



United Nations Global Compact

Führung und Verantwortung - Die “Principles for Responsible Management Education” der Vereinten Nationen

Dr. Andreas Rasche

Consultant to the United Nations Global Compact Office
UN Headquarters, New York

5. November 2007 - MBA Konferenz, Berlin



Agenda

1

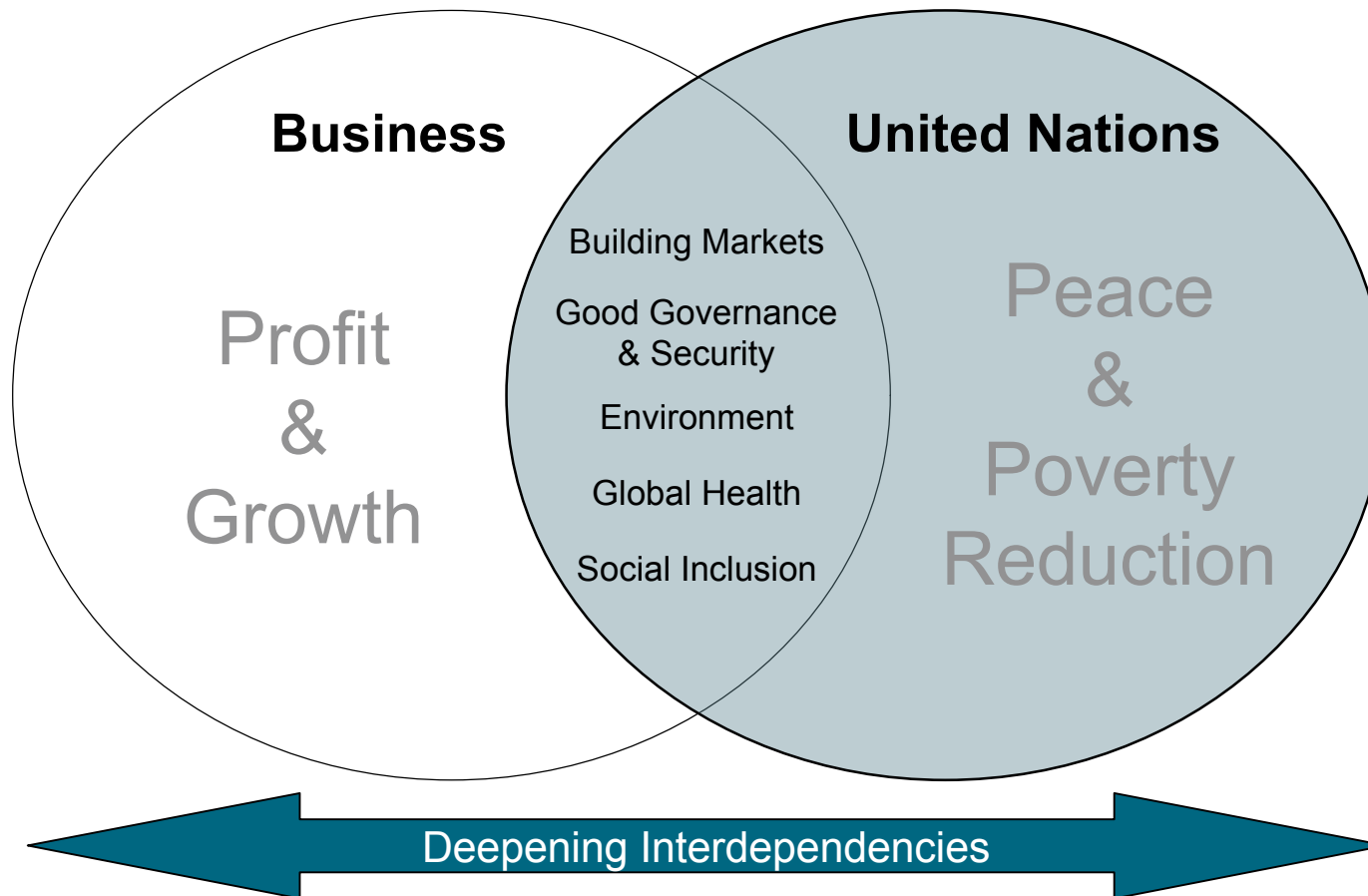
The United Nations Global Compact - What It Is (Not)

2

The Principles for Responsible Management Education



A UN-Business Partnership



The Global Compact - An Overview

World's largest corporate citizenship initiative: 5,200 business participants & other stakeholders located in 116 countries.
Created in 2000 by former Secretary-General Kofi Annan.

