CSR Performance of Global Forest Products Companies and IT Companies

Master’s Thesis
Ying Xiong
University of Helsinki
Department of Forest Economics
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As the global economy grows rapidly, certain environmental and societal problems have become challenges. This pushes more and more global companies to integrate those concerns in their business operations, in the form of corporate social responsibility (CSR). This thesis analyzes leading global companies’ CSR performance by using forest and IT industry as comparable cases, in order to point out the strength and weakness of CSR practice, and to indicate the proposal for CSR development. The study also describes the differences in emphasizing CSR between forest industry and IT industry, and between globally and in China market.

The method of content analysis is introduced to the study. Based on the Global Reporting Initiative (GRI) guidelines as classification frame, relevant information from the CSR reports of analyzed sampling units was classified into corresponding indicators and then transformed into the numbers that represent companies’ CSR performance.

The result of the study shows that on a global scale environmental and economic responsibilities are the mainly focused areas of CSR by global companies while companies’ performance of human rights responsibility is very poor. In the future, global companies should work harder on human rights by taking actions to analyze violent risks and prevent discrimination instead of only releasing policies. Concerning differences between industries, forest product companies emphasize economic, environmental and labor practice responsibilities much more than IT companies do. IT industry is able to learn the experience from forest industry to improve its weak areas. The other finding in the study is that nearly no global companies publish separate unit CSR reports in China or sufficient information of CSR activities in China. It indicates that CSR is still at the very beginning status in China and global companies are recommended to take more responsibility for its development.
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1. Introduction of the study

1.1 Corporate social responsibility as a global business trend

As the rapid global economic growth, certain environmental and societal challenges have also reached a high level. This in turn calls for a more responsible business world where corporations are appreciated not just for creating profit but also for participating in addressing those challenges. As a result, increasing global companies start to integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis, which was defined as corporate social responsibility (CSR) by EU commission in its CSR Green Paper in 2001.

The rise of awareness of CSR can be clearly seen from public response, such as news, research, forum, legislative, public policy, consulting, NGOs, and government. For instance, Asian Forum on CSR is held annually to help address corporate social responsibility challenges. Higher education institutes in UK like De Montfort University and University of Nottingham have already started MBA program in CSR. Just as Hamann (2003) concluded, globally business wants to be seen as taking on a more responsible and interactive role in social transformation and sustainable development.

However, pressure from public concerns is not the only reason why enterprises make the change. Most of the international companies take initiative to adopt CSR also by the motivation of sustainable development. Kotler and Lee (2005) described business benefits of CSR practices as following: enhanced corporate image and clout; increased sales and market share; strengthened brand positioning; increased ability to attract, motivate, and retain employees; and decreased appeal to investors and
financial analysis. This theory has been further demonstrated by the increasing research reported worldwide. A survey conducted by the Kenexa Research Institute in 2007 indicated that an organization's CSR efforts positively affect an employee's personal outlook of the future, satisfaction with their job and confidence in the company's future (Reliable plant). Leaders in Dubai Business Forum 2007 gave a number of examples where customers had used the power of online advocacy to make corporate social responsibility a high priority for business (Ahmad 2007). A new global report conducted by PricewaterhouseCoopers in 2007, *Managing Tomorrow's People: The Future of Work to 2020*, revealed that corporate social responsibility behavior is a factor in prospective employee job seeking (Consultant-news).

The entire phenomenon shows that corporations' responsible behavior is a good deed and will be eventually developed into a must-do. Despite the debate whether responsibility increases profits in the last century, KPMG's Chairman Mike Rake (quoted by Singh 2005) was convinced: "The best businesses of the 21st century will be those that are both profitable and responsible."

1.2 Corporate social responsibility practice within companies

In fact, consistently increasing national and multi-national corporations from variety of industries have been taking actions in response to this global business trend. The second CEO&CSR conference was successfully held in 2008 entitled “Rethinking the way we do business” (Euro charity 2008). More and more companies start to keep CSR as the priority of their strategic objectives. They work on CSR and use CSR reporting to disclose their efforts to the public. A number of companies have emerged as leaders in the field of sustainability reporting according to recent GRI research (2007), such as Coca-Cola, Microsoft, IBM, General Electric, and Nokia. It
will be valuable to really analyze those global companies’ CSR performance and what fields they really emphasized.

Moreover, globalization makes international companies extend their market and production all over the world. Developing countries like China then have become not only the target market but also the manufacturing hubs for those global enterprises for decades. The question is, however, that when those companies enter a market where the local compliance and social environment are less developed than their original countries, will they less emphasize CSR or have different emphasized dimensions of corporate social responsibility? It will be valuable to find out if the international leading corporations emphasize CSR in China as much as they do at a global level.

1.3 Motivation of the study

In our department of forest economics at University of Helsinki, there has been a history of studying corporate responsibility related issues in the forest industry. At the very beginning, studies were mainly focused on environmental aspects, such as the German printing industry's environmental perceptions of the Finnish paper industry and forestry (Myrttinen 1995), customers' environmental attitudes in England and Wales (Paasikoski 1996), environmental orientation of the largest forest industry companies (Rinne 2003a), and environmental marketing strategy and its implementation in forest industries (Kärnä 2003). Further, as the improvement of the concept of CSR, research on corporate responsibility has been developed in this decade, for instance, to corporate responsibility of orientation of forest industry companies (Paldanius 2004).

At present, there is a large project of CSR research on the way in our department. On one hand, sub-projects include students' perception on corporate social responsibility
in China and public's view on corporate social responsibility in China. These can be put together with previous studies of the same subjects in European and North American areas in order to get a global public view of CSR. On the other hand, my study will be focused on companies' CSR performance. In this sense, the whole project will provide the basic information for the future study to link public perception on CSR with companies’ performance in reality in the forest industry. Moreover, it is possible to point out the strength and weakness of CSR practice in the forest industry by comparing with IT industry to indicate the future CSR direction in the forest industry. In addition, differences of CSR performance between developed areas and developing countries may be implied in the study.
2. Purpose and implementation of the study

2.1. Purpose of the study

The purpose of this study is to examine global companies’ CSR performance and compare forest industry and IT industry concerning it. It is also intended to find out if global companies emphasize corporate social responsibility in specific local areas, which in this case is China, differently from how they did globally.

The main questions of the research are: “which specific corporate social responsibility did global companies emphasize according to their CSR reports”, “what are the differences between forest industry and IT industry on a global scale in emphasizing CSR”, and “whether global companies emphasized CSR in China differently from what they did globally?”

The questions can be further interpreted more specifically as below:

On a global scale

1. What kinds of economic responsibility have been emphasized by global companies, and what are the differences between forest companies and IT companies in this area?
2. What kinds of environmental responsibilities have been emphasized by global companies, and what are the differences between forest companies and IT companies in this area?
3. What kinds of labor practice responsibilities have been emphasized by global companies, and what are the differences between forest companies and IT companies in this area?
4. What kinds of human right responsibilities have been emphasized by global companies, and what are the differences between forest companies and IT companies in this area?
What kinds of social responsibilities have been emphasized by global companies, and what are the differences between forest companies and IT companies in this area?

What kinds of product responsibilities have been emphasized by global companies, and what are the differences between forest companies and IT companies in this area?

**On a local scale, in China:**

Which areas of corporate social responsibilities in China have been emphasized by global companies?

Whether did global companies emphasize their CSR in China differently from what they did globally?

### 2.2. Implementation of the study

The study is carried out in the following phases:

1. After target companies are selected, the availability of information of CSR reporting of the companies must be ensured. The information search is conducted by browsing company web pages.

2. The theoretical background study is based on literature and articles. Research methods are studied by reading literature and consulting other papers.

3. Based on the theoretical background, the theoretical framework will be formed and operationlized, which will be used as a classification frame for content analysis.

4. The data will be collected from the CSR reports, sustainability reports, environmental reports, annual reports or other related reports and websites of the chosen companies.
5. The data will be analyzed using the most appropriate statistical methods.

6. The results of the analysis will be interpreted and discussed. Conclusions will be given based on the results.
3. Theoretical background of the study

3.1. Business ethics

Business ethics was talked a lot in many literatures before the concept of CSR developed. Although this study is going to focus on the issues of corporate social responsibility rather than business ethics, it is still reasonable to define business ethics first.

Business conducted for profit used to be believed inherently immoral dating from medieval period when St. Thomas Aquinas said "he who in trading sells a thing for more than he paid for it must have paid less than it was worth or be selling it for more" (Vogel 1991a). However, perspectives on business have been changing for centuries due to the development of economy and the whole society as time goes by. In the sixteenth-century at the first time ethical business was proposed by Protestantism who argued that a businessman's work could be pleasing God (Vogel 1991b). From then on, gradually increasing literature started to focus on business ethics. It was claimed that it is possible to be both ethical and profitable, and even that business success is concomitant with its moral performance in a long term. A survey conducted by Opinion Research Corporation in 1970 showed that two thirds of the respondents believed that business had a moral obligation to help other major institutions to achieve social progress, even at the expense of profitability (Carroll 1999a). Recently the former Securities and Exchange Commission Chairman John Shad asserted, "Ethics pays. It's smart to be ethical." (Quoted by Goldberg 1987) In all, fierce business competition and public pressure nowadays make business ethics considered from impossible to emphasized or even necessary.
Business ethics is defined as the study and examination of moral and social responsibility in relation to business practices and decision-making in business in the Webster Dictionary. Moral responsibility here refers to responsibility founded on the fundamental principles of right conduct rather than on legalities, enactment, or custom. It deals specifically with ethical dilemmas arising in the context of doing business (DeGeorge1999). For instance, ethical dilemmas emerge when a certain amount of money needs to be decided either for expanding the production or for charity, or for improving customer satisfaction. Thus, the core issue of business ethics is to find a balance between the different interests of parties involved, and to be accountable for principal stakeholders. In any case companies cannot grow in isolation and they need good suppliers, well-trained workers, healthy environment, and so on.

In a large sense, business ethics refers to moral and ethical standards, which are related to social norms and even religions. It is a broad field almost involving all activities in the business from corporate governance, accounting management and audits, fair labor practices to environmental friendliness, and more. It is hard to understand and measure the entire scope of business ethics. However, corporations in the intensely competitive business world need to be outstanding among all the other competitors by being labeled trustful and responsible for customers, employees, and even for the whole society. Moreover, it is important for government to regulate corporations' behavior according to certain standard to make the world better. As a result, rooted from business ethics, a new concept emerged in the 20th century, i.e. corporate social responsibility. Compared to business ethics, corporate social responsibility has a shorter history but more specifically defined scope, which precisely refer to the responsibilities that enterprises are supposed to take.
3.2. Corporate social responsibility

The history associated with the evolution of the concept of corporate social responsibility can be traced from 1950s. Bowen, who was called the "Father of Corporate social responsibility", firstly defined CSR as the obligations of businessmen to pursue those polices, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society (Carroll 1999b). In 1960s, CSR was stated more accurately by Joseph W. McGuire, who in his book Business and Society (1963) indicated: "The idea of social responsibilities supposes that the corporation has not only economic and legal obligations but also certain responsibilities to society which extend beyond these obligations". In the broadest sense, corporate social responsibility means efforts for the needs and goals of society rather than only economic concerns. Generally, "CSR is concerned with treating the stakeholders of the firm ethically or in a responsible manner... The wider aim of social responsibility is to create higher and higher standards of living, while preserving the profitability of the corporation, for people both within and outside the corporation (Hopkins 2004a)."

Two ways of defining CSR can be seen in the evaluation process. One way is to specify corporate responsibility into several dimensions, like Carroll's "four domains" and the most familiar "triple bottom lines" (Elkington 1994). The definition offered by Carroll (1979) is following: "The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time." The triple bottom lines stand for the economic, environmental and social aspects, which should be considered when implementing corporate social responsibility. This kind of definition of CSR effectively captures elements of CSR and makes it measurable for practitioners.
The other approach of defining CSR is embracing stakeholders. The earliest concept that mentioned "the interests of others" is from Keith Davis (1967). He considered corporation responsibility as the concern for the ethical consequences of one's acts as they might affect the interests of others. Then Harold Johnson (1971) in his book Business in Contemporary Society asserted, "A socially responsible firm is one whose managerial staff balances a multiplicity of interests. Instead of striving only for larger profits for its stockholders, a responsible enterprise also takes into account employees, suppliers, dealers, local communities, and the nation." Recently the Green Paper released by European Commission (2001) defined CSR as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis".

