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*Survey of*  
**Small and Medium Enterprises**  
*in The Global Compact*



**UNITED NATIONS  
INDUSTRIAL DEVELOPMENT  
ORGANIZATION**



*Survey of*  
**Small and Medium Enterprises**  
*in The Global Compact*



THE GLOBAL  
COMPACT



Human Rights



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION  
Vienna, 2004

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## SECTION I - INTRODUCTION

The Global Compact (GC) was initiated by the Secretary-General of the United Nations at the Davos World Economic Forum in January 1999, encouraging the private sector to exercise Corporate Social and Environmental Responsibility (CSER) by adhering to nine principles drawn from international conventions or declarations on conditions of work, respect for human rights and the protection of the environment. In broad terms, CSER is seen as constituting demonstrable ethical, socially responsive and environmentally sensitive business practice. Membership of the Compact is voluntary.

UNIDO was inducted as the fifth partner UN Agency of the Compact in May 2003. The association of UNIDO with the Global Compact was sought in order to cater to the need for a growing membership of Small and Medium Enterprises (SMEs) in the Global Compact.

There is inevitably a multiplicity of definitions of SMEs, both in national and international contexts. Definitions can be in terms of business volume, capitalization, or number of employees. Classification of SMEs, in the context of the Global Compact, is based on the criterion of number of employees, i.e., companies with fewer than ten employees are classified as **micro** enterprises, those employing between 11 and 50 employees are classified as **small-scale** enterprises, and those employing between 51 and 250 employees are considered to be **medium-scale** enterprises. This criterion is generally accepted internationally.

According to the Global Compact database (September 2003), 19% of approximately 1200 signatories are SMEs. The importance of micro, small- and medium-scale enterprises to development can be established in consideration of the fact that in the developing world, such enterprises constitute, on an average, 90% of businesses, and generate some 50-60% of employment. The growth of SMEs exercises profound impact on employment, technological and productivity improvement, and, in the final analysis, on the alleviation of poverty. In the developed world, SMEs tend to be specialized and knowledge-intensive companies that can influence the course of business behaviour, as well as become effective partners in the transfer of technology, better business practices, and in the opening of market opportunities for developing country partners. Consequently, SMEs from both developed and developing regions constitute an important component of the Compact.

Given the importance of SMEs, and the need for a proactive approach to engaging them in the Global Compact, UNIDO felt that it would be most appropriate to survey SME signatories in order to:

- Ascertain the profile of SMEs in the Compact;
- Establish motivations of companies for joining the Compact;
- Determine the extent of implementation of GC principles; and
- Obtain an assessment of SME expectations from the Compact.

The survey, undertaken by UNIDO on behalf of UN partner Agencies in the Global Compact, was conducted under the overall supervision of Wilfried Luetkenhorst, Director, Small and Medium Enterprises Branch (SME), UNIDO. Several people contributed to the development of the questionnaire for the survey, as well as its overall approach:

At UNIDO:

Kai Bethke and Barbara Kreissler of the SME Branch; Fernando Casado Caneque of the UNIDO New York Liaison Office; Antonio Pinto Rodriguez, Sayaphol Sackda and Thomas Wolf of the UNIDO Exchange.

At the Global Compact Office:

Georg Kell, Anton Stadler, and the Global Compact Executive Office team.

At the International Labour Organization (ILO):

Hans Hofmeijer and Sebastian van der Vegt.

At the United Nations Environment Programme (UNEP):

Cornis Lugt.

At the Office of the High Commissioner for Human Rights (OHCHR):

Lene Wendland.

In addition, several National Focal Points for the Global Compact, located in UN country offices, facilitated the distribution of the questionnaire and followed-up with companies. Similar support was also received from UNIDO Representatives, as well as the network of UNIDO Investment and Technology Promotion Offices.

Sincere thanks are expressed to all of the above for their support, considered advice, and suggestions.

Thanks are particularly due to the 78 company owners/senior managers who took the time to fill out the questionnaire. This Report would not have been possible without their cooperation.

The survey data was collated, charts prepared, and the text proofread by Nancy da Costa, whose conscientious effort and steady hand kept the process on the rails. Results have been analyzed and written up by Asif Hasnain of the UNIDO SME Branch, upon whom rests the responsibility for all errors or omissions.



## **SECTION II - SURVEY METHODOLOGY AND OVERVIEW**

The survey was conducted through a questionnaire that was sent electronically and/or by mail to SME signatories to the Global Compact. Given the wide geographical spread of these companies, and the limited human and financial resources available for the survey, the preferred method of direct interviews was not possible. The Report has had to rely, therefore, on the responses received either electronically or by mail.

The questionnaire consisted of 25 questions grouped in five main sections covering :

- The contact details of the company
- The line of business
- The relationship of the company to the GC
- Institutional support available for CSER
- The extent of company implementation of CSER.

The questionnaire was sent out to 193 of the 234 SME signatories to the Compact. Responses to the questionnaire were received over the period August to mid-December 2003. A total of 78 companies, from 30 countries, returned the questionnaire duly filled out. The survey, therefore, enjoyed the significant response rate of 40%. It bears mention that 41 companies from Spain did not participate in the survey, as the leadership of the GC national network in Spain - the Spanish Square Table - is conducting its own survey among its members, and has expressed the desire that duplication of GC-related surveys be avoided. UNIDO has provided the Spanish network with the questionnaire used in the present survey, and it is hoped that the results of the Spanish survey will soon be available in order to provide the necessary complement to the results presented here for other countries.

Section III of this report presents a summary of trends that can be discerned from the responses received.

Section IV contains collated results of the replies received under each of the questions, as well as an analysis of the answers to the questions.

Annex 1 presents the questionnaire of the survey.

Annex 2 contains comments received from some of the respondents to the questionnaire. It is hoped that in reading these observations, the reader will be able to get a flavour of the views of our Global Compact partners, as thriving, socially- and environmentally-concerned entrepreneurs.

### **SECTION III – SUMMARY OF FINDINGS**

Companies have been grouped into seven geographical regions: Africa, Asia, Middle East, Latin America, North America, Eastern Europe and Western Europe.

The 78 survey respondents, when compared to the composition of the parent population of SME signatories to the Compact, by regions, do not form a strictly representative statistical sample. Respondents from Western Europe and Latin America were under-represented, while Eastern European and Middle Eastern companies were over-represented. The proportion of respondents from Africa, Asia and North America was roughly equal to their respective shares in the regional composition of Global Compact SMEs. A degree of caution is, therefore, warranted in extrapolating the results of this survey.

Despite this, respondents provided a distinct picture of the variety of SME signatories to the Global Compact. The preponderant number of SMEs are privately owned, with a significant number of them being single owner or family-owned businesses. A large segment of companies is in the Business Services sector, followed by Manufacturing, Information and Communications Technology (ICT), and Wholesaling and Retailing. Overall, the Services sector is dominant. SMEs from the Mining sector are conspicuous by their absence. Most of the respondents have other businesses as their major clients, and final consumers form the second largest category of clientele. Relatively few companies deal with Governments or trans-national corporations (TNCs) as major clients.

The majority of companies are micro- or small-scale enterprises (together accounting for 59% of respondents), and are fairly labour-intensive, with relatively high business volumes. It can be inferred that most of the GC signatory SMEs are specialized firms, providing services to other businesses, or working in knowledge-based industries. This is especially true for firms from more advanced regions.

The companies are not significantly trade-dependent - a large number of them report neither exports nor imports as significant parts of their business turnover. The Asian companies, however, are an exception, as many of them have exports as important components of their business. If membership of the Compact denotes company-commitment to CSER, the companies' overall lack of trade dependence and their lack of business ties to TNCs seem to belie conventional wisdom, that TNC-related subcontracting or international trade pressures form major triggers for CSER. The motivations of respondents to engage in CSER lie elsewhere.

As regards their awareness of the Global Compact, a significant number of companies were motivated by national launch activities combined with information provided primarily through the media, business partners, Chambers of Commerce, or other forms of business associations. Governments and the Internet drew a low, yet still significant, ranking as sources of information. A clear conclusion is that the national launch of the Global Compact, combined with institutional support from Chambers of Commerce, business partners, and industry associations, are a powerful means of enlisting SME-engagement in the Compact.

It bears note that 22% of respondents have not undertaken any specific measures to announce or demonstrate their commitment or association with the Compact. The active engagement of these companies and follow-up, through to signing up to the Compact, will remain a challenge facing the support institutions of the Compact.

Interestingly, a high proportion of respondents see association with the Compact as being an expression of humanitarian concern on their part. The Compact is, perhaps, perceived more as a humanitarian endeavour rather than responding to business imperatives. Another notable proportion of respondents saw the Compact as a means “to link up with the UN”. The precise advantages for companies, in those linkages, could not be identified. Only 29% of respondents connect the Global Compact to their businesses. This finding, on the relevance of CSER to business relations, is consistent with that of a European Union survey of SMEs undertaken in 2002<sup>1</sup>, in which only 28% of 7,500 European SMEs mentioned CSER activities as instrumental to, or beneficial for, their business strategy. The relatively weak perception of the linkages, between CSER and business strategy, constitutes a challenge on all partners to demonstrate the Business Case for CSER.

The survey dealt in some detail with companies’ awareness of the Compact’s principles, the obstacles faced, and their actual implementation of CSER. There was a universally expressed awareness of the nine GC principles, and high priority assigned to their implementation, although the importance of collective bargaining and environmental principles are awarded somewhat lower importance. This difference could be the outcome of a large number of companies being in the Services sector, with the result that they view the direct environmental impact of their operations as being negligible, or of lesser importance. It could also be a result of weaker implementation of environmental regulations in some of the regions where respondents operate. As regards collective bargaining/labour relations-related principles, the lack of emphasis is perhaps due to the fact that management-employee dialogue in companies with small work forces is frequent and informal, rather than being structured in the framework of formal industrial relations.

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<sup>1</sup> European Commission : European SMEs and Social and Environmental Responsibility, Observatory of European SMEs, No. 4, 2002.

Companies see financial, macro-economic, and overall political uncertainty as main constraints hampering their implementation of GC principles. Significantly, the lack of information on those principles is not judged to be a major problem. However, it bears mention that a fairly large number of companies do not see a connection between the business obstacles enumerated in the questionnaire and their ability to implement the principles of the Compact. This corroborates the point made earlier for developing the Business Case for CSER.

Regarding international assistance being sought, the emphasis of respondents is on the Global Compact and CSER as a means enabling them to network with other firms, whether for trade and business partnerships, or for technology-related concerns. In consistence with the points made above, lesser interest seems apparent for international assistance in fostering management-employee dialogue, or the transfer of environmentally sound technologies. Companies mention national and regional business associations as being the main sources of support for implementing CSER measures. In addition, international organizations draw significant mention. Trans-national corporations and Non-Governmental Organizations (NGOs) were mentioned in responses, albeit to a lesser degree.

A remarkably high proportion of respondent companies state that they are already engaged in CSER activity, both within their businesses and with the communities in which they operate. Within business operations, the vast majority assign high importance to ensuring worker health and safety, maintenance of high salary standards, and furnishing education and training to employees. The provision of additional remuneration and benefits to employees, such as recreational activities or family support, are of distinctly lesser importance.

Provision of support to education within the community and philanthropy/charitable causes, are the main expression of CSER with respect to communities. At a somewhat lower, yet significant level, importance is assigned to environmental and cultural activities, as well as to the provision of financial support to smaller businesses.

Finally, companies were asked to quantify, in business terms, their commitment to CSER by indicating the percentage of their turnover spent specifically on special benefits to employees and on environmental conservation. A large majority spend between 1 and 10% of their turnover on each of these two aspects. In the case of employee-benefits, 75% of the respondents are in this category, and 63% in the case of environmental conservation. This would seem to indicate that the CSER agenda is fairly well rooted in the operations of the SME signatories to the Global Compact.

