

Core Management Areas and Global Compact Principles

When a company decides to commit to the Global Compact, a useful initial approach will be for the senior management to look at the different activities of the company and consider how the Global Compact Principles apply to each activity. Likewise, when a training centre or management institute decides **how to fit the Global Compact into existing curricula**, a useful first step is to look at how social and environmental issues fit into the different functional areas that are taught in schools. Such an approach leads to a more comprehensive integration of the principles into the operations of the company.

In the Table below we have outlined the core management areas within a company, and illustrated:

- The key Global Compact principles that are relevant to each area, and
- The key issues, possible approaches and established tools that may assist a company seeking to engage with the Global Compact principles.
- Evaluative questions for management schools/training centres that suggest ways in which to integrate the Global Compact into existing coursework.

Management Area	Relevant Global Compact Principles	Incorporating Social and Environmental Issues into Core Management Disciplines: Issues, Approaches and Tools.
Financial Strategy		
planning, budgeting	Principles 1-10	<ul style="list-style-type: none"> • <i>forecasting/ scenario planning</i> – needs to consider how future operations and company activities may impact on sensitive social, environmental and political arenas, such as for example in zones of conflict. • <i>environmental and social targets</i> – can be integrated into budgets for an organisation’s activity centres so that they become part of the performance appraisal mechanisms.
accounting	Principles 1-10	consideration of the costs and benefits of environmental and social activity can incorporate financial and <i>non-financial indicators</i> . This provides important information for a range of stakeholders including investors, pension funds, banks and creditors.

	Principles 7,8,9	<i>environmental audits</i> – measure activities against policy and regulation, monitor the effectiveness of environmental management activity and indicate achievements towards continuous improvement. Benefits include risk reduction, lower insurance costs, compliance with legislation, information for customers, awareness of best practice and benchmarks.
	Principles 1, 2, 3,4, 5, 6.	<i>social audits</i> – assess the impacts of the organisation relative to its aims, and to those of its stakeholders. Benefits include providing systematic information, improving legitimacy, loyalty and credibility with stakeholders.
	Principles 1, 2, 3,4, 5, 6.	<i>ethical audits</i> – provide an internal management tool to monitor the values of the organisation. Benefits include identifying potential vulnerabilities, allowing the organisation to identify internal structural and policy hindrances. Ethical audits also provide material for social reporting.
Questions for Management Institutes/Training Centers		
<i>DO YOUR COURSES INCLUDE;</i>		
<ul style="list-style-type: none"> • A discussion on the concept/research on triple bottom line? • Assignments/Case Studies on non-financial indicators (Related to Environmental/Labour/Human Rights) and their implication on a company's balance sheet? 		
Impacts of negative publicity on lending and access to credit from capital markets?		
Market Strategy		
marketing	Principles 1-10	The globalisation of markets, diminishing distance through the rise of new communications technologies, shifts in consumer attitudes and a rising consciousness of social and environmental issues are all contributing to a new market environment. new profiling techniques for marketing that take account of these concerns include life cycle assessment and <i>sustainability analysis</i>
sales	Principles 1-10	Organisations need to consider: <ul style="list-style-type: none"> • thinking long term about changing consumer attitudes, resource availability and legislative trends; • using <i>stakeholder networks</i> to communicate and educate consumers about products and activities; using <i>third party verification</i> to support and provide credibility for company work, for example by communicating with organisations involved with social and environmental issues and <i>fair trade labelling</i> .

Questions for Management Institutes/Training Centers

DO YOUR COURSES INCLUDE A;

- Discussion and work on the demands consumers are making of companies with respect to the 10 principles
- Deal with marketing approaches including advantages and disadvantages that address the 10 principles
- Address how R&D can be used to develop materials, products and processes that are less environmentally damaging.

Research and Development Strategy

R&D	Principles 7, 8, 9	Opportunities exist to exploit current and future markets by developing beneficial materials, products and processes that are also less environmentally damaging.
Product and process design	Principles 7, 8, 9	Tools for incorporating environmental thinking include: <ul style="list-style-type: none"> • <i>risk assessment</i> • <i>life cycle assessment</i> <i>ecodesign, design for the environment</i>
technology management	Principles 7, 8, 9	As a result of changing legislation and consumer pressures, the technologies of the future will need to be increasingly environmentally proficient in development and operation. alongside traditional <i>SWOT</i> analyses, <i>technology forecasting</i> may include scanning of more unconventional sources for new materials and applications, and exploring how <i>technology transfer</i> may enhance innovation.