Although there is no universally accepted definition of CSR, the three dimensions (economic, environmental and social) and stakeholders involved are discussed a lot when considering corporate social responsibility. They are not absolutely isolated. Instead, they are tightly interrelated. For example, when economic dimension is discussed, the economic responsibility to all relative stakeholders is included, such as profitability for investors, local hiring of employees, community investments, etc. When referring to the responsibility to a stakeholder, the responsibility also indicates all three dimensions. Thus, it is very important to know the principal stakeholders who companies should concern and what responsibility should be emphasized before examining companies’ CSR performance.

3.3. Responsibility to stakeholders

Stakeholders are defined as entities or individuals that can reasonably be expected to be significantly affected by the organization's activities, products, and/or services, and whose actions can reasonably be expected to affect the ability of the organization to successfully implement its strategies and achieve it objectives (GRI 2006). The
stakeholders involved in business ethics or corporate social responsibility mainly include employees, shareholders, customers, suppliers, local community, environment, and NGOs.

**Employees**

Employees are ones who keep in touch directly with customers and represent a company. Therefore, it is very important to take good care of them and respect their rights. Otherwise, the punishment will take the form of employee dissatisfaction.

Jef Van Gerwen (1994) classified employees' rights as following:

- Right to work
- Right to just remuneration
- Right to privacy and to normal family life
- Freedom of conscience, and freedom of speech
- Right to due process
- Right to participation
- Right to healthy and safe working conditions
- Right to work quality (job satisfaction)

**Shareholders**

Friedman (1962), whose authority is familiar to most, stated, "Few trends could so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stockholders as possible." Things have been changing during decades, but the free market is still somehow profit oriented. The responsibility for shareholders to make companies profitable no doubt matters. According to Carroll’s (1991) moral management, the best way to be ethical to shareholders is to treat all stakeholder claimants in a fair and ethical manner, which indicates the perquisite for CSR.
Customers

One of business's main purposes is to satisfy customers. However, conflict areas do exist, such as media advertising, product safety, pricing, and terms of contract. An efficient way to balance those conflicts between firms and customers is shared ethical norms. US president Kennedy was the first person to attempt to decrease the conflicts by releasing four customer rights, which were right of safety, right to be informed, right to choose, and right to be heard. Kublmann (1994) then made a conclusion of corporations' duties derived from the four customer rights and other two added by European countries as following:

- Correct information in marketing communication.
- Products must provide a minimum level of security.
- Contracts may not be drawn up at the customers' disadvantage but must enable both parities equally to attain their interests.
- Be open to customers' complaints and attend to their problems concerning products and services.
- The environmental pollution caused by production, distribution, use and waste disposal of goods should be minimized.
- Help to educate the customers to learn about goods by introducing adequate measures.

Suppliers

It is critical to a company's success to have a stable and trusted supply source. Therefore, it is very important for a company to build a long-term relationship with its suppliers based on mutual respect. According to CAUX Round Table, a company has a responsibility to:
• Seek fairness and truthfulness in all its activities, including pricing, licensing, and rights to sell;

• Ensure that its business activities are free from coercion and unnecessary litigation;

• Foster long-term stability in the supplier relationship in return for value, quality, competitiveness and reliability;

• Share information with suppliers and integrate them into our planning processes;

• Pay suppliers on time and in accordance with agreed terms of trade;

• Seek, encourage and prefer suppliers and subcontractors whose employment practices respect human dignity.

Local Community

There are different meanings of the term "community", but most of the definitions suggest that community remains a more or less large local and social unit in which men co-operate in order to live their economic, social and cultural life together. Local community mentioned in this text refers to the local region where companies are operating their business. Community development has critical influence on companies' success because it is the microenvironment as well as the market for the business. Companies are supposed be concerned and identify with the community needs and issues from economic, environmental and social aspects. For instance, community investments, opportunity for local employment, regional environmental protection, support for local education, etc. In short, companies have obligation to contribute to the development of local community.
Global environmental concerns

Of all the external forces pressing on business, environmental one has been the most strong and persistent. Actually, most of the companies raise their corporate responsibility just starting from the point of environmental concerns. The responsibility of the corporations for safe environment is to operate according to environmentally appropriate methods, including the worldwide issues like protection of biosphere, sustainable use of natural resources, reduction and disposal of waste, energy conservation etc (Rinne 2003b).

NGOs

International non-governmental organizations (NGOs) have been attempting to influence the behavior of multinational corporations and contribute to the development of corporate social responsibility. Thus companies in turn have the obligation to support NGOs’ work.

3.4. Reporting of corporate social responsibility

3.4.1. General introduction

Reporting is an important means of communication with investors by disclosing corporations' information. Reporting can take various forms, including web or print, standing alone or combined with annual or financial reports. As the evaluation of corporate social responsibility, reporting of CSR activities at the same time increasingly develops. Reporting of CSR is one of the most commonly used tool for measuring, disclosing and being accountable to internal and external stakeholders for companies' CSR interpretation and practice. Several international guidelines for CSR reporting with much influence have been improving all the time.
There have been a number of different ways to promote codes for international business practices. Diverse organizations provide different CSR standards. Although there is no unique globally accepted reporting framework, some of international standards and guidelines have been commonly used in practice. For instance, Accountability 1000 (AA1000) standard, Social Accountability 8000 (SA 8000), the Global Compact framework, the OECD Guidelines for Multinational Enterprises, and the Global Reporting Initiative (GRI) framework, the Caux Roundtable (CRT) assessment instrument, and Dow Jones Group Sustainability index. "The most important function of these standards is to identify indicators of social performance as well as methodologies for measuring and auditing performance along these indicators (Norman and MacDonald, 2004)".

In this study, the elements used to examine companies' CSR performance will be based on GRI guidelines and Global Compact principles for two reasons.

First, GRI is the steward of the most widely used reporting framework for performance on economic, environmental, human rights, labor practice, and other social issues. Global Compact provides the accordant principles, which are commonly applied in most of the large companies. According to the statistics from GRI report, more than 1,000 organizations from nearly 60 countries have formally declared their use of the GRI guidelines and over 4,000 organizations from more than 100 countries are signatories to the Global Compact. There is also evidence that GRI is more rapidly gaining ground (Hopkins, 2004b). A report “the global reporting initiative and corporate sustainability reporting in Swedish companies” was published in 2003 to analyze the reason why companies published CSR reports, why they chose to use GRI guidelines for reporting and how this has affected CSR (Hedberg & Malmborg 2003). Moreover, a new strategic relationship between GRI and Global Compact is designed to promote companies' commitment as good citizens at 2007 United Nations Global Compact Leaders Summit (GIR 2007). Connection between the two will be even stronger. It makes the study reliable and
comparable by using the framework that is already applied in practice among most corporations.

Second, GRI guidelines provide extremely detailed indicators that can be used as elements to analyze companies' CSR performance. Global Compact principles can also be seen implemented in GRI disclosures. Therefore, components in the content analysis of this study are mainly from these two guidelines.

3.4.2. The Global Compact

The Global Compact initiated by the UN in 2000 working to advance ten universal principles in the areas of human rights, labor, the environment and anti-corruption. As members of the Global Compact, firms are expected to embrace these principles. These principles are as following (Global Compact 2007):

**Human Rights**

1 Business should support and respect the protection of internationally proclaimed human rights; and

2 make sure that they are not complicit in human rights abuses.

**Labor**

3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

4 the elimination of all forms of forced and compulsory labor;
5 the effective abolition of child labor; and

6 the elimination of discrimination in respect of employment and occupation.

**Environment**

7 Businesses should support a precautionary approach to environmental challenges;

8 undertake initiatives to promote greater environmental responsibility; and

9 encourage the development and diffusion of environmentally friendly technologies.

**Anti-Corruption**

10 Business should work against corruption in all its forms, including extortion and bribery.

In practice, the Global Compact encourages member firms to use self-assessment standards such as GRI guideline. In addition, the Global Compact is involved with a number of other activities such as discussions with Caux Roundtable about socially responsible business practices.

**3.4.3. The GRI framework**

The GRI was initially established in 1997 together by the Coalition for Environmentally Responsible Economics (CERES) and the United Nations Environmental Program (UNEP). It encourages firms to report on their activities according to its standards. The GRI keeps seeking to develop its common global
standards for business practices in a broad range of issues and its basic reporting framework has been modified several times.

GRI reporting framework includes six dimensions, which are economic responsibility dimension, environmental responsibility dimension, labor practice responsibility dimension, human rights responsibility dimension, social responsibility dimension and product responsibility dimension. Each dimension can be further explained by several segments. For instance, economic performance, market presence and indirect economic impacts are listed in economic catalog. Environmental responsibility dimension includes materials, energy, water, biodiversity, emissions, effluents, and waste.

For each segment, detailed indicators are set up. Take Energy segment of Environmental dimension for example. There are five detailed indicators set up to explain the environmental impacts from energy aspects, which are labeled as EN3, EN4, EN5, EN6 and EN7. EN3 refers to the materials used by weight or volume. EN4 means the indirect energy consumption by primary energy source. EN5 discloses the energy saved due to conservation and efficiency improvements. EN6 reveals organizations’ initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements because of these initiatives. EN7 indicates organizations’ initiative to reduce indirect energy consumption and reductions achieved. All detailed explanations of indicators are attached in the appendix.

Each indicator is already clear and detailed enough for companies to report the impacts and contributions their business has generated on economy, environment and society. However, GRI has designed even more refined clauses for every single indicator. Corporations are completely capable to define their CSR performance in their reports according to the requirement of each clause. For instance, in order to make clear organizations’ accountability for freedom of association and collective
bargaining according to indicator HR5, organizations are supposed to disclose detailed practice consistent with clauses encompassed in indicator HR5. These clauses include identifying operations in which employee rights to exercise freedom of association or collective bargaining may be at risk, reporting organization’s approach to risk assessment, reporting the geographical areas with operations considered at risk, and reporting on any measures taken to support rights to freedom of association and collective bargaining. These detailed clauses can be all found in GRI G3 guidelines on its official website in the reference.

In this way, CSR performance can be clearly exposed to stakeholders who check the CSR reports. Besides, GRI guideline not only includes positive activities that corporations have done, but also requires companies to indicate their negative impacts on economy, environment, and society when running business. Moreover, GRI indicators even involve some significant risk for negative incidents that may happen during the operations of the companies. Those who ignore to report negative impacts will lose their points of corresponding indicators. Therefore, CSR reports are able to reflect companies’ CSR performance at a very good level. By analyzing CSR reports of global corporations according to GRI framework with so detailed clauses, it is possible and reasonable to generate a result of companies’ CSR performance.

3.5. Impact of globalization and cross-culture on CSR

Globalization makes it popular to do international business and explore new market opportunities worldwide. The flow of all the business factors including capital, materials, human resources, and information has become easier and faster than ever before. Multinational corporations can appear anywhere they choose. "Globalization isn't one issue or phenomenon, but a series of societal trends that together are driving the integration and interdependence of the world's markets and people. The trends will lead to greater accountability of these companies for actions which impact
society and the environment (Juslin & Hansen 2003). Globalization does have impacts on CSR.

On one hand, globalization makes CSR issues even more important and emergent than ever. First, competition in the business world has become extraordinarily fierce, which drives international companies to build outstanding reputation by acting as good citizens and being more responsible for stakeholders. Second, CSR has become a global issue concerned by both government and public; both developed countries and developing regions; both business related associations and NGOs. It provides an outer climate for international companies to take their responsibility to the world that everyone cares. In addition, the ease of information flow in a global scare makes business behavior more transparent. If an international company fails to implement its social responsibility, the fact will be explored broadly. Moreover, for the same reason, global enterprises with excellent CSR performance will be clearly disclosed. In all, no multinational companies can make it without taking corporate social responsibility seriously in a world of globalization.

