approach for example was designed in a way that CSOs and also Nokia's suppliers and customers had the possibility to comment on the approach and Nokia modified the approach accordingly. Before Nokia had another kind of stakeholder approach, meaning that the company first did something and then communicated about it to its stakeholders.  Before stakeholder engagement was defensive, but now it is proactive (Pers.com, Kiiskinen, 2012, Q1). The reason for this is that Nokia is "*more humble now and more courageous to try new things.  There has been a change in mind-set*" (*Ibid.*).

The role of multi-stakeholder collaborations in relation to CSR has become increasingly important for Nokia. The company does not see itself as the biggest in the world anymore and it recognizes lacking resources for solving all the challenges alone. It needs help. The wider the area of responsibility is, more collaboration is needed. This refers to the topic that earlier the responsibility was associated with Nokia's own factories only but responsibilities now reach all the way along the supply chain (Pers.com, Kiiskinen, 2012, Q7).

Benefits of multi-stakeholder collaborations and dialogue when addressing supply chain sustainability and CSR issues are particularly related to labor issues, but same is true with raw materials (Pers.com, Kiiskinen, 2012, Q7). Nokia as a company cannot get an all covering holistic picture if it tries to get information from the ground by itself.  However, "*civil society organizations have so-called 'antennas' and they can get information that we can't access or acquire otherwise*" (*Ibid.*). In collaborations the company can also ask the others what they think if Nokia does something in a certain way. Multi-stakeholder collaboration in general is seen as a good method for solving complex challenges. However, there should be a defined purpose and time frame for these projects, because a forum for discussion is not good from the company's point of view. There is no time for these kinds of 'conversation clubs' (*Ibid.*).

This chapter has presented the empirical results. A summary of the empirical findings from every case company's perspective can be found in Appendix 8. The table in the appendix provides an overview of the results related to the motivations and challenges of collaboration. The next chapter will analyse these findings using the theoretical perspective.

# 5 Analysis

This chapter aims to relate the results from the previous chapter with the theoretical perspective. Empirical findings are analyzed with the help of McElhaney's (2008) *Corporate Social Responsibility landscape*, and Svendsen and Laberge's (2005) systems view on *stakeholder network model*. In addition, the motivations and challenges related to multi-stakeholder collaboration which were identified in the literature review are used as a theoretical starting point to further analyze the empirical findings from the case studies.

## 5.1 CSR landscape and multi-stakeholder collaboration

McElhaney's (2008) *Corporate Social Responsibility landscape* (see page 7) illustrates the different levels where a company can work with its CSR activities while creating value both for the company and its stakeholders. This model, the emphasis given to the *world level* category, is used here to analyze the CSR strategies of the case companies, and the linkage of those strategies to the multi-stakeholder collaboration, namely the PPA. The empirical findings of this thesis project highlight the importance of the industry-wide collaboration in the conflict minerals case. Therefore, in this analysis industry-wide efforts cannot be ignored, although the main emphasis is on the multi-stakeholder collaboration. At this point it is also important to remind that the CSR perspective includes the importance of stakeholders, the voluntary nature of the actions that in most cases go beyond the law, and the environmental, economic and social responsibilities of the company (while this thesis concentrates on the social responsibility dimension).

The case companies Intel, Motorola Solutions and Nokia all have a notable history in the CSR field, and numerous CSR activities in varying levels. These activities start from own company level activities and reach all the way into the *world level* activities. The companies all state taking responsibility of the global conditions that are related to their *own* operations, for example by taking responsibility of their supply chains. Case companies have moved far from mere philanthropic efforts, which according to McElhaney (2008) is the area where most companies have concentrated their CSR efforts on. Intel, Motorola Solutions and Nokia are all involved in the widest responsibility area, which McElhaney (*Ibid.*) calls the integrative phase. At this phase company actions are about changing the rules of the industry.

For all of the case companies CSR means much more than running a good business or philanthropy. The corporate reports and empirical findings from the interviews all show how the CSR strategy of these three companies is *similar* to each other – CSR is integrated in the companies' business and management. CSR for the case companies is not only the right thing to do, or a so-called cost center with donations and other costs, but moreover, is also seen to bring benefits for the company.

All case companies claim that they are contributing to making the world more sustainable, but at the same time, responsible business practices are also good business for them. Intel states that it is dedicated to do the right things, and corporate responsibility is deeply embedded in its business (Intel, 2011, 3). Intel believes that this integrated approach is creating value both for Intel and the company's customers, shareholders and the whole society (Intel, 2011, 5). The responsible business approach is also saving costs, protecting the brand value, mitigating risks and helping the company find new market opportunities (Intel, 2011, 3). Also Motorola Solutions tells how it is dedicated to operating ethically, and caring of the environment and the communities where the company does business (Motorola Solutions, 2011b, 5). For

Motorola Solutions, being a responsible company is not only the right thing to do, it is also related to good management. Responsible business approach also helps the company for example reduce costs by becoming more resource efficient, protect the reputation and avoid risks, protect the customer trust, be prepared for future regulations and sustain good stakeholder relationships (Motorola Solutions, 2011b, 5). Nokia's CSR approach in supply chain aspect for instance is seen bringing benefits and shared value for every actor who is part of the chain (Pers.com, Kiiskinen, 2012, Q1).

Case companies' core business is also seen creating shared value. The case companies see that their products are contributing to creating a better and more sustainable world while there are positive consequences linked to the products of all of the case companies. Motorola Solutions is linked to safety, saving lives, and protection of people, since its solutions are used for example by fire and police departments. Intel and Nokia, on the other hand, both explain that their products are linked to access to information and communication, and through that to improved democracy, education and even human rights.

Corporate social responsibility is fully integrated into the business of the case companies, which according to McElhaney (2008) is the last phase of the CSR maturation process. At this phase companies can contribute to changing the rules of the industry. The supply chain responsibility and responsible sourcing belong to this stage since the scope of responsibility is wide and reaches all the way along the supply chain. The case companies report taking responsibility of their suppliers and their supply chain. Based on the empirical findings, in the conflict minerals case, the responsible sourcing has been a challenging task for a single company to accomplish while individual efforts have not been enough to solve the problem.

All of the case companies at the *industry level* (with the industry associations/collaborations EICC and GeSI) have been working towards innovating solutions and creating transparency mechanisms, such as the Conflict-Free Smelter (CFS) Program. In the McElhaney's Corporate Social Responsibility landscape (figure 5) at the *industry level*, companies can be beacons to others and transform the whole industry by developing codes of conduct for the industry and building strong coalitions to influence and implement them. In addition, companies can also influence the industry indirectly by example. In this thesis topic case, all of the case companies have pointed out the industry collaboration and its importance in an attempt to tackle the problem of conflict minerals.
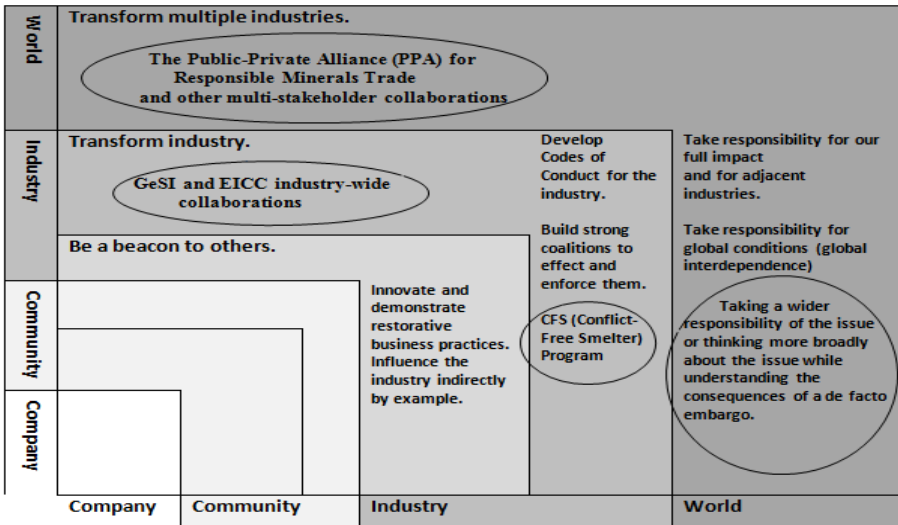