Vision

“A sustainable and inclusive global economy.”

Goals

1. Make the ten principles part of business operations everywhere.
2. Facilitate partnerships toward UN goals.



Ten Principles for Inclusive Markets

Human Rights

Business should support and respect the protection of international human rights within their sphere of influence; and

make sure they are not complicit in human rights abuses.

Labour

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

the elimination of all forms of forced and compulsory labour;

the effective abolition of child labour;

the elimination of discrimination in respect of employment and occupation.

Environment

Business should support a precautionary approach to environmental challenges;

undertake initiatives to promote greater environmental responsibility;

encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Business should work against all forms of corruption, including extortion and bribery.



The Global Compact - What It Is (Not)

What It Is...

A Value-Spaced Framework to Integrate Universal Principles into Organizational Change

A Multistakeholder Network Acting as a Platform for Learning and Collaboration

An Initiative Based on Internationally Accepted Principles

What It Is NOT...

A Regulative Instrument

A Substitute for Codes/Standards

A PR-Initiative



Agenda

1

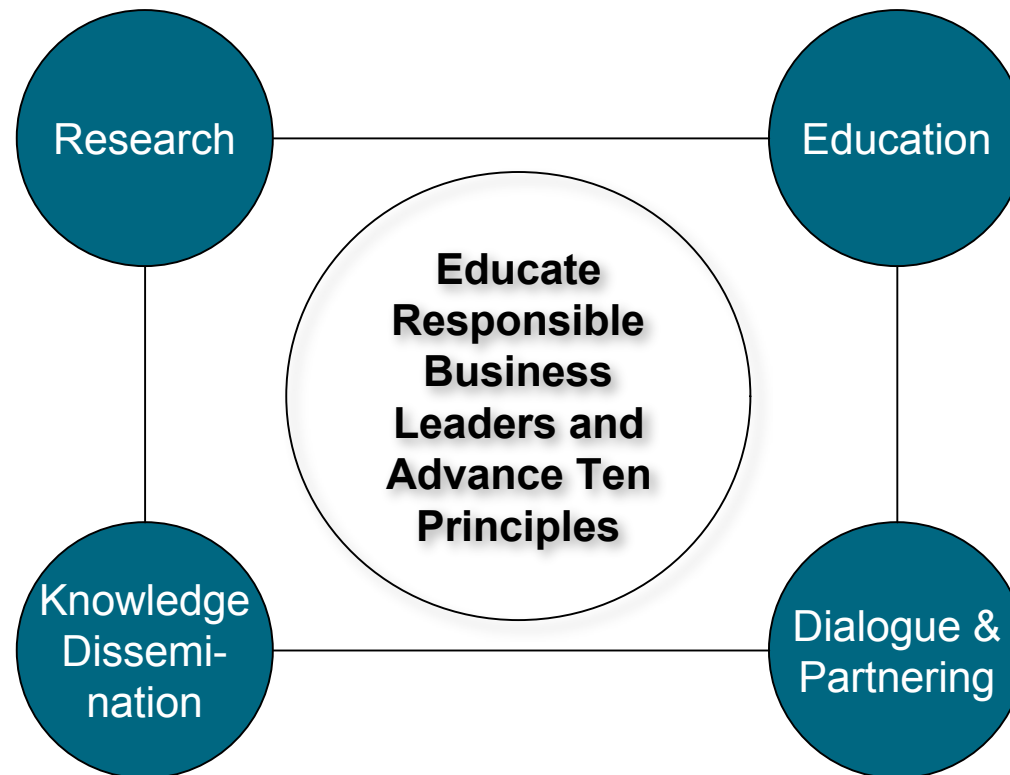
The United Nations Global Compact - What It Is (Not)