## SECTION IV - SURVEY RESULTS

### Profile of Respondents

At the time of sending out the questionnaire, the Global Compact had 234 SME signatories. As shown in Table 1, this survey covered 193 of those companies, of which 78 submitted responses to the questionnaire, constituting a response rate of 40%.

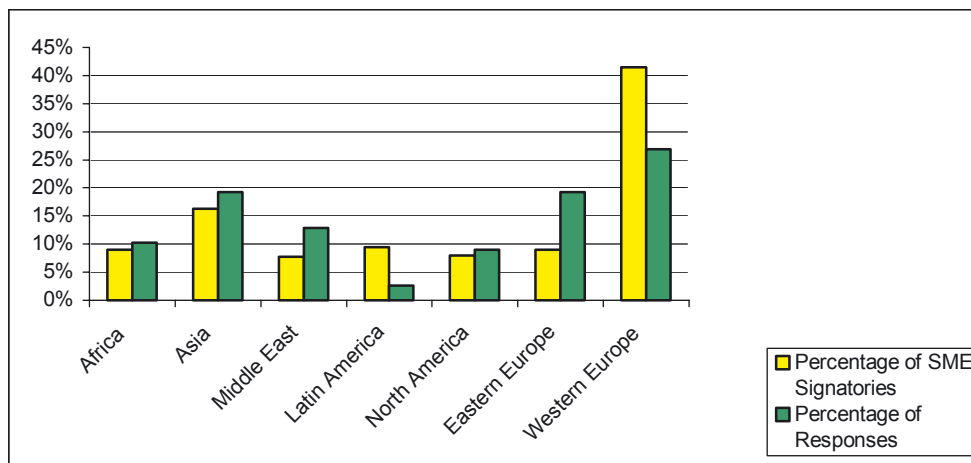
**TABLE 1 : COMPARISON OF SME SIGNATORIES, COMPANIES SURVEYED, AND RESPONDENTS**

	SME Signatories to the GC	Companies Surveyed	Responses Received
<b>Africa</b>	21	21	8
<b>Asia</b>	38	38*	15
<b>Middle East</b>	18	18	10
<b>Latin America</b>	22	22	2
<b>North America</b>	17	17	7
<b>Eastern Europe</b>	21	21	15
<b>Western Europe</b>	97	56**	21
	<b>234</b>	<b>193</b>	<b>78</b>

\* One company seemed to have closed down

\*\* Excludes Spanish companies

Chart I below indicates the variations between the composition (by region) of the total population of SME signatories to the Compact and the survey respondents.



**CHART I : SME SIGNATORIES VERSUS RESPONDENTS - BY REGION**

It can be seen, that :

- Western European companies are proportionally under-represented amongst the respondents (27% of responses received), compared to their share (41%) in the population of GC signatories. This is due, in the main, to the exclusion of Spanish SMEs - for reasons already noted - and a very low response rate from among the 30 signatory companies in France;
- Similarly, Latin American companies are under-represented, constituting 3% of respondents, as compared to 9% of the signatories;
- Conversely, Eastern European companies are over-represented among respondents (19%), as compared to the population of signatories (9%);
- The same over-representation is seen for the Middle East, where respondents are 13% of the total, as compared to 8% of signatories;
- The situation for African, Asian and North American respondents does not show such great discrepancy. African companies constitute 9% of GC signatories and 10% of survey respondents. Asian companies are 16% of GC signatories, and are 19% of respondents. North American companies constitute 8% of signatories and 9% of respondents.

The discrepancies between the SME signatories and respondents warrant a degree of caution when extrapolating the results of the survey, since the regional profile of respondents is not an accurate statistical reflection of the parent population of signatory SMEs.

The distribution of respondents, country-wise, is provided in Table 2, below.

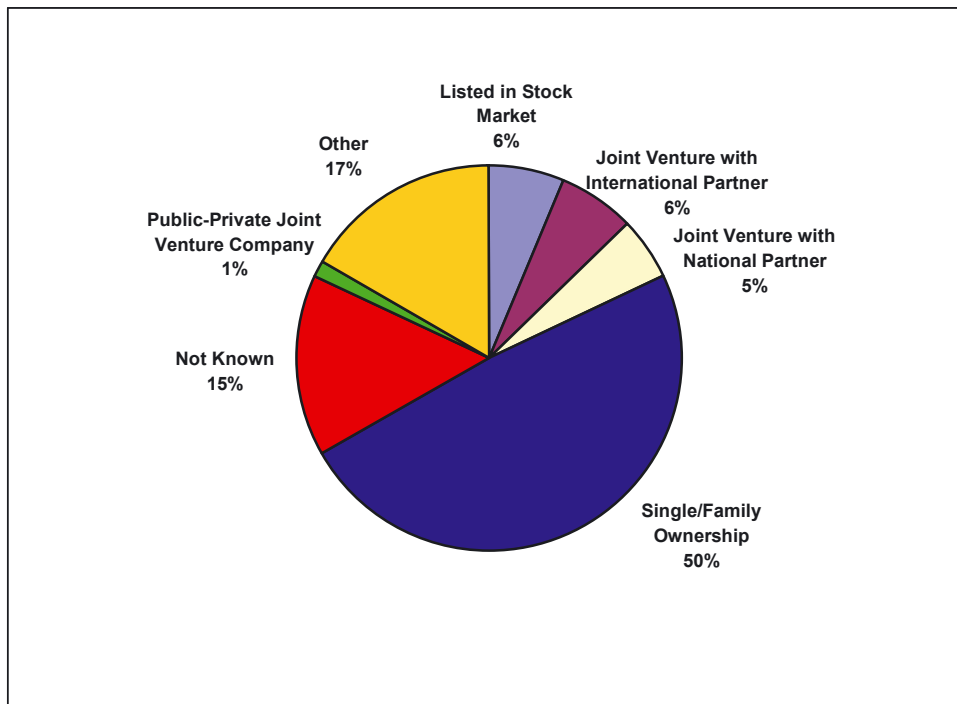
**TABLE 2 : DISTRIBUTION OF RESPONDENTS (COUNTRY-WISE)**

Australia	2	Norway	1
Belgium	2	Peru	1
Brazil	1	Philippines	5
Bulgaria	7	Russian Federation	1
Cameroon	6	Serbia	1
Canada	1	South Africa	1
China	2	South Korea	1
Egypt	1	Sri Lanka	1
France	3	Sweden	2
Germany	5	Switzerland	3
India	1	Thailand	1
Italy	4	Turkey	9
Japan	1	Uganda	1
Latvia	6	United Kingdom	1
Nepal	1	USA	6

### **Nature of Ownership<sup>2</sup>**

85% of respondents provided information on their structure of ownership. As can be anticipated, the vast majority of these SMEs are privately owned. Overall, 50% are single-owner or family-owned businesses. 17% are privately owned but further detail was not provided. 11% of respondents are joint ventures, either with international partners (6%), or with a national partner (5%), or with the public sector (1%). Another 6% of respondent companies are joint stock companies listed in the stock market.

**CHART II : OWNERSHIP PATTERNS – ALL REGIONS**



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<sup>2</sup>This corresponds to Section II, question 1, of the questionnaire.

**TABLE 3 : OWNERSHIP PATTERNS – BY REGION**

	Single/ Family owned %	Joint Venture with Inter- national Partner %	Joint Venture with National Partner %	Joint Venture with Public Sector %	Listed in Stock Market %	Other %	No Response/ Unclear %
<b>Africa</b>	49	13	13	--	--	--	25
<b>Asia</b>	33	13	--	--	--	41	13
<b>Middle East</b>	70	--	20	--	--	10	--
<b>Latin America</b>	100	--	--	--	--	--	--
<b>North America</b>	14	14	--	--	--	29	43
<b>Eastern Europe</b>	40	--	--	7	20	13	20
<b>Western Europe</b>	61	5	5	--	9	10	10

Unfortunately, a large proportion (43%) of respondents from North America, do not specify the nature of ownership, so responses from that region are of marginal significance. Similarly, responses from Latin America are from just two companies, and there is little of consequence to be gained from the observation that both companies are single-owner/family-owned.

In all other regions, the preponderant ownership is single-owner/family-ownership. The Middle Eastern region is most prominent, with 70% of respondents in this category of enterprise.

The second most important category is Joint Ventures with International Partners. In North America, 14% of respondents are under this head, in Africa and Asia, 13%. The Western European group has a smaller (5%) proportion linked to international firms. None of the firms from Eastern Europe and the Middle East are joint ventures with international companies.

Joint ventures with national partners are not significant in any region except the Middle East (20%), and Africa (13%). Only in Eastern Europe is there an incidence of public-private joint ventures (7% of companies from the region).

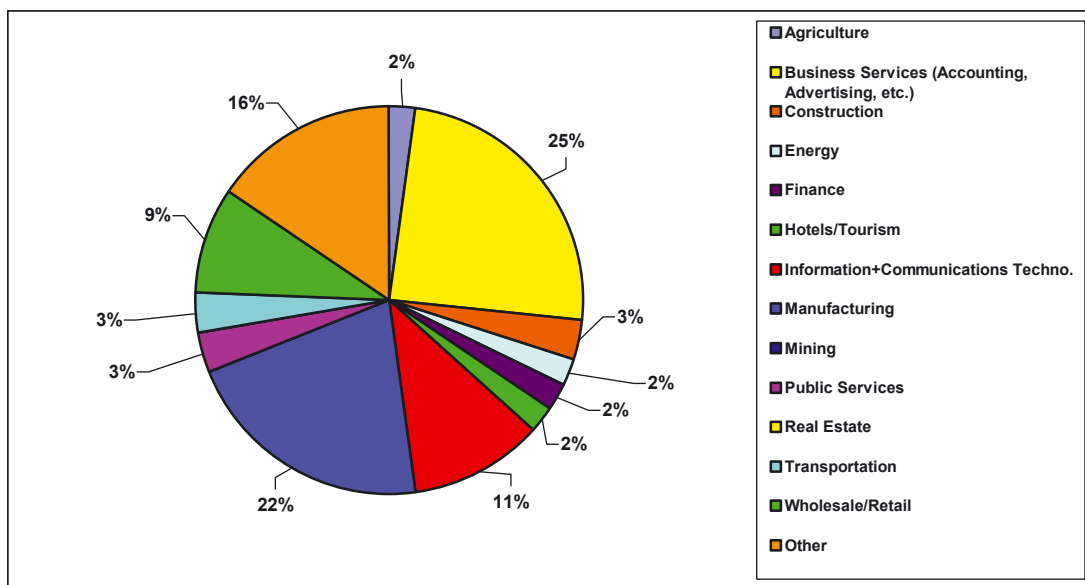
Finally, perhaps due to the smallness of the size of business, and the under-development of capital markets in developing countries, no region, other than Eastern and Western Europe (20% and 9% respectively), reports companies listed in the stock market.



### Sectors of Business Activity

The respondent group is fairly widely spread across sectors of business activity. 25% of companies are in the Business Services sector, followed by Manufacturing (22%). Information and Communication Technology accounts for 11%, followed by Wholesaling and Retailing (9%). Construction, Public Services, and Transportation account for 3% each. Agriculture, Energy, Finance, and Hotels/Tourism are next, accounting for 2% each. Other, or undefined lines of business, account for the balance 16%. Interestingly, none of the respondent companies is from the Mining industry, a sector that is particularly significant in the CSER issues dealt with by the Global Compact. Also, there are no companies involved with the Real Estate sector.