On the other hand, globalization raises a debate over CSR issues in developing countries. Some people holds that international companies entering developing countries can provide new work opportunities, contribute to economy growth, and even participate in philanthropy. People with a negative opinion say that international companies are ruining the developing world. They argue that the only reason why global companies enter developing countries is profit rather than responsibility by using the example of Bhopal disaster, the world's worst industrial disaster. "Now in the age of globalization, there’s hardly a major corporation that doesn’t outsource some of their business to the developing world. From call centers in India to garment sweatshops in China, labor is cheap and the governments give the companies a free hand (Glaister 2007)."
However, no matter which one is right, either of the opinions can at least indicate the particular concern about international companies operating in developing countries. It is suggested that multinational companies (MNCs) operating in less developed countries should respect the human rights of their employees, do no intentional direct harm, and produce more good than harm for the host country (Buller et al. 1997).

Besides more demands for corporate social responsibility, global companies have to face another challenge when performing CSR, which is a cultural difference. Culture is everything that people have, think, and do as members of their society (Ferraro 2002). Different cultures have different values, attitudes, morals, and behaviors, all of which can affect the emphasis area of CSR. Trompenaars Fons (2002) in his book "Riding the waves of culture" created a model to explain cultural diversity in business. It concludes that a culture's problems can be described by seven fundamental dimensions, which are universalism v. particularism; individualism v. collectivism; neutral v. emotional; specific v. diffuse; achievement v. ascription; attitudes to time; and attitudes to the environment. Multinational companies may adopt their CSR in practice to respect local cultures in the host country as long as the local culture does not violate ethical norms.

However, all cultures of the world----despite many differences-----have a universal problem to solve, i.e. to satisfy the needs of the whole society. Therefore, the principle and the importance of corporate social responsibility are supposed to be at the same level. Global enterprises should perform CSR in the host country, especially less developed countries at the same level as they do globally.
4. Methodology and frame of reference of the study

4.1. Methodology of Content Analysis

"Content analysis is potentially one of the most important research techniques in the social sciences (Krippendorff 2004a)". The definition of content analysis in Webster Dictionary is "analysis of the manifest and latent content of a body of communicated material (as a book or film) through a classification, tabulation, and evaluation of its key symbols and themes in order to ascertain its meaning and probable effect". Weber (1990a) at Harvard University introduced content analysis as a method that uses a set of procedures to make valid inferences from text. "These inferences are about the sender(s) of the message, the message itself, or the audience of the message." Therefore, a very important feature of content analysis is to analyze texts with specific intention and purpose. Since 1980s, content analysis has entered the psychological and social sciences used to collect, transcribe, and code textual data.

In all, the core idea of content analysis is to classify many words of the text into much fewer content categories, which needs valid inferences from the text (Weber 1990b). Therefore, it is crucial to make sure the reliability and validity of the classification process.

Reliability:
Reliability provides the assurance that "data remain constant throughout variations in the measuring process and that data are obtained independent of the measuring event, instrument or person (Kaplan & Goldsen 1965)". In the other word, different people get the same results on repeated analysis. Reliability can be manifested in terms of stability, reproducibility, and accuracy. Simply speaking, stability is the degree to which the process is unchanging when the same content is coded more than once by the same coder. Reproducibility refers to the extent to which content classification
produces the same results when the same text is coded by more than one coder. Accuracy refers to the extent to which the classification of the text corresponds to a standard or a norm (Weber 1990c). Only with a high level of reliability, the analysis measures are meaningful.

Validity:

Validity refers to the extent to which research results can be accepted as true. In other word, validity means how well the measurement instrument actually measures the phenomena it is intended to measure (Pietilä 1976). "A content analysis is valid if the inferences drawn from the available texts withstand the test of independently available evidence, of new observations, of competing theories or interpretations, or of being able to inform successful actions (Krippendorff 2004b)."

For this purpose of reliability and validity in content analysis, a logical and systematical procedure for handling texts is designed. Before texts are analyzed, the first thing to do is defining the research objective (or hypotheses) and category system according to the research objective. The general components of the procedure are stated as following (Krippendorff 2004c):

- Unitizing: relying on unitizing schemes
- Sampling: relying on sampling plans
- Recording/coding: relying on coding instructions
- Enumeration: relying on the analysis record
- Inference from the statistics: relying on enumeration system

The purpose of unitizing is to decide the smallest unit independent of another, which is to be analyzed for the objective of the research. No units are overlapped so that the analyzed result of data is countable and meaningful. The analysis of all the units together can reflect the theme of the research. In this study the units consist of global forest product and IT companies.
Sampling refers to taking a manageable subset of representative units as the observations of the research. The sampling units of this study are the top 20 global forest product companies and IT companies.

Recording/coding is responsible for transforming the raw texts into analyzable data language according to defined category system. This is the most demanding process, which is mostly accomplished through human intelligence.

Enumeration is a process where the sampling texts are transformed into numbers. According to the defined categories, the information of the sampling texts is classified and recorded in terms of emerging frequency including zero.

The last step is to analyze the statistics and get an objective result from the statistics, and finally draw conclusion and recommendation based on the result.

**4.2. Frame of Reference**

**4.2.1. Theoretical Framework of the Study**

The questions raised in this study are how the global forest product companies perform their CSR on a global scale and what the difference between industries and between locations is. The phenomena studied will be therefore CSR practices disclosed from companies’ documents. Content categories will be the different dimensions that CSR consist of. Based on GRI guideline, six dimensions of CSR consist of economic, environment, labor practice, human right, society, and product responsibility. Figure 1 represents the general frame of this study.
Figure 1: General Frame of the study
4.2.2. Operationalisation of the Framework

1) Company's CSR strategy indicates whether CSR is claimed from the company’s official websites as an important issue integrated into the company's long term or short term strategy.

2) CSR reporting profile tells whether the company has published separate CSR reports.

**Economic responsibility dimension** can be divided into three segments, and then further into 9 indicators:

![Figure 2: frame of economic responsibility dimension](image)

**Economic responsibility**

- **Market presence**
  - EC5. Entry level wage
  - EC6. Policy on suppliers
  - EC7. Local hiring

- **Economic performance**
  - EC1. Direct economic value
  - EC2. Risks due to climate change
  - EC3. Benefit plan obligations
  - EC4. Financial assistance from government

- **Indirect economic impacts**
  - EC8. Infrastructure investments
  - EC9. Indirect economic impacts
Environmental responsibility dimension can be interpreted by nine segments, and further by 30 indicators:

**Environmental responsibility**

**Materials**
- EN1. Materials used
- EN2. Percentage of materials used that are recycled

**Energy**
- EN3. Direct energy consumption
- EN4. Indirect energy consumption
- EN5. Energy saved due to conservation and efficiency improvements
- EN6. Initiatives for energy-efficient
- EN7. Initiatives to reduce energy use

**Water**
- EN8. Total water withdrawal
- EN9. Water sources affected by withdrawal of water
- EN10. Percentage of water recycled and reused

**Biodiversity**
- EN11. Land in biodiversity habitats
- EN12. Significant impacts on biodiversity
- EN13. Habitats protected
- EN14. Plans for managing impacts on biodiversity
- EN15. Species affected by operations

**Emissions, effluents and waste**
- EN16. Total greenhouse emissions
- EN17. Other greenhouse emissions
- EN18. Initiatives to reduce greenhouse emissions
- EN19. Emissions of ozone-depleting substances
- EN20. Significant air emissions
- EN21. Total waste discharge
- EN22. Total amount of waste
- EN23. Total amount of significant spills
- EN24. Hazardous waste transported internationally
- EN25. Waste bodies and habitats affected by organizations’ discharges of water

**Products and services**
- EN26. Initiatives to mitigate environmental impacts
- EN27. Percentage of products and packaging materials that are reclaimed

**Compliance**
- EN28. Fines and sanctions for non-compliance with environmental laws

**Transport**
- EN29. Environmental impacts of transporting products

**Overall**
- EN30 Total environmental expenditures and investments

Figure 3: Frame of environmental responsibility dimension:
Labor practice responsibility dimension can still be further divided into five segments, and then further to 14 indicators:

**Labour practice responsibility**

- **Employment**
  - LA1. Total workforce by employment type and contract, and region
  - LA2. Total employee turnover by age group, gender and region
  - LA3. Employee benefits

- **Labour/management relations**
  - LA4. Collective bargaining
  - LA5. Minimum notice period for significant changes

- **Occupational health and safety**
  - LA6. Representation in health community
  - LA7. Injuries, absentee rates
  - LA8. Disease assist program
  - LA9. Health topics in agreement

- **Training and education**
  - LA10. Training hours
  - LA11. Skills program
  - LA12. Career development reviews

- **Diversity and equal opportunity**
  - LA13. Governance breakdown
  - LA14. Salary ratio of men to women

Figure 4: Dimension of labor practice responsibility dimension
**Human rights responsibility** dimension can be divided into seven segments, and then further to 9 indicators:

**Figure 5: Frame of human rights responsibility dimension**

- **Investment and procurement practices**
  - HR1. Human rights in agreements
  - HR2. Contractors on human right
  - HR3. Employee training on human rights

- **Child labour**
  - HR6. Actions to eliminate child labour

- **Security practices**
  - HR8. HR training for security

- **Non-discrimination**
  - HR4. Actions to discrimination

- **Freedom of association and collective bargaining**
  - HR5. Association freedom

- **Forced and compulsory labour**
  - HR7. Actions to eliminate forced labour

- **Indigenous right**
  - HR9. Actions to violations
Social responsibility dimension can be divided into five segments, and then further to 8 indicators:

- **Community**
  - SO1. Program to assess and manage the impacts on community

- **Corruption**
  - SO2. Analysis for risks related to corruption
  - SO3. Anti-corruption training
  - SO4. Actions to corruption

- **Public policy**
  - SO5. Public policy positions
  - SO6. Political contribution

- **Anti-competitive behaviour**
  - SO7. Legal actions for anti-competitive and monopoly practices

- **Compliance**
  - SO8. Fines and sanctions for non-compliance with laws

Figure 6: Frame of social responsibility dimension
**Product responsibility** dimension can be also divided into five segments, and then further to 9 indicators:

- **Product health and safety**
  - PR1. Product safety assessment
  - PR2. Incidents of non-compliance with safety regulation

- **Customer privacy**
  - PR8. Complaints regarding customer privacy

- **Compliance**
  - PR9. Fines for non-compliance with products laws

- **Product and service labelling**
  - PR3. Product information required by procedures
  - PR4. Incidents of non-compliance with information regulation
  - PR5. Customer satisfaction

- **Marketing communications**
  - PR6. Programs for adherence to marketing communication laws
  - PR7. Incidents of non-compliance with marketing communication laws

---

**Figure 7: frame of product responsibility dimension**
4.3. Data and data analysis

4.3.1. Data of the study

The research was entirely based on secondary data. The first step in the data collection was to select appropriate samples. Since CSR is currently a highly valued issue still in its developing process, it was decided that global leading companies’ CSR performance would be analyzed so that the trend of CSR development in the whole industry would also be implied. Twenty top global forest product companies and twenty top IT companies were selected as samples for data analysis in this study. The chosen IT companies are the top 20 ones from the ranking list of the Info Tech 100 compiled by BusinessWeek in 2006. For forest product companies, it was decided to choose from the PPI's (Pulp, Paper International) top 150 ranking list in 2001, the result of which is based on pulp, paper and converting operations only. Since up to 70% of the forest product is pulp and paper, it makes sense to use pulp and paper producers as the object of the study.

Altogether forty companies were selected for analysis. It was assumed that each company would have sufficient information of CSR activities both in the global market and in China market. Therefore, there would be eighty observation units in the study. However, data concerning CSR in China market could be rarely found. As a result, only 40 observation units in the global market were used in the end.

The second step was to collect relative information concerning CSR from the official website of each company. The main resource was variety of reports, such as CSR Reports, CS Reports, Sustainability Reports, Environmental Reports, Annual Reports, and HSE Reports. Related information from the website was also used for the data analysis. It was decided that all data would be only from the public information for the purpose of fair principle. Therefore, even if little or no information of CSR practices were found at the company’s website, we would not ask from the
companies for related information of their CSR activities. Data were collected during May 2007. Thus any companies without 2006 reports by 31st of May, had their most up to data reports used instead.

4.3.2. Data coding

The next step was data coding, the purpose of which was to transform many words of the target reports into analyzable numbers. Data coding could be done via content analysis mentioned above, which was commonly used in social science.

