

CSR case studies



Ericsson

Telecommunications for Millennium Villages – connectivity and CSR

● **The company**

Ericsson is the world’s largest supplier of network equipment and related services to telecom operators. With over 78,000 employees and markets in more than 175 countries, the company strives to be a leader in innovation and technology for sustainable business solutions. It aims to be at the forefront of sustainability in the communications industry.

To achieve this, Ericsson identified the issues that are most relevant to its business by conducting a customer, employee and stakeholder annual survey. These issues provide the framework for the company Corporate Responsibility Strategy which are: cross cutting and global; responsible business practice; sourcing, energy, climate change and the environment; communication; community; and people.

● **The drivers**

Ericsson’s efforts are in response to views such as those of Jeffrey Sachs, advisor to the UN Secretary General and Director of Columbia University’s Earth Institute, “The mobile phone is the single most transformational tool for development in Africa”.¹ In 2007, Ericsson joined the public-private partnership, Millennium Villages (MV).

The model draws on the Millennium Development Goals’ (MDG) objective to eliminate extreme poverty by 2015, with the telecommunications sector being identified as having the capacity to support such programmes.

The Millennium Villages process is an approach directly aimed at fighting poverty (MDGs) through community-based investment in agriculture, education, health and infrastructure targeted at community-based capacity building. The main dimension being “transition to sustainability through community management of local activities, gradual reduction in subsidies, economic growth and viable private sector; increasing role of government and NGOs in public sector services, and commitment of donor community to increased foreign direct assistance”.²

Not only does the MV programme provide opportunity for Ericsson to show its commitment to the MDGs but it also allows future access to these markets with their high potential for growth and sustainable economies. The company is working in partnership with mobile operators MTN and Zain.

¹ http://www.ericsson.com/ericsson/corporate_responsibility/cr08_doc/corporate_responsibility_report_2008.pdf

² http://www.millenniumvillages.org/docs/MVP_Handbook_complete_18jun08.pdf

● Taking action

Ericsson and the MV programme's main aim is to bring connectivity to communities in two major ways.

The first way is by providing the infrastructure of communications and internet capabilities to remote and poverty stricken villages. This enables communities to connect with remote trading partners, medical services, education and social networks which otherwise might not be accessible. For example, local traders may use mobile phones to compare prices and ascertain demand before setting out on what otherwise may have been a fruitless journey of up to 4-5 days.

The second element of the MV programme is 'applications'. This includes the Mobile Innovation Centre which focuses on the development of applications that suit the needs of locals and the unique requirements of their locality. Some applications provide a census function to record births, deaths, medical history etc; others calculate herds or provide educational services. Ericsson holds engagement and community dialogue events to elicit and understand what the community requires and how a bespoke application may benefit local people at the same time as providing telecommunication services.

● Why is it CSR?

CSR, sometimes referred to as business responsibility, encompasses a company's responsibility to respond to the challenge of sustainable development. The MV programme incorporates not only the objectives of alleviating poverty in remote areas but also the social, economic and environmental aspects of CSR.

While promoting a sustainable business model and building the capacity of local community trading/communication, the company believes its contribution to economic growth will also stimulate higher levels of education, improved

health services and reduced poverty. It has also included environmental protection measures such as using renewable energy to run its network which reduces reliance on dirtier energy sources, as well as reduces operating costs.

In addition, the Mobile Innovation Centre works closely with local people to find out what is truly needed and at what scale. Ericsson sees engagement and communication as key to development in remote villages. A challenge which the company came up against was the lack of technical skills in the region and has therefore also built in a capacity building element so as to further improve the skill base and ability of the people in the communities in which it is working.

● What next?

Ericsson's priority is to continue as planned the number of villages involved in the MV project. This involves encouraging local governments to promote increased use of technology. The company promotes information and communication technology (ICT) as a major contributor to development and would like to continue to see the increase in usage of both phones and applications.

Additionally, Ericsson is conducting a monitoring and evaluation study about the impacts that ICT has had on the villages. This will be available in early 2010.

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