**CHART III : SECTORS OF BUSINESS ACTIVITY – ALL REGIONS**



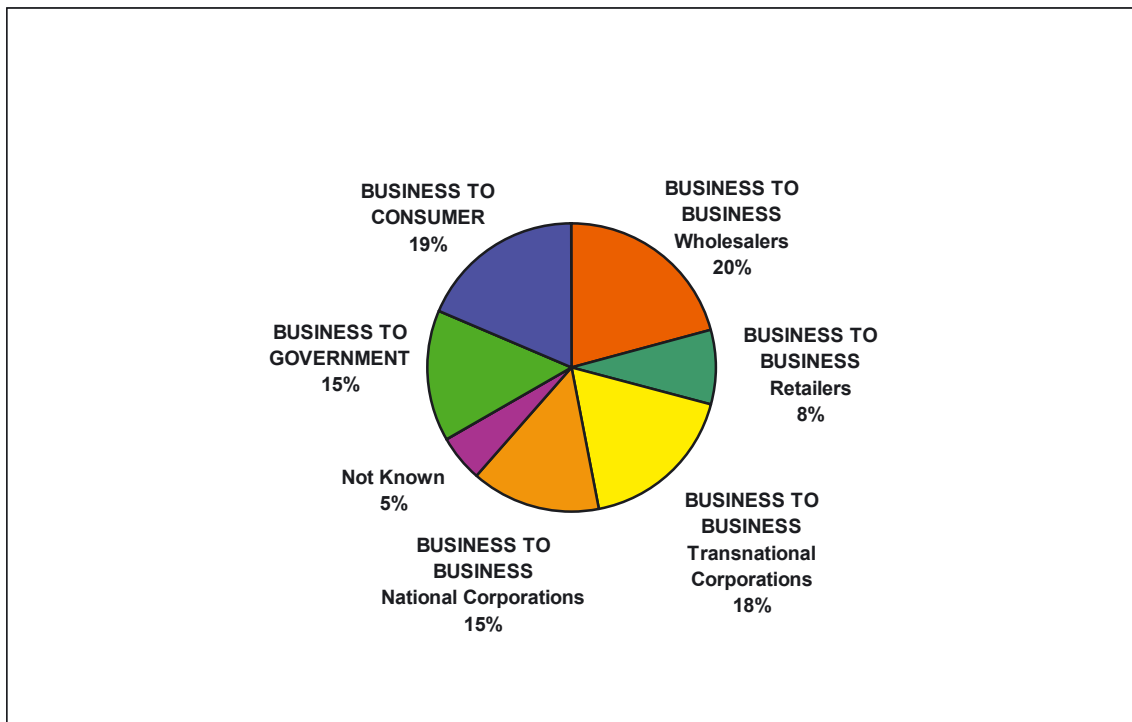
Regional patterns, though, vary somewhat, as Table 4 overleaf depicts. In Africa, Business Services account for 33% of respondents, followed by Wholesale/Retail, which account for 22% of firms. In Asia, Manufacturing is the largest sector (39%), followed by Business Services (17%). Most Middle Eastern Companies are equally distributed between Business Services, ICT and Manufacturing (20% each). North American companies are concentrated around Business Services and Wholesale/Retail activity (25% each), and Eastern European on Business Services, and Manufacturing (29% and 24% respectively). Western European firms are mostly in Business Services and ICT (23% each).

**TABLE 4 : SECTORS OF BUSINESS ACTIVITY – BY REGION**  
**PERCENTAGE COMPARISON**

	<i>Agriculture</i>	<i>Business Services (Accounting, Advertising, etc.)</i>	<i>Construction</i>	<i>Energy</i>	<i>Finance</i>	<i>Hotels/Tourism</i>	<i>Information + Communications Technology</i>	<i>Manufacturing</i>	<i>Mining</i>	<i>Public Services</i>	<i>Real Estate</i>	<i>Transportation</i>	<i>Wholesale/Retail</i>	<i>Other</i>
<i>Africa</i>	-	33	-	-	-	11	11	11	-	-	-	-	22	11
<i>Asia</i>	-	17	-	-	-	-	-	39	-	5	-	6	11	22
<i>Middle East</i>	10	20	10	10	-	-	20	20	-	-	-	-	-	10
<i>Latin America</i>	-	50	-	-	-	-	-	50	-	-	-	-	-	-
<i>North America</i>	-	25	13	-	-	-	-	-	-	-	-	-	25	37
<i>Eastern Europe</i>	-	29	-	-	5	5	9	24	-	9	-	5	5	9
<i>Western Europe</i>	4	23	4	4	4	-	23	14	-	-	-	5	5	14

## Types of Customers

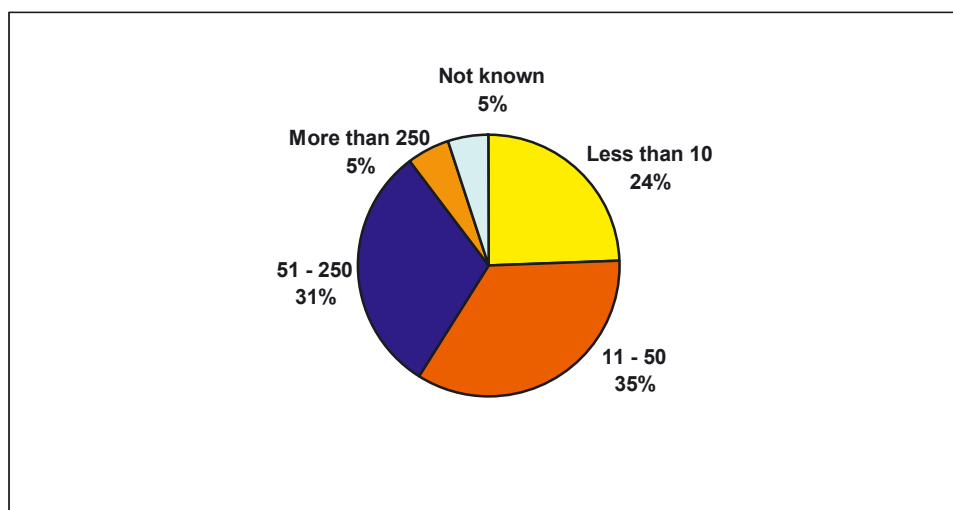
CHART IV: TYPES OF CUSTOMERS - ALL REGIONS



Obviously, respondent companies can have more than one category of customers as a major client, especially in the Services sectors. Therefore, it is pertinent to discuss the issue in terms of responses that identify a particular category of client. Overall, 61% of the responses list other businesses as main customers, 19% list the sale of goods and services to consumers and 15% to Governments. Only 18% of the responses identify trans-national corporations as major customers, indicating that there are relatively few companies involved in the supply chains of international business. There are no significant regional variations.

## Number of Employees

**CHART V: NUMBER OF EMPLOYEES - ALL REGIONS**



Based on the definition of micro, small- and medium-scale firms provided in the introduction to this report, 59% of respondents are micro or small-scale enterprises (24% micro, and 35% small-scale). 31% are medium-scale enterprises, employing between 51 and 250 people, and 5% of the respondents are large-scale enterprises, employing more than 250. Strictly speaking, the last category of firms should have been excluded from this report. However for pragmatic reasons this survey has included their responses in the analysis. It can be seen, therefore, that the group of respondents are fairly equitably distributed amongst micro, small- and medium-scale enterprises.

There are, inevitably, considerable differences in the scale distribution of firms between different regions.

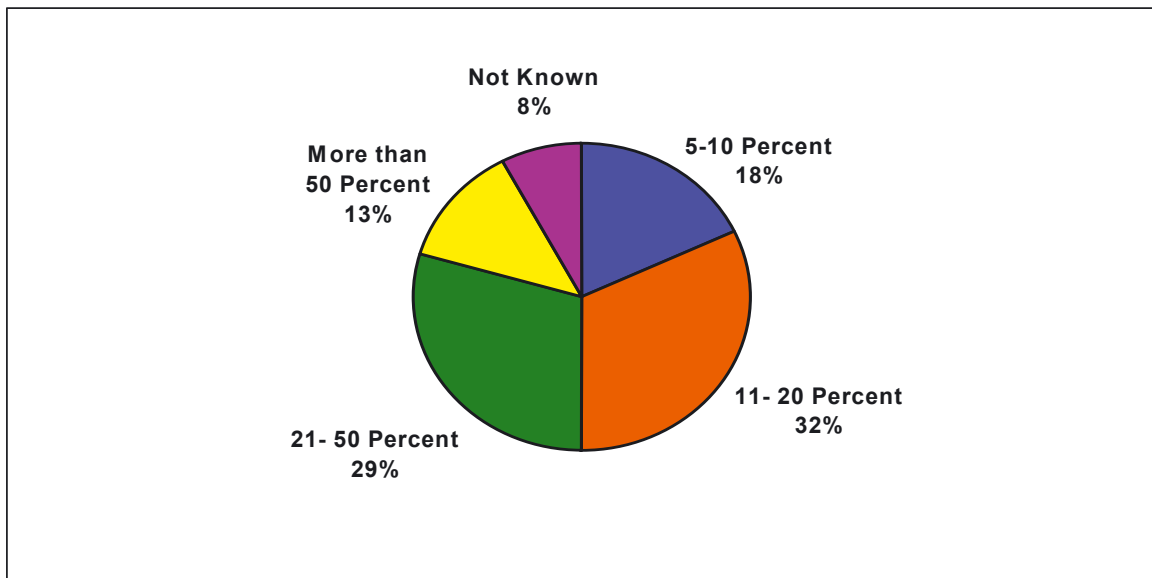
**TABLE 5: NUMBER OF EMPLOYEES (BY REGION)**

	Less than 10 %	11 to 50 %	51 to 250 %	More than 250 %	Unclear/ No Response %
<b>Africa</b>	13	74	13	0	0
<b>Asia</b>	33	27	40	0	-
<b>Middle East</b>	10	60	30	0	0
<b>Latin America</b>	0	0	100	0	-
<b>North America</b>	29	14	29	14	14
<b>Eastern Europe</b>	27	46	27	0	0
<b>Western Europe</b>	29	14	29	14	14

In Africa, the Middle East, and Eastern Europe, small-scale companies dominate the respondents group (74%, 60%, and 46% respectively). The Asian group demonstrates a fairly even spread among different sizes of firms, with an accent on medium-scale companies. In North America and Western Europe firms with less than 10 employees totals 29% each.

### *Wage Bill/Labour Intensity*

**CHART VI : WAGE BILL/PERCENTAGE OF TURNOVER – ALL REGIONS**



Overall, respondent SMEs are fairly labour-intensive firms. 29% have wage bills between 21 and 50 percent of their turnover, and another 13% have wage bills of more than 50 percent of turnover. 50% of respondent companies have wage bills between 5 and 20% of turnover.

**TABLE 6: WAGE BILL/TURNOVER BY REGION (PERCENTAGE)**

	<b>5 to 10 Percent %</b>	<b>11 to 20 Percent %</b>	<b>21 to 50 Percent %</b>	<b>More than 50 Percent %</b>	<b>Not Known/ Unclear %</b>
<b>Africa</b>	25	25	37	-	13
<b>Asia</b>	20	40	20	7	13
<b>Middle East</b>	20	20	50	10	-
<b>Latin America</b>	-	-	50	50	-
<b>North America</b>	14	28	29	-	29
<b>Eastern Europe</b>	20	47	13	20	-
<b>Western Europe</b>	14	29	33	19	5

In terms of regional patterns, Western European and the Middle Eastern firms are markedly labour-intensive with 52% and 60% of the respondents, respectively, reporting wage bills of 20% or more of their turnover.