During data coding, original texts were classified into analyzable data language according to classification frame based on GRI framework (see Figure 1). As explained in the chapter of frame of reference, the frame consists of six dimensions, and then further divided into more detailed indicators. For instance, EC1 stands for economic responsibility No.1, which describes economic value generated and distributed. There were 84 indicators all together according to GRI framework. Each indicator was considered as an individual variable. Thus there were 84 variables altogether in this study. Furthermore, each indicator consists of several exact clauses, which explained its indicator more clearly and precisely. For example, EC1 consists of seven clauses as following:

1. Revenues: net sales plus revenues from financial investments and sales of assets
2. Operating costs: payments to suppliers, non-strategic investments, royalties, and facilitation payments
3. Employee wages and benefits: total monetary outflows for employees (current payments, not future commitments)
4. Payments to providers of capital: all financial payments made to the providers of the organization’s capital.
5. Payments to government: gross taxes
6. Community investments: voluntary contributions and investment of funds in the broader community (includes donations)
1. Economic value retained (calculated as economic value generated less economic value distributed): investments, equity release, etc.

According to those seven clauses above, relevant information from each observation unit was picked and classified into the respective clause.

Then the classified texts were transformed into numbers, which was called enumeration. The number that was transformed from texts shows to what extent that information of its relevant indicator had been disclosed from the texts of the reports. The scale of variables in this study was from 1 to 5 which indicated from no emphasis to top emphasis. Simply speaking, each variable was measured by the amount of its respective clauses that have been revealed in companies’ reports.

Still take EC1 for example. If the observation unit discloses all the required information based on EC1’s seven clauses, from company’s revenues, operating costs… to economic value retained, the unit would get 5 for the indicator EC1. It shows that the sampling unit emphasizes a lot its economic value generated and distributed, and further proves that the unit takes a very satisfying economic responsibility of showing how the organization has created wealth for stakeholders. If the unit does not reveal any corresponding information based on those seven clauses, the unit will get 1. The result indicates no emphasis on economic value by the unit. For the same reason, the observation unit would get 2 if one to two pieces of information were found and 3 for three to four, 4 for five to six. The numbers directly reflects to what extent the observation unit emphasizes the indictors, and how well they take the corresponding responsibilities.

Due to time limit data would be coded only once and only by the author. However, the classification of the texts was accurately corresponded to the same standard, which was explained as above. After enumeration was done, it was time to analyze the statistics and get results from them.
4.3.3. Frame of analysis and methods used

Figure 8 shows the frame of analysis, in order to get a large picture of the relationships among different variables and the structure of analysis. The purpose and the methods of analysis would be further explained in table 1 and 2.

Figure 8: Frame of analysis
### Table 1: Description of variables

<table>
<thead>
<tr>
<th>Purpose of analysis</th>
<th>Methods of analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Description of company's market in China</td>
</tr>
<tr>
<td>B</td>
<td>Description of company's CSR strategy</td>
</tr>
<tr>
<td>C</td>
<td>Description of company's reporting profile</td>
</tr>
<tr>
<td>D</td>
<td>Description of company's economic dimension</td>
</tr>
<tr>
<td>E</td>
<td>Description of company's environmental dimension</td>
</tr>
<tr>
<td>F</td>
<td>Description of company's labor practice</td>
</tr>
<tr>
<td>G</td>
<td>Description of company's human rights</td>
</tr>
<tr>
<td>H</td>
<td>Description of company's society contribution</td>
</tr>
<tr>
<td>I</td>
<td>Description of company's product responsibility</td>
</tr>
</tbody>
</table>

### Table 2: Comparison between variables

<table>
<thead>
<tr>
<th>Purpose of analysis</th>
<th>Method of analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Comparison of CSR strategy between FC global and IT global</td>
</tr>
<tr>
<td>2</td>
<td>Comparison of CSR reporting profile between FC global and IT global</td>
</tr>
<tr>
<td>3</td>
<td>Comparison of economic dimension between FC global and IT global</td>
</tr>
<tr>
<td>4</td>
<td>Comparison of environmental dimension between FC global and IT global</td>
</tr>
<tr>
<td>5</td>
<td>Comparison of labor practices &amp; decent work between FC global and IT global</td>
</tr>
<tr>
<td>6</td>
<td>Comparison of human rights between FC global and IT global</td>
</tr>
<tr>
<td>7</td>
<td>Comparison of society contribution between FC global and IT global</td>
</tr>
<tr>
<td>8</td>
<td>Comparison of product responsibility between FC global and IT global</td>
</tr>
</tbody>
</table>

* It refers to means of factor score variable

^ The significance level of T-test in the study is 0.1.
5. Results of the study

5.1. Companies’ CSR practices in China vs. Globally

Fifteen accounting for 75% of the selected forest companies analyzed in this study have either manufacturing factories or market or both in China while fourteen accounting for 70% of the selected IT companies analyzed do.

However, very few companies published separate CSR reports in the specific country China. Most of the corporations used local websites as the communication channel to disclose some information of CSR activities in China. But the quantity and quality of relevant data were far less enough than needed for the purpose of data analysis. Therefore, during the coding process it was already clearly known that there was no possibility to compare corporations’ CSR performance in China to that on a global scale.

Among fourteen IT companies with markets in China, only Motorola had separate report on its corporate social responsibility practices in China and Nokia released several webpages of their efforts on environmental contributions in China. Situations in the forest industry seemed even less positive. No companies at all have published separate CSR report in China. Only Kimberly-Clark released some information about its welfare work in China on its official Chinese website. Storaenso had its unit sustainability reports, which seperately released the data on its CSR activities in certain areas, such as Astria, Czech Public, Finland, France, Germany, Spain and Sweden. However, China was not included even though the factories and markets have been expanding all the time there.
5.2. CSR strategy and reporting profile of global forest product companies vs. IT companies

Globally twenty-five companies accounting for more than half of the selected companies have claimed that corporate social responsibility is integrated into companies’ long term strategy. These twenty-five companies consist of seventeen forest product companies and eight IT companies. Only Jefferson Smurfit, Worms&Cie, and Abitibi in the forest group did not release CSR as one of companies’ core issues while 60% of the IT companies have not highlighted CSR at all.

Those who integrated CSR into their long term strategies all tended to publish CSR reports. Accordingly, eight out of twenty selected IT companies had complete CSR reports on their websites. The remaining twelve IT companies only released some information on their webpages. Surprisingly the top five IT companies reported no data at all on any performance of their corporate social responsibility, which were America Movil, Hon Hai, High Tech, Apple, and Softbank. Among those five companies, America Movil, High Tech Computer and Softbank did not even mention a word of corporate responsibility. 85% of the forest companies published CSR reports. The three companies without complete reports include Jefferson Smurfit, Worms&Cie, and Abitibi, which were all among the last five companies in the ranking.

In all, there are seven forest product companies and five IT companies which claim that they follow the GRI guidelines. The number is less than half, but the study chose the top leading companies no matter if they use GRI guidelines or not.
5.3. **CSR performance of global forest product companies vs. IT companies**

5.3.1. **Economic responsibility performance of global forest product companies vs. IT companies**

The following text is to describe global companies’ economic responsibility performance and to compare global forest product companies and IT companies in this area. The term of global companies would be always used in the following text when referring to both global forest product companies and IT companies.

**Importance of individual indicators of economic responsibility**

In order to describe global companies’ economic responsibility performance, the importance of indicators of economic responsibility dimension was analyzed by studying independent indicators’ distribution and means. Table 3 shows the result of analysis.

Table 3 discloses the extent to which global companies emphasized various indicators of economic responsibility. The most highlighted economic contribution among global companies was their *infrastructure investments*, which measures the organization’s capital contribution to the economy.

“Examples: Forest Company PG established situation rooms in public health facilities, and the impact of this pro bono contribution on community was to decrease the infant mortality.”

Besides infrastructure investments, global companies also highlighted their direct economic value, and indirect economic impacts on community, which indicates the relation to local communities and regional economies.
Table 3: Importance of indicators of economic responsibility and comparison between forest industry and IT industry (1=no emphasis, 2=little emphasis, 3=some emphasis, 4=much emphasis, 5=complete emphasis)

<table>
<thead>
<tr>
<th>Indicators of Economic Responsibility</th>
<th>Distribution %</th>
<th>Mean</th>
<th>P-value (Chi-square test)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EC8. Infrastructure investments</td>
<td>45 5 32.5 2.5 15</td>
<td>2.38</td>
<td>.223</td>
</tr>
<tr>
<td>EC1. Direct economic value</td>
<td>47.5 10 17.5 15 10</td>
<td>2.3</td>
<td>.537</td>
</tr>
<tr>
<td>EC9. Indirect economic impacts</td>
<td>45 15 15 20 5</td>
<td>2.25</td>
<td>.049</td>
</tr>
<tr>
<td>EC2. Risks due to climate change</td>
<td>60 10 7.5 10 12.5</td>
<td>2.05</td>
<td>.061</td>
</tr>
<tr>
<td>EC3. Benefit plan obligation</td>
<td>82.5 2.5 0 7.5 7.5</td>
<td>1.55</td>
<td>.203</td>
</tr>
<tr>
<td>EC6. Policy on suppliers</td>
<td>72.5 17.5 10 0 0</td>
<td>1.38</td>
<td>.207</td>
</tr>
<tr>
<td>EC7. Local hiring</td>
<td>82.5 10 0 7.5 0</td>
<td>1.33</td>
<td>.195</td>
</tr>
<tr>
<td>EC4. Financial assistance from</td>
<td>85 10 2.5 2.5 0</td>
<td>1.23</td>
<td>.392</td>
</tr>
<tr>
<td>government</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EC5. Entry level wage</td>
<td>95 2.5 2.5 0 0</td>
<td>1.08</td>
<td>.368</td>
</tr>
</tbody>
</table>

Entry level wage, on the other hand, was the most ignored indicator of economic responsibility by global companies. 90% of the global companies had no interest in demonstrating how they contribute to the economic well-being of employees in significant locations of operation or indicating the competitiveness of their wages.

“Examples: Mondi International ensured that wages paid for a standard working week shall at least meet legal or industry minimum standards.”

Regarding most indicators of economic responsibility, forest companies and IT companies had more or less the same emphasis. Indirect economic impact was the only area where IT industry emphasized much more than forest industry did. This indicator includes giving examples of indirect economic impacts, both positive and negative, such as: economic development in areas of high poverty, availability of products and services for those on low incomes, enhancing skills and knowledge...
amongst a professional community, and limiting foreign direct investment. 35% of the IT companies released over five examples of both positive and negative indirect economic impacts while the amount of the forest companies at the same level was only 15%.

**Dimension of economic responsibility**

In order to get a specific picture of how global companies economic responsibility performance, factor analysis was used to describe the dimensions of economic responsibility. Table 4 shows the result of factor analysis.

**Table 4: The dimension of economic responsibility**

<table>
<thead>
<tr>
<th>Dependent variable, Scale 1-5, n=40</th>
<th>Factor 1</th>
<th>Communalities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy on suppliers</td>
<td>.808</td>
<td>.653</td>
</tr>
<tr>
<td>Benefit plan obligation</td>
<td>.808</td>
<td>.653</td>
</tr>
<tr>
<td>Direct economic value</td>
<td>.726</td>
<td>.526</td>
</tr>
<tr>
<td>Infrastructure investments</td>
<td>.724</td>
<td>.525</td>
</tr>
<tr>
<td>Financial assistance from government</td>
<td>.608</td>
<td>.370</td>
</tr>
<tr>
<td>Risks and opportunities due to climate change</td>
<td>.590</td>
<td>.348</td>
</tr>
<tr>
<td>Indirect economic impacts</td>
<td>.565</td>
<td>.319</td>
</tr>
<tr>
<td>Local hiring</td>
<td>.553</td>
<td>.306</td>
</tr>
<tr>
<td>Eigen value (total)</td>
<td>3.701</td>
<td></td>
</tr>
<tr>
<td>Variance explained %</td>
<td>46.257</td>
<td></td>
</tr>
<tr>
<td>KMO</td>
<td>.738</td>
<td></td>
</tr>
<tr>
<td>Bartlett's Test (P-value)</td>
<td>.000</td>
<td></td>
</tr>
</tbody>
</table>

One factor was extracted out of 8 indicators of economic dimension by principal component analysis. It was decided that entry level wage was excluded because no companies had mentioned entry level wage in their reports except Mondi International from forest industry and Nokia from IT industry. The number of factors was decided to be only one because the total variation explained by one factor was nearly the same as by automatically conducted three factors. Moreover, the KMO
measure of sampling adequacy (0.741) and the Bartlett’s test for Sphericity (p=0.000), Eigen value (>1) all indicated that the variable set was good for factor analysis. The factor maximum likelihood solution explains 46% of the total variation in this variable set. The heaviest loadings were found with policy on suppliers, benefit plan obligation, and direct economic value. Thus the factor was named “Direct economic impacts on stakeholders”.