*Figure 5. Collaborations in the McElhaney's (2008, 22) Corporate Social Responsibility landscape.*

It must be remembered that competitors and industry peers are also stakeholders of an individual electronics company. While the case companies at the industry level voluntarily and collectively confront the issue, they create value both for themselves, and further the others in the industry, while these efforts for example make it easier also for other companies to source responsibly. Moreover, these actions further contribute to avoiding bad reputation of the whole industry, mitigating risks, sharing best practices and learning together and from the other industry peers. The issue of conflict minerals touches the whole industry. The companies in the electronics industry often use same suppliers with their industry peers. In addition and even more importantly in this case, their raw materials, i.e. minerals that are made into metals, come from same origins and go through the same smelters. For example, in the whole world there are only about a dozen tantalum smelters. Each electronics company has metals in their products that have gone through those same smelters.

The case companies have understood that it is both their own interest and every industry actor's interest to work towards conflict-free supply chains and for example to certify the smelters. Instead of mere competition, companies have collaborated for everyone's shared benefit. All of the case companies have worked with the issue and done industry collaboration in order to for example establish the CFS (Conflict-Free Smelter) Program. The case companies with other proactive industry association members have done this voluntarily and this can be labeled as self-regulation. In the presence of an enormous challenge that the companies have faced and in the absence of a legal framework on the issue, the electronics industry has developed its own way of managing the situation by self-regulatory instruments (such as certification). There has not been any mandatory legal requirement, i.e. hard law, to obligate the case companies to do so. The draft SEC (Dodd-Frank Act) rule is a soft law. This means that according to it companies are not required to avoid purchasing minerals from the DRC. The SEC rule is only about reporting whether or not companies' products contain these minerals. There are no penalties if companies' products contain these minerals.

Now after understanding the *industry level* collaboration and how it creates value for a company and its industry peer stakeholders, the next and the last step in McElhaney's *Corporate Social Responsibility landscape* is the *world level* category. The PPA multi-stakeholder collaboration can be placed at the *world level* category in the landscape, since the case companies take wider responsibility of the global challenges and interconnectedness issues as well as are affecting adjacent industries (figure 5, page 39). McElhaney (2008) explains that in the *world level* companies can transform multiple industries, and this in case of the PPA relates to for example the fact that the PPA collaboration includes also automobile and gold industries.

The aim of the PPA is to guarantee a legitimate minerals trade that benefits the people in the DRC and the whole GRL. In the DRC millions of people directly or indirectly depend on the mining activities. The mere hands-off approach to the conflict minerals problem significantly affects the legitimate minerals trade and the livelihoods of the artisanal miners in the area. Responsible sourcing in the context of the PPA, when contributing to sourcing conflict-free raw materials from the area, and trying to find a way that does not create a *de facto* embargo, is one more step further in the case companies' responsible sourcing process. This is creating shared value and opportunities in GLR and DRC societies. The multi-stakeholder collaboration in the context of the PPA can be seen as a tool to create value both for the case companies, other stakeholders in the collaboration as well as the society as a whole. The Public-Private Alliance (PPA) for Responsible Minerals Trade brings together companies from electronics industry but also includes members from the adjacent industries (such as

automobile and gold industries). In addition, members also include many CSOs, industry associations and governmental and intergovernmental organizations. Here in this collaboration, trying to solve the problem and working towards the solution, is everybody's interest and brings benefits for every stakeholder. Hence, value can be found from the intersection of every stakeholder's interest. It is a voluntary decision from the case companies' part to be a member of the PPA. Finding ways to guarantee the legitimate minerals trade in the DRC that still benefits the local legitimate miners (worldwide stakeholders of the case companies) and engaging in responsible sourcing is a voluntary decision, and the case companies are looking at the issue from a wider perspective. This can also be labeled as self-regulation, or more precisely as co-regulation. Responsible sourcing is creating value for the local artisanal miners in the GLR, the legitimate actors in the supply chains, the case companies while they increase the transparency in their supply chains and for the customers while they can purchase conflict-free products. Multi-stakeholder collaboration in this context is a process where (good and legitimate) solutions that benefit every stakeholder in the collaboration can be found.

Intel, Motorola Solutions and Nokia are MNCs and have a noticeable global presence. The case companies have their own factories located around the world, outsourced production and global supply chains. The case companies are not mining or even buying minerals themselves, and neither have they any presence or activities in the DRC. The companies' headquarters are located in Northern part of Europe or the U.S. The human rights atrocities that have taken and still take place in the eastern DRC are outside of the direct control of the case companies' managers. All of the case companies however have found themselves in a situation with extended responsibilities. The political situation in the DRC is unstable and the DRC government has not been able to take care of its legal challenges. Corruption, illegal mining, smuggling and human rights atrocities are all present in the country. The political situation of the country will not be analyzed further since it is not the concentration of the paper, yet, the implications of this situation on the case companies are noticeable. The case companies have found themselves in a difficult situation where they have been asked to answer the human rights atrocities on the other side of the world, and in addition, find ways to support the livelihoods of millions of people in the DRC, while still making sure that they do not provide funds to the armed groups. When understanding the difficulties of the issue and how it is impossible for a single company to solve, the multi-stakeholder collaboration can be seen as a process to move forward with the issue. Thus, multi-stakeholder collaboration is a tool that the case companies are using. Firstly, because companies are not experts in the field (conflicts in the DRC) and cannot solve the issue alone. They need physical resources, knowledge and expertise of their stakeholders (governments, CSOs and other companies). Secondly, the multi-stakeholder collaborative platform provides grounds for dialogue and helps find legitimate approaches when diverse set of stakeholders are participating in the process.

In addition to the multi-stakeholder collaboration in the conflict minerals case, the case companies also link the collaboration with some other CSR instances. In these cases the multi-stakeholder collaboration is also being linked to the *world level* in the CSR landscape. From Intel's perspective, if the company is going to work in CSR areas that they are not familiar with and that are not part of their day-to-day operations, or own area of expertise, they need to engage with others (Pers.com, Niekerk, 2012, Q7). It is relatively easy to control and try to decrease for example own water usage (at the company level), but multifaceted human rights topics are much more difficult, and therefore require collaboration (*Ibid.*). In Intel's case, the company also uses multi-stakeholder approach for example with human rights challenges related to privacy issues. This is also related to the extended responsibilities of the

private business companies since the issue is related to some governments' decision to use the technology to limit their citizens' access to democracy. It is a difficult topic for Intel to know for example what is the company's responsibility of how different governments around the world use the technology. Intel has its multi-stakeholder panel advising the company since Intel is thinking more broadly about the consequences of its business actions. This is linked to the global interdependences in the McElhaney's (2008) *Corporate Social Responsibility landscape*. Motorola Solutions also pointed out additional applications of multi-stakeholder collaboration, and stated that supply chain issues for instance can be very dynamic, and depending on the life cycle of the products and the competitiveness of the global market, issues come up. If it is a new issue where the company does not have the expertise, multi-stakeholder engagement can be very helpful (Pers.com, Loch, 2012, Q7). Nokia also pointed out that the role of multi-stakeholder collaborations in relation to CSR has become increasingly important for the company. Nokia recognizes lacking resources for solving all the challenges alone. It needs help. The wider the area of responsibility is, more collaboration is needed. This refers to the topic that earlier the responsibility was associated with Nokia's own factories only but it now reach all the way along the supply chain (Pers.com, Kiiskinen, 2012, Q7).