2

The Principles for Responsible Management Education



Academic Institutions and the United Nations Global Compact



The Principles for Responsible Management Education - Some Facts

Principles for
Responsible
Management Education | **PRME**

Developed in a Deliberative Process and Launched at the Global Compact Leaders Summit 2007 in Geneva

Not an accreditation system, rather a complement (not substitute) to existing accreditation and quality assurance systems

Co-Convening Organizations: AACSB, Aspen Institute, EFMD, GRI and Net Impact

Framework for continuous improvement in the area of global citizenship education and research



The Principles for Responsible Management Education (PRME)

Principle 1	We will develop the capabilities of students to be future generators of sustainable value for business and society at large and to work for an inclusive and sustainable global economy.	Purpose
Principle 2	We will incorporate into our academic activities and curricula the values of global social responsibility as portrayed in international initiatives such as the United Nations Global Compact.	
Principle 3	We will create educational frameworks, materials, processes and environments that enable effective learning experiences for responsible leadership.	Method & Research
Principle 4	We will engage in conceptual and empirical research that advances our understanding about the role, dynamics, and impact of corporations in the creation of sustainable social, environmental and economic value.	
Principle 5	We will interact with managers of business corporations to extend our knowledge of their challenges in meeting social and environmental responsibilities and to explore jointly effective approaches towards meeting these challenges.	Partnership & Dialogue
Principle 6	We will facilitate and support dialogue and debate among educators, business, government, consumers, media, civil society organizations and other interested groups and stakeholders on critical issues related to global responsibility and sustainability.	



Corporate Responsibility Issues Are Multidisciplinary - Education Should Be As Well

	Finance	Marketing	Supply Chain Manag.
Prevent	Insider Trading	Targeting Vulnerable	Child Labour
	Unethical Investments	Overpricing	Supplier 'Squeeze'
	Balance Sheet 'Polishing'	Deceptive Advertising	Health and Safety Conditions
Enable	Responsible Investment	Social Marketing	Capacity Building



Responsible Management Education is Based on Dialogue and Partnership

Why Dialogue and Partnership?

- identify problems and opportunities - both are context-specific
 - share best practices and innovative solutions
- foster discussion among students - learning requires engagement!

How Dialogue and Partnership?

- invite practitioners to share their knowledge with students
- organize multi-stakeholder events, both in research and education
 - build partnerships with firms (e.g., organize 'field visits')



Be a Pioneer! - Early Adoption for Leadership

Principles for
Responsible
Management Education | **PRME**

A group of 150 signatories will lead the way (sharing of best practices and report on progress)

A coordinating board set up among
all co-convening organizations

Towards the Global Forum of Responsible Management
Education at UN Headquarters in December 2008