The difference between forest sector and IT sector in emphasizing economic responsibility was studied by comparing the means of the factor score variable in independent-sample T test. The results indicated that forest sector emphasized direct economic impacts on direct stakeholders more than IT sector did (sig. =0.043).

In conclusion, infrastructure investments, direct and indirect economic impacts were the most emphasized economic responsibilities by global companies. However, most companies did not pay attention to competitive entry level wage at all, which indicated their insufficient contribution to the economic well-being of employees. Concerning difference between industries, forest companies emphasized direct economic impacts on stakeholders much more than IT companies did.

5.3.2. Environmental responsibility performance of global forest product companies vs. IT companies

The following text is to describe global companies’ environmental responsibility performance and to compare global forest product companies and IT companies in this area.

Importance of individual indicators of environmental responsibility

In order to describe global companies’ environmental responsibility performance, the importance of indicators of environmental responsibility dimension was analyzed by studying independent indicators’ distribution and means. Table 5 shows the result of
Table 5: Importance of indicators of environmental responsibility and comparison between forest industry and IT industry (1=no emphasis, 2=little emphasis, 3=some emphasis, 4=much emphasis, 5=complete emphasis)

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<tr>
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<th>Mean</th>
<th>P-value (Chi-square test)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>EN8.Total water withdrawal</td>
<td>50</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>EN3.Direct energy consumption</td>
<td>45</td>
<td>12.5</td>
<td>0</td>
</tr>
<tr>
<td>EN18.Initiatives to reduce greenhouse emissions</td>
<td>50</td>
<td>5</td>
<td>2.5</td>
</tr>
<tr>
<td>EN26.Initiatives to mitigate environmental impacts</td>
<td>47.5</td>
<td>0</td>
<td>12.5</td>
</tr>
<tr>
<td>EN5.Energy saved due to conservation and efficiency improvements</td>
<td>60</td>
<td>2.5</td>
<td>0</td>
</tr>
<tr>
<td>EN2.Percentage of materials used that are recycled</td>
<td>50</td>
<td>17.5</td>
<td>0</td>
</tr>
<tr>
<td>EN27.Percentage of products and packaging materials that are reclaimed</td>
<td>50</td>
<td>7.5</td>
<td>7.5</td>
</tr>
<tr>
<td>EN28.Fines and sanctions for non-compliance with environmental laws</td>
<td>62.5</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>EN22.Total amount of waste</td>
<td>47.5</td>
<td>12.5</td>
<td>10</td>
</tr>
<tr>
<td>EN6.Initiatives for energy efficiency</td>
<td>42.5</td>
<td>15</td>
<td>22.5</td>
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<tr>
<td>EN16.Total greenhouse emissions</td>
<td>47.5</td>
<td>22.5</td>
<td>7.5</td>
</tr>
<tr>
<td>EN30.Total environmental expenditures and investments</td>
<td>57.5</td>
<td>12.5</td>
<td>15</td>
</tr>
<tr>
<td>EN20.Significant air emissions</td>
<td>52.5</td>
<td>12.5</td>
<td>30</td>
</tr>
<tr>
<td>EN4.Indirect energy consumption</td>
<td>50</td>
<td>37.5</td>
<td>0</td>
</tr>
<tr>
<td>EN21.Total waste discharge</td>
<td>55</td>
<td>12.5</td>
<td>32.5</td>
</tr>
<tr>
<td>EN11.Land in biodiversity habitats</td>
<td>70</td>
<td>7.5</td>
<td>10</td>
</tr>
<tr>
<td>EN1.Materials used</td>
<td>70</td>
<td>15</td>
<td>0</td>
</tr>
<tr>
<td>EN13.Habitats protected</td>
<td>77.5</td>
<td>2.5</td>
<td>2.5</td>
</tr>
</tbody>
</table>
Table 5 discloses the extent to which global companies emphasized various indicators of environmental responsibility. The most focused environmental accountabilities by global companies were to identify their basic resource consumption, and the initiative to reduce the negative environmental impacts. About half of the global companies have reported their total water withdrawal and identified their direct energy consumption by primary energy source in detail.

“Examples: Nokia disclosed its direct energy consumption by primary energy source in a table, including 234000 GJ from gas source, and 34100 GJ from oil source.”

More than one third of the global companies have highlighted energy saving as very important environmental responsibility and one fourth emphasized initiatives to reduce greenhouse emissions.

“Examples: Procter & Gamble reported its initiatives to reduce greenhouse gas and the amount of
reduction achieved during the reporting period, which was identified as volunteer emission reductions (from 3.01 million tones to 2.89 million tonnes)."

The other priorities of environmental duty among the global companies included recycling projects of materials, products and packaging materials. One third of the global companies had statement in the reports about any fines and sanctions for non-compliance with environmental laws and regulation.

The most ignored environmental responsibilities by the global companies were to identify the negative environmental impacts of hazardous emission, water discharge, and transported hazardous waste. Montreal Protocol regulates the phase-out of ozone-depleting substances (ODS) internationally. However, 95% of the global companies did not measure ODS emissions to assess how well they complied with legislation. Moreover, Only 5% of the global companies identified the significant effect of water discharge to water sources, water bodies and related habitats.

“Examples Oji Paper identified water bodies significantly affected by its water discharges, which was about 4.5% of the 16 billion m3 of Japan’s annual public water supply.”

Biodiversity was not an emphasized environmental responsibility by global companies, either.

Table 5 also discloses that forest companies emphasized significantly more than IT companies did on 22 indicators of environmental responsibility. Forest companies highlighted the responsibility of identifying the consumption of resource such as materials, water and energy while most of the IT companies did not measure it at all. Forest companies also emphasized most biodiversity related environmental responsibility and recognized negative air emission more than IT companies did.

Both industries highlighted their efforts of reclaiming products and packaging materials, and took great initiative to reduce energy use. However, neither of the two industries paid attention to the negative impacts on the water source or emission of ozone depleting substances
There was no environmental responsibility which forest companies did not pay attention at all. The most ignored field by forest companies was identifying emissions of ozone-depleting substances. Only Mondi International mentioned a little about it in its report. However, IT companies did not work on at all seven environmental responsibilities, including identifying the amount of materials used and any threats to species caused by operations, measuring negative impacts to water sources and water body, protecting habitats, and conducting plans for managing impact on biodiversity.

Dimensions of environmental responsibility

In order to understand more specifically how well global companies have taken environmental responsibility, principal components analysis in this case was used to describe the dimensions of environmental responsibility. Six factors were extracted from the original thirty variables. There six dimensions of environmental responsibility with factor loadings are described in Table 6. The six principal components solution explained 79.9% of the total variation in this variable set.

Table 6: The dimensions of environmental responsibility

<table>
<thead>
<tr>
<th>Dependent variable, Scale 1-5, n=40</th>
<th>Factors</th>
<th>Communalities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>I</td>
<td>II</td>
</tr>
<tr>
<td>Direct energy consumption</td>
<td>.848</td>
<td>.195</td>
</tr>
<tr>
<td>Total amount of waste</td>
<td>.810</td>
<td>.089</td>
</tr>
<tr>
<td>Total water withdrawal</td>
<td>.793</td>
<td>.307</td>
</tr>
<tr>
<td>Indirect energy consumption</td>
<td>.788</td>
<td>-.047</td>
</tr>
<tr>
<td>Total environmental expenditures and investments</td>
<td>.706</td>
<td>.326</td>
</tr>
<tr>
<td>Initiatives to mitigate environmental impacts</td>
<td>.700</td>
<td>.436</td>
</tr>
<tr>
<td>Significant air emissions</td>
<td>.700</td>
<td>.382</td>
</tr>
<tr>
<td>Materials used</td>
<td>.660</td>
<td>.255</td>
</tr>
<tr>
<td>Percentage of materials used that are recycled</td>
<td>.657</td>
<td>.553</td>
</tr>
<tr>
<td>Total waste discharge</td>
<td>.620</td>
<td>.420</td>
</tr>
</tbody>
</table>
In the case of Factor I, the heaviest loadings are found with direct energy consumption and the total amount of waste generated by business operations. Thus it was named "Resource consumptions and direct environmental impacts".

The heaviest loadings for Factor II are found with initiatives to reduce energy use, and energy saved due to conservation and efficiency improvements. Therefore, it was
named "Energy conservation".

All the loadings for Factor III are found with biodiversity impacts. So it was called "Impacts on biodiversity by business operation".

The heaviest loadings for Factor IV are found with water bodies and related habitats affected by organizations' discharges of water, and with water sources affected by water withdrawal. Thus, Factor IV was named "Water source affected by business operation".

Factor V only include two loadings, which are Emissions of ozone-depleting substances, and Total amount of significant spills. So it was called "Ozone emission and significant spill".

Factor VI was named as the only loading "Percentage of water recycled and reused ".

The significant differences between two industries in emphasizing various dimensions of environmental responsibility were studied by t-test and the results are shown as below in table 7.

Table 7: Divergence in environmental responsibility between forest industry and IT industry

<table>
<thead>
<tr>
<th>Sector</th>
<th>Mean</th>
<th>P-Value</th>
<th>Mean</th>
<th>P-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>N=40</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resource consumption and general environmental impacts</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forest Industry</td>
<td>+.683</td>
<td>.000</td>
<td>+.261</td>
<td>.106</td>
</tr>
<tr>
<td>IT Industry</td>
<td>-.683</td>
<td></td>
<td>-.261</td>
<td></td>
</tr>
</tbody>
</table>

The results of the t-test (Table 7) with means of factor score variables indicate the forest companies emphasized more than IT corporations did in the area of
recognizing their resource consumption and mitigating the general environmental impacts by business operations \((P = 0.000)\). Differences existed in twenty-two individual variables (Table 5), from most of which Factor I was extracted (Table 6). That’s why from dimension’s point of view, significant difference mainly existed in Factor I variable. Biodiversity was the other area where forest industry emphasized more than IT industry did if 10.6% of mistake risk was taken.

Regarding to the rest four factors, forest industry and IT industry did not have any significant difference in emphasizing them. Both industries paid attention to energy conservation fairly. Neither industry recognized the effect to water source by their business operation, nor measured ozone emission and significant spill. The water recycling action was not taken much in both industries, either.

In conclusion, global companies emphasized environmental responsibility a lot. The most highlighted environmental responsibilities by global companies were measuring the consumption of water and energy, and taking initiative to reduce the resource use and mitigate the negative environmental impacts. The most ignored environmental accountabilities were identifying the negative environmental impacts of hazardous emission, water discharge, and transported hazardous waste. Biodiversity was a relatively ignored area, too. In general, forest industry emphasized more environmental responsibility than IT industry did. Significant difference exists in measuring the use of resources and taking initiative to mitigate the negative environmental impacts. Biodiversity was also an area where forest companies focused more than IT companies did at a risk level of 10.6%.

### 5.3.3. Performance of labor practice responsibility of global forest product companies vs. IT companies

The following text is to describe global companies’ performance of labor practice responsibility and to compare forest industry and IT industry in this area.
Importance of individual indicators of labor practice responsibility

In order to describe global companies’ labor practice responsibility performance, the importance of indicators of labor practice responsibility was analyzed by studying independent indicators’ distribution and means. Table 8 shows the result of analysis.