These additional cases also demonstrate how multi-stakeholder collaboration is linked to the *world level* category in the CSR landscape. This section has analysed the empirical results. The next section will continue analyzing the findings and looks at the PPA collaboration with the help of a stakeholder network model.

## 5.2 Stakeholder network model analysis

Multi-stakeholder collaboration has a network structure. Figure 6 is based on Svendsen and Laberge's (2005) systems view on the *stakeholder network model*. This model helps envisage the construction of the Public-Private Alliance (PPA) for Responsible Minerals Trade and the stakeholders' inter-connectedness. In figure 6 one can see that the common challenge lies in the middle of the collaboration, i.e. the problem of conflict minerals. Each stakeholder, in other words organization from private sector, public sector or civil society that has its concerns on the issue, is a part of the structure.
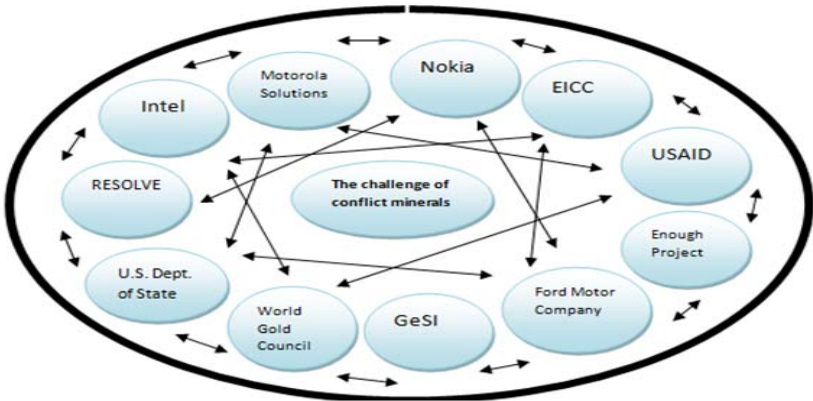


*Figure 6. Stakeholder network analysis in the context of the PPA collaboration.*

In the figure inside the circle one can see the stakeholders that have mostly been discussed here so far: the case companies Intel, Motorola Solutions and Nokia, the NGO Enough Project, industry coalitions EICC and GeSI, the U.S. Department of State, USAID, and RESOLVE. Also gold industry and automobile industry (Ford Motor Company) are illustrated in the figure. It must be remembered, that in reality there are many other stakeholders that are

part of the PPA, although they are not presented in this illustration (see Appendix 1 for the full member list). In addition, this is an illustration of the PPA alone. The aim of the PPA is not to create anything new, but to harmonize various activities. Therefore, in reality there are also other collaborative activities happening alongside the PPA (such as the industry-wide collaborations that already include many members). This model could therefore be extended and some additional related stakeholders could be added to the illustration. For the sake of simplicity and in order to keep the focus, the presented model has left those parties out.

The model is based on the empirical findings, and the interdependent and interactive relationships are the areas of interest here. As one can see in figure 6, the network is organized in a non-hierarchical structure. Although stakeholders in the model look the same, based on the empirical findings there are different roles for each of the stakeholder groups. This section here however aims only at descriptively illustrate the composition of the network. The circle surrounding the stakeholders illustrates that these organizations, i.e. stakeholders, together form a 'system' where they work together, each of them having its role. The whole network has its own purpose and goal, in this case to find the best approaches to the legitimate minerals trade in the GLR and DRC. The arrows in the figure illustrate the interactive nature of the network, (such as the dialogue). RESOLVE in the model is the neutral facilitator, i.e. the one that keeps it all together in the context of the PPA and facilitates the collaboration.

After understanding the structure of the collaborative network, the next section analyses the key corporate motivations and challenges associated with being part of this type of network.

## 5.3 Complex problem – the *raison d'être* of collaboration

The identified key motivations and challenges related to multi-stakeholder collaboration in the conflict minerals case from the empirical study can be seen in table 3 and 4 (pages 44 and 45). These findings are now analyzed with the help of the theoretical starting points that were identified in chapter two (see Appendix 2). Several authors (Lehr, 2010; Turcotte & Pasquero, 2001; Svendsen & Laberge, 2005; Kell, 2003; Roloff, 2008b) share an idea that the *raison d'être* of multi-stakeholder networking, is a common problem that each stakeholder is connected to and motivated to solve. The same underlying reason, a complex problem, is the core motivation that has influenced all three case companies to join the multi-stakeholder collaboration.

Although the key motivations can be listed separately, based on the empirical study, sometimes the motivations are not that easy to separate into key reasons. For the case companies it has been a (linear) process to work with the challenging question. Each case company has a motivation to solve the issue and in this subject all of the case companies highlight the importance of industry collaboration. Therefore, industry-wide collaboration should not be neglected when analyzing the motivations. Motivations for first starting to collaborate with the industry peers are linked to the issues that collective power gave more influence on the smelters, as mentioned by Intel. Also Motorola Solutions sees industry collaboration as an important way to attain its goal of learning how to source responsibly. In addition, also Nokia explains industry collaboration as a good way of mirroring own doings as well as learning *from* others and *with* others.

The problem of conflict minerals is, by no means, a complex problem, and as seen from the empirical results, requires collaboration. There are many difficult issues around the challenge. These challenges are too difficult for one company or even one industry to tackle alone.

*Table 3. Key motivations for collaboration in the conflict minerals case*

| Motivations | Intel | Motorola Solutions | Nokia |
|---|---|---|---|
| **Industry-wide**<br><br>↓<br><br><br>**Multi-stakeholder**<br><br>↓ | Joining forces with industry colleagues from the electronics industry gave more influence to the smelters | Industry collaboration is an important part of the company's aim of wanting to support and build the transparency mechanisms required to help understand minerals' origin and to help the company source responsibly<br><br>Did not want to create embargo and be associated with making a bad situation even worse | Mirroring own doings (i.e. benchmarking)<br><br>Learning *from* others and *with* others<br><br><br><br>(Same reasons for multi-stakeholder collaboration) |
| ***Key* motivations for the PPA multi-stakeholder collaboration** | Holistic solution is needed and actions from many layers (business, civil society and government)<br><br>The company has wanted to think more broadly about the issue while understanding the consequences of *the de facto* embargo | Holistic solution is needed and actions from many players (business, civil society and government)<br><br>The problem cannot be solved by one industry, and therefore wide collaboration is needed | Holistic solution is needed from many layers (private business, civil society and government)<br><br>The problem cannot be solved alone and at least industry wide collaboration is needed<br><br>The company has wanted to take a wider responsibility of the issue while understanding the consequences of a *de facto* embargo |

Because of the complicated issues around the whole topic, governmental support, civil society knowledge and involvement of other industries are also needed. The PPA for example has additional members when compared with the industry-wide collaborations. It for example has the support of the U.S. State Department, and also automobile industry member support. The PPA also includes various different civil society organizations.

