



Global Compact Network  
Turkey

# ***A Sector Specific Approach to Deployment of Global Compact***

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***“Every revolution was first a thought in one man's mind.”***

***Ralph Waldo Emerson***

What changes the world is not armies, arms, or economic power, but the power of ideas. The greatest revolutions, whether they be of the social, scientific or the economic nature, have occurred because of the introduction of a new idea and its dissemination. The faster an idea is disseminated and adopted, the faster and more consequential the change will be. In today's world due to technologies that facilitate the sharing and communication of ideas, technical obstacles to the dissemination of ideas are dwindling. On the other hand, the sheer volume of new ideas reaching people makes it harder to arouse curiosity or to remember all. Therefore, it is as important to market ideas as to produce them in order to instigate change.

UN's Global Compact has been a such an idea. In 1999, at Davos, Mr. Kofi Annan, the Secretary General of the UN at the time, called the leaders individually and collectively to 'embrace, support and enact a set of core values in the areas of human rights, labor standards, environmental practices', and to combat corruption<sup>1</sup>. In July of 2000, UN formally initiated the Global Compact to call for voluntary participation of all kinds of institutions to advance their commitments to sustainability and corporate citizenship. What was novel about this call was its **voluntary nature**, albeit with a **condition to submit a public report** on each institution's annual implementation of the ten universally accepted principles.

The Global Compact has become a leadership platform, endorsed by Chief Executive Officers, and offering a unique strategic platform for participants to advance their commitments to sustainability and corporate citizenship. Requirement to communicate openly and honestly about the activities, successes, and challenges of the participating institutions has been a critical impetus for not only continuous improvement of their own performances, but also as a means to set benchmarks and ability to share best-in-class examples, globally. Performance, if not measured, cannot be improved. Global Compact, despite its voluntary nature, has not only increased the focus to measure performance on key sustainability areas, but also increased their priority in the eyes of institutional leaders as they had to publicly report progress on an annual basis.

While some criticize the lack of third party verification of the annual Communications on Progress (COP) each institution prepares, over time many companies are starting to incorporate such independent reviews, once again voluntarily, in order to increase the credibility of their reporting. In short, **public reporting brings its own discipline and motivation for continuous improvement.**

One of the key dilemmas for businesses is whether they are responsible to their shareholders or to all of their stakeholders, including the workers, customers, other members of the value chain, and even the community in which they operate. In reality, this is a false dilemma. This is so because

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responsible behavior of a company in a society is key to its sustainability. Responsible corporate citizenship actually benefits the shareholders. Trust is the foundation of sustainable development. As the world continues to get smaller, our mutual interdependence increases and we all need to be able to mobilize others' resources and goodwill to achieve success. Mobilizing others' resources can only be achieved through gaining their trust. Therefore, the ability to gain the trust of global financial markets and all the stakeholders in the value chain is becoming the key to success. The Global Compact, through voluntary declaration of the performance about the relationships with all stakeholders, provides an opportunity to improve the trust for the corporation, if these declarations are sincere. However, by the same process of annual public declarations, it increases the risk of not being transparent and sincere, by making it easier to identify inconsistencies of behavior.

Therefore, common goals, such as building markets, combating corruption, safeguarding the environment, and ensuring social inclusion, have resulted in unprecedented partnerships and openness among business, government, civil society, labor and the United Nations. Global Compact has become the largest corporate citizenship and sustainability initiative in the world with over 7700 participants from more than 130 countries. In short, Global Compact provides a tool for self-enforcing discipline to be a responsible corporate citizen. Thereby, improving social licence to operate and be sustainable to participating institutions.

During its first decade, the efforts to increase the number of participants to Global Compact has been organized on a national basis and without focus on specific industries. The same applies to the GC Local Network in Turkiye as well.

## **Global Compact Network in Turkiye**

The Global Compact Local Network (GCLN) Turkiye was launched in 2002. The network unites a wide range of companies and organizations committed to the principles of responsible corporate citizenship. In the first decade of the Global Compact, Turkish Network has become one of the ten largest local networks in the world and in 2009 hosted the Annual Local Networks Forum in Istanbul.

Some highlights about the Turkish Network:

- Among top 15 tax paying companies, 6 of them are members
- 12 of the top 20 Conglomerate firms of Turkiye are members
- Two of the largest Chambers of Commerce and Industry are members.
- The largest Chamber of Commerce, The Istanbul Chamber of Commerce represents 27% of Turkish GNP.
- The largest Chamber of Commerce and Industry, The Bursa Chamber of Commerce and Industry represented over 30,000 SMEs mainly in the automotive industry.

