

**Differing Corporate Perspectives on Civil Society Collaboration and
Corporate Social Responsibility Among Developing and
Developed Countries in the Mediterranean Region:
Evidence from the UN Global Compact**

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Abstract

Civil society's ability to play an independent role as a development partner depends to a large extent on its ability to mobilize non-government resources, including corporate funding, and to collaborate effectively with both state and non-state actors. The private sector thus represents a critical partner for effective and independent civil society. This partnership will clearly be stronger where corporations are committed to corporate social responsibility (CSR) and to active collaboration with civil society. This paper examines evidence from participation in the United Nations Global Compact (GC) to explore how corporate commitment to CSR differs among the four subregions of the Mediterranean: the developed (OECD-member) European countries, the developing Eastern European countries, the Arab countries of North Africa and the Levant, and Turkey. Using a comparative analysis of corporate adoption and application of the GC, a benchmark for corporate commitment to development values and collaboration with civil society, the analysis identifies a gap between the level of commitment in the OECD countries and those in developing Mediterranean regions. This analysis confirms and expands on earlier research findings that European companies participate in the GC at higher rates than those from other regions and that companies from OECD countries participate at much higher rates than do developing country companies. These findings have implications for the ability of civil society to function as an actor fully independent of government in the non-OECD Mediterranean.

Definition of the Issue

Civil society and private enterprise are mutually dependent in the pursuit of social progress through non-government channels. This dependence displays both programmatic and policy dimensions. On the programmatic side, effective civil society organizations cannot flourish without active engagement with a supportive donor community. Both host governments and international donors play important roles in supporting the development of civil society in the developing world, but a strong and independent civil society requires the backing, participation, and active collaboration of a donor community that is both local and private. A broad and flexible base of support for civil society within both domestic companies and multinational corporations operating locally is therefore a key requisite for a healthy civil society sector.

On the policy level, the two sectors, while at times antagonists, must ultimately forge alliances that can encourage and, where needed, demand that governments act in the broad interests of their citizenry. Unless the business sector's representatives become advocates of effective social services and responsive government alongside civil society's advocates, the needed reform processes are likely to be delayed if not suppressed altogether.

The countries of the Mediterranean confront very different sets of challenges, and start from diverse positions on the development path, but all face the need to mobilize private sector resources to support an effective and independent civil society. It is thus appropriate to ask whether the region's private sector community is ready to take on the broader social role of donor, collaborator, and partner to civil society. If support for civil society on both the policy and pragmatic levels differs markedly around the Mediterranean basin, regional development

initiatives that engage the two sectors are likely to encounter major implementation difficulties and imbalances, if not to founder altogether.

Many of the requisites for effective civil society-corporate partnering fall within the broad ambit of what is generally termed corporate social responsibility (CSR). This article draws evidence from the largest and most global CSR initiative that has emerged to date, the United Nations Global Compact (GC), to assess commitment to CSR principles in the Mediterranean region and, in particular, to explore whether there are differences in these commitment levels between the developed and developing subregions of the Mediterranean basin.

The UN Global Compact offers a useful tool for this analysis because its design incorporates five features that differentiate it from other initiatives:

1. The GC is based on a set of 10 core principles that derive from broadly recognized international sources, such as the International Declaration of Human Rights, and that cover the essential CSR areas of human rights, labor, environment, and anti-corruption in a way designed to be applicable across all geographies and all types of companies.
2. The GC benefits from the support and prestige of the United Nations, which provides an umbrella under which all companies and their civil society counterparts can come together.
3. The GC's member companies are required to follow a flexible but nonetheless uniform set of procedures to report their progress on implementation, one that, like the principles themselves, is designed to be applicable to all types of companies.

4. The GC provides an exceptional degree of transparency, including disclosure on its website of the names of companies that have committed to the GC principles, information as to whether they have complied with the GC's reporting requirements, and links to the full set of documents submitted by each company – a level of transparency that far exceeds that of any other major CSR initiative.
5. The GC has a broad base of participants that includes companies from all sectors and most countries, with a total participant population in mid-2008 of 2282 companies (excluding small and midsized enterprises, civil society, and government members).

These features make GC participation a suitable yardstick for comparing CSR commitment and action across countries, as well as sectors, and over time. The analysis reported here uses GC participation as a tool to compare CSR behavior around the Mediterranean basin, looking at companies from both industrialized (OECD-member) countries and developing countries.

The analysis presented here builds on an earlier study by the author that examined GC participation on a global basis (Bremer 2008). The earlier study includes a description of the GC, its principles, and the methods used to rate company compliance; thus this descriptive background will not be repeated here. Information on this subject may also be found on the GC website.

Methodology

The author draws on three sources of evidence to address the questions outlined above:

1. an analysis of the rates of corporate participation in the Global Compact and compliance with its requirements, based on data on all 781 Mediterranean-region companies reported as participating on the GC website, as of July 2008;

2. textual analysis of a sample of 25 GC Communications on Progress (COPs) from developing and developed Mediterranean countries, including reported collaboration with civil society; and
3. a preliminary emailed survey of corporate officials responsible for the COPs to assess their views on the GC process.