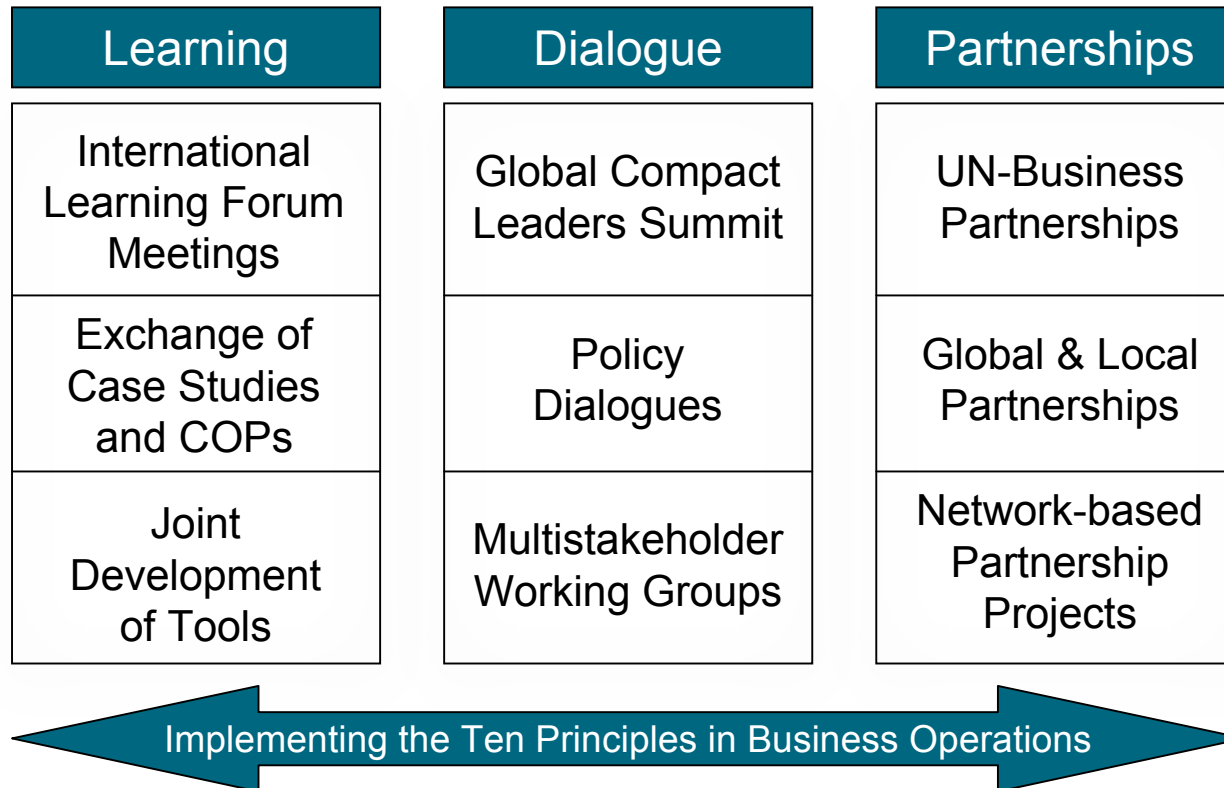


www.unglobalcompact.org
rasche@un.org





How the Global Compact Works - Learning, Dialogue, Partnerships



Ensuring Accountability - The Global Compact Integrity Measures

Communication on Progress (COP) Policy

Participants are required to submit a COP Report annually. Continuous failure to submit a report leads to delisting. COPs foster: Social Vetting/Peer Review/Public Disclosure (Market Incentives to Reward Good Performance)