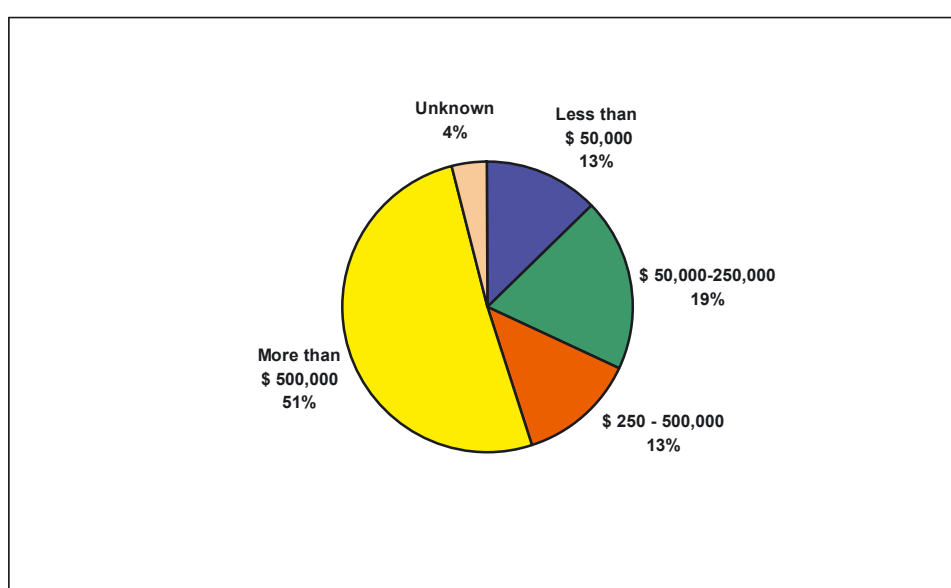
When comparing the sector distribution, number of employees and wage bill in these two regions, it seems apparent that the majority of firms from these two regions are providing specialised Business Services.

Also, comparing the regional distribution of micro and small-scale enterprises with the same factors, the inference may be drawn that SME members of the Compact from the more advanced regions are likely to be knowledge-based and specialized companies.

### Size of Business

Globally, 64% of respondents have business volumes<sup>3</sup> greater than US\$ 250,000, with 51% reporting business volumes greater than US\$ 500,000. Comparing the size of business to the numbers of employees, 65% of the firms are small- to medium-scale enterprises, employing between 10 and 250, with business volumes of over US\$ 250,000.

**CHART VII : SIZE OF BUSINESS – ALL REGIONS**



**TABLE 7: SIZE OF BUSINESS (PERCENTAGE) - BY REGION**

	Less than \$ 50,000 %	\$ 50,000 to \$ 250,000 %	\$ 250,000 to \$ 500,000 %	More than \$ 500,000 %	Not mentioned %
Africa	25	-	25	50	-
Asia	33	13	7	40	7
Middle East	-	20	-	80	-
Latin America	-	100	-	-	-
North America	-	-	29	57	14
Eastern Europe	7	20	27	46	-
Western Europe	10	29	5	51	5

<sup>3</sup> Business volume is the estimate of company turnover in the year 2002

African respondents constitute a relatively polarised population of respondents, with a quarter of the companies having a business volume of less than US\$ 50,000 and the rest, business volumes of more than US\$ 250,000. The Asian group is yet more polarised. One-third of companies have a volume of less than US\$ 50,000, and 40% have volumes of larger than US\$ 500,000 per annum. In the Middle Eastern Group, 80% of companies have a turnover of US\$ 500,000 or more. The 86% of North American companies who responded to the question are concentrated in the two highest turnover categories. Eastern European companies are relatively evenly distributed in the three higher turnover categories, with 46% having business volumes in excess of US\$ 500,000 per annum. The majority of Western European companies, similar to the North American and the Middle Eastern groups, are in the highest turnover category.

### **Export Orientation**

Respondents from the Asian region tend to be the most export-oriented - 40% of the companies report exports of 51-100% of their output. Conversely, Middle Eastern and Eastern European respondents are the least export-oriented with, respectively, 60% and 53% of the companies reporting export values of less than 10% of output.

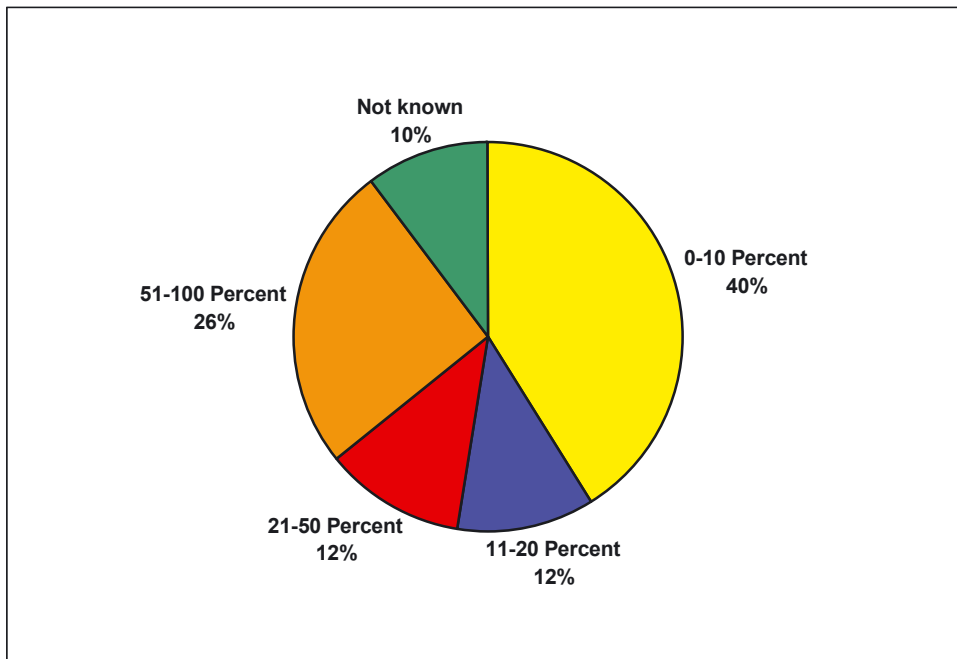
**TABLE 8 : EXPORT ORIENTATION – BY REGION**

	<b>0-10 %</b>	<b>11-20 %</b>	<b>21-50 %</b>	<b>51-100 %</b>	<b>Not known</b>
<b>Africa</b>	37	37	13	13	0
<b>Asia</b>	33	0	7	40	20
<b>Middle East</b>	60	20	0	10	10
<b>Latin America</b>	50	0	0	50	0
<b>North America</b>	28	0	29	29	14
<b>Eastern Europe</b>	53	7	7	20	13
<b>Western Europe</b>	33	14	19	29	5



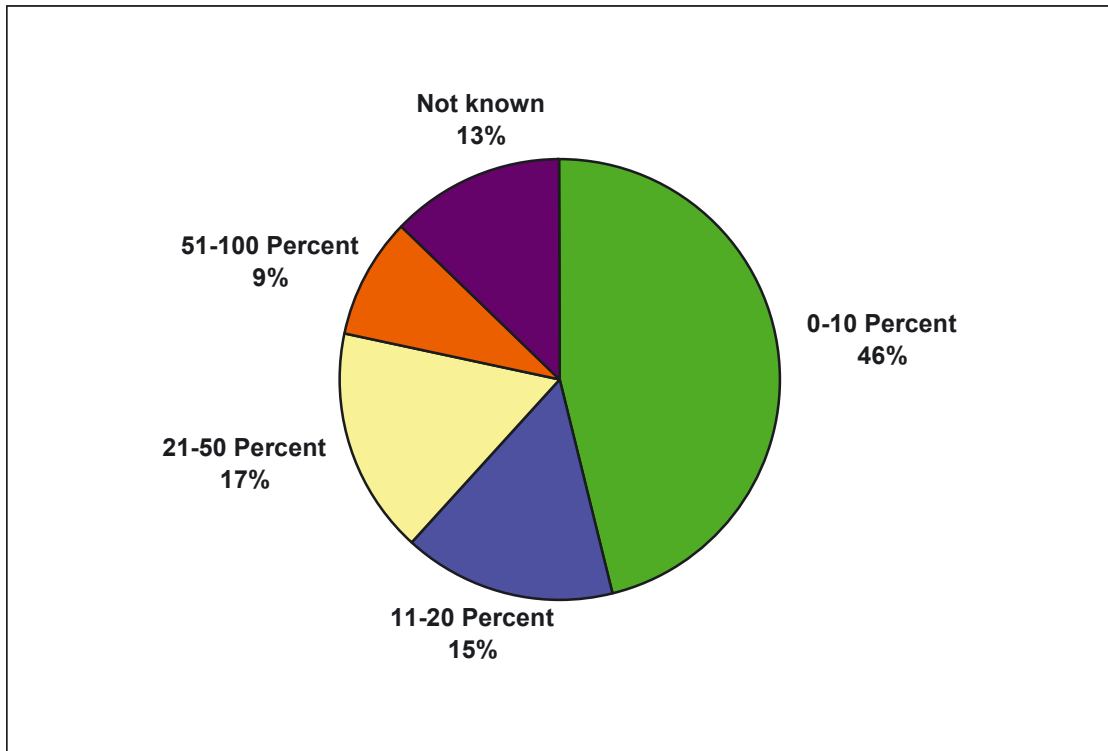
The population of respondents is concentrated around two categories: almost exclusively domestic market-oriented firms, or highly export-oriented ones. 40% of all respondents exported less than 10% of their sales. However, 26% of respondents are markedly export-oriented, exporting between 51 and 100% of their sales.

**CHART VIII : EXPORT ORIENTATION - ALL REGIONS**



## Import Dependence

CHART IX : IMPORT DEPENDENCE - ALL REGIONS



The entire group of respondents is not significantly import-oriented. 61% reported importing less than 20% of their production costs. 26% imported more than 20% of inputs. 13% did not provide responses on this point.

The overall low level of trade-dependence seems to belie the conventional wisdom, that association with the Global Compact is triggered by trade-related pressures requiring conformity to international CSER standards. Most of the companies among the respondents are markedly domestic market-oriented, and their motivation for signing on to the Compact arises from factors other than their trade dependency, or their being suppliers to TNCs.

### **How Companies Got to Know of the Global Compact**

Companies were asked to list the means through which they were introduced to the Global Compact. Respondents were asked to rank three, in order of importance, from amongst the following six sources of information or awareness of the Global Compact :

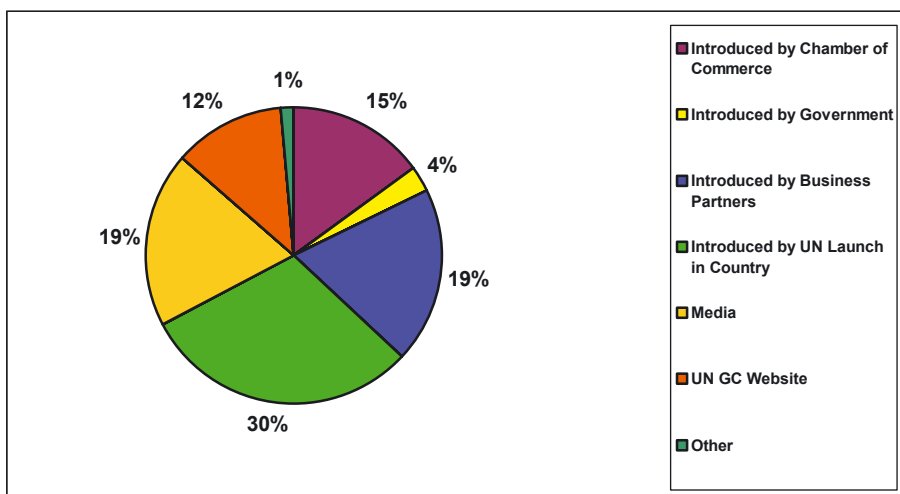
- Introduced by Chamber of Commerce
- Introduced by Government
- Introduced by business partners
- Introduced by UN launch in the country
- Media
- UN Global Compact website

In the interest of presenting the answers received to this question in the simplest manner, the analysis is based on the most important single source identified.

