The UN Global Compact
Looking Forward Ten Years After

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The United Nations (UN) Global Compact was born into a time of optimism at the end of the twentieth century. Then it was often stated that the political and economic processes of globalisation needed only minor adjustments because the globalisation process per se would eventually and naturally deliver goods and services around the world. Indeed there were those who argued that this era was ‘the end of history!’ There was a belief that free market capitalism with a conscience could be delivered through the intervention of voluntary corporate citizenship initiatives like the Compact. As the Who said: ‘We know better now’. The double imperatives of climate change and economic collapse have made real the need for massive system change, a reorientation of the nature and purposes of business, and even, perhaps, a rethinking of what it means to be human in a globalised world. Yet we believe that change, even major change, is not only necessary but also possible. In researching our new book, *SEE Change: The transition to the Sustainable Enterprise Economy*, and in evaluating the UN Global Compact’s development over the last ten years, we have noted three things.

First, the world has adopted the new electronic communications and Web 2.0 technologies with a vengeance that is forcing global initiatives, such as the Compact, to ask themselves ‘What are we now and how should we operate in this new age of instant communication where traditional nation-state and many other boundaries are soft?’ For the Compact and other initiatives aimed at civilizing and taming the globalization process, the boundaries of organizational responsibility shift continuously. In these emerging forms, conversational groupings, such as the Compact’s regional and local networks, become organizations in themselves. The UN Global Compact is, as its originators envisaged, a network among others, a nested network. It is a forerunner of the new ways of organizing that are likely to populate the future.

Second, the possibility of ecological meltdown, akin to the on-going economic meltdown, forces us all to face a new reality. There is near universal agreement that global warming is happening now and that humanity must, at the very least, adapt, and in adapting, mitigate our impacts.

Third, since humans are inventive, creative, innovative, and problem-solving creatures, who can invent sub-prime mortgages, automobiles that only do 15 miles to the gallon, hedge funds, fast food, and nuclear bombs, they can also invent houses that are highly efficient, transport systems that carry people safely, happily, and with minimal impact on the environment, and food that is nutritious, safe, and healthy. Accomplishing these goals is not rocket science (although even that seems rather basic in light of the current demands on humanity). But it does mean promoting systems that reward efficiency, wellbeing, collectivism, and social justice, rather than, as at present, systems that reward selfishness, carelessness, greed, fraud, and individualism.

Our new socially networked world, which is living well beyond its means, desperately needs new forms of governance. Although progressives generally agree on what needs to be done, there is a problem in the current lack of courageous political and business leadership, at all levels of global governance and in all types of
institutions, to drive through the necessary changes. Enterprise and competition should once again become instruments to achieve public ends and not be the ends in themselves. Enterprise can be an agent for transformation and self-interest, but it must be regulated to ensure that it always delivers the common good, not just private gain.

There is great value in repeating the values on which the UN and the UN Global Compact are founded. Indeed there is merit in shouting them from the rooftops:

- belief in the rule of law
- pluralist politics and fundamental human rights
- liberal markets allied to global rules with clear, firmly supported multilateral governance.

But it is also now necessary to add two other principles:

- living within the Earth’s carrying capacity
- designing systems and communities with the goals of promoting peace, social justice, and harmony.

In standing on the top of the roof and shouting, it is necessary to remember that there are governance gaps in all countries and all institutions in all of these areas. There is much work to be done and we believe that the seeds of change for the better lie in what we are calling SEE Change, the move toward a sustainable enterprise economy.

This online publication, The UN Global Compact: Looking Forward Ten Years After, contains a collection of pieces inspired by issues that arise from the first ten years of the Compact. Some look back, but most look forward and ask questions about the ideas that lie behind the ten principles of the Compact. In particular in the last ten years, since the birth of this initiative, the climate change science has hardened and the world has moved on in many ways. Does the Compact address the compelling urgent reality that humanity now faces or is its language and intention too vapid, vacuous and vague? Or, is the Compact a platform on which can now be built a new society, a society fit for sustainable human adaptation—for there is no doubt that it is adapt of die.

