

## The United Nations Global Compact Needs I-O Psychology Participation

Mary O'Neill Berry, Walter Reichman and Virginia E. Schein\*

As I-O psychologists, we are aware of the changes in the business environment in the past quarter century. Many of us teach about, and work and consult with, organizations that have benefited from the global economy. In many respects the triumph of the global economy is the triumph of the economic system we support and encourage. It may be that fewer of us are aware of the unequal benefits of the global economy around the world and the attempt of a voluntary international organization associated with the United Nations to right the balance.

The Global Compact, launched in 2000, is the world's largest global corporate citizenship initiative designed to develop the social legitimacy of business. It seeks to extend corporate social responsibility around the world. The Compact recognizes that business, trade, and investment are essential for prosperity and peace. But in many areas of the world, business is linked with barriers to universal well-being such as exploitation of workers, discrimination, corruption, and income inequality. The Global Compact seeks to align the international business world in a partnership with government, civil society, labor, and the United Nations. At this time there are over 3,000 corporate participants in 116 countries who are members of the Global Compact. All the members pledge to adhere to the 10 Principles shown in Figure 1.

Recently, we sat down with Georg Kell, the executive director of the Global Compact, to learn more about its activities and to explore a potential role for I-O psychologists in helping the Compact achieve its goals.

*1. How does the GC support the activities of its members? What guidance does it provide regarding appropriate and effective activities?*

We provide tools for facilitation, learning opportunities, dialogue, and partnership areas. We provide practical examples, sharing lessons, and best practices on how to implement human rights in business. We hold workshops and meetings, for example, the Global Learning Forum, where participants confidentially share their own practices. We're also in touch with the Missions to the UN in NY; remember, it is the governments that give us a mandate, that build the trust fund; it's not true that governments either regulate or do nothing—there's such a thing as “soft power,” which translates as business responsibilities.

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\* The authors are UN/NGO Representatives of the International Association of Applied Psychology. Mary O'Neill Berry and Walter Reichman are consultants at Sirota Survey Intelligence. Virginia Schein is an independent consultant. For more information, contact [unglobalcompact@un.org](mailto:unglobalcompact@un.org) or [www.unglobalcompact.org](http://www.unglobalcompact.org)

The Global Compact tried to show how global principles can convert into wealth and productivity. At first there was some backlash from some NGOs because they thought the UN was selling out to business, but we were trying to show that as businesses go more and more global; the UN principles apply more and more. The Global Compact came into being through a speech action: the Secretary General gave a speech (in 1998) about the idea, it got tremendous reaction, and an initiative was built and transferred into a mandate in General Assembly Resolution 62/211, Paragraph 8, which endorses the structure.

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1. Businesses should support and respect the protection of internationally proclaimed human rights, and
2. make sure that they are not complicit in human rights abuses.

### **Labour**

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 labour, 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. Businesses should work against corruption in all its forms, including extortion and bribery.
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*Figure 1. The Ten Principles of the UN Global Compact Human Rights*

2. *Which members would the GC view as its “stars”—model members who could serve as success stories for others?*

There are many, but we're reluctant to give names. In a way, it's the wrong question. The more a corporation is truly integrated in the global marketplace, with many different cultures, the more it exemplifies the Global Compact principles, provided it's operating transparently and in open markets; places where corporations are protected by states or constitute monopolies are less “good,” in our terms.

There are more U.S. companies joining more recently; the corporate culture in the U.S. has a strong legal component, which tended to focus on

potential liabilities of membership and sought to protect CEOs from any possible downside or exposure if they joined the GC.

*3. What are the GC expectations of the local networks? How effective does the GC feel the local networks are? Are there particular success stories among local networks—and if so, which ones?*

There are categories of networks; some are more robust than others, for example, India, Spain, Brazil; some are very ad hoc, informal, for example, the U.S., the Nordic countries. We expect that local networks are capable of managing the brand and provide incentives for proper performance. And we hope that the local networks are multistakeholder, including not-for-profit organizations; business is involved, but we encourage inclusiveness. The best way to get involved with local networks is to attend the meetings, make proposals. It's very informal so far. There are two focal points on the Web site as a starting-point.