Overall, the launch of the GC is the most important factor in familiarizing the companies with the Compact, as 30% of responses indicated. Media publicity and Introduction by Business Partners is next, listed by 19% of respondents. Chambers of Commerce also share a role, as indicated by 15% of respondents. The GC website has limited impact, in that 12% of respondents report this as the source of introduction. Governments have even less impact, insofar as only 4% of respondents indicate the Government as their source of awareness of the Compact.

A clear conclusion is that the national launch of the Global Compact, combined with institutional support from Chambers of Commerce, business partners, and industry associations, are powerful means of creating SME-awareness in the Compact.

**CHART X : HOW COMPANIES LEARNED ABOUT THE GC**



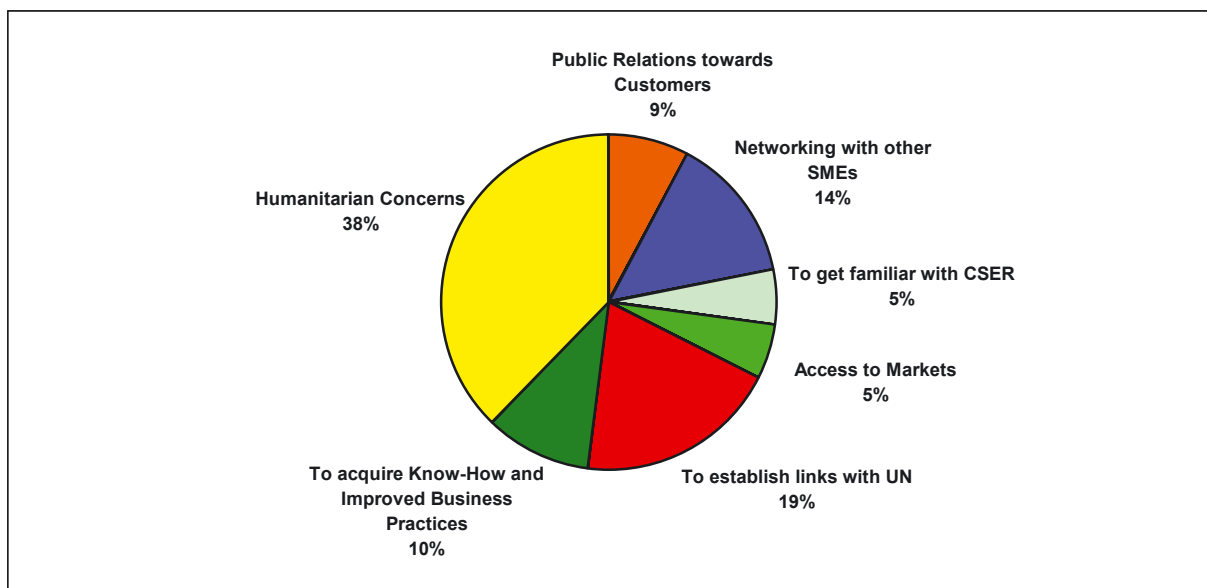
### **Why Companies Joined the Compact**

It is interesting to note that, in listing motivations for signing the Global Compact :

- Public relations towards customers
- Networking with other companies
- Getting familiar with CSER
- Access to markets
- Establishing links with UN
- Acquiring know-how and improved business practices
- Humanitarian concern

38% of the respondents see their membership as being an expression of humanitarian concern on their part. The Compact is, perhaps, perceived more as a humanitarian endeavour, rather than responding to business imperatives.

**CHART XI: WHY COMPANIES JOINED THE GC**



19% of respondents regard the Compact as a means for them “to link up with the UN”. The questionnaire and survey could not determine what precise advantages companies would derive from such linkages with the UN. Significant percentages of companies - 14%, 5%, and 10%, respectively, indicate the Compact as bearing relevance to their business relations, in that it would enable them to network with other SMEs, gain

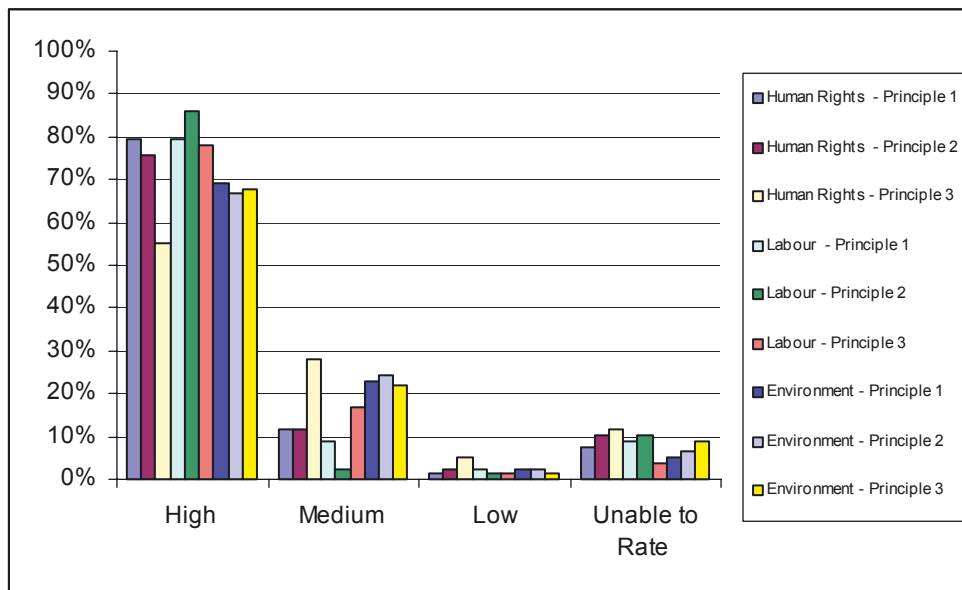
access to markets, or help them acquire know-how on improved business practises.<sup>4</sup> Only 5% of the companies see the Compact as a vehicle for acquiring familiarity with CSER.

The fact that only 29% of respondents linked the Global Compact to their business, constitutes a challenge on all partners to demonstrate the Business Case for CSER to SME signatories of the Global Compact.

Finally, conventional drivers of the Business Case for CSER, such as market access or public relations, drew very limited responses. 5% and 9% of respondents, respectively, state these as reasons motivating their association with the Compact.

**Company Compliance with the Principles of the Global Compact**

**CHART XII : COMPLIANCE WITH THE GC PRINCIPLES**



<sup>4</sup> Interestingly enough, this survey’s finding, on the relevance of CSER to business relations, is consistent with a European Union survey of SMEs undertaken in 2002. The EU survey found that 28% of the 7,500 European SMEs surveyed saw CSER activities as instrumental to, or beneficial for, their business strategy. In the present survey, 29% of respondents observed that CSER/GC membership is relevant to businesses.

Respondents were asked to provide “High”, “Medium”, or “Low” ranking to their compliance with the Principles of the Global Compact. The table below presents the relative ranking awarded to each principle by respondents.

Among the three principles of Human Rights, 79% of respondents award high priority to compliance with the principle of support to the protection of internationally proclaimed human rights. A similar percentage (76% to be exact), awards high priority to compliance with the principle of avoiding complicity in human rights abuses. However, when asked to rank priority to the specific principle of upholding the freedom of association and collective bargaining, only 55% of respondents award high priority to that principle.

Labour principles of the Compact are uniformly awarded high priority by over 78% of the respondents.

The principles on Environment, while enjoying high priority among respondents, draw somewhat less emphasis. 69% of respondents award high priority to Environmental Principle 1, 67% to Environmental Principle 2, and 68% to Environmental Principle 3. This marked difference could be the outcome of a large number of companies being in the Services sector, with the result that they view the direct environmental impact of their operations as being negligible, or of lesser importance. It could also perhaps be a function of weaker environmental regulations in some of the regions where respondents operate.

**TABLE 9 : PERCENTAGE COMPLIANCE WITH THE GC PRINCIPLES – ALL REGIONS**

		High	Medium	Low	Unable to Rate
<b>HUMAN RIGHTS</b>	To support and respect the protection of internationally proclaimed human rights	79	12	1	8
	To avoid complicity in human rights abuses	76	12	3	10
	To uphold freedom of association and the effective recognition of the right to collective bargaining	55	28	5	12
<b>LABOUR</b>	To eliminate all forms of forced and compulsory labour	79	9	3	9
	To abolish effectively child labour	86	3	1	10
	To eliminate discrimination with respect to employment and occupation	78	17	1	4
<b>ENVIRONMENT</b>	To support a precautionary approach to environmental challenges	69	23	3	5
	To promote greater environmental responsibility	67	24	3	6
	To encourage the development and diffusion of environmentally friendly technologies	68	22	1	9

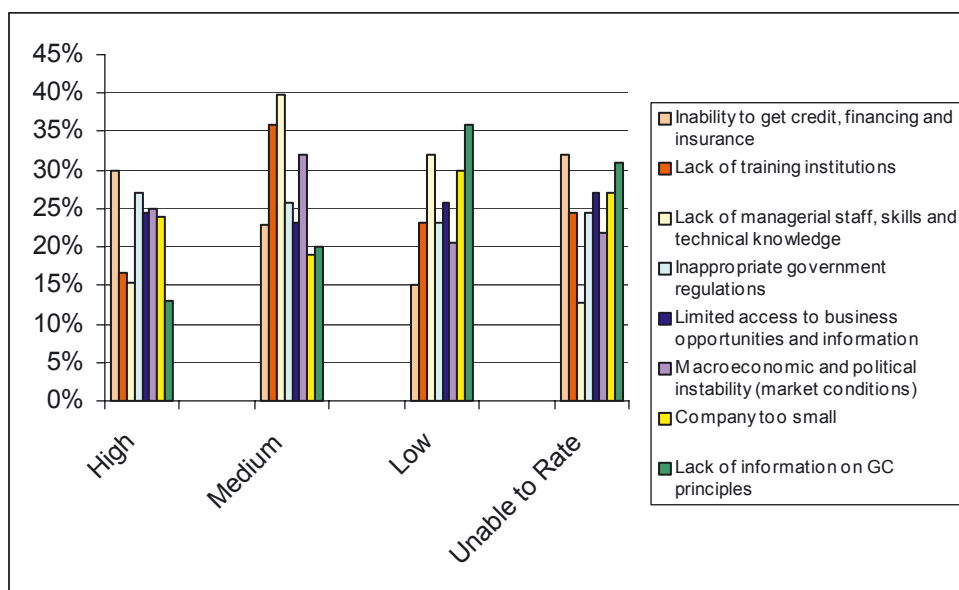
### **Obstacles to Compliance with the Principles of the Compact**

Similarly, companies were asked to award a ranking of “High”, “Medium”, or “Low” to the obstacles they encounter in implementing the principles of the Compact. The obstacles identified in the questionnaire were:

- Inability to get credit, financing and insurance
- Lack of training institutions
- Lack of managerial staff, skills and technical knowledge
- Inappropriate government regulations
- Limited access to business opportunities and information
- Macroeconomic and political instability (market conditions)
- Company too small
- Lack of information on principles of GC

Respondents display a fairly even distribution of rankings, but it bears mention that one quarter to one-third of respondents are unable to judge the impact of the various factors on their implementation of Global Compact principles.