The research focuses on the Mediterranean region, which is further divided for purpose of the analysis into four groups: industrialized countries (OECD countries, comprising France, Greece, Italy, Monaco, Spain, and Portugal), Eastern Europe (comprising Albania, Armenia, Bosnia-Herzegovina, Bulgaria, Croatia, Kosovo, Macedonia, Romania, Serbia, and Slovenia), the Middle East and North Africa (MENA, comprising Egypt, Israel, Jordan, Morocco, and Tunisia), and Turkey. Turkey is classified as constituting a separate subgroup because it is culturally distinct from either of the two adjacent regions and because of the large number of Turkish companies participating in the GC. Countries not listed above (e.g., Libya, Lebanon) did not have GC member companies at the time of the analysis. The latter three regions – Eastern Europe, MENA, and Turkey – together comprise the developing Mediterranean region, as the term is used in this paper.

The quantitative analysis of corporate participation included all companies participating in the GC and classified by the GC system as associated with the Mediterranean countries listed above. The analysis did not include small and midsize enterprises (SMEs), defined by the GC as those with 10-249 employees. SMEs were excluded from the group analyzed because they are arguably less relevant to civil society partnering, given the lower level of resources available to them. The data used for this analysis were drawn from the GC website in July 2008 and included information on 781 companies from the Mediterranean region, of which 572 were from

OECD countries and 209 were from developing countries. Of the latter, 114 were from Eastern Europe, 45 were from the MENA region, and 50 were from Turkey.

A further comparative analysis was conducted comparing GC participation among the largest Mediterranean companies. These were defined as those included in the Russell Global 10000, an independent database of the market-traded global companies having the largest market capitalization as of mid-2008. The Russell 10000 list incorporates approximately 98 percent of global stock market capitalization, according to the organizational website, and thus provides a comprehensive listing of the largest publicly-traded companies in the world. By definition, this listing does not include privately-held, family-owned, or non-traded joint-stock businesses, some of which are as large as companies on the Russell 10000. As no comprehensive global listing of such firms exists, however, no ready method could be identified to assess their GC participation.

The Russell 10000 listing makes it possible to assemble and analyze a comparable set of companies, unlike the full membership of the GC, because the Russell 10000 list is compiled independently, whereas GC participation is based on voluntary decisions by the individual companies. Differences in GC participation among countries may thus be based on how active the UN and its partners have been in promoting GC membership in specific countries, rather than on differences within the underlying company populations.

The sample of COPs selected for textual analysis was conducted using purposive, non-random sampling, so as to construct a set of COPS that included a cross-section of countries and sectors, with similar sectors selected for the developing and OECD countries. In some cases, COPs from the developing country and OECD-country branches of the same company were selected to compare how the GC is being implemented in each location. Similarly, several pairs

of COPs were selected from the same companies but different years, to explore how reporting is evolving as companies gain experience with the GC.

The inclusion of different subsidiaries of the same multinational reflects the way that these firms are treated in the GC system. Companies are permitted to join the GC wherever they have an operational presence, not only in their home country. Nestle, for example, is counted as a GC-member company in nine different countries, not only in its home-base Switzerland, and Coca-Cola in thirteen.

To supplement the analysis of data reported on the GC website, the author sent a short survey to a sample of 70 individuals shown as the GC/COP contacts for their respective companies. The survey instrument, consisting of eight open-ended questions, explored such issues as the rationale for joining the GC, benefits anticipated and received, and comparison of the GC to other CSR initiatives. The 70 GC company contacts selected included contacts for the all of the 25 COPs reviewed, contacts for all of the remaining (non-reviewed) COPs submitted by developing Mediterranean country companies, and a supplemental group drawn from the set of the remaining (non-reviewed) OECD country companies. The response rate was very low, however, with only six responses received, which may be attributed in part to the mid-summer timing. No responses were received from developing country COP contacts, moreover. The survey must thus be seen as exploratory rather than as providing statistically valid estimates. Several companies provided detailed and insightful comments, which have been incorporated below to enrich the findings from the statistical analysis.

As the purpose of this research is to explore overall attitudes in the region, rather than to assess specific companies, the author has chosen not to cite the company source for specific examples or quotations provided, but rather to list the documents reviewed in the bibliography.

Should colleagues wish to verify quotations or to consult a specific report, the author would be pleased to provide guidance. The identify of the survey respondents will remain confidential, however.

Mediterranean Region Participation in the GC

Tables 1 and 2 below summarize the levels of participation in the Global Compact from the 22 Mediterranean countries identified above, together with the status of companies from each country as classified by the GC (see Table notes). Table 1 presents the absolute number of companies in each category, while Table 2 displays the percentage breakdown by geographic category and membership status.