The case companies' *key* motivations for joining the PPA multi-stakeholder collaboration are mostly linked to recognizing that the solution needs many different actors from many layers to create a holistic solution. This motivation is shared by all of the case companies. In addition, each of the case companies has wanted to work on avoiding causing an embargo on the area and each of the case companies states that they do not want to cause harm for the legitimate miners in the area (although Motorola Solutions did not link this directly to the PPA but already to the motivations in general for working with the issue). An additional key motivation, that the problem cannot be solved alone and at least industry wide collaboration (many industries) is needed, is shared by Nokia and Motorola Solutions.

The *key* motivational factors for joining the PPA are quite similar between the case companies. It has however been stated by all of the three companies that there are also many *secondary* reasons why the companies have joined the PPA, such as the brand reputation and legitimacy of the operations (see Appendix 8 for the full list). These issues are related to the theoretical starting point that there are also self-benefitting motivations when addressing these complex problems (Waddell & Khagram, 2007; Svendsen & Laberg, 2005; Kell, 2003).

When it comes to the general challenges related to multi-stakeholder collaboration, the similarities between case companies are more difficult to see. Here again, the challenges identified in the literature review (Appendix 2) are used as a theoretical starting point to analyze the results further. The mentioned key challenges of multi-stakeholder collaboration are listed in table 4 (next page). They are categorized according to the type of a challenge, namely: *different backgrounds and perspectives* among stakeholders, *geographical location* of stakeholders, *external cause* – related to a factor outside the collaboration*,* and lastly, *internal cause* – related to an organization itself.

While multi-stakeholder collaboration brings together many different stakeholders from different backgrounds, it is likely that there might be challenges related to different perspectives. To some degree all of the case companies pointed out these challenges, as can be seen in the category *different backgrounds and perspectives* among stakeholders, and as Waddell (2003) has also referred to when he has pointed out negotiations between diverse interests. Waddell (2000) has also found the tensions and contradictions among stakeholders in the negotiation being a challenging aspect, however, for example Motorola Solutions especially noted that everything has been good since in this situation everybody desires the same outcome. How they get to the outcome is where the variability takes place.

*Table 4. Key challenges of multi-stakeholder collaboration in the conflict minerals case*

| Challenge type | Intel | Motorola Solutions | Nokia |
|---|---|---|---|
| Different backgrounds and perspectives among stakeholders | Different cultures and motivations among companies*<br><br>Different opinions among NGOs<br><br>Differences in the approaches and in some technical details | Variability of how to get to the outcome/how to go doing about things** | Dialogue related challenge of who should take the first step in actual implementation |
| Geographical location of stakeholders | | | Possible challenges related to online meetings due to the  time zone differences |
| External cause – related to a factor outside the collaboration | The delayed SEC rule related issues | | |
| Internal cause – related to an organization itself | | | Company's own resources related to time allocation and prioritizing |

*emphasized that generally companies have been able to cooperate quite well
**emphasized that actually everything has been very good

From Intel's point of view, one of the challenges is differences in approaches and technical details, these being related to decision making. Also Nokia pointed out a related issue of who should take the first step in actual implementation, although the challenge was related to the dialogue concerning this issue. Intel is the only company mentioning different cultures and motivations among companies (although it was stated that generally companies have been cooperating quite well). Similarly, different opinions among NGOs is seen as a challenge from Intel's perspective, meaning that it is always not that clear what the best approach is. These challenges were all related to the complex problem itself and the fact that it takes many different people to collaborate and therefore there inevitably are many different perspectives involved.  However, internal company related challenges as well as external factor causing challenges were also pointed out. The *internal* company related challenge, as mentioned by Nokia, relates to the company's own resources, this referring to the point that collaborations take time in reality. Also Roloff (2008b) has stated multi-stakeholder collaboration requires time. In addition, Nokia is the only European company included in this study. The challenge related to the time zone differences, mentioned by Nokia, reflects the reality that since the problem is cross-boundary, the *geographical location* of stakeholders can pose some challenges. Only one of the challenges mentioned by the case companies was a challenge related to an *external cause* factor.  In this case it was the delayed SEC regulation that affects the collaborations by delaying some actors' action. This challenge was mentioned by Intel.

Now after analyzing the empirical findings, the next chapter will further discuss the results.

# 6 Discussion

This thesis project has been investigating the challenge of conflict minerals in the global electronics supply chains from the corporate perspective. The research questions of this paper were:

> ➢ *What are the key corporate motivations and perceived challenges for addressing the issue of conflict minerals in a multi-stakeholder collaboration?*

> ➢ *How does the multi-stakeholder collaboration relate to corporate CSR strategy?*

The findings of this study are now discussed in relation to both the research questions of the project as well as the existing earlier studies.

## 6.1 Corporate motivations and perceived challenges

While the findings of this thesis project are in line with most of the ideas found from the existing literature, not all ideas are supported. The findings of this project suggest that the case companies' (Intel, Motorola Solutions and Nokia) key motivations for multi-stakeholder collaboration were directly related to the commonly shared idea that the central reason for collaboration is a complex challenge (Lehr, 2010; Turcotte & Pasquero, 2001; Roloff, 2008b; Svendsen & Laberge, 2005; Kell, 2003) and the recognition that to solve the compound problem, a diverse set of stakeholders is needed. Many 21$^{st}$ century problems are characterized by codependences among stakeholders and thus also many actors are needed to address problems collectively (Svendsen & Laberge, 2005). This study confirms this and links multi-stakeholder collaboration with this notion. In the case of 'conflict minerals', single company efforts or even single industry efforts, although important and vital, have not been enough to address the problem sufficiently. Industry collaboration has been an important stepping stone to addressing the problem from the electronics companies' point of view; however, the minerals that the paper discusses are not only used in electronics products.

Both Waddell and Khagram's (2007) and Svendsen and Laberg's (2005) studies have pointed out that corporate motivation also includes enhancing own goal or own benefit while for example also creating social value. This is supported to some degree in this study since there were also secondary motivations that the case companies pointed out, such as the brand value issue. Kell's (2003) notion that it is companies' own enlightened self-interest to work towards mitigation of the world's most pressing problems was not directly supported by this study.

Even though the existing literature points out that the *raison d'être* of multi-stakeholder collaboration is a complex challenge, it does not always explain what the complex challenge actually means. In this study, the specific characteristics of the complexities of the problem were described, as being related to the root cause of the problem, i.e. the political situation in the DRC. The literature also has looked behind the complex problem and identified the regulatory or governance gaps (Lehr, 2010; Ruggie, 2001; Scherer & Palazzo, 2011) as the cause of these types of complex challenges in the global business environment. This study supports this idea. This thesis project also confirms Roloff's (2008b) idea that companies participate in multi-stakeholder network as a response to the "*complexities and uncertainties caused by globalization*" (*Ibid.*, 245). Lehr's (2010) argument that the general corporate motivation for engagement in multi-stakeholder collaboration can be seen not to be related to

its so-called benefits, but instead to the lack of traditional command-and-control regulation as well as the absence of governments' political willingness to solve problems, is also supported by this study. Roloff (2008b) has written that a serious and complex issue might even force different stakeholders of the problem to start cooperating with each other, even if they were perhaps hostile at first to the idea of cooperation. In this study, none of the case companies stated that they were forced to start collaborating. In this study, one of the key motivations for multi-stakeholder collaboration was that the company wanted to take on a wider responsibility or think about the problem from a wider perspective. This motivation has not been directly mentioned in the earlier literature, although Svendsen and Laberge (2005) have mentioned that while companies work towards own benefit in multi-stakeholder collaboration they can create social value. This motivation is not directly the same as what the case companies pointed out.

