

Vodafone

Integrating Transparency and Anti-corruption throughout the business

The Company

Vodafone Group (Vodafone) is a UK based mobile network operator and is the world's largest telecommunications network company by turnover. Vodafone operates through two main business divisions – mobile telecommunications and other operations. It has a wide scope and a significant global presence, with over 289 million customers worldwide. It operates in five regions main regions, Europe, Africa, USA, and Asia. Vodafone expands its business domestically and internationally, through a number of strategies, which include joint ventures, investments, and associated and subsidiary undertakings.

Vodafone's competitive and aggressive international and domestic expansion means that its activities and operations have widescale implications on a diverse number of stakeholders. Over recent years, Vodafone has made considerable changes to the way its business operates, through placing high strategic importance on social responsibility, transparency and anti-corruption.

This case study focuses on Transparency and Anti-corruption in Vodafone's operations and activities.

The key drivers for change

There is a wide range of stakeholders, from governments to the general public, placing increasing pressure on companies to be transparent and accountable in how they report on social and environmental issues. Within the telecommunications industry, the regulatory spotlight on business activities remains stringent and is intensifying. Not adhering to certain standards of transparent and anti-corruption reporting could be very costly and damaging for companies such as Vodafone, for the following reasons:

- Risks to corporate reputation.
- High costs attached to cleaning up corporate image.
- Legal costs and court appearances.
- Increased pressure from Governments, Non-Governmental Organisations (NGOs) and human rights lawyers.
- Increased risk of boycotts from consumers and activists.
- Increased regulation on pricing.

Vodafone has been able to use its strong stance on transparency and anti-corruption as a competitive tool, and is seeking to produce “best-in-class” transparent reporting that addresses all aspects of the business accurately, thoroughly and honestly. Vodafone aims to recognise the needs of its stakeholders, through offering high quality products and services, a reasonable pricing structure and achieving adequate profitability (<http://earthmind.net/rkc/docs/cr/seminar/swot-attom.pdf>).

Taking action

Policies

Vodafone works with local operating companies, Non Governmental Organisations (NGOs) and anti-corruption initiatives, to develop policies on transparency and anti-corruption. It has implemented a number of transparency policies and initiatives in line with the company's visions, values and business principles. These include the following:

1. *Global performance Guarantees in the form of Global Service Level Agreements (SLAs):*

These offer greater transparency and predictability for Vodafone's communications spend and management, through leveraging consistent and guaranteed performance levels for a range of key communications services across diverse markets.

And the SLAs offer large customer enterprises better transparency and predictability through their introduction to the company's managed mobility services, which include voice and data. <http://jijomurali.blogspot.com/2009/03/vodafone-group-press-release-vodafone.html>

2. *Group Public Policy Principles:*

Vodafone interacts with governments, legislators, regulators and other public bodies in the course of its normal business activities. In undertaking such public policy activities, Vodafone adheres to the principles http://www.vodafone.com/start/responsibility/our_approach/policies/vodafone_group_public.html set out in its corporate reporting.

Communication

Vodafone continuously monitors and reports on its activities, and encourages its employees to report on any activity that may not be in accordance with Vodafone's values or are in direct conflict with them. Its group and local teams work with core business functions to ensure transparency and anti-corruption is properly managed throughout the entire company.

It has a comprehensive section on the Vodafone website promoting its anti-corruption compliance guidelines http://www.vodafone.com/start/responsibility/our_approach/policies/anti-corruption_compliance.html and is a signatory of the United Nations Global Compact (UNGC).

Taking a Proactive stance

Vodafone goes beyond legal requirements and stakeholder expectations placed on it to integrate Anti-corruption into the business. It engages in a number of key events in order to further address a wide range of anti-corruption, ethics and compliance focused issues. Representatives from Vodafone have attended major events supporting Anti-corruption, which include the following:

- The UK Anti-corruption Summit, 3 – 4 February 2009
- Corporate responsibility reporting and communications summit, 25 – 26 November 2008 in London.
- The industry seminar which discussed the forthcoming anti-corruption and fraud legislation, 27th-28th May 2009 Brussels.

Challenges

1. The current economic climate

The current economic climate is affecting Vodafone's overall sales. This in turn, may offer up new complex challenges, particularly when dealing with corruption at all levels. It can be said, that corporations are more vulnerable to corruption and mismanagement in now, than in a more stable economic climate.

2. Full integration

The key challenge for the company is to embed Transparency and Anti-corruption at every level in every local operating company.

Conclusion

To conclude, Vodafone has placed strategic importance on integrating Transparency and Anti-corruption policies throughout its business. Vodafone has coordinated this, through adopting policies and new management initiatives. It has made it a priority to engage with a number of stakeholders across the business units, to ensure that it meets their ethical standards effectively. The company's employees are set stringent guidelines for reporting and if their activities are not in keeping with Vodafone's values and principles, they have to report the incident. Vodafone has become a well recognised name in recent conferences for transparency, Anti-corruption and communication reporting. It can be said that Vodafone is demonstrating leadership by implementing anti-corruption programmes within their companies. Its strong reputation stems in part from its high ethical standards, policies for transparency and anti-corruption and for its corporate sustainability reporting.