These tables demonstrate several key points regarding overall participation:

1. The Mediterranean countries comprise about 30 percent of the companies participating in the Global Compact worldwide.
2. Mediterranean companies are much more dominant within the OECD participant group than among developing country participants, accounting for only 13 percent of active developing country companies (i.e., those in good standing), but 54 percent of active OECD companies.
3. Within the Mediterranean basin countries, there are many more OECD companies active in the GC than there are developing country companies: developing countries average just 8 active-status companies compared to 75 companies for the average OECD country (not shown in table). Even allowing for the great differences between the scale of private sector activity in OECD vs. non-OECD countries (further discussed in the following section), such a small base of participants makes it difficult to argue that the GC is actively engaging the private sector in the developing Mediterranean region.

Table 1. Summary of Mediterranean Company Participation in the Global Compact, as of 2008

Country	Member-Years**	Dev/OECD	Region	Numbers of Companies (excl SMEs)*					
				Total Ever Participating	Delisted	Current members			
						Total Current	Active	Non-Communicating	Inactive
Albania	6	Dev	Europe	4	0	4	4	0	0
Armenia	4	Dev	Europe	2	0	2	2	0	0
Bosnia-Herzegovina	25	Dev	Europe	9	0	9	2	6	1
Bulgaria	40	Dev	Europe	26	13	13	10	1	2
Croatia	25	Dev	Europe	29	0	29	29	0	0
Egypt	37	Dev	MENA	22	12	10	7	3	0
France	815	OECD	Europe	264	27	237	208	20	9
Greece	31	OECD	Europe	33	0	33	33	0	0
Israel	0	Dev	MENA	3	1	2	2	0	0
Italy	139	OECD	Europe	47	4	43	31	8	4
Jordan	2	Dev	MENA	5	0	5	5	0	0
Kosovo	2	Dev	Europe	2	0	2	2	0	0
Macedonia	37	Dev	Europe	12	0	12	5	1	6
Monaco	0	OECD	Europe	1	0	1	1	0	0
Morocco	6	Dev	MENA	3	0	3	1	2	0
Portugal	32	OECD	Europe	17	5	12	12	0	0
Romania	25	Dev	Europe	9	0	9	2	0	7
Serbia	0	Dev	Europe	6	0	6	6	0	0
Slovenia	20	Dev	Europe	15	0	15	15	0	0
Spain	629	OECD	Europe	210	31	179	165	13	1
Tunisia	24	Dev	MENA	12	0	12	7	5	0
Turkey	59	Dev	Turkey	50	11	39	34	3	2
Total in Mediterranean	1958			781	104	677	583	62	32
Total Non-Mediterranean				1873	268	1605	1297	232	76
Global Total				2654	372	2282	1880	294	108

* Company categories include: 1) number of companies that have participated in the GC at any time; 2) companies that have been delisted due to persistent non-compliance with reporting; 3) members that are classified by the GC either as active (in compliance with reporting requirements), non-communicating (lagging in compliance), or inactive (seriously lagging but not yet to the point where they have been delisted).

** Member-years are calculated by summing the total years of GC participation for each company.

Source: Author's analysis and GC website, July 2008

Table 2. Percentage Composition by Country and Company Categories

a. Percentage Composition by Country Category (Row Breakdown)						
	Total Ever Participating	Delisted	Current members			
			Total Current	Active	Non-Communicating	Inactive
Total Mediterranean	100.0	13.3	86.7	74.6	7.9	4.1
Total non-Med	100.0	14.3	85.7	69.2	12.4	4.1
Overall total	100.0	14.0	86.0	70.8	11.1	4.1
Med developing	100.0	17.7	82.3	63.6	10.0	8.6
Non-Med developing	100.0	17.1	82.9	64.4	14.1	4.4
Total developing	100.0	17.2	82.8	64.3	13.6	4.9
Med OECD	100.0	11.7	88.3	78.7	7.2	2.4
Non-Med OECD	100.0	5.2	94.8	85.1	6.8	2.9
Total OECD	100.0	8.9	91.1	81.5	7.0	2.7

b. Percentage Composition by Company Status (Column Breakdown)						
	Total Ever Participating	Delisted	Current members			
			Total Current	Active	Non-Communicating	Inactive
Total Mediterranean	29.4	28.0	29.7	31.0	21.1	29.6
Total non-Med	70.6	72.0	70.3	69.0	78.9	70.4
Overall total	100.0	100.0	100.0	100.0	100.0	100.0
Med developing	12.7	13.1	12.7	12.6	9.4	22.2
Non-Med developing	87.3	86.9	87.3	87.4	90.6	77.8
Total developing	100.0	100.0	100.0	100.0	100.0	100.0
Med OECD	56.4	74.4	54.7	54.5	57.7	51.9
Non-Med OECD	43.6	25.6	45.3	45.5	42.3	48.1
Total OECD	100.0	100.0	100.0	100.0	100.0	100.0