The Global Compact Logo Policy

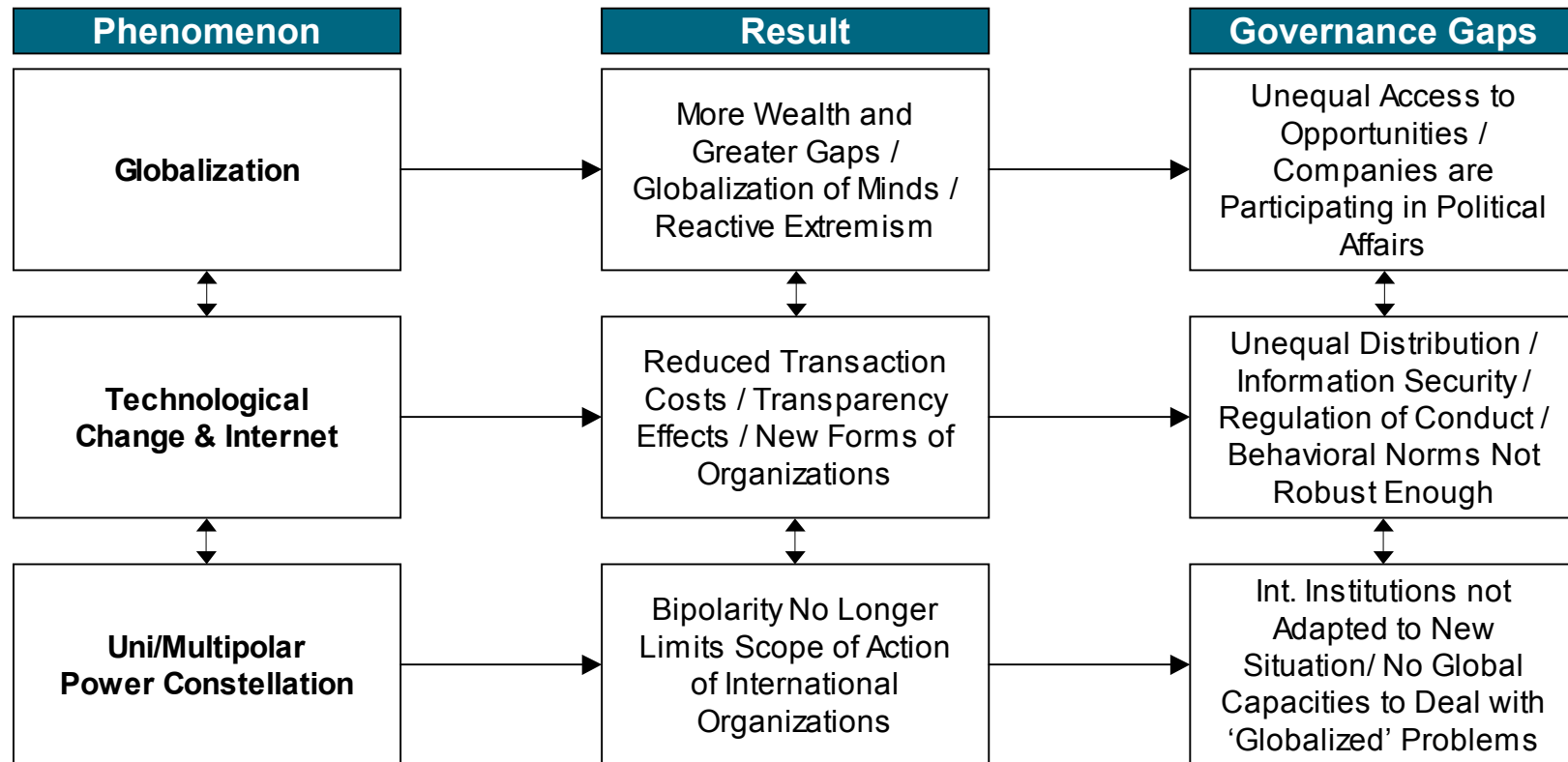
The use of the Global Compact's name and logos are limited to certain authorized users only. The Global Compact reserves the right to take action in the event of a breach of this policy (e.g., revoking participant status).