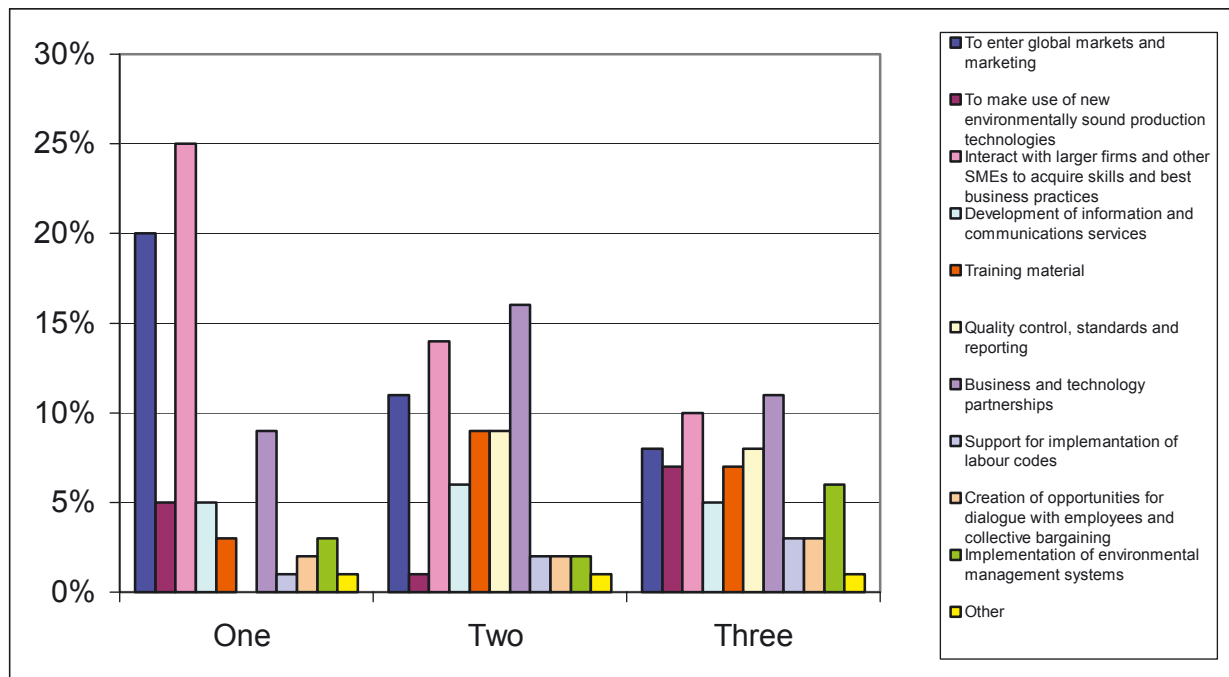
**CHART XIII : OBSTACLES TO COMPLIANCE WITH THE GC PRINCIPLES**



It can be inferred that the most highly ranked among the constraints are: Inability to obtain credit, finance and insurance; Inappropriate government regulation; Macroeconomic instability; Lack of managerial staff, skills and technical knowledge. The lack of information on GC principles does not seem to be a very significant obstacle for the respondents.

## International Assistance Expected in Implementing the Principles of the Global Compact

CHART XIV : INTERNATIONAL ASSISTANCE EXPECTED IN IMPLEMENTING GC PRINCIPLES



Companies were asked to rank, in order of importance, three priorities from among ten aspects of international assistance conducive to implementing GC principles. The factors listed were:

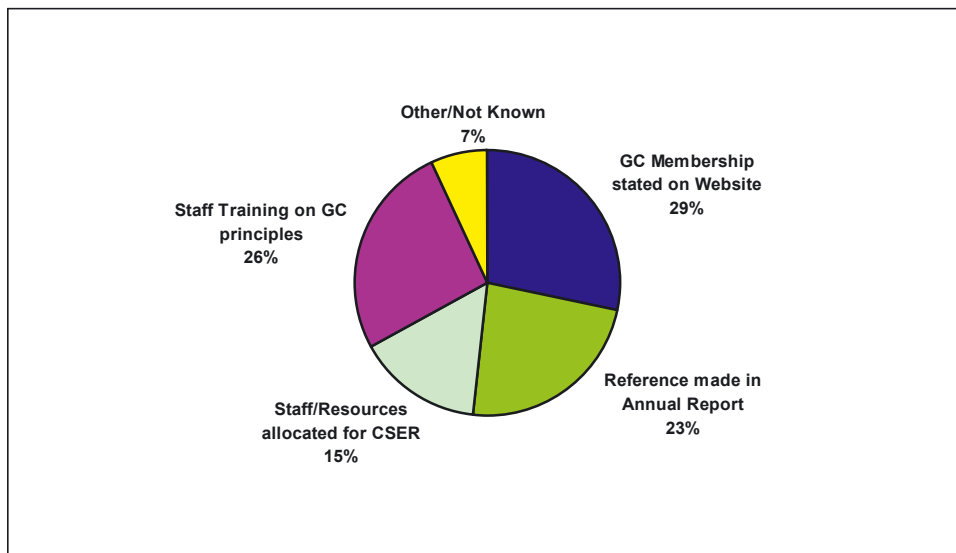
- To enter global markets and marketing
- To make use of new environmentally sound production technologies
- Interact with larger firms and other SMEs to acquire skills and business practices
- Development of information and communications services
- Training material
- Quality control, standards and reporting
- Business and technology partnerships
- Support for the implementation of labour codes
- Creation of opportunities for dialogue with employees and collective bargaining
- Implementation of environmental management systems



Clear patterns emerged from the responses received. In all three sets of rankings, priority is indicated on the need for companies to generally network with other firms, and to acquire assistance for entry into global markets. A third priority is the need for support on business and technology partnerships, which supports the point just made about the desire for networking with other firms. Interestingly enough, firms do not seem to place significant importance to support for employee-dialogue (only 3-4% of respondents list it in any of the categories), nor is priority assigned to the need for support in the transfer of environmentally sound technologies. The lack of emphasis on management-employee dialogue is, perhaps, due to the firms employing small work forces, in which management-employee dialogue is often frequent and informal, rather than being structured in the framework of formal industrial relations. As regards environmentally sound technologies, the previous observations on the sectoral nature of respondents, as well as regulatory regimes may be explanatory factors.

### **Implementation of Commitment to the Global Compact**

**Chart XV : Implementation of Commitment to the GC**



Companies were asked to indicate, one, or more, of four actions that they undertake to show their commitment to the Global Compact. Some respondents identify a single action and others indicate more than one. As can be seen, 78% of respondents indicate their commitments by doing one or more of the following: announcing their participation in the GC through the company website; referring to the GC in their annual reports; training staff

on GC principles. In addition, about 15% of respondents dedicate staff resources for the implementation of CSER.

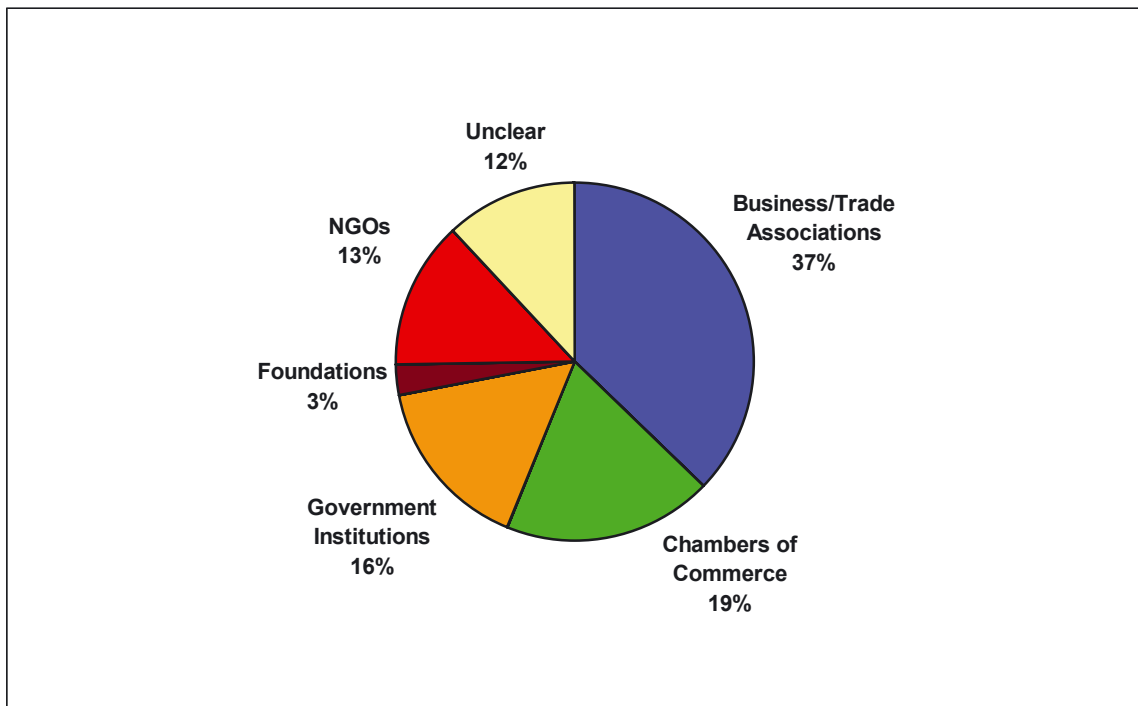
It is important to note, that about 22% of respondents do not specify having taken any measures to signify their association with, or commitment to, the Global Compact. The active engagement of these companies, and follow through to their association with the GC, will remain a challenge for those working on promoting the Compact and its principles.

### **Institutional Support for Compliance with the Global Compact**

Companies were asked to indicate three sources of support, at the national, regional and international levels, for the improvement of their business practices.

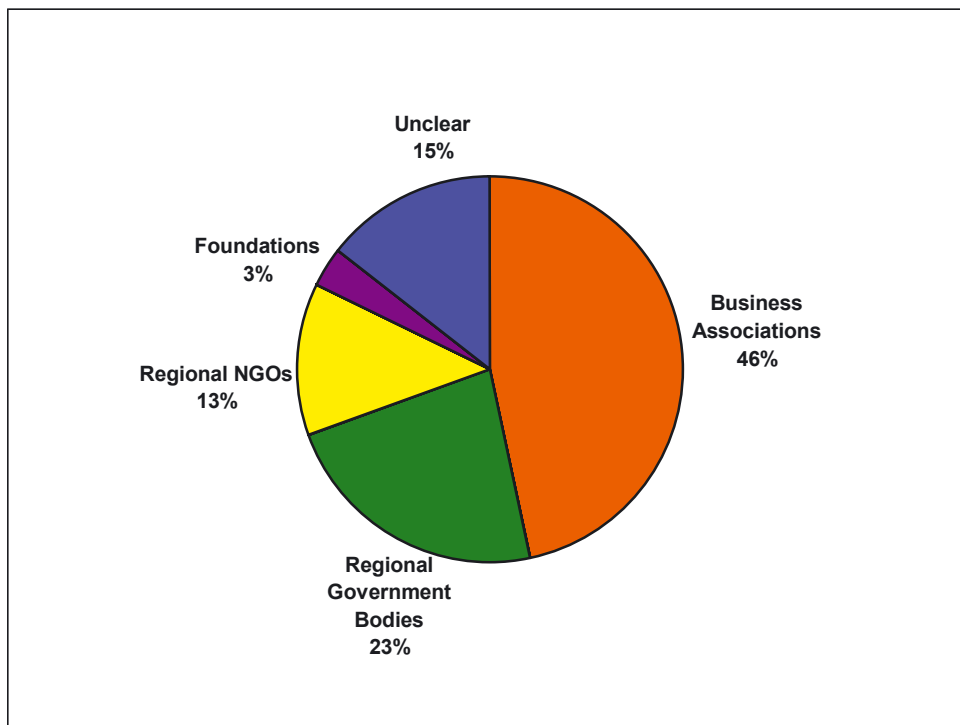
At the *national* level, 56% of respondents indicate that they receive support from business and trade associations and Chambers of Commerce.