Multi-stakeholder collaboration draws together different stakeholder groups which all have a common concern. The underlying reason that distinguishes multi-stakeholder collaboration from many other collaborations is the additional members or member groups and the idea that they are from different backgrounds so that they possess different expertise and resources. These issues further make it inevitable that different perspectives most likely are present in these collaborations. Earlier studies have pointed out these challenges and this study also suggests that the challenges are mostly related to the different backgrounds or perspectives of the stakeholders. However, while Waddell (2000) has mentioned the tensions and contradictions during negotiation about stakeholders' stances and opinions, in this study it was particularly stated that all in all collaborations have been going on well. The reason for this might be that this study is related to a topic where everyone, more or less, already desires the same outcome. It must be remembered that multi-stakeholder collaborations can be found from many different practical areas with different purposes, and varying scales, scopes and time frames (Roloff, 2008b). Therefore challenges between different collaborations might vary, and for example in some other collaborations the desired outcome might be less clear and therefore pose more challenges for example during dialogue.

Findings of this study also point out some new challenges that have not been mentioned in the existing literature, they being an external cause affecting the collaboration and further causing some challenges inside the collaboration, as well as the geographical location of the stakeholders in the global collaboration. This study also found out an own organization related challenge, relating to the time allocation. This is somehow supported by Roloff (2008b), while she has written that collaborations require time. Roloff (*Ibid.*) has also written that multi-stakeholder collaborations are often unstable. This thesis project was a snapshot in time and not a longitudinal study. Therefore, the issue related to the possible unstable aspects of the collaboration could not be studied.

## 6.2 Multi-stakeholder approach – a tool for companies to address complex CSR challenges

The findings of this study present a situation where the case electronics companies have found themselves taking responsibility of the complicated issues that once have been the sole responsibility of states. In solving these complex challenges, traditional CSR tools have proved to be insufficient. The single company expertise and resources have been inadequate to address the complex challenge. Thus, the results of this case study show that multi-stakeholder approach is an important mechanism and tool for the case companies to tackle complex and difficult CSR challenges where their own expertise and input is not enough.

Three main points can be noticed from this study. First of all, the case that was discussed in this paper is an issue where designing legal rules has been difficult or impossible and where voluntary corporate responsibility approach has been a way to move forward (although the draft SEC rule might be a further motivation to do that). Secondly, physical resources, expertise and knowledge are needed from a diverse set of stakeholders because the challenge is too complex and difficult to be addressed by one actor or stakeholder group. Lastly, multi-stakeholder aspect helps create legitimate solutions while stakeholders together collectively participate in the multi-stakeholder process and solution finding. In this way value can be found from the intersection of every stakeholder's interest.

The results of this study are in line with many of the earlier studies that have been discussed in this paper. However, some additional new aspects were also found from the empirical case studies.

Firstly, when looking at the similarities between the existing studies and the findings of this thesis project, the main similarity is Scherer and Palazzo's (2011) notion that companies engage in self-regulation in order to manage complex challenges in a global business environment that lacks regulations, and where the state is unable or unwilling to govern the situation. However, as Albareda (2008) has pointed out, the term could be co-regulation instead of self-regulation, since the process involves many different stakeholders who collectively design and implement the principles. Lehr (2010) has proposed multi-stakeholder initiatives as a complimentary approach to the lack of legal framework in some specific situations while corporate responsibilities can overcome many shortcomings of the command-and-control rules. This argument is supported by this study while the thesis discussed how the SEC rule has been difficult to design and implement.

Waddell (2003) has argued that the traditional approach to CSR is difficult when it advocates that the solutions to massive problems can be achieved by an individual company. Waddell thinks that this does not work since "*firms that respond individually often find themselves at a disadvantage to their competitors, which have lower standards*" (*Ibid*., 39). According to Waddell (2003), multi-stakeholder networking provides a change strategy to proceed at a similar pace. This study confirms these ideas since the multi-stakeholder collaboration in the context of this case study includes working with own industry and adjacent industry peers in order to have a collective strategy to address the issue.

Stakeholder thinking and the importance of stakeholders is one of the dimensions of the CSR strategy (Dahlsrud, 2008). This study showed how the case companies have understood the importance of stakeholders, not as mere actors that need to be strategically managed, but instead as their stakeholders who are engaged in company decisions and activities while this process is bringing benefits for all parties. Further, the multi-stakeholder collaboration goes even further from that while companies engage with their stakeholders in a non-hierarchical way. Multi-stakeholder collaboration in this study is a different kind of process from managing traditional bilateral stakeholder relations, and in the context of the PPA, the engagement is not organization-centric. This confirms Svendsen and Laberge's (2005) as well as Roloff's (2008b) notions about the issue that multi-stakeholder collaboration is not an organization-centric, bilateral stakeholder management tool. However, the case companies also pointed out that they are also using multi-stakeholder approach as an advisory instrument for themselves (for example Intel and its human rights panel). This type of multi-stakeholder approach was not discussed much in the reviewed literature. Multi-stakeholder is quite a vague idea, and can have different interpretations and meanings (Fransen & Kolk, 2007). It

can be debated where the border is between 'advisory' multi-stakeholder collaboration and so-called non-hierarchical collaboration, since the multi-stakeholder aspect is a wide spectrum. However, it is evident that both forms of collaboration are used by the case companies to manage and address complex CSR topics where the own company resources and knowledge are not enough.

Svendsen and Laberge (2005) have argued that traditional corporate stakeholder engagement methods cannot solve cross-boundary, interdependent and compound situations, and that these high-stake situations need a whole-system approach for problem solving. "*Within this domain, the corporation is not so much a system within itself as a participant in a larger system that includes other stakeholder citizens*" (Payne & Calton, 2002, 122). This study confirms these ideas about the whole-system approach while showing that each stakeholder is needed for the whole system to work properly. In the case of the PPA, many different stakeholders are needed, while there are different roles for each stakeholder group. Together these groups form a whole system. Svendsen and Laberge's (2005) argument that the stakeholder network is like a 'living system' and its strength is that the 'whole' is greater than the sum of its parts, is confirmed in the PPA multi-stakeholder case.

Diversity from the systems thinking perspective is seen as a resource and not (only) as a challenge. Different perspectives and backgrounds of the participants mean that network members can be more creative and innovative, and therefore also provide better solutions to those challenges that they tackle together (Senge & Carstedt, 2001). Total agreement is not the final goal; instead, pluralistic approaches can lead to success (Waddell, 2003). In the network collective learning takes place and trust is important (Svendsen & Laberge, 2005). In this study these aspects were discussed in some degree although these points were not the main aim of the paper. These issues however show where the strength of the multi-stakeholder collaboration lies. The process itself has its advantages, even though the results of this study show that the actual decision-making and arriving at the decisions can sometimes be challenging.

The literature review discussed two examples of multi-stakeholder collaborative networks, the UN Global Compact and GRI, which both provide frameworks and guidance for MNCs in relation to the regulatory gaps. These are broad advisory frameworks and not that much related to specific cases, issues or single problems, such as this paper discussed. The PPA is a multi-stakeholder collaboration for a specific goal and single issue. The PPA and the Global Compact for instance have a similar network structure and companies also have the same type of motivations for joining these networks. Both of the networks can also be used as a tool to tackle complex CSR challenges in the global business environment.