Table 8: Importance of indicators of labour practice responsibility dimension and comparison between forest industry and IT industry (1=no emphasis, 2=little emphasis, 3=some emphasis, 4=much emphasis, 5=complete emphasis)

<table>
<thead>
<tr>
<th>Indicators of labor practice Responsibility</th>
<th>Distribution %</th>
<th>Mean</th>
<th>P-value (Chi-square test)</th>
</tr>
</thead>
<tbody>
<tr>
<td>LA1.Total workforce by employment type</td>
<td>27.5 40 17.5 15 0</td>
<td>2.2</td>
<td>.091</td>
</tr>
<tr>
<td>LA3.Employee benefits</td>
<td>52.5 12.5 15 17.5 2.5</td>
<td>2.05</td>
<td>.112</td>
</tr>
<tr>
<td>LA13.Governance breakdown</td>
<td></td>
<td>2.0</td>
<td>.423</td>
</tr>
<tr>
<td>LA7.Injures, absentee rates</td>
<td>47.5 17.5 32.5 2.5 0</td>
<td>1.9</td>
<td>.027</td>
</tr>
<tr>
<td>LA12.Career development reviews</td>
<td>80 0 0 0 20</td>
<td>1.8</td>
<td>.429</td>
</tr>
<tr>
<td>LA4.Collective bargaining</td>
<td>70 10 0 12.5 7.5</td>
<td>1.78</td>
<td>.108</td>
</tr>
<tr>
<td>LA10.Training hours</td>
<td>55 25 15 5 0</td>
<td>1.7</td>
<td>.098</td>
</tr>
<tr>
<td>LA2.Total employee turnover</td>
<td>50 12.5 25 12.5 0</td>
<td>1.43</td>
<td>.171</td>
</tr>
<tr>
<td>LA6.Representation in health committee</td>
<td>85 2.5 0 12.5 0</td>
<td>1.4</td>
<td>.195</td>
</tr>
<tr>
<td>LA8.Disease assist program</td>
<td>82.5 7.5 0 10 0</td>
<td>1.38</td>
<td>.506</td>
</tr>
<tr>
<td>LA11.Skills program</td>
<td>75 15 10 0 0</td>
<td>1.35</td>
<td>.053</td>
</tr>
<tr>
<td>LA5.Minimum notice period for significant changes</td>
<td>95 2.5 0 0 2.5</td>
<td>1.13</td>
<td>.349</td>
</tr>
<tr>
<td>LA14.Salary ratio of men to women</td>
<td>0 0 0 0 0</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>LA9.Health topics in agreement</td>
<td>0 0 0 0 0</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>
Table 8 discloses the extent to which global companies emphasized various indicators of labour practice responsibility. The most focused area by global companies was identifying total workforce by employee type and offering employee benefits.

“Example: Store Enso identified the number of total employees broke down by contract type (full-time and part-time), by age groups, and by countries, Seagate Technology reported benefits offered to all employees and gave examples of those benefits, including health care plans, wellness initiatives, vacation, leave, and paid time-off programs, retirement savings opportunities, counselling and related support services, discounted retail products, and equity ownership opportunities.”

Global companies did not pay attention to salary ratio of men to women, which raised an issue on equal remuneration for men and women workers for work of equal value. Companies did not at all take responsibility of covering health topics in agreement, either.

Table 8 also discloses that forest companies emphasized four areas significantly more than IT companies did. These four labor practice responsibility were the total workforce offered by companies, identifying injures and absentee rates, training hours for employees, and skills program.

“Example: Svenska Cellulosa had its training and development programs based on the group's specific requirements, the cost of which in 2006 was SEK 165 m, and also supported terminated employees with severance pay.”

**Dimensions of labor practice responsibility**

Factor analysis was used to combine large amount of indicators into a few factors for a clearer picture. Three variables were excluded because global companies barely reported any information related. These three variables were minimum notice period for significant changes, salary ratio of men to women and health topics in agreement. Principal components analysis in this case was used to describe the dimensions of labor practice by extracting three factors from the rest eleven variables. There three
dimensions of labor practice with factor loadings are described in Table 9. The three principal components solution explained 67.5% of the total variation in this variable set.

Table 9: The dimensions of labor practice responsibility

<table>
<thead>
<tr>
<th>Dependent variable, Scale 1-5, n=40</th>
<th>Factors</th>
<th></th>
<th>Communalities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>I</td>
<td>II</td>
<td>III</td>
</tr>
<tr>
<td>Training hours</td>
<td>.910</td>
<td>.065</td>
<td>.099</td>
</tr>
<tr>
<td>Career development reviews</td>
<td>.725</td>
<td>.303</td>
<td>-.099</td>
</tr>
<tr>
<td>Total workforce by employment type and contract, and region</td>
<td>.678</td>
<td>.279</td>
<td>.481</td>
</tr>
<tr>
<td>Injuries, absentee rates</td>
<td>.637</td>
<td>.409</td>
<td>.255</td>
</tr>
<tr>
<td>Total employee turnover by age group, gender and region</td>
<td>.607</td>
<td>.384</td>
<td>.279</td>
</tr>
<tr>
<td>Disease assist program</td>
<td>.182</td>
<td>.764</td>
<td>-.186</td>
</tr>
<tr>
<td>Governance breakdown</td>
<td>.329</td>
<td>.694</td>
<td>.369</td>
</tr>
<tr>
<td>Skills program</td>
<td>.329</td>
<td>.630</td>
<td>.239</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>.097</td>
<td>.622</td>
<td>.453</td>
</tr>
<tr>
<td>Representation in health committee</td>
<td>.058</td>
<td>.086</td>
<td>.840</td>
</tr>
<tr>
<td>Collective bargaining</td>
<td>.506</td>
<td>.130</td>
<td>.661</td>
</tr>
<tr>
<td>Eigenvalue</td>
<td>5.01</td>
<td>1.43</td>
<td>1.22</td>
</tr>
<tr>
<td>Variance explained %</td>
<td>28.2</td>
<td>21.5</td>
<td>17.8</td>
</tr>
<tr>
<td>(total =67.5)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In the case of Factor I, the heaviest loadings are found with training hours and career development reviews. Thus it was named "career development assist".

The heaviest loadings for Factor II are found with disease assist program and governance breakdown. Therefore, it was named "labor policy".

Factor III has only two loadings. It was called “participation of workers”.

53
Table 10: Divergence in labor practice responsibility between forest industry and IT industry

<table>
<thead>
<tr>
<th>Sector</th>
<th>Career development assist</th>
<th>Participation of workers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>P-Value</td>
</tr>
<tr>
<td>Forest Industry</td>
<td>+.324</td>
<td>.041</td>
</tr>
<tr>
<td>IT Industry</td>
<td>-.324</td>
<td></td>
</tr>
</tbody>
</table>

The results of the t-test (Table 10) with means of factor score variables indicate the forest companies emphasized career development assist for employees as well as participation of workers more than IT companies did.

In conclusion, global companies emphasized employee benefits and generating total workforce the most. They did not pay attention to measure the salary ratio of men to women or cover health topics in agreement at all. Forest industry focused on career development assist for employees and participation of workers much more than IT industry did regarding labor practice responsibility.

5.3.4. Performance of human rights responsibility of global forest product companies vs. IT companies

The following text is to describe global companies’ performance of human rights responsibility and to compare global forest product companies and IT companies in this area.

Importance of individual indicators of human rights responsibility

In order to describe global companies’ human rights responsibility performance, the importance of indicators of human rights responsibility dimension was analyzed by studying independent indicators’ distribution and means. Table 11 shows the result of analysis.
Table 11: Importance of indicators of human rights responsibility and comparison between forest industry and IT industry (1=no emphasis, 2=little emphasis, 3=some emphasis, 4=much emphasis, 5=complete emphasis)

<table>
<thead>
<tr>
<th>Indicators of Human Right Responsibility</th>
<th>Distribution %</th>
<th>Mean</th>
<th>P-value (Chi-square test)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>HR2. Contractors on human right</td>
<td>75</td>
<td>10</td>
<td>2.5</td>
</tr>
<tr>
<td>HR4. Actions to discrimination</td>
<td>90</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>HR5. Association freedom</td>
<td>45</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>HR9. Actions to violations</td>
<td>97.5</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>HR6. Actions to eliminate child labor</td>
<td>97.5</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>HR3. Employee training on HR</td>
<td>97.5</td>
<td>2.5</td>
<td>0</td>
</tr>
<tr>
<td>HR1. Human rights in agreements</td>
<td>100</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>HR7. Actions to eliminate forced labor</td>
<td>100</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>HR8. HR training for security</td>
<td>100</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Regarding to human rights issues, most global companies had policy to protect human right in the organizations in their CSR reports. However, table 11 indicates that companies ignored the practice of identifying and eliminating any significant risk of violations involving human rights issues.

The most emphasized area by global companies was to choose their contractors that have undergone human rights screening, but the emphasis extent was still not very much though.

No global companies at all have disclosed any information on their agreements involving human rights, or actions to eliminate forced labor, or HR training for security. One of the practices that can show how much organizations emphasize...
human rights issues is the significant investment which takes human right into consideration. However, no companies had any data in their reports on the percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening. In order to ensure the human right policy implemented throughout the whole organizations properly, it is necessary to get employees to be trained on policies and procedures concerning aspects of human rights that are relevant to operations. Surprisingly, only Seagate Tech out of 40 global companies had specialized training which equips employees to address human rights in the course of their regular work. On violate labor issues most of the global companies have stated that they had the policy not to use any child labor or forced labor. However, only one IT company Telefonica among analyzed 40 corporations in this paper mentioned the actual activities that aim to eradicate child labor. All the other companies neither identified any operations considered to have significant risk for incidents of child labor and forced labor, nor took any measures intended to contribute to the elimination of child labor and compulsory labor.

Both forest industry and IT industry had equally little emphasis of human right responsibility and there were no significant difference of emphasis in this area.

5.3.5. Social responsibility performance of global forest product companies vs. IT companies

The following text is to describe global companies’ social responsibility performance and to compare global forest product companies and IT companies in this area. The social responsibility here refers to the responsibility to specific society, which is only one part of corporate social responsibility.

Importance of individual indicators of social responsibility

In order to describe global companies’ social responsibility performance, the
importance of indicators of social responsibility dimension was analyzed by studying independent indicators’ distributions and means. Table 12 shows the results of analysis.

**Table 12: Importance of indicators of social responsibility and comparison between forest industry and IT industry** (1=no emphasis, 2=little emphasis, 3=some emphasis, 4=much emphasis, 5=complete emphasis)

<table>
<thead>
<tr>
<th>Indicators of Social Responsibility</th>
<th>Distribution %</th>
<th>Mean</th>
<th>P-value (Chi-square test)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SO6. Political contribution</td>
<td>85 0 0 2.5 12.5</td>
<td>1.58</td>
<td>.549</td>
</tr>
<tr>
<td>SO1. Program to assess and manage the impacts on community</td>
<td>67.5 20 5 7.5 0</td>
<td>1.53</td>
<td>.219</td>
</tr>
<tr>
<td>SO5. Public policy positions</td>
<td>82.5 0 0 17.5 0</td>
<td>1.53</td>
<td>.212</td>
</tr>
<tr>
<td>SO8. Fines and sanctions for non-compliance with laws</td>
<td>82.5 2.5 0 0 12.5</td>
<td>1.53</td>
<td>.195</td>
</tr>
<tr>
<td>SO7. Legal actions for anti-competitive and monopoly practices</td>
<td>92.5 0 0 0 7.5</td>
<td>1.3</td>
<td>.072</td>
</tr>
<tr>
<td>SO2. Analysis for risks related to corruption</td>
<td>85 10 0 0 5</td>
<td>1.3</td>
<td>.029</td>
</tr>
<tr>
<td>SO4. Actions to corruption</td>
<td>92.5 2.5 0 0 5</td>
<td>1.23</td>
<td>.598</td>
</tr>
<tr>
<td>SO3. Anti-corruption training</td>
<td>90 10 0 0 0</td>
<td>1.1</td>
<td>.292</td>
</tr>
</tbody>
</table>

Table 12 discloses the extent to which global companies emphasized various indicators of social responsibility. The most focused social responsibility by global companies was *political contribution*.

“Examples: UPM stated that it did not support any political candidates, parties or groups.”

Global companies did not emphasize the responsibility of anti-corruption and their least emphasized area was *anti-corruption training*.

“Example: BT group measured the efforts against Transparency International model on bribery and
Significant difference existed between two industries regarding social responsibility only in legal actions for anti-competitive and monopoly practices, and analysis for risks related to corruption (Table 12).

“Example: Sappi identified the number of calls concerning ethical issues in South Africa to analyze the risks related to corruption.”

Dimensions of social responsibility

Principal components analysis in this case was used to describe the dimensions of social responsibility by extracting two factors from the original eight variables. These two dimensions of social responsibility with factor loadings are described in Table 13. The two principal components solution explained 72.8% of the total variation in this variable set.