Between 1998 and 2000, before the UN Global Compact and the Global Reporting Initiative and before most of the multi-stakeholder voluntary CSR (corporate social responsibility) initiatives that have been born in the last decade, we published fifty short pieces for free entitled Visions of Ethical Business in partnership with PricewaterhouseCoopers (PWC), the Financial Times, the Council on Economic Priorities (now Social Accountability International) and Warwick Business School. Then they were distributed for free in leading bookstores around the world. Today, ten years later we are publishing these ten new essays – as thought pieces, easily digestible, and online for free. In a sense now we have moved on from the voluntarism of CSR and there is talk of a new economy, the sustainable enterprise economy. So, rather than visions of ethical business there is now an appetite for Visions of Ethical Society—a systems approach which encompasses all institutions, all organizations and all individuals.

To introduce these short pieces, and to whet readers’ appetites, here are short extracts from each piece, which speak powerfully for themselves.

Allen L. White from the Tellus Institute, and one of the originators of the Global Reporting Initiative, writes about seizing the transformational moment where

the confluence of the climate crisis, the financial crisis and social crisis of profound global inequity have prompted many to question the viability of continuing the course of market capitalism as it has evolved in the last quarter century. We are witnessing a historical moment at which conventional assumptions about the global economy, and the institutions spawned by such assumptions, have outlived usefulness and are in urgent need of redesign’ . . . . ‘At this historical moment, we do not have time for deep despondency and anxiety, though there is plenty of reason for both. Instead, we should seize the transformational moment to repurpose and reconstitute institutions—corporate, financial, multilateral—in ways that align with the sustainability imperatives of the 21st century. Anything less runs the unacceptable risks of incremental, piecemeal change at a time when society needs something far deeper, structural and enduring to achieve a just and sustainable world’.

Thomas Donaldson from the Wharton School, University of Pennsylvania writes on steps for global transformation reflecting on the 2008-2009 economic crisis.

‘A spectre is haunting modern capitalism: it is the spectre of humanity. Initiatives such as the UN Global Compact are humanizing the face of capitalism, and this transformation demands explanation. In seeking explanations, we must not think that humans have become suddenly angelic; for they have not. But they have begun to awaken slowly to how global economic survival demands a fundamental makeover of global institutions,
one cast in the image of our shared humanity’

‘Psychologists speak of the ‘normalization of danger’ in instances where groups of people live with danger long enough that it becomes the norm, and hence accepted. In business ethics it is a powerful force and takes the form of what might be called ‘the normalization of bad behaviour.’ As Chuck Prince, the head of Citibank, famously remarked in the year before the crisis, ‘As long as the music is playing, you’ve got to get up and dance.’

Jem Bendell from the Asia Pacific Centre for Sustainable Enterprise at Griffith Business School in Queensland, Australia asks: What if we are failing? Towards a post-crisis Compact for systemic change.

‘Has the UN Global Compact failed? This question deserves as much attention as the search for evidence of success, if we are to be rigorous in our evaluation. Success or failure depends on what one seeks to achieve. . . . For it to have a positive future, let us assess its progress in light of the scale of the global challenges. Let us learn from the failure of economic governance. Let us learn from allowing ourselves to consider for a moment that the Compact has failed. Let us learn from the possibility that we ourselves are failing to see uncomfortable realities due to our own careers and self-esteem. Because to learn about transforming our societies we must first be open to the idea that we might be failing ourselves. . . . Unless we learn to fail, we fail to learn.’

Jim Baker, Co-ordinator of the Council of Global Unions (CGU) looks at the Global Compact as a Sustainable dialogue

‘The crisis that surfaced in 2008 had its origins many decades earlier. Its causes are complex and profound. “Recovery” will not come simply from tinkering with financial regulations or through exhortations to leaders of Capital to behave themselves. . . . The “financialisation” of the economy—with all of the distortions that it brought—must be scrutinised and remedied. But, such questions need to be placed in the context of what, politically and ideologically, made it possible, even inevitable, that such distortions would occur. . . . The 10th anniversary of the UN Global Compact must not be an exercise in complacency and self-congratulation. In fact, it should not be seen as a celebration at all, but rather as an occasion to reaffirm its principles, reexamine its mission, and its role and potential to contribute to sustainable development.’

Andreas Rasche, now at Warwick Business School and who once worked in the Global Compact office in New York writes on The UN Global Compact: a critique of its critiques.