Source: Author's analysis and GC website, July 2008

4. Mediterranean Basin companies as a group and companies from the developing Mediterranean are very much in line with their non-Mediterranean peers in terms of their compliance. Nearly 80 percent of OECD participants are active members in compliance with GC requirements, whereas about one out of three developing country companies that have joined the GC is in less than active status (i.e., is in non-communicating or inactive status, or actually delisted).
5. Although Mediterranean OECD companies outperform their Mediterranean developing country colleagues, they do not perform as well as their OECD-country peers from other regions (79 percent active compared to 85 percent for non-Mediterranean OECD participants).
6. These figures are somewhat misleading, however, because Mediterranean OECD member companies have been active for much longer than have any other category of firm (particularly non-Mediterranean OECD and Mediterranean developing country companies). This can be seen from the member-years statistics compiled by the author. Mediterranean OECD companies have been members for an average of 3.3 years, compared to 1.8 years for Mediterranean developing country companies (not shown in tables). Members are not classified as non-communicating until they have failed to report for one year and as inactive until they are at least two years behind in reporting, after which they may be delisted if they do not improve. Thus many developing country companies have not been members for long enough to be down-classed, much less delisted.

Table 3 examines performance within the Mediterranean's four subregions. The table indicates that, while overall the developing countries are notably lagging behind OECD countries in compliance, the pattern differs considerably from region to region.

The MENA countries, in particular, have much lower rates of compliance than either Eastern Europe or Turkey, which display patterns closer to the OECD. Fewer than half of the MENA companies that have participated in the GC are currently in active status, and more than twice as many have been delisted than have been delisted in either European subregion. These differences suggest that attitudes toward CSR compliance are much less developed in the MENA region than they are in the other Mediterranean subregions, the latter appearing to adhere more closely to the model set by OECD Europe. Further research would be highly desirable to determine whether this is indeed the case, what the reasons for the difference may be, and whether the gap, if confirmed, is narrowing or widening.

One may ask whether these regional differences would hold up when the differing size of the companies are taken into consideration. In other words, do large companies behave in similar ways across geographic distances, while smaller companies behave differently, such that regional distinctions might reflect the differences in the composition of the private sector rather than true differences regional differences? The next stage in the analysis explores this question for the four subregions of the Mediterranean by examining participation in the GC the members of the Russell 10000 (termed "Russells" for convenience).

Table 4 presents the results of this analysis. The data support the hypothesis that there are distinct differences not only between the OECD companies and the developing country companies but within the developing country group. The data are organized to show the overlap between the Russells and the GC members in two complementary ways, asking first how many

Table 3. Comparison of Compliance Across Mediterranean Subregions

	Delisted	Current members				
		Total Current	Active	Non-Communicating	Inactive	
a. Percentage Composition by Company Status and Region						
Developing Europe	100.0	11.4	88.6	67.5	7.0	14.0
MENA	100.0	28.9	71.1	48.9	22.2	0.0
Turkey	100.0	22.0	78.0	68.0	6.0	4.0
OECD Europe	100.0	11.7	88.3	78.7	7.2	2.4

b. Percentage Points Difference from Mediterranean OECD Countries
(negative numbers indicate level below OECD Europe)

Developing Europe	-0.3	0.3	-11.1	-0.2	11.6
MENA	17.2	-17.2	-29.8	15.1	-2.4
Turkey	10.3	-10.3	-10.7	-1.2	1.6

Source: Author's analysis and GC website, July 2008

Table 4. Comparison of Membership in the Russell 10000 and the Global Compact

Subregion:	No. of Russells	Percent of Russells that are:		Percent of GC Members that are:	
		GC members	Non-GC	Russell	Non-Russell
OECD Europe	632	19.5	80.5	24.4	75.6
Dev. Mediterranean	273	6.6	93.4	10.5	89.5
<i>Central Europe</i>	58	15.5	84.5	8.8	91.2
<i>MENA</i>	134	1.5	98.5	6.7	93.3
<i>Turkey</i>	81	8.6	91.4	17.9	82.1
Total	905				

Source: Author's analysis, GC website, July 2008, and Russell website, July 2008.

of the Russells are members of the GC and then asking how many of the GC members are also Russells. The first question explores whether the largest listed firms in each subregion have chosen to join the GC. The second asks whether the firms in the GC include a large share of the most high-value companies in each subregion.

The first finding from this analysis is that, as might be expected from the previous analysis, the largest OECD firms are more likely to join the GC than their counterparts in the developing Mediterranean: about one in five OECD Russells are in the GC, joining at a rate roughly twice as high as Russells from developing subregions. What is striking about this analysis, though, is that the percentage of large Eastern European firms that have joined the GC is almost the same as for Western Europe, while very few – less than 2 percent – of the large MENA firms have joined the GC.

The complementary analysis (Russell representation in the GC) tends to support the overall OECD-developing difference, but the pattern among the subregions differs. Overall, the OECD members of the GC include a solid representation of the largest firms: about a quarter of all GC members are drawn from these "big boys." In the developing segments of the Mediterranean, though, the largest firms play a much reduced role in the GC, with the interesting exception of Turkey. Fewer than 10 percent of the GC members are drawn from the ranks of the largest firms in MENA or Eastern Europe, whereas the rate in Turkey is much closer to that in the OECD region.