Complaint Mechanism

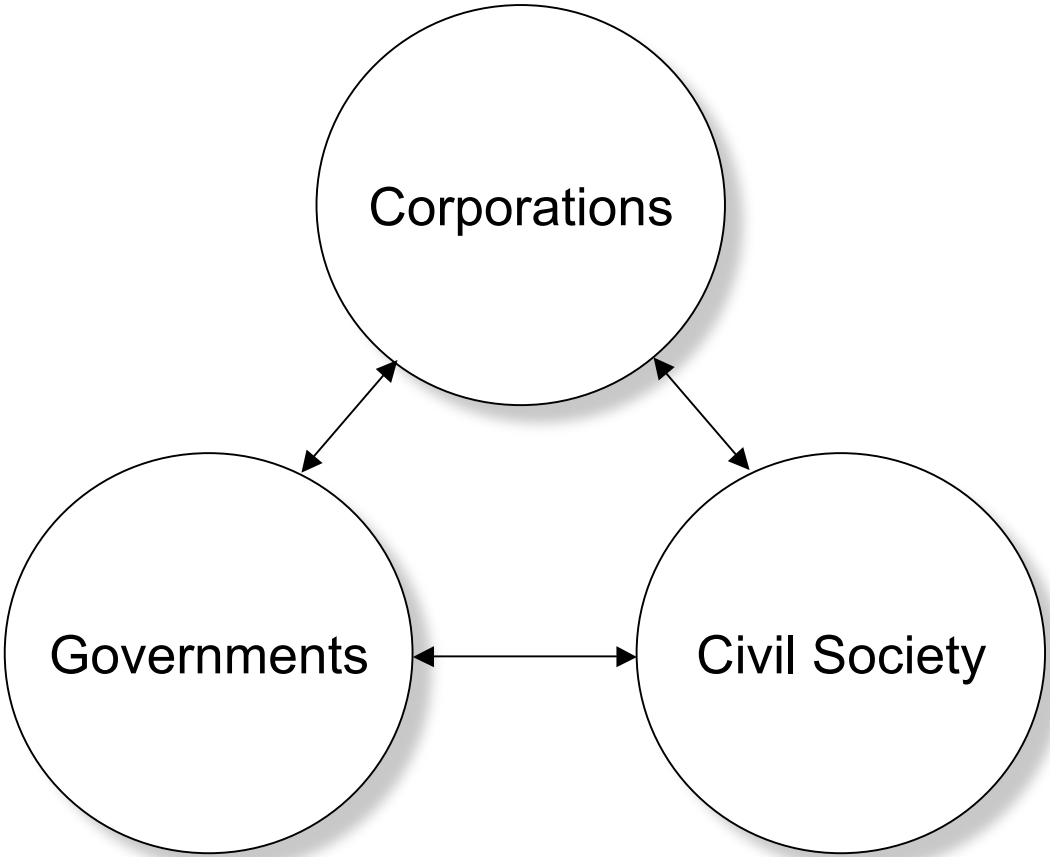
The Global Compact has transparent means to handle credible complaints of systematic or