Questions for Management Institutes/Training Centers

DO YOUR COURSES;

- Address the implications of new technologies for the 9 principles.
- Deal with issues related to human rights, labour and the environment that arise out of product and process design.

Address how R&D can be used to develop materials, products and processes that are less environmentally damaging.

Operations Management Strategy

operations/ performance	Principles 1-8	A proactive strategy in operations management is key to good environmental and social performance. <ul style="list-style-type: none"> • as a minimum, operations should strive to comply with legislation more progressive goals include <i>continuous improvement</i> and <i>pollution prevention</i>
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maintenance	Principles 3-10	<p>Companies can choose to employ a range of techniques and tools, such as:</p> <ul style="list-style-type: none"> • <i>environmental management systems</i> • <i>environmental and social audits</i> • <i>total quality management systems</i> <p>Seeking <i>independent verification</i> of performance, <i>benchmarking</i> and <i>collaborating</i> with industry and sector groups can raise performance standards.</p>
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Questions for Management Institutes/Training Centers

DO YOUR COURSES

- Include reference to the 10 principles and how they might be taken into account in operations management.

Include case studies of how managers can address the human rights, labour and environmental implications of operations practices.

Procurements and Logistics Strategy

purchasing (supply chain)	Principles 1-10	<p>Changing trading patterns and global markets are leading to new and extended routes of supply. As a result responsibility extends beyond the 'traditional' boundaries of the firm.</p> <p><i>building good relationships</i> with suppliers can bring reduced costs and increased competitiveness. Alternatively it can lead to damage to the reputation of the company if suppliers are found to be involved in child labour, environmental damage for example.</p>
contracting	Principles 1-10	<p>Contracting offers business the opportunity to express a preference for <i>certified suppliers</i> (for example, ISO 14001, SA 8000, AA 1000).</p> <p><i>communicating</i> requirements and <i>working co-operatively</i> with suppliers can improve practices and raise standards.</p>
outsourcing	Principles 1-10	<ul style="list-style-type: none"> • investigating, monitoring and <i>auditing</i> outsourced activities will guard against exposure to poor or sub-standard practices. <p><i>disclosing</i> commitments and <i>reporting</i> on activities promotes transparency.</p>

Questions for Management Institutes/Training Centers

DO YOUR COURSES;

- Case studies of how other companies have applied the 9 principles in sourcing practices.
- Deal with the debates around imposing social and environmental conditions on suppliers and contractors.

Help students develop any skills that are relevant to applying social and environmental criteria to procurement generally.

Human Resources Strategy

recruitment	Principles 1-8	<p>While social and environmental management requires systems, techniques, and improved technologies, it may also be viewed more holistically as a new approach to management.</p> <p>This new approach recognises the <i>capabilities and knowledge</i> of the workforce as a key driver for change</p> <ul style="list-style-type: none"> • organisations can establish policies and procedures to ensure <i>fair and equitable practice</i> in selection • recruitment practice can serve to grow capacity <i>and promote diversity</i> through equal opportunity <p>motivating good practice can be achieved through <i>performance appraisal</i> and <i>reward systems</i></p>
training	Principles 1-10	<p>Organisations can use training to promote interest, involvement and collaboration from workers.</p> <ul style="list-style-type: none"> • programmes can be <i>tailored</i> according to skill and function <p>training using <i>action learning</i> or <i>cascade techniques</i>, for example, facilitate the delivery of business specific issues</p>
health safety and	Principles 3-4 (5&6)???	<ul style="list-style-type: none"> • developing <i>policy</i>, establishing <i>procedures</i> and providing <i>appropriate training</i> needs to reach from the shop floor to senior level management. <p>working towards the <i>prevention of accidents</i> can be improved by <i>involving workers</i> in decision making.</p>
workplace conditions	Principles 3, 4,5,6	<p>Working towards <i>clear policy goals</i> and/or <i>established standards</i> (for example SA 8000) improves the likelihood of <i>humane workplace</i> practices.</p>

Questions for Management Institutes/Training Centers

DO YOUR COURSES;

- In Human Resource Management address any of the 4 labour principles or related human rights issues such as health and safety, conditions of work and other areas?
- Encourage the involvement of workers in helping to address the 10 global compact principles?

communications	Principles 1-10	<p>Effective communication of company policy and performance is critical for <i>reputation and trust</i>.</p> <ul style="list-style-type: none"> • an awareness of the relative merits of <i>disclosure</i> (one-way) and <i>communication</i> (two-way) of information is important <p>using open methods to encourage <i>transparency</i> and <i>accountability</i> invites response and promotes an openness to change</p>
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stakeholder management	Principles 1-10	<p><i>Engaging stakeholders</i>, for example by using <i>facilitated dialogue</i>, helps towards an understanding of their interests and information needs.</p> <p>Delivering messages in a <i>manner</i> and <i>format</i> that is <i>appropriate</i> to different stakeholder groups (for example, through web-based media and tailored reports).</p>
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Questions for Management Institutes/Training Centers

DO YOUR COURSES;

- Address the communications challenges associated with the 10 principles?
- Deal with stakeholder management and engagement?