The Turkish GC Steering Committee is a multi-stakeholder advisory body to provide ongoing strategic and policy advice for the implementation of the activities of the Global Compact National Network. The Steering Committee is an assembly of four constituency groups - business, civil society, labor and the United Nations, three of which are representatives of large firms (the two largest Turkish conglomerates - Koc Holding and Sabanci Holding, and Akso), two of them are NGOs (Tüsiad and Tisk), and the last two are SMEs (ARGE Consulting and Zed Event Management).

The Steering Committee has identified four areas of focus in setting the GC National Network objectives:

### **1. Marketing & Communication**

- Tracking efforts
- Increasing the sharing culture to become an effective network
- Disseminating information from the UN
- Organizing seminars, meeting to inform and share latest developments with network participants
- Making activities to increase the awareness about GC and Turkiye Network

### **2. Development of Reporting Performance**

- COP Tracking/ Guiding

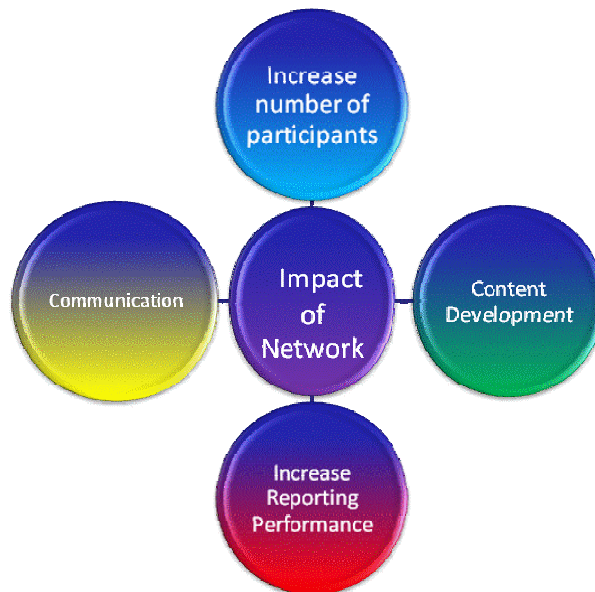
- Taking action to develop COP standards
- To increase notable COP's from Turkiye

### 3. Content Development (Knowledge Creation):

- Developing mechanisms to inspire participants for working within the ethical and basic principles (developing an award process)
- Publishing periodically, developing literature in Turkish
- Taking an active role in developing standards for the network to seek out new developments, support of research institutions and scientific studies

### 4. Developing The Network

- Increasing the number of participants
- Decreasing the number of non-communicating participants



## A New Sector Specific Approach

Segmentation is a key marketing concept. A market segment is a sub-set of a market made up of organizations sharing one or more characteristics that cause them to demand similar product and/or services based on qualities of those products such as price or function. A good market segmentation ensures that the chosen sub-set of the market has different needs than other segments (*distinct*), is homogeneous within the segment (*common needs*), can be reached by a similar approach, and *responds similarly* to a stimulus.

GCLN Turkiye has recently embarked on a ***new Sector Specific Approach*** to utilize the market segmentation idea for deployment of the Global Compact. Companies in a specific sector tend to face *common* issues *distinct* from other sectors. Also, it is easier to *reach* companies of a particular sector through their industry associations. Finally, collective action enables a comradeship approach within the industry and convincing leading players of the sector increases the attractiveness to join the GC to avoid being left behind.

The Steering Committee selected three main sectors (Pharmaceutical, Automotive, and Textile). Initially focusing on these three key sectors, the GCLN Turkiye organizes various outreach events to increase the number of signatories, brainstorming sessions with the aim of increasing a consciousness of the universal principles of the Global Compact and identifying key sector issues with their application, and training sessions to improve COP quality, share best-in-class examples, and ultimately to ensure effective implementation of Global Compact principles by the companies in the sector.

## **The Purpose:**

The purpose of this Sector Specific Approach is to:

- ✓ Make sure that the awareness for ten GC principles is increased throughout the sector,
- ✓ Identify issues specific to the sector in implementing the ten GC principles and to ask sector representatives to propose solutions for implementation,.
- ✓ Ensure that leading companies within the sector to sign the GC and be a role model for the sector,
- ✓ Initiate a sector wide impetus to increase number of signatories collectively,
- ✓ Promote best-in-class benchmarks as role models to increase implementation of GC principles,
- ✓ Incorporate sector associations, labor organizations to support implementation of GC principles,
- ✓ Identify sector specific standards, rules, and regulations that may help in implementing the GC principles.