Table 13: The dimensions of social responsibility

<table>
<thead>
<tr>
<th>Dependent variable,</th>
<th>Factors</th>
<th>Communalities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scale 1-5, n=40</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I</td>
<td>II</td>
</tr>
<tr>
<td>Anti-corruption training</td>
<td>.924</td>
<td>.206</td>
</tr>
<tr>
<td>Analysis for risks related to corruption</td>
<td>.838</td>
<td>.300</td>
</tr>
<tr>
<td>Legal actions for anti-competitive and monopoly practices</td>
<td>.822</td>
<td>.414</td>
</tr>
<tr>
<td>Actions to corruption</td>
<td>.803</td>
<td>-.008</td>
</tr>
<tr>
<td>Political contribution</td>
<td>.176</td>
<td>.876</td>
</tr>
<tr>
<td>Program to assess and manage the impacts on community</td>
<td>.233</td>
<td>.750</td>
</tr>
<tr>
<td>Public policy positions</td>
<td>.081</td>
<td>.704</td>
</tr>
<tr>
<td>Fines and sanctions for non-compliance with laws</td>
<td>.597</td>
<td>.607</td>
</tr>
<tr>
<td>Eigenvalue</td>
<td>5.23</td>
<td>1.06</td>
</tr>
<tr>
<td>Variance explained %</td>
<td>41.6</td>
<td>31.2</td>
</tr>
<tr>
<td>(total =72.8)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In the case of Factor I, the heaviest loadings are found with anti-corruption training and analysis for risks related to corruption. Thus it was named "anti-corruption
actions”.

The heaviest loadings for Factor II are found with political contribution and program to assess and manage the impacts on community. Therefore, it was named "public relations”.

**Table 14: Divergence in social responsibility between forest industry and IT industry**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Anti-corruption actions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
</tr>
<tr>
<td>N=40</td>
<td></td>
</tr>
<tr>
<td>Forest Industry</td>
<td>+.255</td>
</tr>
<tr>
<td>IT Industry</td>
<td>-.255</td>
</tr>
</tbody>
</table>

The results of the t-test (Table 14) with means of factors indicate the forest companies emphasized anti-corruption actions more than IT companies did. No IT companies analyzed in the study did any risk analysis regarding corruption. 20% of the forest companies at least had some business units with formal risk assessment focused on corruption in their report and another 10% even reported the total number and percentage of business units analyzed for related risks. 15% of the forest companies identified the total number of employees who are trained in organizations’ anti-corruption policies and procedures while only one out of 20 IT companies did it. For the companies that did not train their employees on the anti-corruption issues, they were also unlikely to take actions in response to incidents of corruption. Only Weyerhaeuser out of 20 selected forest companies and BT group out of 20 selected IT corporations took specific actions to limit exposure to sources of corruption and reduce the risk of new instances of corruption.

There was no significant difference between two industries in emphasizing public relations. Both industries emphasized public relations more than anti-corruption
actions regarding social responsibility.

In conclusion, global companies emphasized political contribution the most and anti-corruption training the least. Social responsibility was interpreted by global companies as public relations and anti-corruption actions, the first of which was emphasized more than the latter. Forest industry emphasized anti-corruption actions more than IT industry did. There was no difference in focusing public relations between two industries.

5.3.6. Product responsibility performance of global forest product companies vs. IT companies

The following text is to describe global companies’ product responsibility performance and to compare global forest product companies and IT companies in this area.

Importance of individual indicators of product responsibility

In order to describe global companies’ product responsibility performance, the importance of indicators of product responsibility dimension was analyzed by studying independent indicators’ distribution and means. Table 15 shows the result of analysis.

Table 15 discloses the extent to which global companies emphasized various indicators of product responsibility. The most focused product responsibility by global companies was safety issues, including product safety assessment and identifying any incidence of non-compliance with safety regulations.

“Example: Oji Paper Group used its own New Raw Material Safety Sheets to increase green procurement and improve product safety.”

“Example: Weyerhaeuser had the statement that they are not aware of any significant fines for non-compliance with laws or regulations concerning the provision and use of their products and services.”
Table 15: Importance of indicators of product responsibility dimension and comparison between forest industry and IT industry (1=no emphasis, 2=little emphasis, 3=some emphasis, 4=much emphasis, 5=complete emphasis)

<table>
<thead>
<tr>
<th>Indicators of Product Responsibility</th>
<th>Distribution %</th>
<th>Mean</th>
<th>P-value (Chi-square test)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>PR1. Product safety assessment</td>
<td>62.5</td>
<td>2.5</td>
<td>15</td>
</tr>
<tr>
<td>PR2. Incidents of non-compliance with safety regulation</td>
<td>75</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>PR5. Customer satisfaction</td>
<td>65</td>
<td>15</td>
<td>7.5</td>
</tr>
<tr>
<td>PR3. Product information required by procedures</td>
<td>70</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>PR9. Fines for non-compliance with products laws</td>
<td>75</td>
<td>2.5</td>
<td>12.5</td>
</tr>
<tr>
<td>PR4. Incidents of non-compliance with information regulation</td>
<td>87.5</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>PR8. Complaints regarding customer privacy</td>
<td>87.5</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>PR6. Programs for adherence to marketing communication laws</td>
<td>85</td>
<td>0</td>
<td>7.5</td>
</tr>
<tr>
<td>PR7. Incidents of non-compliance with marketing communication laws</td>
<td>90</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

The least emphasized product responsibility by global companies was marketing communication, which included conducting programs for adherence to marketing communication laws and identifying incidents of non-compliance with marketing communication laws.

Table 15 also reveals that forest industry emphasized identifying incidents of non-compliance with product safety laws and fines for non-compliance with products laws more than IT industry did. It indicates that forest industry was more likely to
emphasize recognizing compliance with regulation.

**Dimensions of product responsibility**

In order to get a specific picture of global companies' product responsibility performance, principal components analysis in this case was used to describe the dimensions of product responsibility by extracting three factors from the original eight variables. These three dimensions of product responsibility with factor loadings are described in Table 16. The three principal components solution explained 85.5% of the total variation in this variable set.

**Table 16: The dimensions of product responsibility**

<table>
<thead>
<tr>
<th>Dependent variable, Scale 1-5, n=40</th>
<th>Factors</th>
<th>Communalities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>I</td>
<td>II</td>
</tr>
<tr>
<td>Incidents of non-compliance with safety regulation</td>
<td>.887</td>
<td>.185</td>
</tr>
<tr>
<td>Product information required by procedures</td>
<td>.828</td>
<td>.201</td>
</tr>
<tr>
<td>Product safety assessment</td>
<td>.819</td>
<td>.128</td>
</tr>
<tr>
<td>Fines for non-compliance with products laws</td>
<td>.807</td>
<td>.508</td>
</tr>
<tr>
<td>Incidents of non-compliance with information regulation</td>
<td>.718</td>
<td>.577</td>
</tr>
<tr>
<td>Incidents of non-compliance with marketing communication laws</td>
<td>.209</td>
<td>.926</td>
</tr>
<tr>
<td>Programs for adherence to marketing communication laws</td>
<td>.274</td>
<td>.903</td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>.091</td>
<td>.100</td>
</tr>
<tr>
<td>Complaints regarding customer privacy</td>
<td>.281</td>
<td>.157</td>
</tr>
<tr>
<td>Eigenvalue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Variance explained % (total =85.5)</td>
<td>5.01</td>
<td>2.04</td>
</tr>
<tr>
<td></td>
<td>39.0</td>
<td>26.6</td>
</tr>
</tbody>
</table>

In the case of Factor I, the heaviest loadings are found with incidents of non-compliance with safety regulations. Thus it was named "product safety responsibility ".

62
The two loadings for Factor II are found with Incidents of non-compliance with marketing communication laws, and Programs for adherence to marketing communication laws. Therefore, it was named "marketing communication responsibility".

The heaviest loading for Factor III is found with customer satisfaction. Therefore, Factor III was called “customer satisfaction”.

The difference between two industries in product responsibility dimension was further studied by comparing means of the newly generated factor scores. The result is indicated in table 18.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Product Safety Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>N=40</td>
<td></td>
</tr>
<tr>
<td>Forest Industry</td>
<td>+.407</td>
</tr>
<tr>
<td>IT Industry</td>
<td>-.407</td>
</tr>
<tr>
<td></td>
<td>P-Value</td>
</tr>
<tr>
<td></td>
<td>.008</td>
</tr>
</tbody>
</table>

The result (Table 17) indicates that forest industry emphasized product safety responsibility much more than IT industry did. For instance, half of the forest companies made product safety assessment, which were twice more than IT companies who did it.

In conclusion, global companies emphasized product safety issues much more than marketing communication responsibility. Concerning difference between industries, forest industry emphasized product safety responsibility significantly more than IT industry. More specifically, forest industry was more likely than IT industry to consider its risk of non-compliance with product related laws as part of product responsibility.
6. Conclusion

6.1. Summary

As CSR becomes a hot topic and has drawn more and more public attention, in response global companies start to integrate CSR into their business strategy and improve their CSR performance. The purpose of this study was to analyze leading global companies' CSR performance, and to what extent they have emphasized different dimensions of CSR, and make comparison between forest industry and IT industry. The other objective was to see if leading global companies were emphasizing CSR the same when they enter the local community by analyzing their separate reports on the CSR practices in China.

By using Global Reporting Initiative Guidelines as frame of reference, the CSR reports (mainly globally) of selected 40 leading global companies (20 forest and 20 IT corporations) were analyzed and coded. The companies’ performance level was indicated by the extent of how they emphasized different dimensions of CSR according to GRI system on a scale of 1 to 5. The result could be summarized as following in table 18.

As table 18 shows, Environmental and economic responsibilities were the most focused areas while human right responsibility was the least emphasized one by global companies.

Specifically, global companies emphasized infrastructure investment the most regarding economic responsibility. However, only two out of forty companies paid attention to their competitive entry wage, which indicates the contribution to the economic well-being of employees.
### Table 18: Importance of CSR dimensions in the forest industry and IT industry

<table>
<thead>
<tr>
<th>Dimensions (in the order of forest companies ranking)</th>
<th>IT companies ranking</th>
<th>p-value</th>
<th>Emphasis by global companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental responsibility</td>
<td>4</td>
<td>.000</td>
<td>***</td>
</tr>
<tr>
<td>Economic responsibility</td>
<td>1</td>
<td>.047</td>
<td>***</td>
</tr>
<tr>
<td>Product responsibility</td>
<td>2</td>
<td>.197</td>
<td>**</td>
</tr>
<tr>
<td>Labor practice responsibility</td>
<td>3</td>
<td>.006</td>
<td>**</td>
</tr>
<tr>
<td>Social responsibility</td>
<td>5</td>
<td>.106</td>
<td>*</td>
</tr>
<tr>
<td>Human right responsibility</td>
<td>6</td>
<td>.592</td>
<td></td>
</tr>
</tbody>
</table>

*** refers to being emphasized a lot. ** refers to being emphasized fairly. * refers to being emphasized a little.

When it comes to environmental responsibility, global companies highlighted the most the consumption of resource use and initiative to mitigate the negative environmental impacts. The least emphasized environmental accountabilities were identifying the negative environmental impacts and protecting biodiversity.

Human right responsibility was the least emphasized area in both forest and IT companies. Nearly no data were collected and reported on risk analysis where human rights incidents would happen.

Regarding difference between industries, forest companies emphasized environmental responsibility, economic accountability and labour practice responsibility much more than IT enterprises did. More specifically, significant difference existed in the areas of direct economic impacts on stakeholders, resource consumption and general environmental impacts, impacts on biodiversity by business operation, career development assist, the participation of workers, anti-corruption actions, and product safety responsibility.
The most emphasized area by IT industry was economic responsibility and product responsibility while forest companies paid the most attention to environmental accountability.

One of the other results in the study was that nearly no leading global companies published separate unit CSR reports in China or sufficient information concerning CSR activities in China. Corporate social responsibility in 2007 was still at the very beginning status in China.

6.2. Conclusion

The initial idea of the study was to analyze global companies’ CSR performance and their emphasis. The results of this study could then be linked to the studies of public’s view on CSR, in order to see the gap between CSR perspectives and practices, and then to get a large picture of CSR development status and indicate its possibility for improvement. The results showed that recently the CSR emphasis areas by global companies are still mainly focused on environmental and economic responsibilities. The performance of human rights responsibility was extremely poor. Part of the reason was that companies tended to state their human rights policy instead of taking actions to analyze risks and prevent discrimination. It is easy to say that child labor and compulsory labor are not allowed in the company. However, applying the policy into practice needs much more efforts to identify the fragile spots and eliminate the risks there. In practice, global companies should start paying much more attention to labor practice, human right, social responsibility and product responsibility.