‘I want to give a brief response to those critiques that I think are missing the idea of the Global Compact. This is not to say that the Compact is without problems. Even, and maybe especially, new ideas like the Global Compact need to be critically evaluated in order to improve their organizational structure and operating procedures. However, I hope for more constructive assessments that consider the underlying philosophy of the Compact and its institutional environment. All of this is not to say that there are no ‘bad apples’ among participants, but that we should not criticize the Compact for something it never pretended and/or intended to be. . . . Another key challenge is the more active involvement of governments which have to create a legal environment for corporate responsibility to not entirely rest on voluntary actions. . . . The Global Compact is an essential idea which has helped to put corporate responsibility on the agenda of many companies. I am positive that when the history of corporate responsibility will be written one day, the Global Compact will find its rightful place: as an idea whose time had come.’

Stephan Harrison is climate change scientist at Exeter University and a reviewer for the IPCC. In a piece that does not reference the Compact he calls on us to learn from the history of climate change in an article that could also be applied to social systems as much as natural systems! What lessons does the past have for future predictions of climate change?

‘Nonlinearity is an important characteristic of all global environmental systems. It occurs at a range of temporal and spatial scales and controls the climate, and human responses to it. Implicit in such non-linear systems are the existence of multiple equilibria and thresholds (so-called tipping points); these force the system to exhibit rapid and unpredictable change. The interactions between the non-linear atmosphere, hydrosphere, biosphere and geosphere, and society are complex and form one of the main sources of uncertainty in our predictions of future climate and environmental change. It is clear that such uncertainty is of intense interest to human society as rapid change would impose a very severe burden on the stability of cultural, economic and political (as well as ecological) systems. There are plausible system thresholds that could overwhelm the capabilities of humanity to respond. However, policymakers are only partly aware of the nature of threshold responses in the climate, the non-linear feedbacks that these create and the probabilities of rapid change. . . . It seems likely that the models will underestimate rather than overestimate the climate sensitivity over the long run, because they omit relevant variables. It is also likely that the regional response to GHG forcing will be beyond the current capability of GCMs and Regional Climate
Models (RCMs) to resolve. This makes more urgent the move to a sustainable global economy and society.'

Steve Waddell is the originator of Global Action Networks (GANs) and in his piece he asks if GANs are a new form of global governance?

‗The 20th century was a century of incredible organization creation. The 21st century is a century of innovating with networks and global systems. We are still in the early stages of understanding the networked world, but the outlines are becoming clearer as a fourth stage of complex network development unfolds. The Global Compact is now playing with this fourth stage. . . . In the end, a world of GANs is one with a new form of global governance where organizations like the UN participate as members, rather than being in charge.'

Following Stephan Harrison’s climate science piece is David Vidal (Director of the Center for Corporate Citizenship & Sustainability at The Conference Board in New York City) who is inspired by James Lovelock in Shaking heaven and Earth to survive.

‗In 2006 in The Revenge of Gaia: Earth’s Climate Crisis & The Fate of Humanity, the British scientist James Lovelock describes a world set on a collision course with itself. At one level he sees the self-regulating marvel of the planetary climate system he calls Gaia. On the other, he chronicles more in sorrow than in anger how the human species has pushed this system to a point of no return. Earth and Gaia will survive says Lovelock, but it could well be at the cost of human civilization. . . . The transition to sustainable enterprise models will be a difficult birth of a civilization seeking to reverse the suggestion by Lovelock that Gaia may survive but we may not. With a challenge of that magnitude, how can we do any less than to shake heaven and earth to prove Lovelock wrong?‘

John Elkington, founder of SustainAbility and Volans and wordsmith extraordinaire (‗triple bottom line’ is his) writes of the emerging new economy: The Phoenix Economy, which he says is taking root in the best of times, the worst of times.

‗Evolving, stress-testing and rolling out new paradigms is one of the toughest, least understood challenges we face as a species—and to date has largely happened as a result of trial and error. . . . Our argument builds on the fact that 20th-century capitalism was driven by alternating ‘Bull’ and ‘Bear’ markets, with the 21st-century’s first decade seeing the collapse of the greatest bull market in history. We now see early signs of a very different oscillation, between ‘Dragon’ and ‘Phoenix’ mindsets—as the credit crunch is followed by energy and climate crunches. . . . To date, Dragon economies—think China—have focused, at best, on a double bottom line of economic growth and the maintenance of sufficient social cohesion to keep the national locomotive on the rails. In hard times, Dragon mindsets are likely to default to economic nationalism. The Phoenix Economy, by contrast, blurs across national borders, working to integrate the triple bottom line of economic, social and environmental value added into its market DNA—a ‘triple helix’ of change.’