This chapter has discussed the results of this study in relation to the other earlier studies. The next and final chapter will refocus on the aim of this thesis paper and present the conclusion and suggestions for future studies.

# 7 Conclusion

The aim of this thesis is to describe the role of the CSR approach in addressing complex supply chain issues. The aim was achieved by exploring the reasons for engagement in self-regulation in regard to responsible sourcing decisions, from an electronics company's perspective. Moreover, the thesis aimed to shed light upon, through the selected case of conflict minerals, the concrete motivations for addressing complex CSR problems through the multi-stakeholder collaboration, and the challenges related to such practices.

The electronics industry is an industry where global outsourcing and off-shoring are common (Kawakami & Surgeon, 2010) and where the supply chains are long and global. The results of this thesis paper show the complexities of the conflict minerals problem from the corporate perspective. The case demonstrates a context where the case companies have found themselves in a situation where they have started carrying the responsibility of challenging global interdependences, which have earlier been the sole responsibility of states alone. Even though it is the state's responsibility to protect human rights, in this case the DRC state has been unable to take care of this task. Due to the lack of traditional regulation and the absence of the DRC government's political willingness to solve the problem, the case companies have engaged in self-regulation by following socially desirable principles voluntarily in order to manage the challenging situation.

Even though CSR is deeply integrated in the case companies business, yet, the companies have had difficulties addressing the issue alone. The results of the project identify the industry-wide collaboration as an important mechanism to address the complex problem collectively and collaboration with industry peers also being a stepping stone to wider multi-stakeholder collaboration. The multi-stakeholder collaboration in the context of this paper includes own industry members, additional industries (such as automobile), various CSOs, and governmental and intergovernmental organizations. The motivations from the case companies' part for joining multi-stakeholder collaboration are directly linked to the complexities of the problem, and that a diverse set of stakeholders is needed to address the problem. Also, thinking about the problem from a wider perspective is also identified as being a reason for collaboration. Multi-stakeholder collaboration in the context of this study can be said to be a form of co-regulation since it includes a wide set of stakeholder groups in the process. It can be seen as a process of building bridges rather than walls, although there are also some challenges related to the process. Multi-stakeholder collaboration is a tool to address complex CSR challenges that are too difficult to address by one company, or even by one industry or sector. Besides providing greater impetus, expertise and influence, various stakeholder groups can also design legitimate solutions collectively when they engage in dialogue.

As a descriptive case study describing the motivations and challenges related to collaboration, the actual collaboration process, dialogue and the outcome aspects of the collaboration were not studied within this thesis project. These issues could be areas for future studies. Also since this was a case study including a small number of companies, future study could consider the issue with a larger number of companies, and possibly also include other stakeholder members. As the case companies in this study are well-known brands, one of the issues that should be solved when thinking about the aspects of sustainable development is how to find solutions that also engage less well-known companies. In addition, as this thesis project had time constraints and could only be a snapshot in time, in order to study multi-stakeholder relations, longitudinal case studies are needed.

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Director of Supply Chain Sustainability, Nokia, Espoo, Finland
June 5th 2012, face-to-face interview

Loch, Michael
Director of Supply Chain Sustainability, Motorola Solutions
July 3rd 2012, telephone interview

Niekerk, Gary
Director of Corporate Citizenship, Intel
June 22nd 2012, telephone interview


**Audio-Visual**

Responsible Sourcing Network
Source 44, Conflict Minerals: 4 Keys to Conflict Free
June 20th 2012, webinar

# Appendix 1: The Participants of Public-Private Alliance (PPA) for Responsible Minerals Trade

(www, RESOLVE, 1, 2012)

| Companies | | Civil society organizations | Industry associations | Governmental and inter-governmental organizations | Facilitator organization |
|---|---|---|---|---|---|
| Intel | Nokia | Responsible Sourcing Network | Electronic Industry Citizenship Coalition (EICC) | U.S. Agency for International Development (USAID) | RESOLVE |
| AT&T | Motorola Solutions | Enough Project | Global e-Sustainability Initiative (GeSI) | U.S. Department of State | |
| Hewlett-Packard Company (HP) | Qualcomm | Jewish World Watch | World Gold Council | International Conference on the Great Lakes Region (ICGLR)* | |
| Sony | Sprint | Partnership Africa Canada | International Tin Industry Association Tin Supply Chain Initiative (iTSCi) Secretariat | | |
| Advanced Micro Devices | Toshiba | Pact | | | |
| Verizon Communications | General Electric | | | | |
| Telefonica | Ford Motor Company | | | | |
| Microsoft | DELL | | | | |
| Research in Motion | H.C. Starck | | | | |

*Composed of the following eleven states: Angola, Burundi, Central African Republic, Republic of Congo, Democratic Republic of Congo, Kenya, Uganda, Rwanda, Sudan, Tanzania and Zambia

(More information about The Public-Private Alliance (PPA) for Responsible Minerals Trade: http://www.resolv.org/site-ppa/ )

# Appendix 2: Summary of the motivations and challenges from the literature review

| Author | Year | Motivations |
|---|---|---|
| Waddell and Khagram | 2007 | Both to address a complex problem and also enhance own goal |
| Kell | 2003 | Thinking it is own enlightened self-interest to work towards mitigation of the world's most urgent dilemmas<br><br>Recognition that many of problems can only be solved by cross-sectoral collaboration |
| Svendsen and Laberge | 2005 | Complex problem<br><br>Own benefit as well as create social value when addressing a complex problem |
| Lehr | 2010 | Complex problem that cannot be addressed alone<br><br>Governance gaps - globalization caused changes in the business environment |
| Roloff | 2008b | Complex problem |
| Turcotte and Pasquero | 2001 | Complex problem |
| **Author** | **Year** | **Challenges** |
| Waddell | 2003 | Negotiations between diverse interests |
| Roloff | 2008b | Require time and are often unstable |
| Waddell | 2000 | Tensions and contradictions in the communication about stakeholders' opinions and stances |

# Appendix 3: Interview guide
(page 1/2)

**1. Corporate Social Responsibility**

- What does 'Corporate Social Responsibility' (CSR) mean for your organization?
- What are the key reasons of why your organization addresses CSR/sustainability issues in its global supply chain?
- What are the key challenges when addressing CSR/sustainability issues in your organization's global supply chain?

**2. The 'conflict minerals' problem**

- How is the challenge of 'conflict minerals' seen by your organization?
- What have been the key challenges in relation to that topic from your organization's point of view?
- How do you envision the ideal solution for the problem?

**3. Motivations for collaborations**

- When did your organization first start to work with (industry wide and multi-stakeholder) collaborations when addressing CSR/supply chain sustainability issues? And, when related to conflict minerals topic?
- What are the key motivational factors for entering (industry wide and multi-stakeholder) collaborations in CSR/supply chain sustainability issues? And, what are the motivations in relation to the conflict minerals topic?

**4. Multi-stakeholder collaboration in practice**

- How does multi-stakeholder collaboration in CSR/supply chain sustainability issues happen in practice?
- What is the role of dialogue in these collaborations?

**5. Challenges of multi-stakeholder collaboration and dialogue**

- What are the challenges when engaging in collaboration and dialogue with multiple stakeholders? And, how could they be overcome?