egregious abuse of the initiative's overall aims and principles.



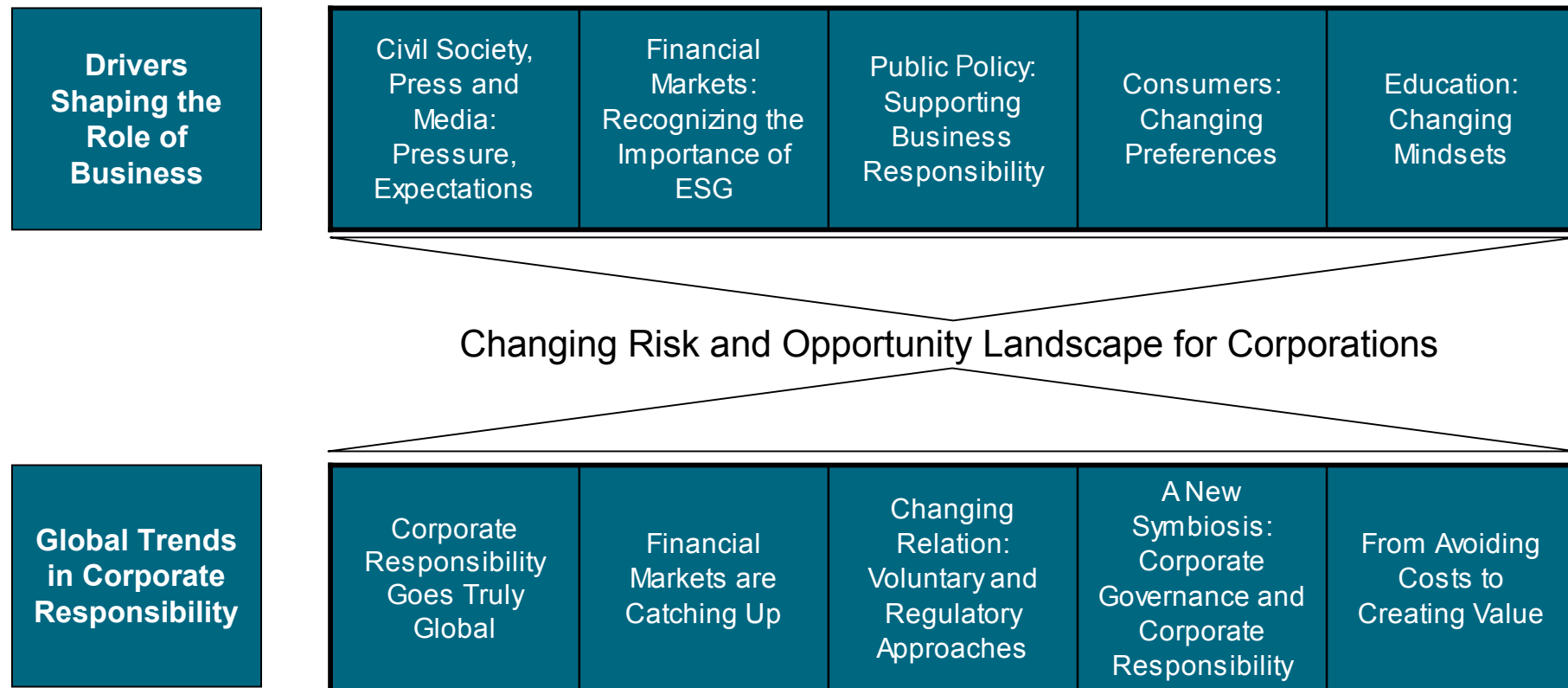
Reality Check – The Rise of Governance Gaps