Rensselaer Polytechnic Institute, Lally School of Management and Technology	USA	www.rpi.edu/
Rutgers State University, School of Business,	USA	www.rutgers.edu/
Seton Hall University, W. Paul Stillman School of Business	USA	www.shu.edu/
Stockholm School of Economics, Centre for Ethics and Economics	Sweden	www.hhs.se

Stanford University, Stanford Business School,	USA	www.stanford.edu/
<i>Stuttgart Institute of Management and Technology – SIMT</i>	Germany	www.uni-simt.de/
Texas A&M University, Lowry Mays College and Graduate School of Business	USA	www.tamu.edu/
Tulane University, A. B. Freeman School of Business	USA	www.tulane.edu/
Universidad Americana, Escuela de Posgrado	Paraguay	http://uamericana.brinkster.net
Universidad Externado, Administración de Empresas	Colombia	http://administracion.uexternado.edu.co
Universidad Icesi, School of Business Administration	Colombia	www.icesi.edu.co
University of Bath, School of Management, Centre for Action Research	UK	www.bath.ac.uk/carpp/msc.htm
University of California - Berkeley, Haas School of Business	USA	www.berkeley.edu/
University of California - Davis, Graduate School of Management	USA	www.ucdavis.edu/
University of California - Irvine, Graduate School of Management	USA	www.uci.edu/
University of California - Los Angeles, The	USA	www.stat.ucla.edu/

Anderson School		
University of Cape Town, Graduate School of Business	South Africa	www.gsb.uct.ac.za/
University of Central England in Birmingham, Business School	UK	www.uce.ac.uk/mba/
University of Colorado - Boulder, Graduate School of Business Administration	USA	www.colorado.edu/
University of Detroit Mercy, College of Business Administration	USA	www.udmercy.edu/
University of Huddersfield, Huddersfield Business School	UK	www.hud.ac.uk
University of Jyväskylä, School of Business and Economics	Finland	www.math.jyu.fi/
The University of Michigan - Ann Arbor, University of Michigan Business School	USA	www.umich.edu/
University of Minnesota, Carlson School of Management	USA	www.umn.edu/
University of Nebraska - Lincoln, College of Business Administration	USA	www.unl.edu/
University of New Mexico, Robert O. Anderson Schools of Management	USA	www.unm.edu/

The University of North Carolina - Chapel Hill, Kenan-Flagler Business School	USA	www.unc.edu/
University of Notre Dame, Mendoza College of Business	USA	www.nd.edu/
University of Oklahoma, Michael F. Price College of Business	USA	www.ou.edu/
University of Oregon, Charles H. Lundquist College of Business	USA	www.uoregon.edu/
University of Pittsburgh, Katz Graduate School of Business,	USA	www.pitt.edu/
University of Pennsylvania, The Wharton School,	USA	www.upenn.edu/
The University of Texas - Austin, Red McCombs School of Business	USA	www.utexas.edu/
University of Vermont, School of Business Administration	USA	www.uvn.edu/
University of Virginia, Darden Graduate School of Business Administration	USA	www.virginia.edu/
University of Wales - Swansea, European Business Management School,	UK	www.swan.ac.uk
University of Warwick,	UK	www.warwick.ac.uk

Warwick Business School		
University of Western Ontario, Richard Ivey School of Business	Canada	www.uwo.edu/
<i>University of Western Sydney, School of Management</i>	<i>Australia</i>	www.uws.edu.au/management/
Vanderbilt University, Owen Graduate School of Management	USA	www.vanderbilt.edu/
Wake Forest University, Babcock Graduate School of Management	USA	www.wfo.edu/
<i>Wits Business School, Johannesburg</i>	<i>South Africa</i>	http://wbs.mgmt.wits.ac.za/school/index.xml
Yale University, Yale School of Management,	"USA	www.yale.edu/
York University, Schulich School of Business	Canada	www.schulich.yorku.ca/