Taken together, these differences result in a much more diffuse pattern of participation in the developing regions, compared to the OECD Mediterranean. Whereas the total population of OECD Mediterranean Russells in the GC totals 123 firms, a strong showing, their developing region counterparts total only 18, of whom just two are from MENA.

I would argue that these differences are likely to translate into different expectations for CSR behavior. Whereas CSR activity, such as joining the GC and collaborating with NGOs, is becoming the norm in the OECD, including among Mediterranean OECD companies, the jury is still out on whether the developing region firms will embrace CSR. In the case of the MENA, with just two of the 134 largest listed firms participating in the GC, one cannot argue that CSR programming is an established norm or is even approaching critical mass.

COP analysis

To further explore these differences, the author compared 25 Communications on Progress. The COP constitutes the Global Compact's primary requirement. In principle, every company member should submit a COP annually, accompanied by a signed letter from the company's head.

COPs are intended by the GC to provide reporting on how each participating company has performed against the GC's 10 principles. Ideally, they should also provide examples of best practices or other information of use to stakeholders, including other GC participants. The GC has not yet formulated explicit requirements for COPs, which are supposed to be provided yearly, although such standards are under consideration. The lack of guidance results unsurprisingly in a very wide variation in COPs. Some companies, for example, submit sustainability reports prepared for other purposes, some submit annual reports or portions thereof, some provide copies of promotional material that discusses CSR issues, and some submit reports prepared explicitly for the GC.

The COPs were compared on 20 criteria:

1. How long is the report (pages and kilobytes)?
2. Was the COP prepared for GC or otherwise (with the former ranked more highly)?
3. Is there an explicit presentation on GC principles?
4. Does it discuss the specific in-country situation or development context?

5. Does it discuss civil society collaboration?
6. Does it discuss changes made or measures taken?
7. Does it discuss deficiencies that are to be/already have been corrected?
8. Does it present any quantitative analysis relating to the GC principles?
9. Does it address difficult issues?
10. Has there been outside (3rd party) verification?
11. Does it discuss philanthropy?
12. Does it discuss CSR or GC outreach to other firms?
13. What is the depth of the discussion of labor issues?
14. What is the depth of the discussion of environmental issues?
15. Does it discuss issues relating to supplier and/or customers compliance?
16. Does it discuss actions taken to address corruption?
17. Does it discuss other CSR initiatives in which the firm participates?
18. Does it discuss specific issues or actions taken in developing country locations (not assessed for LDC firms)
19. Does it reference links to the Global Reporting Initiative (GRI) (with positive responses ranked more highly)?
20. Is the report a separate sustainable development report (including GC-specific documents) or just isolated sections in another report, such as the annual report (with the former ranked more highly)?

Each criterion (with the exception of length/kilobytes) was assessed on a four-point scale, from no treatment (0) to a thorough discussion of the issue (3). The 19 individual rankings were then averaged for each report to produce a composite score. The assessment was performed by the author on a judgmental basis, because the COPs are too diverse to be compared on a strictly objective basis. COPs examined ranged in length from 2 pages to 174 pages (both extremes representing major European multinationals, as it happens).¹

The GC is currently developing criteria for the COP, as noted above, which should lead to greater standardization and hence comparability in the future. To date, companies are very much on their own in deciding what to present and how to present it, which makes comparison difficult. The Spanish GC country network has developed its own detailed, question-based format, which introduced a higher degree of comparability into their members' reports, but

¹ Accessibility to developing country readers did not necessarily rank high among the COP authors' criteria, one may assume, given the size of some of the European documents in particular. The prize in this regard goes to a French agribusiness firm, whose mammoth 11.6-megabyte file proved, on downloading, to be a graphics-intensive, four-page puff piece.

overall there is no discernible pattern. Several companies, moreover, either repeat information unedited from one report to the next or provide one report for several different countries. One of the reports selected for review represented an extreme case of the latter approach and was therefore not ranked: the global-corporate-wide sustainability report submitted as the COP for a developing-country subsidiary did not include even a single mention of the country or the corporate operations in that country that the COP purported to assess. This reduced the number of COPs included in the composite rankings discussed below to 24, of which 14 were from the developing Mediterranean and 10 from OECD Mediterranean countries.

Table 5 summarizes the rankings of the remaining 24 reports using the 0-3 scale discussed above. Several conclusions may be drawn from this analysis, subject to the caveat that they are based on a comparatively small number of reports:

1. Overall, the OECD reports were more complete and included more thorough discussions of the issues, with an average ranking of 1.7 compared to 1.3 for the developing country reports. This finding might be expected from the longer average OECD report length of 55 pages, compared to 13 pages for the developing country reports (although the OECD reports were much more likely to include extensive photo spreads and fancy graphics).
2. Overall, the reports were strongest in five areas: constituting a special report for the GC, explicitly discussing compliance with the GC principles, discussing changes and improvements made or scheduled, discussing labor issues thoroughly, and discussing environmental issues thoroughly.