## **Implementation Steps:**

This Sector Specific Approach is being implemented in three key industries: Pharmaceutical, Automotive, and Textile. The reasons for this selection are:

- Employment of a large number of people,
- Being of critical importance for the competitiveness of Turkish economy,
- Broad geographic presence,
- Importance of international standards and
- Export potential

The implementation of this Sector Specific Approach involves:

1. Identification of key player of the industry who could become a role model for the rest of the companies in this industry,
2. Identification of sector associations, foundations, and other key stakeholders,
3. Invitation of these key players for a workshop where GC principles and good practices in implementation are shared,
4. Asking the sector representatives to identify sector specific issues based on each of the ten GC principles and potential solutions,
5. Preparing a summary report based on this workshop and sharing it widely within the sector,
6. Inviting interested parties to a public signing ceremony for GC principles and publicizing the event to introduce a sense of urgency and competitive tension between companies,
7. Whenever necessary, providing support for preparation of COPs and sharing benchmark examples within the industry to promote right behaviors.

## **Content Development through a Workshop**

The purpose of the workshop is to involve all interested parties and sector representatives in identifying key issues for this specific sector in applying GC principles in this industry. The participants are first given a presentation on all four key areas of the GC: human rights, labor, environment, and anti-corruption by experts. The presentations also include some benchmark examples either from other industries or from other countries.

The next step is to conduct a brain-storming exercise in small groups to identify the issues, challenges of applying each of the GC principles in this specific sector. Second step is to prioritize these issues and try to identify potential solution to these challenges. Third step is to identify other institutions that may help overcome these difficulties, projects that maybe undertaken jointly with industry participants to help resolve these issues, as well as, approximate timing and resource requirements to overcome the identified sector specific challenges.

Such a report identifying sector specific issues and potential solutions along with a schedule of implementation and resource requirements is a key content development effort that helps all stakeholders to better understand, asses, and implement GC principles. It also has the effect to mobilize collective efforts within the industry by promoting a common understanding.

## **Publicity**

A collective effort by the GCLN and industry associations and a having a formal signing ceremony with government representatives and the media promotes a sense of urgency and an impetus to enlist. Also, utilizing key industry players' willingness to be part of the GC to create a platform to share their views about the GC attracts the attention of the media and other industry participants. Finally such a public show of face brings energy to the movement and a discipline for implementation throughout the year. Such a public commitment is the key to effective implementation of GC principles.

## **Conclusion**

By involving industry organizations, key players, and industry leaders GCLN Turkiye creates a momentum to join and implement GC principles in specific industries. Companies tend to follow the developments within their own industry closer than general trends. Therefore, enlisting leading players within an industry to GC principles have a pull effect on most of the industry participants. In particular, involving industry organizations in this effort makes it easier to raise the awareness throughout the sector. Also, being specific about the challenges of implementation for a particular industry enhances collective action to resolve some common issues and promotes broad participation and effective implementation. Finally, industry specific benchmarks and good practice examples are more meaningful for industry participants and enables multi country comparisons.

In short, applying the concept of market segmentation to implement a Sector Specific Approach to the deployment of GC principles is an effective way to broaden the reach of GC and improve the effectiveness of implementation of GC principles.

	Principles	Challenges of applying the principle in our sector	Priority	Potential Solution
<b>HUMAN RIGHTS</b>	Principle 1			
	Business should support and respect the protection of internationally proclaimed human rights			
	Principle 2			
	Make sure that they are not complicit in human right abuses.			

	Principles	Challenges of applying the principle in our sector	Priority	Potential Solution
LABOR	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 labor			
	Principle 5 The effective abolition of child labor			
	Principle 6 The elimination of discrimination in respect of employment and occupation			

	Principles	Challenges of applying the principle in our sector	Priority	Potential Solution
<b>ENVIRONMENT</b>	Principle 7			
	Businesses should support a precautionary approach to environmental challenges			
	Principle 8			
	Undertake initiatives to promote greater environmental responsibility			
	Principle 9			
	Encourage the development and diffusion of environmentally friendly technologies			

	Principles	Challenges of applying the principle in our sector	Priority	Potential Solution
<b>ANTI - CORRUPTION</b>	Principle 10			
	Businesses should work against all forms of corruption, including extortion and bribery			