## 6. The Public-Private Alliance for Responsible Minerals Trade (PPA)

- What are the key reasons of why your organization is a participant of the PPA? Are any of the following factors important? And, are there any additional factors?

    a) problem cannot be solved alone and at least industry wide collaboration is needed
    b) holistic solution needed from many layers (private business,
       civil society and governmental organizations)
    c) generating innovative solutions that no single member of the collaboration could realize alone
    d) earlier criticism from NGOs, customers and/or media and therefore now addressing brand reputation
    e) safeguarding future supply of raw materials/operational efficiency
    f) being a beacon (a good example) to others in the industry/ies and
       hoping to influence/transform the industry/ies
    g) taking a 'wider responsibility' of the issue while understanding
       the consequences of a *de facto* embargo
    h) risk management aspects
    i) collaborating (when it is needed) is seen as an efficient method to address CSR/sustainability issues
    j) altruism and management values (wanting to be part of the 'solution')
    k) gaining legitimacy of operations
    l) importance of stakeholder engagement
    m) aim of harmonizing activities with others

- How does your organization see its own role within the PPA collaboration context?
- What about the other stakeholders' role?
- And, the role and importance of the 'collective sum' of every stakeholder in the PPA?

## 7. Collaborating for CSR and sustainability

- How do multi-stakeholder collaborations in general fit into your organization's CSR/sustainability strategy?
- What are the benefits that your organization considers in multi-stakeholder collaborations and dialogue when addressing supply chain sustainability and CSR issues?
- For which kinds of issues multi-stakeholder collaboration could be an efficient method? And, for which kinds of issues it is perhaps not appropriate?

## 8. Would you like to add anything else that these questions did not cover?

# Appendix 4: Electronics companies ranked by progress on conflict minerals

(www, Enough Project, 1, 2012; www, Enough Project, 2, 2012)

Data from December, 2010*
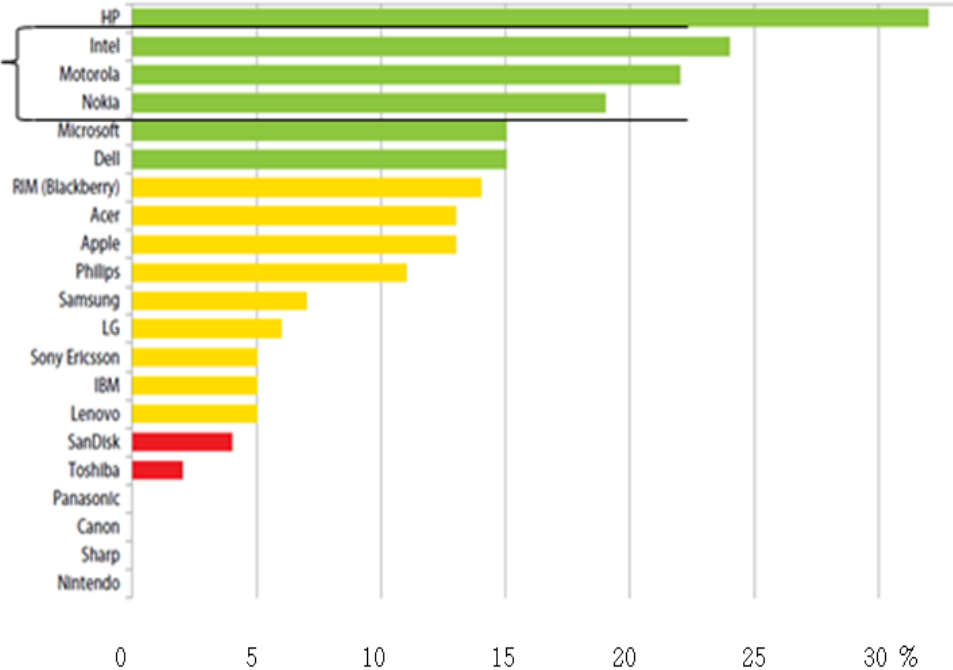


Percentages of progress towards responsible sourcing of minerals

| Company | Trace | Audit | Certify | Stakeholder engagement | Legislation | Total | % |
|---|---|---|---|---|---|---|---|
| HP | 4,5 | 4,0 | 4,0 | 2,0 | 3,0 | 17,5 | 32% |
| Intel | 4,0 | 5,0 | 1,0 | 2,0 | 1,0 | 13 | 24% |
| Motorola | 2,0 | 5,0 | 1,0 | 2,0 | 2,0 | 12 | 22% |
| Nokia | 3,5 | 3,0 | 1,0 | 2,0 | 1,0 | 10,5 | 19% |
| Microsoft | 2,0 | 5,0 | 0,0 | 1,0 | 0,0 | 8,0 | 15% |
| Dell | 2,0 | 3,0 | 0,0 | 2,0 | 1,0 | 8,0 | 15% |
| RIM | 0,5 | 3,0 | 0,0 | 2,0 | 2,0 | 7,5 | 14% |
| Acer | 2,0 | 3,0 | 0,0 | 1,0 | 1,0 | 7,0 | 13% |
| Apple | 2,0 | 3,0 | 0,0 | 2,0 | 0,0 | 7,0 | 13% |
| Philips | 1,0 | 3,0 | 0,0 | 2,0 | 0,0 | 6,0 | 11% |
| Samsung | 0,0 | 3,0 | 0,0 | 2,0 | 0,0 | 4 | 7% |
| LG | 0,5 | 3,0 | 0,0 | 0,0 | 0,0 | 3,5 | 6% |
| Sony Ericsson | 0,0 | 3,0 | 0,0 | 0,0 | 0,0 | 3,0 | 5% |
| IBM | 0,0 | 3,0 | 0,0 | 0,0 | 0,0 | 3,0 | 5% |
| Lenovo | 0,0 | 3,0 | 0,0 | 0,0 | 0,0 | 3,0 | 5% |
| SanDisk | 2,0 | 0,0 | 0,0 | 0,0 | 0,0 | 2,0 | 4% |
| Toshiba | 1,0 | 0,0 | 0,0 | 0,0 | 0,0 | 1,0 | 2% |
| Panasonic | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0% |
| Canon | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0% |
| Sharp | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0% |
| Nintendo | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0% |

See the detailed description of how the survey was made from the reference source (www, Enough Project, 1, 2012)

*(Motorola had not separated into two different publicly-traded companies at this point, therefore instead of Motorola Solutions, the name is Motorola – See section 4.2.2)

# Appendix 5: Percentages of 3Ts and gold from the eastern DRC

(Enough Project, 2009, 15)

| Ore/mineral | DRC's share | Estimated production from the (eastern) DRC in 2008 | Estimated world production in 2008 |
|---|---|---|---|
| 50 **Sn** Tin | between 6-8 percent | 24,592 tons | 350,000 tons |
| 73 **Ta** Tantalum | between 15-20 percent | 155 tons | 815 tons |
| 74 **W** Tungsten | between 2-4 percent | 1,300 tons | 54,600 tons |
| 79 **Au** Gold | less than 1 percent | 6,5 tons | 2,330 tons |