Table 5. Average Ranking of COPs Against Criteria by Region

Criteria	Average Score (0-3) by Region						Ratio of OECD Average to Dev. Country Average
	OECD	All Dev.	MENA	E. Eur.	Turkey	All	
COP prepared for GC (3) or otherwise (0)?	1.6	2.6	3.0	2.4	1.5	2.2	0.6
Explicit presentation on GC principles?	1.7	2.6	3.0	2.4	1.5	2.2	0.7
Discusses specific in-country situation or development context?	1.6	1.1	1.0	1.0	1.5	1.3	1.5
Discusses civil society collaboration	1.8	1.2	1.3	0.6	2.5	1.5	1.5
Discusses changes made or measures taken?	2.5	2.1	2.3	2.0	2.0	2.3	1.1
Discusses deficiencies that are to be/already have been corrected?	1.5	1.6	1.7	1.8	1.0	1.6	0.9
Presents any quantitative analysis relating to the GC principles?	1.9	1.0	0.9	0.8	2.0	1.4	1.9
Addresses difficult issues?	1.3	0.5	0.4	0.6	0.5	0.8	2.5
Indicates outside (3rd party) verification?	1.3	0.6	0.9	0.2	0.5	0.9	2.2
Discusses philanthropy?	1.8	1.6	1.7	1.0	2.5	1.7	1.2
Discusses CSR or GC outreach to other firms?	1.3	0.9	1.3	0.4	1.0	1.1	1.4
Includes thorough discussion of labor issues?	2.4	1.8	2.0	1.8	1.0	2.0	1.3
Includes thorough discussion of environmental issues?	2.5	2.1	2.1	1.8	2.5	2.3	1.2
Discusses issues relating to supplier and/or customers compliance?	2.0	0.9	0.7	0.8	1.5	1.4	2.3
Discusses actions taken to address corruption?	1.2	1.1	1.3	1.2	0.5	1.2	1.0
Discusses other CSR initiatives in which the firm participates?	1.5	0.4	0.6	0.0	1.0	0.9	3.6
Discusses specific issues/actions taken in developing country locations (not assessed for LDC firms)?	1.8	Na	na	na	na	na	Na
Includes links to the Global Reporting Initiative (GRI)?	1.4	0.1	0.1	0.0	0.5	0.7	9.5
Separate CSR report (3) rather than isolated sections in another report, such as the annual report (0)?	2.4	0.4	0.4	0.0	1.5	1.3	5.5
Average across all criteria	1.7	1.3	1.4	1.0	1.4	1.5	1.4

Source: author's calculations

3. The reports as a group were weakest in five areas: discussing difficult issues, indicating that a third-party review had been performed, discussing other CSR initiatives, linking to the GRI ranking system, and discussing CSR outreach to other firms. Developing country COPs were particularly weak in these areas, earning average ranks below 1.0 in each area.
4. The greatest differences between OECD and developing country performance were found in six areas, all with OECD scores more than double the developing country scores: linking to the GRI system, constituting a specific sustainability/CSR report, discussing other CSR initiatives, discussing difficult issues, addressing supplier/customer compliance issues, and indicating third party verification. Developing country COPs were also much less likely to provide quantitative measures related to the principles (average score of 1.0 compared to 1.9 for OECD COPs).
5. Developing country COPs were stronger than OECD COPs in three areas, however: preparation of a report specifically for the GC, including a specific discussion of the principles, and discussing deficiencies that had been or would be corrected.
6. With regard to criteria linked to civil society collaboration, the OECD COPs were more likely to discuss these issues and to treat them in greater detail than the developing country reports, including specific discussion of civil society collaboration (1.8 for OECD compared to 1.2 for developing countries), discussion of philanthropy (1.8 vs. 1.6), references to other initiatives (1.5 vs. 0.4), and links to the GRI, a major civil society CSR initiative (1.4 vs. 0.1).

Taken as a whole, the MENA and Turkish COPs were stronger than the Eastern Europe COPs, which often emphasized commercial concerns such as marketing impacts rather than discussing CSR issues in depth. The Turkish reports were especially strong compared to other developing country COPs in areas related to civil society, including philanthropy, discussion of civil society collaboration, and discussion of other CSR initiatives in which they participate, while the Eastern European COPs were uniformly weak in these areas, and MENA ranged between these two extremes. The Turkish reports were also noticeably stronger in quantitative analysis and treatment of environmental issues and displayed greater care and sophistication in their preparation (e.g., they were twice as long – 26 pages vs. 12-13 pages for the other two subregions).

The MENA reports, as a group, took a more GC-focused approach. Most reports were clearly prepared specifically to meet the GC requirement and included brief but substantive discussion of the issues, without providing a broader discussion of CSR issues (except philanthropy). Several reports provided a good discussion of changes being made to address deficiencies, however, especially in the area of the environment.