**CHART XVI (A) : INSTITUTIONAL SUPPORT – NATIONAL LEVEL**



At the *regional*<sup>5</sup> level, 46% of respondents indicate that regional business associations are sources of support. 23% obtain support from regional inter-governmental bodies.

**CHART XVI (B) : INSTITUTIONAL SUPPORT – REGIONAL LEVEL**

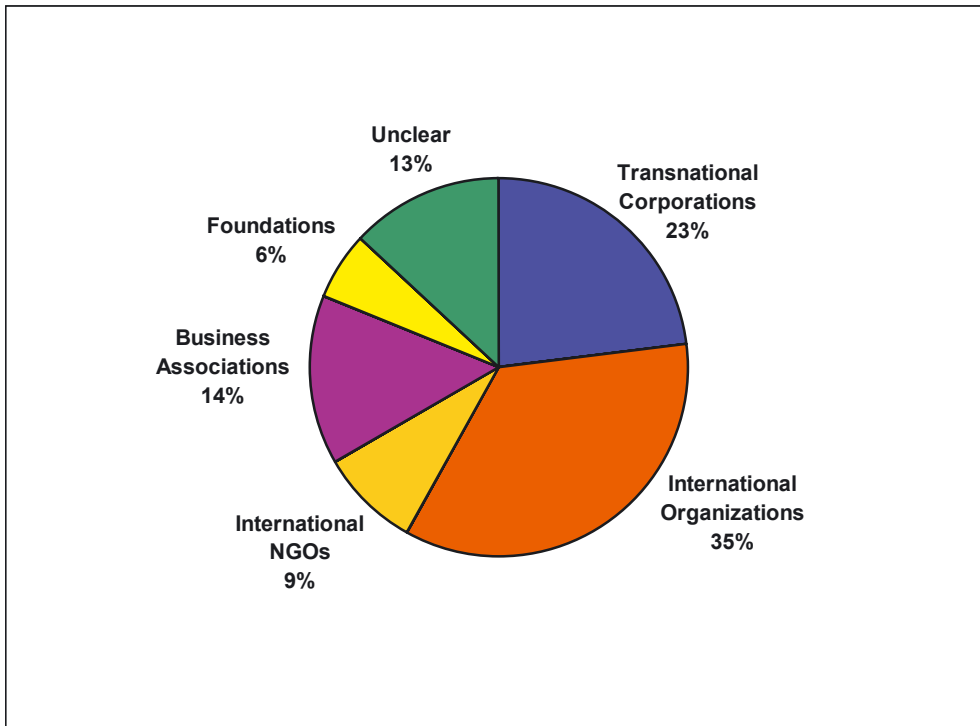


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<sup>5</sup> In the interest of preserving the accuracy and clarity of reported results, it needs to be pointed out that respondents may have understood the term “regional” to be regions *within* a country, whereas the question intended the term “regional” in its *inter-country* connotation. The results on this point, therefore, may not be an accurate reflection of reality.

At the *international* level, 35% of respondents seek or receive support from international organizations, 23% from transnational corporations, and 14% from business associations.

**CHART XVI (C) : INSTITUTIONAL SUPPORT – INTERNATIONAL LEVEL**



National, regional, and international NGOs play a significant role. 13% of respondents identify them as playing a support role at each - the national and regional levels, and 9% specify their role at the international level.

### **Implementation of CSER Within the Companies**

Companies were asked to assign “High”, “Medium” or “Low” importance among seven factors of CSER, internal to their companies :

- Health and safety precautions for workers
- Keeping up high standard of salaries for employees
- Investing in education and training of employees
- Recreational activities’ support for employees
- Implementing/application of environmental management systems
- Support programmes for employees’ families
- Reporting on economic, social and environmental performance.

Of greatest importance, overall, is the ensuring of health and safety of workers (76% of respondents rank this as being of high importance), followed by education and training of employees, and maintaining high salary standards. Here again, environment-related issues, while significant in importance, lag behind the work-standards aspects of business operations.

**TABLE 10: IMPLEMENTATION OF CSER WITHIN THE COMPANIES**

	Health/ safety of workers %	High salary standards %	Education/ training to employees %	Recreational activities %	Environmental management systems %	Support for employees' families %	Reporting on economic, social & environmental performance %
<b>High</b>	76	45	60	19	32	26	32
<b>Medium</b>	12	41	28	41	38	26	36
<b>Low</b>	6	6	4	30	17	34	19
<b>Unable to Rate</b>	6	8	8	10	13	14	13

Similarly, measures of employee-reward, in addition to remuneration and work conditions, such as the provision of recreational activities for employees, or support to employees’ families, enjoy a distinctly medium level, or lower order of importance.

### **Implementation of CSER Outside the Companies**

Respondents were asked to indicate whether they undertook any of the following areas of community-related activities, and to rank their importance to company activities.

- Sponsorship of cultural events
- Sponsorship of sports events
- Provision of educational support to communities
- Support of health care services to communities
- Contributions to social or charitable foundations
- Financing support to people with smaller businesses, i.e., those with lower percentage of turnover
- Supporting environmental improvement programmes in locality

Overall, there is a significant proportion – between 15 and 28% of responses – that is unable to rate the importance of specific community-related CSER activities.

**TABLE 11: IMPLEMENTATION OF CSER OUTSIDE THE COMPANIES**

	Sponsorship of Cultural Events %	Sponsorship of Sports Events %	Educational support to communities %	Health care services to communities %	Contributions to social/ charitable foundations %	Financial support to smaller businesses %	Support to environment improvement programmes %
<b>High</b>	22	10	33	18	30	23	25
<b>Medium</b>	31	32	32	37	32	16	36
<b>Low</b>	29	39	19	18	23	33	22
<b>Unable to Rate</b>	18	19	16	27	15	28	17

Companies that assign high importance to external CSER activity tend to focus on community educational support, and contributions to charitable foundations, followed - in almost equal importance - by support to environmental, cultural programmes, and provision of financial support to smaller businesses.

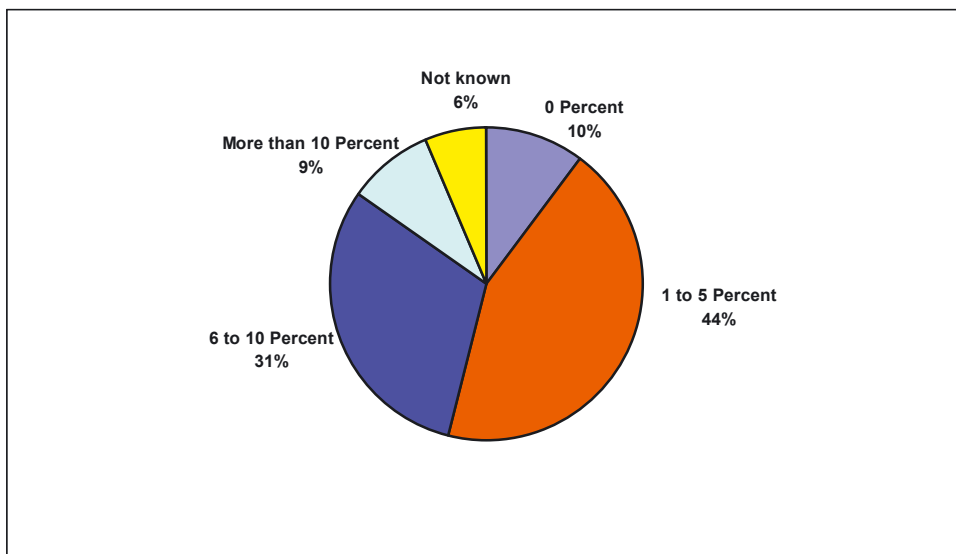
Similarly, companies awarding medium-level of importance to external CSER, focus equally on community health care, social, cultural environmental and educational factors, while there is a distinct de-emphasis on financial support to smaller businesses.

Finally, companies awarding low priority to external CSER seem to venture into community-based sports, cultural and environmental programmes, as well as on support to other smaller businesses. Philanthropic measures and educational support to communities is de-emphasised in this category.

### **Expenditures on Employee Benefits**

Respondents were asked to indicate the percentage of turnover spent on special benefits to employees. The bulk of respondents - 75% - spend between 1 and 10% of company turnover on such benefits. 10% of respondents report spending 0% of turnover on special benefits. 9% of respondents spend more than 10% of turnover on such benefits while 6% did not report, or could not estimate this aspect of company expenditure.

**CHART XVII : EXPENDITURES ON EMPLOYEE BENEFITS – ALL REGIONS**



In Africa, the vast majority (87%) of respondents report spending 1-10% of turnover on special benefits to employees. 13% of African companies report spending 0% of turnover on such benefits.

60% of Asian companies report spending 1-10%, and another 20% of companies spend over 10% of turnover on special benefits to employees.

All Middle Eastern respondents report spending 1-10% of turnover on benefits to employees, while the Latin American respondents report spending 1-5%.

In North America, well over half the companies spend 6-10%, with an additional 14% spending more than 10% of turnover on special employee benefits.

43% of Eastern European companies spend 1-5%, and another 43% spend 6-10%.

In Western Europe, 48% of companies spend 1-5%. 14% spend 6-10%, and an additional 14% devote more than 10% of their turnover on such expenditures.

It is interesting to note, 29% of North American and 14% of Western European respondents report spending nothing of their turnover on special employee benefits.

Inevitably, there are significant differences between the regions. In the developed regions, with more stringent employment codes, the tendency is for companies to spend relatively less on benefits additional to those required by law. It is interesting to note though, that in the developing regions where, presumably, labour codes and laws are poorly enforced, respondent companies report expenditures on par with, or greater than, those in the developed regions.

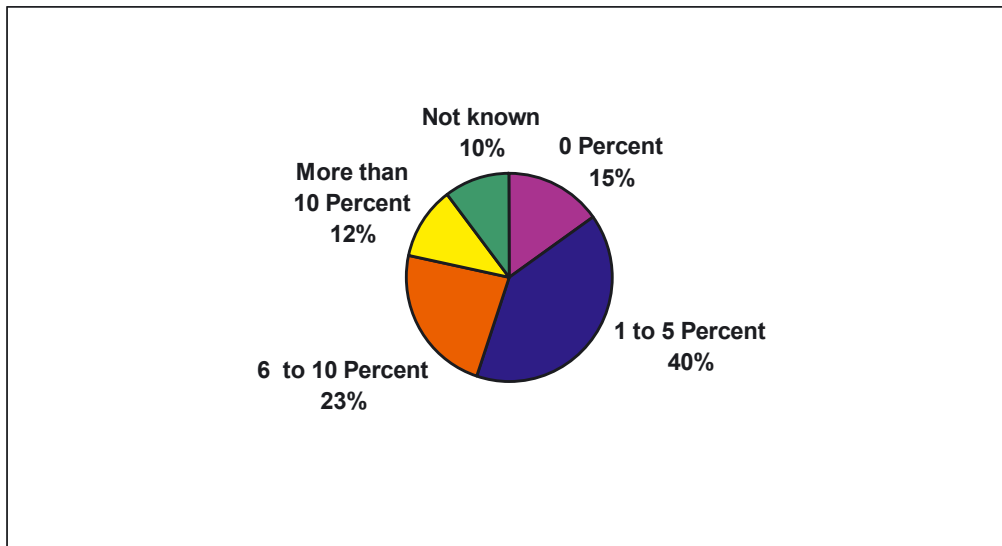
**TABLE 12 : PERCENTAGES OF EXPENDITURES ON EMPLOYEE BENEFITS**

	0	1 to 5	6 to 10	More than 10	Not known
<i>Africa</i>	13	62	25	0	0
<i>Asia</i>	7	33	27	20	13
<i>Middle East</i>	0	60	40	0	0
<i>Latin America</i>	0	100	0	0	0
<i>North America</i>	29	0	57	14	0
<i>Eastern Europe</i>	7	43	43	0	7
<i>Western Europe</i>	14	48	14	14	10

### **Expenditures on Cleaner Production/Environmental Conservation**

Companies were asked to assess the percentage of turnover expended on cleaner production and environmental protection. 63% of respondents report spending between 1 and 10% of turnover on this aspect of business operation, with 40% reporting expenditures between 1 and 5% of turnover. Only 12% of respondents report spending more than 10% of turnover on environment-related measures. These estimates of expenditure proportions are broadly consistent with international findings on the costs of firm-level environmental conservation measures.