Addressing Governance Gaps – New Actors



A Changing Context for Corporations



Choices of Firms to Address the Meet New Risks and Opportunities

Reactive

National Law
&
International Law

Proactive



From Global Policies to Local Actions - The Role of Local Networks

- Local networks are clusters of participants who come together to advance the Global Compact and its principles within a particular geographic context.
- Local networks perform outreach activities, organize collective actions in support of the ten principles, provide training and learning opportunities (e.g., on the design of COPs) and offer loci for dialogue and learning.
- Local network representatives come together for an annual meeting coordinated and chaired by the Global Compact Office, which is known as the Local Networks Forum. The purpose of the Local Networks Forum is for local networks to learn from each other's experiences in building a network, as well as to review and compare progress and identify best practices.
- Currently there are over 70 networks in all regions of the world.



Beyond Philanthropy - Corporate Responsibility 'Goes Business'

“70% of global investment managers surveyed believe that integrating environmental, social and governance issues into analysis will become mainstream in 3-10 years.”

Mercer Consulting (2005)

“This is not bleeding-heart liberalism. This is about managing risks in a challenging global context.”

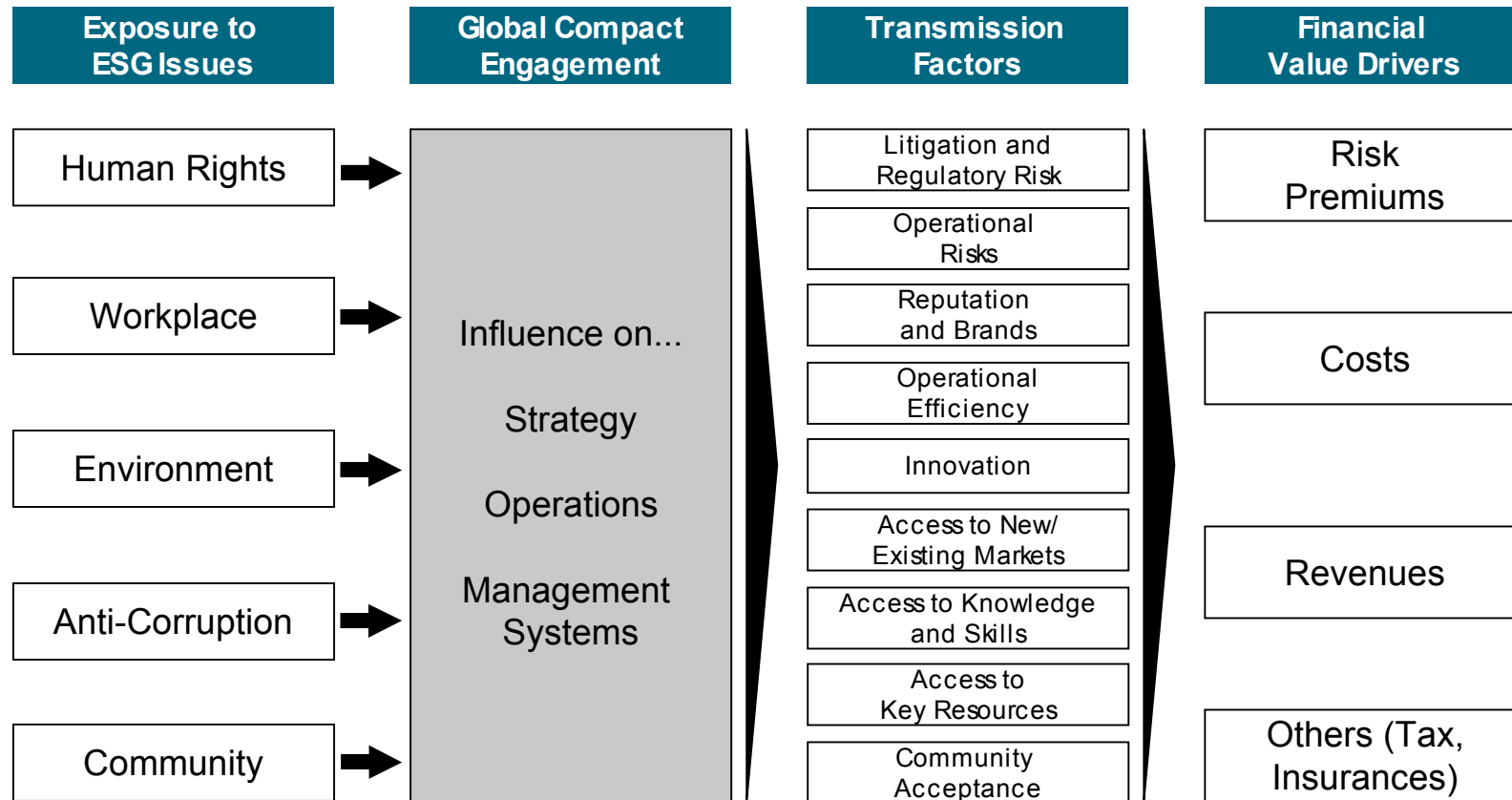
Anthony Ling (Goldman Sachs)

“Businesses need to introduce explicit processes to make sure that social issues and emerging social forces are discussed at the highest levels as part of overall strategic planning.”

Ian Davis (McKinsey & Co.)



Sustaining Growth and Mitigating Risks



Eight Perspectives on the Benefit of Joining the Global Compact



The 'Business Case' for the Global Compact

Investor	stronger financial performance / improved relations with investment community
Innovator	enhanced employee productivity / creative and value-added solutions
Customer	stronger relationships with community / credibility and trust / enhanced products & services
Operations	operational efficiency / reduction of transaction costs / 'ethical' supply management
Competitor	better reputation and branding vs. competitor / enhanced license to operate vs. competitor
Employee	enhanced employee relations (recruitment, motivation, retention, innovation, productivity)
Society	better relationship with community / credibility and trust in society / 'license to operate'
Change Agent	moral compass for organizational change / proactive action basis to minimize risks



ESG Leadership - How to Realize the Business Case

CEO/Board Committee - Shaping Expectations

Advocacy Internal and External

Policies to Implement the Ten Principles - Strategic and Operational

Reach of Implementation - Subsidiaries and Supply Chain

Actions to Support UN Goals

Continuous Communication on Progress