Four pairs of COPs (that is, two reports from the same company) were examined to provide further insight into the evolution of the reporting process. The pairs examined included an OECD bank, an Eastern European bank, a MENA financial services company, and a diversified MENA firm. In each case, there were slight improvements in the overall rankings, but it was nonetheless evident in several of these cases that the latest report consisted basically of a rewrite of the earlier report, with some additional information and updates added (and, in some cases, typographical errors repeated as well).

Insights from the COP Textual Analysis and Exploratory Survey of COP Contact Points

The survey of COP contact points and more detailed analysis of the COP texts (totaling more than 800 pages of material) offered additional insights into the COP process, attitudes toward civil society, philanthropic programming and other collaboration with civil society organizations, and attitudes toward CSR in general. This review, coupled with the foregoing analysis, also provides the basis for a number of specific findings and recommendations, presented in the concluding section.

The review of COP texts and the survey will be discussed together because they proved very complementary and because the small survey sample size does not in any case permit statistical analysis of the latter exercise. The results of this analysis may be organized into five categories, each of which will be discussed briefly:

1. Differences between OECD and non-OECD companies in their attitudes toward CSR and application of CSR principles, including the GC.
2. Benefits of the GC process to the companies participating.
3. Areas where the GC needs to be strengthened and opportunities for improving the process.
4. Best practices identified from the COPs.
5. Linkages between the GC and other civil society programs and initiatives.

Differences Between OECD and Non-OECD Mediterranean Companies in CSR

Attitudes and Application. A detailed review of Mediterranean COPs underscores the deeper and broader commitment that the OECD companies have made to CSR relative to their counterparts in other subregions. The OECD COPs display a firm grasp of CSR principles and

concepts, reveal participation in a range of CSR initiatives, and offer multiple examples of business initiatives that integrate CSR and commercial objectives.

By contrast – and with some notable exceptions – the non-OECD COPs indicate an exploratory approach to CSR, at best. The reports often confuse CSR concepts or display a weak grasp of CSR fundamentals. One Eastern European company cited their employee cafeteria as an example of their commitment to nondiscrimination, while describing their procedures for laying off employees under the forced labor category. A MENA company cited their vacation villa at the sea and weekend staff trips as human rights initiatives. This same company stated that it had created a "Think Tank committee in order to form a mechanism of meeting and sharing ideas between the employees and the board, which can be considered as collective bargaining," certainly a non-standard interpretation of the latter concept. Several of the developing country reports demonstrate a commitment to implementing CSR, however, offering hope for future developments.

Where OECD companies found the GC difficult to implement, the barriers cited derived from the general and one-size-fits-all nature of the GC principles. Many of the OECD companies have moved well beyond a point in their CSR strategies (and in legal compliance with Europe's stricter regulations on labor, the environment, and corruption) where the GC's principles are relevant to their European operations. Companies surveyed nonetheless cited the GC's worth as a set of fundamental principles to which all companies could adhere on a global basis, which they saw value in endorsing even if their own operations had gone well beyond this point.

Benefits of the GC Process to Participating Companies: the Business Case. The survey responses, though limited, provide insights into the benefits that OECD corporations perceive in

GC participation and how these benefits might be increased (no non-OECD corporations responded to the survey, as noted above). Among the most commonly cited benefits were: association with a highly-regarded global entity such as the United Nations, opportunities to exchange best practices, demonstration of corporate commitment to a universal and easily understood set of principles, strengthening of global compliance through broad participation in the GC, and raising awareness of CSR values and their contribution to corporate value creation among a wide range of internal and external stakeholders.

Strengthening and Improving the GC. Both COP preparers and the COPs themselves cited the value of the GC country networks. The Spanish network, ASEPAM, has been particularly active in setting standards for COPs, which was evident in more detailed and consistent reporting practices, as well as in holding events where companies can share best practices or explore other CSR-related collaboration. Several of the survey responders also emphasized the value of adding a compliance measurement process to the GC, both as a yardstick to measure their own performance and as a guarantee of GC integrity. As further discussed in the recommendations section below, the very loose guidelines used at present result in such a diverse set of COP approaches, structure, and content that it impedes use of the COPs to compare companies' performance.

The GC should also consider giving greater consideration to how the multinationals treat their own subsidiaries in developing countries as well as developing country-based suppliers. When asked to cite changes made in their operations as a result of the GC, COP preparers generally came up empty-handed ("not yet," stated one respondent, "nothing has basically changed," stated another) or fell back on CSR platitudes. The mismatch between much greater GC participation by OECD companies relative to developing country companies, on the one

hand, and a much greater need for progress in compliance with essential labor and environmental standards in developing countries, on the other, indicates a need to mobilize the large OECD participant base to support better compliance and reporting in the developing countries, including those around the Mediterranean basin. In this regard, some companies referenced their incorporation of GC principles into their subcontracts, but discussions of this practice generally focused on implementation within Europe. Collaboration between GC networks, greater emphasis on supplier linkages on a global level, and expanded programming through developing country subsidiaries represent possible avenues to explore in order to bring about such integration.