# Appendix 6: Illustration of the conflict minerals supply chain

(Audio-Visual, modified from Responsible Sourcing Network, 2012)
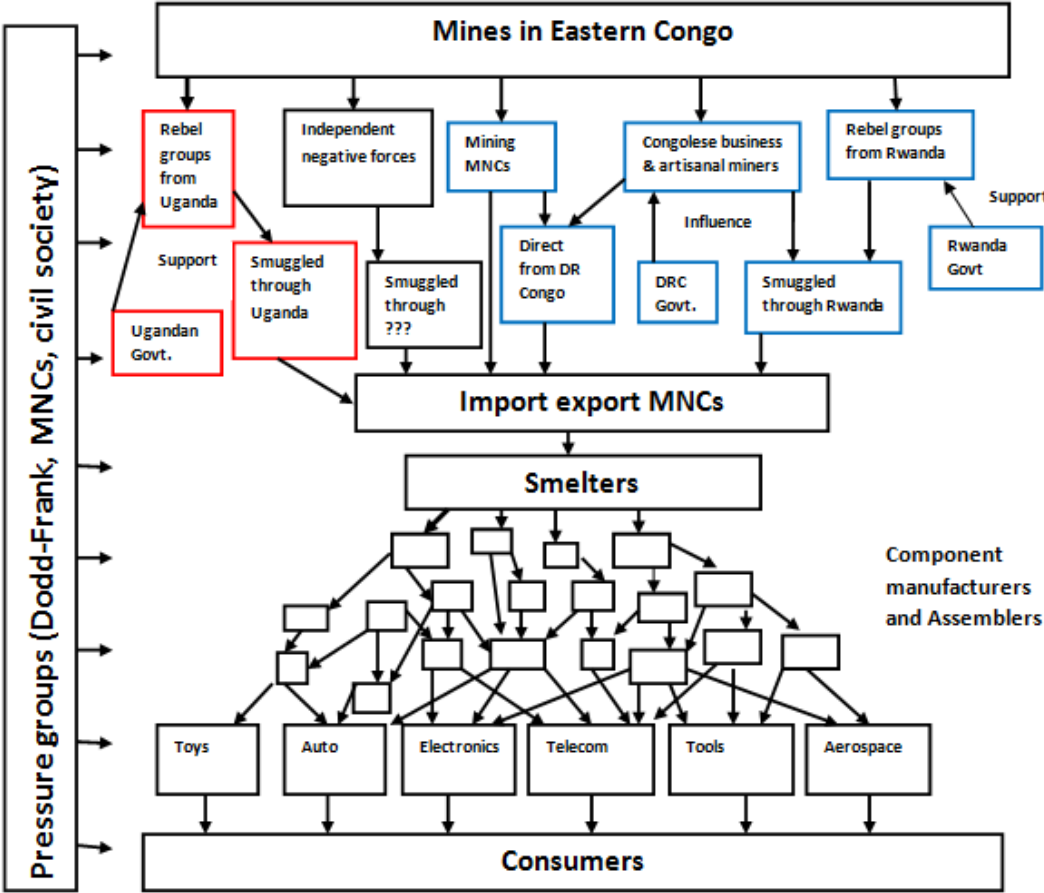
# Appendix 7: Summary of the collaborations discussed in the case studies

(www, RESOLVE, 2, 2012; www, RESOLVE, 3, 2012; www, EICC, 1, 2012; www, EICC, 2, 2012; www, GeSI, 1, 2012; www, GeSI, 2, 2012; OECD, 2012)

| Collaboration* | Type | Goal/information | Members |
|---|---|---|---|
| **EICC (Electronic Industry Citizenship Coalition)** | Industry | An industry coalition of the world's leading electronics companies collaborating to improve efficiency and TBL responsibility in the global supply chains | Intel<br><br>Apple, DELL, Philips, Sony etc. |
| **GeSI (Global e-Sustainability Initiative)** | Industry | GeSI aims to advocate sustainable development in the ICT sector while e.g. fostering cooperation and informing the public of its members' voluntary actions | Motorola Solutions and Nokia<br><br>Sony Ericsson, Ericsson, HP, Microsoft, etc. |
| **The pilot implementation of OECD Due Diligence Guidelines for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas** | Multi-stakeholder | The aim is to share experiences and identify best practices with companies from different sectors<br><br>A key issue is a approach to conducting due diligence and seeking to avoid boycotting of mining in countries such as the DRC. The guidelines promote responsible sourcing and the guidelines are a result from a multi-stakeholder consultation process | Nokia<br><br>Boeing, General Electric, Ford Motor Company, EICC, GeSI, etc. |
| **Public-Private Alliance (PPA) for Responsible Minerals Trade** | Multi-stakeholder | A joint initiative among companies, governments and civil society to support supply chain solutions to conflict minerals challenge in the Democratic Republic of Congo (DRC) and the Great Lakes Region (GLR) of Central Africa<br><br>The aim of the collaboration is to find solutions that benefit those people involved in responsible minerals trade in the Great Lakes Region (GLR) | Intel, Motorola Solutions and Nokia etc.<br><br>(See Appendix 1 for other members) |
| **Solutions for Hope Project** | Collaboration for companies including mining, smelters, component manufactures and product manufacturers (end-users) | A pilot collaborative initiative to source conflict-free tantalum from the Democratic Republic of Congo (DRC)<br><br>Through the Solutions for Hope Project, Motorola Solutions, AVX, and other stakeholders have created and are testing a program of responsible sourcing of tantalum from the DRC to promote economic stability of the area | Intel, Motorola Solutions and Nokia<br><br>HP, Foxcon, AVX, Research in Motion etc. |
| **Workshops and conferences** | Industry and multi-stakeholder | Dialogue, information exchange, learning, networking, and sharing best practices | Intel, Motorola Solutions and Nokia<br><br>among many others |

*Does not include all of the collaborations about the topic, but only aims to clarify the issues discussed in the empirical case studies

# Appendix 8: Summary of the motivations and challenges from the case studies

| Motivations | Intel | Motorola Solutions | Nokia |
|---|---|---|---|
| **Industry-wide**<br><br>↓<br><br>**Multi-stakeholder**<br><br>↓ | Joining forces with industry colleagues from the electronics industry gave more influence to the smelters | Industry collaboration is an important part of the company's aim of wanting to support and build the transparency mechanisms required to help understand minerals' origin and to help the company source responsibly<br><br>Did not want to create embargo and be associated with making a bad situation even worse | Mirroring own doings (i.e. benchmarking)<br><br>Learning *from* others and *with* others<br><br><br>(Same reasons for multi-stakeholder collaboration in general) |
| *Key* **motivations for the PPA multi-stakeholder collaboration** | Holistic solution is needed and actions from many layers (business, civil society and government)<br><br>The company has wanted to think more broadly about the issue while understanding the consequences of *the de facto* embargo | Holistic solution is needed and actions from many layers (business, civil society and government)<br><br>The problem cannot be solved by one industry, and therefore wide collaboration is needed | Holistic solution is needed from many layers (private business, civil society and government)<br><br>The problem cannot be solved alone and at least industry wide collaboration is needed<br><br>The company has wanted to take a wider responsibility of the issue while understanding the consequences of a *de facto* embargo |
| *Secondary* **motivations for the PPA multi-stakeholder collaboration** | All of the options (Appendix 3, Question 6) are part of the equation and somehow important, except the guaranteeing future supply of raw materials | The legitimacy of operations<br><br>Brand reputation issue<br><br>Harmonization of various activities | All of the options (Appendix 3, Question 6) except risk management and guaranteeing future supply of raw materials |
| **Challenges** | **Intel** | **Motorola Solutions** | **Nokia** |
| *Key* **challenges of multi-stakeholder collaboration in conflict minerals case in general** | Different cultures and motivations among companies*<br><br>Different opinions among NGOs<br><br>Differences in the approaches and in some technical details<br><br>External challenge related to the delayed SEC rule | Variability of how to get to the outcome/how to do what needs to be done** | Dialogue related challenge of who should take the first step in actual implementation<br><br>Possible challenges related to online meetings due to the time zone differences<br><br>Company's own resources related to time allocation and prioritizing |

*emphasized that generally companies have been able to cooperate quite well
**emphasized that actually everything has been very good