



Global Compact – Is Africa too slow?

Companies doing business in Africa need to demonstrate greater commitment to the principles of corporate citizenship.

by Daniel Malan

When 17 South African companies joined the Global Compact during a public signing ceremony in Johannesburg in April 2008, it brought the total number of participants from Africa to a modest 93. This is less than 5% of the participation by companies worldwide. While the increasing African participation is encourag-

ing, this number is by far not enough to show a determined drive towards socially responsible business practices in a continent beset by social and environmental challenges. Not only is the low number worrying, the quality of participation on the part of companies leaves much to be desired.

Meaningful participation in the Global Compact

entails more than simply signing up; it should be backed up by visible actions, and, more crucially, by communicating one's actions and values to external stakeholders. In this respect, the true measure of a company's commitment is the Communication on Progress (CoP), an annual document that should present significant information. At present, the

standard of some of these documents creates the impression that these companies are merely paying lip service to the Compact.

What is the Global Compact?

In 1999, Kofi Annan, the then secretary general of the United Nations (UN), introduced the concept of a Global Compact to multinational corporations. There had been growing fear that the globalisation of markets would outpace the ability of fragile societies and political systems to adjust to changes on this scale. As history had taught that imbalances between the economic, social and political realms could not be sustained, Annan appealed to multinational companies and business associations to endorse a set of core values in the areas of human rights, labour standards and environmental practices.

The response from the business sector was so heartening that the idea was soon formalised. The Global Compact has since become the world's largest voluntary corporate citizenship initiative, and presents a framework for businesses to align their operations and strategies with 10 universally accepted principles (see box).

The strength of the Compact is that it provides a forum, under the umbrella of the UN, for the public sector, private sector, non-governmental organisations, academic institutions and labour representatives to discuss the changing role of business and its moral purpose. Since its launch in July 2000, more than 5 000 participants from 120 countries – including more than 4 000 businesses – have signed up.

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How participation works

Once a company joins the Global Compact, it is required to publish, annually, a Communication on Progress (CoP). The CoP should spell out to external stakeholders how the company is supporting the Compact and its principles in its own practices and activities.

Members are required to submit a first CoP within two years after joining. Should a company fail to meet this initial deadline, it will be flagged as a non-communicating member in the Global Compact database. If it again fails to submit

10 GLOBAL COMPACT PRINCIPLES	
Human rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle 2: make sure that they are not complicit in human rights abuses
Labour standards	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4: the elimination of all forms of forced and compulsory labour;
	Principle 5: the effective abolition of child labour; and
	Principle 6: the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges;
	Principle 8: undertake initiatives to promote greater environmental responsibility; and
	Principle 9: encourage the development and diffusion of environmentally friendly technologies
Anti-corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

a CoP the following year, the company will be removed from the active database and listed as an inactive member.

demonstrate their intent by producing serious, introspective CoPs.

Response from Africa

African participation in the Global Compact started slowly. Only one participant, Eskom, signed up on day one of the inauguration year: 26 July 2000. More than a year later another South African company, Sasol, joined the Compact. A further year passed before the third participant, the Coca-Cola Bottling Company of Ghana, followed in 2002.

Then the pace accelerated somewhat: three companies joined in 2003, five in 2004, and two in 2005. In 2006 there was a sudden surge when 32 companies joined, and 26 more signed up in 2007. In April 2008, the National Business Initiative, the South African focal point of the Global Compact, hosted an event where a further 17 South African companies joined.

The total number of African company »



participants now stands at 93. With 25%, South Africa has the most participants. Only seven countries represent 73% of all participants from Africa. Besides South Africa, they are Nigeria, Kenya, Zambia, Ghana, Mozambique and Mauritius. Compared to the rest of the world, Africa is dragging its feet.

The quality of participation

It is not only the slow pace at which companies are joining the Compact that is of concern. The way

the Global Compact principles on the inside back cover of its sustainability report.

- Another company used a photocopied newspaper article covering one of their social responsibility projects.
 - One company's CoP made no attempt to link reported actions to the principles of the Global Compact, and in another a company simply stated that they had a disciplinary code in force.
- Presently, it is not very encouraging to see the low levels of communication as well as the varying quality of CoPs. Indifferent CoPs can be interpreted by stakeholders, and critics, as an indication that companies have no real commitment to corporate citizenship, and that they do not see themselves as constructive participants in the process of learning and of promoting the aims of the Global Compact.

What next?

One can take heart from the growing uptake from 2006 onwards. Participation is also expected to speed up after the African Private Sector Forum Declaration – presented to heads of state

Walking the talk

There is no substitute for a detailed, internal process of critically thinking through what it means to be part of this initiative – by each individual company. It is not enough for a company simply to reiterate a commitment to human rights or fair labour conditions without answering questions such as: What will this principle mean for our company, in the place where we operate, at this point in time? What is needed is an appropriately contextualised vision of how to implement such principles in practice.

At present, it seems as if companies often spend more time on trying to find things to report on than on identifying upfront those things that they can do to make a difference, and which should present a ready source of activities to report on. Stakeholders want to see what companies actually do, and how the experiences they report on can contribute to a broader pattern of spreading the Global Compact principles.

Over the next few years it will become evident whether more African companies will rise to this challenge and embrace not only the letter, but also the spirit, of the Global Compact. ■

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in which companies respond to its aims after they have joined makes more warning lights flicker.

If one uses the guideline of a first CoP within the first two years and thereafter an annual submission, the first 24 companies from Africa that joined should have produced approximately 50 CoPs. Yet only 31 CoPs have been submitted by them to date. Consequently, ten companies of the initial 24 have already been listed as non-communicating members by the Global Compact Office.

And where companies have submitted CoPs, some of the attempts are not satisfactory:

- One company, for example, merely reproduced

and government ministers on the opening day of the 10th African Union Summit in January 2008 – specifically recommended that private sector organisations from Africa adopt the Global Compact principles.

The true test, however, will be the number and quality of CoPs published over the next year or two. Excellent tools and templates for drafting CoPs are available on the Global Compact website (www.unglobalcompact.org), as well as advice on how to link this with the reporting guidelines of the Global Reporting Initiative (GRI). However, the full answer does not lie in the filling in of standard forms.



Daniel Malan

This article is based on a synopsis of a paper titled *Global Compact – African Impact: A Brief Analysis of African Participation* that was presented by Daniel Malan at the ISBEE World Congress held in Cape Town, South Africa, 15 – 18 July 2008. Daniel Malan is the head of the Unit for Corporate Governance in Africa at the University of Stellenbosch Business School and the KPMG Special Advisor on Ethics and Governance.



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