Best Practices Identified Through the GC. Specific means for sharing experiences and best practices would also strengthen the GC's utility to companies and its impact on CSR performance. As a group, the financial institutions displayed a strong commitment to the anti-corruption principle, for example, and several of the reports cited innovative approaches to controlling fraud and corruption that might hold relevance for firms in other sectors as well as for financial firms in less-regulated markets where state action to control these practices is also much weaker than it is in the OECD region.

A number of COPs from both OECD and developing country GC participants included innovative techniques that, if applied more broadly, would strengthen the GC process. Examples of these techniques include: 1) explicit comparison of the company's performance across several years, to show where changes have been made and to follow up on commitments made in earlier reports; 2) separate discussions and measurement of compliance for OECD home-country and developing country operations, highlighted with clearly-presented side-by-side charts; 3) integration of the Millennium Development Goals (MDGs) into the discussion of GC

achievements, again with side-by-side reporting; and 4) integration of initiatives to improve social responsiveness with business innovations, demonstrating the interconnectedness of these different management measures and building a business case for CSR by using it to drive corporate innovativeness (by, for example, improving dialogue with stakeholders). Not all of these or other innovations came from the OECD COPs, by any means. The MDG integration was provided by a MENA GC leader, for example.

Linkages between the GC and Other Civil Society Programming. While all but one of the OECD COPs had at least some discussion of civil society collaboration, 4 of the 15 developing country COPs omitted this topic. The nature of the discussions, moreover, differed considerably between the two groups. While nearly all the companies in both groups reported on philanthropic activities at some level, several of the OECD COPS discussed civil society collaborations that were integrated with their business strategy and activities as well as purely philanthropic programming.

This was particularly true of firms in the financial sector, which reported collaboration with civil society in developing new markets and products to serve low-income consumers or to promote sustainable development. Two of the larger Turkish firms also elaborated on this type of activity, reflecting the greater sophistication of Turkish GC-related programming, as reported in their COPs.

Further research into corporate-NGO partnering among the leading firms in the Mediterranean region would be a valuable exercise, not only to explore, expand on, and, as appropriate, confirm the differences observed in this preliminary study, but also to promote more rapid and sustainable CSR evolution in the developing country subregions. Clearly, companies that are able to integrate civil society programming into their strategic business initiatives are

more likely to continue and build on such partnerships relative to companies that treat such relationships as arm's-length philanthropic exercises.

Findings and Concluding Recommendations

The research reported in this article examined differences in CSR activities among four Mediterranean Basin subregions (OECD members, MENA, Eastern Europe, and Turkey) using information derived from the United Nations Global Compact. The research combined a statistical analysis of GC membership and compliance rates across the four subregions with more in-depth but qualitative content analysis of 25 Communications of Progress submitted by Mediterranean Basin GC firms, further supplemented by an exploratory emailed survey of corporate participants' attitudes toward the GC.

Overall, the findings confirmed that there are sharp differences between participation and compliance rates between the industrialized and developing regions, with the former showing higher compliance across the board. Differences among the developing country subregions were less clear-cut, however. The different measures used to assess performance within the GC – overall participation, compliance as measured by the GC, participation by the largest firms ("Russells"), and COP quality – did not uniformly rank one subregion as outperforming the others.

These findings, particularly the low participation rates and generally lower compliance with the GC's modest requirements, underscore the need for more rapid progress in building support for both CSR principles and participation in CSR initiatives in the developing regions around the Mediterranean basin. Such progress will be of vital importance as the basis for stronger collaboration between corporations and civil society on development objectives, greater financial support to sustain civil society initiatives independent of government, and greater

corporate compliance with shared development values such as fair treatment of labor, protection of the environment, and control of corruption.

The research also highlighted the need for the GC organization itself to give greater attention to building awareness and understanding of the GC principles and the GC reporting process, as well as building the levels of participation by Mediterranean companies. The promotion of participation among the larger companies in the developing subregions deserves special priority in this regard to encourage CSR behavior as a behavioral norm rather than a fad.

GC members from the OECD subregion themselves identified a number of measures that would assist in this process, including building the country networks, developing standardized reporting structures, and sharing best practices to build the value of GC participation. The move to develop standards for the GC reporting process should therefore be encouraged, although it may be appropriate to develop several intermediate points on a scale to meet the diverse needs of established OECD multinationals and new entrants to CSR programming from the developing world. A single standard is not likely both to hold value for the OECD participants and to be feasible or acceptable to the developing country participants. The participation of the country networks would be valuable in setting the standards and in selecting the level of reporting appropriate to their members, but the networks themselves need to be strengthened before they can play this role.

The best of the OECD COPs also demonstrate the need to distinguish clearly between multinational performance in fostering the GC principles in their home countries and in their operations across the Mediterranean. Closer engagement of multinational staff working in MENA, Eastern European, and Turkish subsidiaries in the preparation of the COP and other GC activities could go a long way to bridging this gap and building an atmosphere of corporate-civil

society collaboration and mutual understanding in the developing countries of the Mediterranean Basin, where it is most needed.

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