The results also showed that global forest companies emphasized CSR much more than IT companies did in most of the CSR areas especially in environmental issues. It may further indicate that forest is so related to human being’s life that forest industry draws more attention from public than IT industry does, and as a result forest
industry naturally performs better concerning environmental responsibility. For instance, forest companies identified data of environmental consumptions much more than IT companies did. People may argue that raw materials used in forest industry can be relatively simpler and then easier to be calculated comparing to the ones in IT industry. However, regarding to energy use and water consumption, both industries have the same difficulty level to collect the data. Therefore, the result could show that forest industry was much more active than IT industry in identifying its environmental impacts caused by its resource consumption, and thus was more likely to take the initiative to mitigate the negative impacts. In practice, therefore, IT industry should work harder on CSR in the future.

Concerning the other difference, global forest companies highlighted environmental issues as the most important dimension of CSR while IT companies gave priority to economic responsibility and product responsibility. In this way forest and IT companies can benchmark each other and learn the experience from each other’s strengths.

Another finding in the study was that very few global companies disclosed sufficient information of CSR activities in China. The communication of CSR with local areas is much less than that on a global scale. There were some CSR activities in China that global companies mentioned on their local websites, but the disclosure was way too poor speaking of global standard. As a matter of fact, separate report on specific local area is even more important in a way that it is the direct communication with local stakeholders about companies’ social responsibility that have the most direct impacts on their society. Especially in developing nations who have become manufacturing hubs for global corporations but whose people still suffer from environmental hazards, lack of resources and low pay, CSR should be taken at least as seriously as in developed countries. Most of the global companies developed originally in developed countries, which therefore had the priority to establish the global standards for CSR. However, when they enter a less developed country with
less developed laws and regulations such as China, it seemed that they started to lower the CSR standards and thus take less corporate social responsibility. The result indicated that more emphasis on CSR is needed in the future for global forest and IT corporations in China. It is also recommended that sufficient data of unit level CSR activities for specific local countries are disclosed separately.

6.3. Discussion

The data found in companies’ reporting on their corporate social responsibility performance in China were really far more limited than expected. The focus of the study had to be modified from comparing location based difference to mainly sector based difference due to the lack of data. However, the situation still successfully implied the huge gap between what corporations do to the large concept of society and what they do in specific location, which in this case was between globally and in China. Considering ten years ago when companies started to publish their environmental reports, a significant change had happened in a decade. The progress could be seen from the increasing number of companies publishing reports as well as from the increasing volume of the reporting content. Since the development takes time, it is believed that in the near future global corporations will increasingly put more efforts in taking their corporate social responsibility in every single specific local place including developing countries such as China and publishing separate data of CSR activities in each separate country where they have significant business operation. Therefore, for future research, the level of how global companies are shouldering their corporate social responsibility in China could still be studied and changes of companies’ behaviour in coming years could be found by comparing the future research to this study. As the separate reports in different regions grows, more studies could be conducted to compare the difference of what global companies are taking their social responsibility between developed and developing regions.

One of the difficulties in the study was data coding which turned out quite time
consuming. The GRI framework used in the classification was so detailed that more than 300 clauses were supposed to be memorized for researcher to analyze the reports and pick corresponding information. The alternative way could be checking every single clause to find corresponding information when reading each single sentence of the reports. However, the latter way was more time consuming and more risk taking since corresponding data would probably be missing if clauses were not familiar for the researcher.

Although using GRI indicators sounded so complex, it was still the best choice to use as a frame of reference. Companies reporting their CSR practices according to GRI guidelines have matched international standard. In other words, those who have reported detailed data by using GRI framework are surely doing the excellent work in the area. Those who are not doing very well regarding corporate social responsibility surely are not capable to disclose much relative data under GRI framework. Therefore, in a way it is reasonable and fair to level companies’ CSR performance by using GRI as analysis guidelines. However, there would be also possibility that companies have different emphasized areas and variety of means when reporting their practices. Some may reveal more details than others do due to different business strategies and focuses. Thus, the study has this limitation. Also, the real performance can not be fully reflected only by the content analysis of CSR reports. In all, the objective of the study was nearly fulfilled.

Due to the time limitation, the study only collected data from existing CSR reports or information on observed companies’ websites. For further research, data should be searched from different sources regarding to both positive and negative angles so that the analysis can be more reliable.

In the process of carefully reading observed companies’ CSR reports, it was found that some companies have reported valuable information or data on their CSR performance which are not included in GRI framework yet. These could be used as
complementary information to improve and complete GRI indicators. Examples of the useful indicators could be safety training, voluntary protection program, and survey of employee satisfaction.

When the research was started in May 2007, no study cases of using GRI guidelines to analyze companies’ CSR reports were found by the researcher. However, WWF (2007) published a report “corporate responsibility reporting in the pulp and paper industry” in 2007, which analyzed the CSR reporting by using WWF’s own criteria in the pulp and paper industry. Forty-nine forest product companies’ reports were analyzed against twenty WWF criteria, which covers less issues than GRI guidelines and have a more specific focus on the key ones within the forest industries. The results of WWF’s report indicate the similar phenomenon as this study shows. Environmental issues are the mainly concerned areas and the least reported areas are health, safety & employment practices.
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http://www.gp.com/csrr/

4. Stora Enso

5. Svenska Cellulosa(SCA)

6. Kimberly-Clark
http://www.kimberly-clark.com/CN/

7. Oji Paper

8. UPM

9. Nippon Unipac Holding
10. Weyerhaeuser

11. Smurfit-Stone

12. MeadWestvaco
http://us.meadwestvaco.com/mwv/groups/content/documents/document/mwv003786.pdf

13. M-Real

14. Mondi International

15. Jefferson Smurfit Group
http://www.smurfitkappa.com/DropdownMenu/Governance/Health+and+Safety

16. Worms&Cie (renamed as sequana capital)

17. Sappi

18. Domtar
19. Norske Skogindustrier

20. Abitibi-Consolidated Inc.

21. America Movil
   http://www.americamovil.com/index_eng.htm

22. Hon Hai Precision Ind.
   http://www.foxconn.com/Policy.html

23. High Tech Computer
   http://www.htc.com/about/02-about-1.htm

24. Apple Computer
   http://www.apple.com/supplierresponsibility

25. Softbank

26. Telefónica Moviles
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27. Telefónica

28. China Mobile
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33. Google
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37. Inventec
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http://www.prdomain.com/companies/S/SeagateTechnology/newsreleases/200752540955.htm

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Appendix

Economic

Economic Performance

EC1 Economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. (Core)

EC2 Financial implications and other risks and opportunities for the organization's activities due to climate change. (Core)

EC3 Coverage of the organization's defined benefit plan obligations. (Core)

EC4 Significant financial assistance received from government. (Core)

Market Presence

EC5 Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation. (Additional)

EC6 Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation. (Core)

EC7 Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation. (Core)

Indirect Economic Impacts

EC8 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement. (Core)

EC9 Understanding and describing significant indirect economic impacts, including the extent of impacts. (Additional)

Environmental

Materials

EN1 Materials used by weight or volume. (Core)

EN2 Percentage of materials used that are recycled input materials. (Core)
Energy
EN3 Direct energy consumption by primary energy source. (Core)
EN4 Indirect energy consumption by primary source. (Core)
EN5 Energy saved due to conservation and efficiency improvements. (Additional)
EN6 Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives. (Additional)
EN7 Initiatives to reduce indirect energy consumption and reductions achieved. (Additional)
Water
EN8 Total water withdrawal by source. (Core)
EN9 Water sources significantly affected by withdrawal of water. (Additional)
EN10 Percentage and total volume of water recycled and reused. (Additional)
Biodiversity
EN11 Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas. (Core)
EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. (Core)
EN13 Habitats protected or restored. (Additional)
EN14 Strategies, current actions, and future plans for managing impacts on biodiversity. (Additional)
EN15 Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk. (Additional)
Emissions, Effluents, and Waste
EN16 Total direct and indirect greenhouse gas emissions by weight. (Core)
EN17 Other relevant indirect greenhouse gas emissions by weight. (Core)
EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved. (Additional)
EN19 Emissions of ozone-depleting substances by weight. (Core)
EN20  NOx, SOx, and other significant air emissions by type and weight. (Core)
EN21  Total water discharge by quality and destination. (Core)
EN22  Total weight of waste by type and disposal method. (Core)
EN23  Total number and volume of significant spills. (Core)
EN24  Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally. (Additional)
EN25  Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff. (Additional)

Products and Services
EN26  Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation. (Core)
EN27  Percentage of products sold and their packaging materials that are reclaimed by category. (Core)

Compliance
EN28  Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations. (Core)

Transport
EN29  Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce. (Additional)

Overall
EN30  Total environmental protection expenditures and investments by type. (Additional)

Social Performance: Labor Practices & Decent Work

Employment
LA1  Total workforce by employment type, employment contract, and region. (Core)
LA2  Total number and rate of employee turnover by age group, gender, and region. (Core)

LA3  Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations. (Additional)

Labor/Management Relations

LA4  Percentage of employees covered by collective bargaining agreements. (Core)

LA5  Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements. (Core)

Occupational Health and Safety

LA6  Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs. (Additional)

LA7  Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region. (Core)

LA8  Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases. (Core)

LA9  Health and safety topics covered in formal agreements with trade unions. (Additional)

Training and Education

LA10 Average hours of training per year per employee by employee category. (Core)

LA11 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings. (Additional)

LA12 Percentage of employees receiving regular performance and career development reviews. (Additional)

Diversity and Equal Opportunity

LA13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other
indicators of diversity. (Core)

LA14   Ratio of basic salary of men to women by employee category. (Core)

**Social Performance: Human Rights**

Investment and Procurement Practices

HR1   Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening. (Core)

HR2   Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken. (Core)

HR3   Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained. (Additional)

Non-Discrimination

HR4   Total number of incidents of discrimination and actions taken. (Core)

Freedom of Association and Collective Bargaining

HR5   Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights. (Core)

Child Labor

HR6   Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor. (Core)

Forced and Compulsory Labor

HR7   Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor. (Core)

Security Practices

HR8   Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations. (Additional)

Indigenous Rights
HR9  Total number of incidents of violations involving rights of indigenous people and actions taken. (Additional)

**Social Performance: Society**

Community

SO1  Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting. (Core)

Corruption

SO2  Percentage and total number of business units analyzed for risks related to corruption. (Core)

SO3  Percentage of employees trained in organization's anti-corruption policies and procedures. (Core)

SO4  Actions taken in response to incidents of corruption. (Core)

Public Policy

SO5  Public policy positions and participation in public policy development and lobbying. (Core)

SO6  Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country. (Additional)

Anti-Competitive Behavior

SO7  Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes. (Additional)

Compliance

SO8  Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations. (Core)

Social Performance: Product Responsibility

**Customer Health and Safety**

PR1  Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services
categories subject to such procedures. (Core)

PR2  Total number of incidents of non-compliance with regulations and voluntary
codes concerning health and safety impacts of products and services during their life
cycle, by type of outcomes. (Additional)

Products and Service Labeling

PR3  Type of product and service information required by procedures, and
percentage of significant products and services subject to such information
requirements. (Core)

PR4  Total number of incidents of non-compliance with regulations and voluntary
codes concerning product and service information and labeling, by type of outcomes.
(Additional)

PR5  Practices related to customer satisfaction, including results of surveys
measuring customer satisfaction. (Additional)

Marketing Communications

PR6  Programs for adherence to laws, standards, and voluntary codes related to
marketing communications, including advertising, promotion, and sponsorship.
(Core)

PR7  Total number of incidents of non-compliance with regulations and voluntary
codes concerning marketing communications, including advertising, promotion, and
sponsorship by type of outcomes. (Additional)

Customer Privacy

PR8  Total number of substantiated complaints regarding breaches of customer
privacy and losses of customer data. (Additional)

Compliance

PR9  Monetary value of significant fines for non-compliance with laws and
regulations concerning the provision and use of products and services. (Core).