*4. How are member COPs evaluated by the GC? Are there specific criteria or guidelines for evaluation that are applied? Are these publicly available?*

For the last 2 years, reports called “Communications on Progress” (or COPs) have been required. Organizations that fail to submit are delisted. We have delisted 800 so far. There is also something called the “Notables Program,” 10% of corporations qualify for that, based on the quality and comprehensiveness of the information they provide in their COPs. The power of the COP is public disclosure by a corporation to its own stakeholders; it ensures transparency. Some companies are good in this respect already, but in others, we play a role in improving matters.

There is also something called PRI—Principles for Responsible Investment. This is 2 years old and includes 240 of the largest investment portfolios, covering 11 trillion dollars. They are targeted at investors, financial analysts. They are in essence a set of global best practices for responsible investment. We believe that environmental, social, and governance (ESG) issues are material to the long-term financial performance of a company; if it does well on all three, it is better positioned to mitigate risk. This is true as long as markets remain open and nondiscriminatory. If there are, for example, trade barriers, that would distort the impact of ESG.

There are some studies that show how the COP is related to the bottom line. Goldman Sachs showed that ESG issues are so important today that if you want to be an effective leader, they are a necessary precondition for success. And many organizations are taking them (ESG issues) into account throughout the entire length of their supply chain.

*5. What does the GC see as its role in dealing with climate change? How effective does the GC feel it has been in dealing with climate change?*

We have a strategic document on the Web site called “Caring for Climate.” This is a specialist platform for members who want to be leading on climate change—there are 200 companies to date. They establish a climate change goal, disclose their carbon footprint, include their efforts in their COP,

and work with governments to secure a decarbonized environment. We will also have the World Business Climate Summit in Copenhagen in 2009.

*6. How can NGOs support the GC?*

The GC has an open platform. For example, Mary Robinson works with Amnesty International and Oxfam. The NGOs are important partners in implementation. They are part of the Board; they don't lead it, but they do have a role. They helped design the Integrity Measures within the COPs. Amnesty teaches a course on human rights. And so on.

*7. What has been the support for the Principles for Responsible Management Education thus far? What collaborative efforts, such as a world gathering of management educators, are being planned?*

So far, there are 40 business schools using them, and 150 more in the pipeline. There will be the first PRIME conference in New York in September 2008. AACSB sponsored PRIME and, as an accreditation group, sent out letters encouraging organizations to join the GC. We look for institutional innovators to help categorize new ideas, to look for champions and give them a process platform. We're advocating market-led demand for issues that are important to the UN.

*8. How can organizational psychologists support the GC?*

In the human resource management arena: All member companies should be informing their employees about the GC, about their employer's commitment to the organization. Studies show that when employees know about the association with the GC, they are more satisfied at work, more empowered, more proud, etc. And in the whole area of nondiscrimination—that's GC principle #6—the elimination of discrimination in respect of employment and occupation.

*9. Other thoughts?*

We feel strongly about the relationship between commerce and peace, and the ability of commerce to harness people's energy so that they become productive rather than frustrated and violent. It's important to have opportunities to work, to compete, to take pride in what you do. There's a concept of "islands of understanding" in a sea of chaos; if corporations with high standards can become these kinds of islands, and then can connect to each other, their combined impact would maximize the positive and reduce the negatives in society. And we believe that if you have good private performance, can that in turn encourage good public policy, which in turn creates more good private performance—a virtuous circle. It would be great if we could prove this, and scale it up.

*10. What is the vision for the GC over the next 5 years? How will its success be measured?*

We hope that the GC is globally recognized as the ethical framework for business activities everywhere; that we can help business educators to have the tools to educate leaders; and that financial markets have workable, scalable measures for ESG performance and long-term responsible investments.

We believe that it is important for our profession to bring its expertise to developing solutions to the major problems of the world. We have found that most international organizations are unaware of organizational psychology and what it can offer by way of data, research, and theory. In most cases leaders of international organizations perceive psychology as limited to the stereotypical clinical “shrink” role. It is time to make known our potential contributions as I-O psychologists to international organizations, such as the UN Global Compact and its members, and to bring the work of these organizations to the attention of our colleagues, students, and the organizations we serve.

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