**CHART XVIII : EXPENDITURES ON CLEANER PRODUCTION/ENVIRONMENTAL PROTECTION****TABLE 13 : PERCENTAGES OF EXPENDITURES ON CLEANER PRODUCTION/ENVIRONMENTAL PROTECTION**

	0 %	1 to 5 %	6 to 10 %	More than 10 %	Not known %
<i>Africa</i>	0	74	13	13	0
<i>Asia</i>	13	34	20	20	13
<i>Middle East</i>	0	40	50	10	0
<i>Latin America</i>	50	50	0	0	0
<i>North America</i>	29	14	14	14	29
<i>Eastern Europe</i>	20	40	20	0	20
<i>Western Europe</i>	19	38	24	14	5

Regionally, in Africa, all respondents report spending more than 1% of turnover on environment-related issues. This response is somewhat puzzling, as 55% of the respondents from this region are from the Business Services and the Wholesaling/Retailing sectors - two sectors which, presumably, are considered to have a low environmental impact and, therefore, ought to have relatively low outlays on Environmental Conservation and Protection. Similarly, 74% of Asian, and all of the Middle Eastern respondents report relatively high outlays on Environmental Conservation and Protection. Respondents from the three developed regions are relatively evenly distributed among the four categories. 29% of North American, 20% of East European and 19% of Western European respondents report no environment-related outlays. This is, perhaps, because the nature of their businesses does not require mandatory environmental-protection measures.

## END NOTE

The last set of questions asked companies to quantify their commitment to CSER in business and financial terms. It is gratifying to note that a significant proportion of companies indicate not only an awareness of the issues, but also the allocation of resources for CSER within, and outside, their companies. It seems, therefore, that the CSER agenda is well rooted in SME signatories to the Compact, and that this Report will furnish a basis by which partner UN agencies, as well as other supporting institutions, will be able to formulate the most appropriate strategies for assisting Global Compact SMEs in the continuous improvement of CSER-related business practices.

In broad terms, there are several initial conclusions that can be drawn for further action as the Compact consolidates itself by moving from its promotional to its operational phases.

The trust enjoyed by the United Nations in the eyes of members of the Compact, as well as their desire to network with each other, offers a role for the Compact to establish a platform for regional and international business dialogue on issues surrounding CSER. Also, this platform could be the basis for the United Nations giving meaning to its linkages with GC SMEs, particularly in transforming the perception that the Compact is *not* merely a humanitarian initiative but an institutional means for improving business practice, and stimulating that improved business practice.

In its widest term, the platform offered by the United Nations within the framework of the Compact would:

- ◇ Propagate knowledge of the business-benefits from socially and environmentally responsible entrepreneurship;
- ◇ Transfer the knowledge and experience of best corporate practice among countries and enterprises;
- ◇ Support the implementation of the goals of the Compact, through the development of guidelines, implementation of training programmes, and the transfer of business tools for the implementation of CSER in SMEs;
- ◇ Support the development of better and more profitable business in SMEs by enlisting the partnership of larger corporations, NGOs as well as SMEs involved in the promotion of CSER.

In order to remain financially feasible and organizationally manageable, the networks would be, first and foremost, regional efforts, utilizing the capacities and infrastructure of Chambers of Commerce and business support institutions. Inter-regional efforts would be limited to annual meetings, enabling the regional networks to exchange experiences in the development of the CSER agenda.

There are several initiatives that are either planned or already initiated under the aegis of the Compact, which have addressed the issues just outlined. However, there is a need for systematic and sustained measures of support to SME networks. This offers an ideal opportunity for UN agencies to further the cause of CSER by acting in concert.



<b>I. Contact Details of your Company</b>	
<b>Name of Company</b>	
<b>Mailing Address</b>	
<b>Country</b>	
<b>Contact Details</b>	<b>Telephone :</b> <b>Telefax :</b> <b>E-mail :</b> <b>Website : http://</b>
<b>Contact Person</b>	<b>Name :</b> <b>Title :</b>
<b>Joined Global Compact on :</b>	

<b>II. Your Line of Business</b>			
<p>1. <input type="checkbox"/> <b>PRIVATE COMPANY</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Listed in stock market</li> <li><input type="checkbox"/> Joint venture with international partner</li> <li><input type="checkbox"/> Joint venture with national partner</li> <li><input type="checkbox"/> Single/family ownership</li> </ul> <p><input type="checkbox"/> <b>PUBLIC-PRIVATE JOINT VENTURE COMPANY</b></p> <p><input type="checkbox"/> <b>Other</b> (please specify)</p>			
<p>2. <b><u>Which sector best describes your activities :</u></b></p> <table style="width: 100%; border: none;"> <tbody> <tr> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Agriculture  <input type="checkbox"/> Business Services            (Accounting, Advertising, PR, etc.)  <input type="checkbox"/> Construction  <input type="checkbox"/> Energy  <input type="checkbox"/> Finance  <input type="checkbox"/> Hotels and Tourism  <input type="checkbox"/> Information and Communications Technology         </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Manufacturing  <input type="checkbox"/> Mining  <input type="checkbox"/> Public Services  <input type="checkbox"/> Real Estate  <input type="checkbox"/> Transportation  <input type="checkbox"/> Wholesale and Retail  <input type="checkbox"/> <b>Other</b> (please specify)         </td> </tr> </tbody> </table> <p>3. <u>Please list one or more of your company's products :</u></p>		<input type="checkbox"/> Agriculture <input type="checkbox"/> Business Services (Accounting, Advertising, PR, etc.) <input type="checkbox"/> Construction <input type="checkbox"/> Energy <input type="checkbox"/> Finance <input type="checkbox"/> Hotels and Tourism <input type="checkbox"/> Information and Communications Technology	<input type="checkbox"/> Manufacturing <input type="checkbox"/> Mining <input type="checkbox"/> Public Services <input type="checkbox"/> Real Estate <input type="checkbox"/> Transportation <input type="checkbox"/> Wholesale and Retail <input type="checkbox"/> <b>Other</b> (please specify)
<input type="checkbox"/> Agriculture <input type="checkbox"/> Business Services (Accounting, Advertising, PR, etc.) <input type="checkbox"/> Construction <input type="checkbox"/> Energy <input type="checkbox"/> Finance <input type="checkbox"/> Hotels and Tourism <input type="checkbox"/> Information and Communications Technology	<input type="checkbox"/> Manufacturing <input type="checkbox"/> Mining <input type="checkbox"/> Public Services <input type="checkbox"/> Real Estate <input type="checkbox"/> Transportation <input type="checkbox"/> Wholesale and Retail <input type="checkbox"/> <b>Other</b> (please specify)		
<p>4. <b><u>Type of Customers :</u></b></p> <table style="width: 100%; border: none;"> <tbody> <tr> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> <b>Business to Business</b>  <input type="checkbox"/> Wholesalers  <input type="checkbox"/> Retailers  <input type="checkbox"/> Transnational corporations  <input type="checkbox"/> National corporations         </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> <b>Business to Government</b>  <input type="checkbox"/> <b>Business to Consumer</b> </td> </tr> </tbody> </table>		<input type="checkbox"/> <b>Business to Business</b> <input type="checkbox"/> Wholesalers <input type="checkbox"/> Retailers <input type="checkbox"/> Transnational corporations <input type="checkbox"/> National corporations	<input type="checkbox"/> <b>Business to Government</b> <input type="checkbox"/> <b>Business to Consumer</b>
<input type="checkbox"/> <b>Business to Business</b> <input type="checkbox"/> Wholesalers <input type="checkbox"/> Retailers <input type="checkbox"/> Transnational corporations <input type="checkbox"/> National corporations	<input type="checkbox"/> <b>Business to Government</b> <input type="checkbox"/> <b>Business to Consumer</b>		

**5. Number of Employees :** Less than 10 10 – 50 51- 250**6. Your company's wage bill as percentage of turnover :** 5 - 10 % 10 – 20 % 20 - 50 % Over 50 %**7. What was the size of your business in 2002 (US\$) ?** Less than 50,000 50 – 250,000 250 - 500,000 Higher than 500,000**8. Indicate your exports as percentage of sales :** 0-10 % 10-20 % 20-50 % 50-100 %**9. List *three* main export markets :****10. To which other countries would you like to export ?****11. Indicate your imports as percentage of production costs :** 0-10 % 10-20 % 20-50 % 50-100 %**12. List *three* main import sources :****13. Nature of goods imported :** Primary products Components Services**14. From which other countries would you like to import ?**

**III. The Global Compact and your Company**

**15. HOW did your company get to know about the Global Compact ?**

FROM THE LIST BELOW, PLEASE SELECT THREE IN ORDER OF IMPORTANCE TO YOU (1 = MOST IMPORTANT). PLEASE INSERT THE APPROPRIATE LETTER IN THE BOX ON THE RIGHT.

<ul style="list-style-type: none"> <li>a. Introduced by Chamber of Commerce</li> <li>b. Introduced by government</li> <li>c. Introduced by business partners</li> <li>d. Introduced by UN launch in the country</li> <li>e. Media</li> <li>f. UN Global Compact Website</li> <li>Other (please specify)</li> </ul>	<p>1. <input type="checkbox"/></p> <p>2. <input type="checkbox"/></p> <p>3. <input type="checkbox"/></p>
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**16. WHY did your company join the Global Compact ?**

FROM THE LIST BELOW, PLEASE SELECT THREE IN ORDER OF IMPORTANCE TO YOU (1 = MOST IMPORTANT). PLEASE INSERT THE APPROPRIATE LETTER IN THE BOX ON THE RIGHT.

<ul style="list-style-type: none"> <li>a. Public relations towards customers</li> <li>b. Networking with other companies</li> <li>c. To get familiar with CSER</li> <li>d. Access to markets</li> <li>e. Establish links with UN</li> <li>f. Acquire know-how and improved business practices</li> <li>g. Humanitarian concerns</li> <li>Other (please specify)</li> </ul>	<p>1. <input type="checkbox"/></p> <p>2. <input type="checkbox"/></p> <p>3. <input type="checkbox"/></p>
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**17. Please assess your company's compliance with the nine principles of the Global Compact :**

	<u>High</u>	<u>Medium</u>	<u>Low</u>	<u>Unable to rate</u>
<b>Human Rights</b>				
To support and respect the protection of internationally proclaimed human rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
To avoid complicity in human rights abuses	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
To uphold freedom of association and the effective recognition of the right to collective bargaining	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Labour</b>				
To eliminate all forms of forced and compulsory labour	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
To abolish effectively child labour	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
To eliminate discrimination with respect to employment and occupation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Environment</b>				
To support a precautionary approach to environmental challenges	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
To promote greater environmental responsibility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
To encourage the development and diffusion of environmentally friendly technologies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<b>18. <u>What are the biggest obstacles your company faces in carrying out the principles of the Global Compact ?</u></b>				
	<b>High</b>	<b>Medium</b>	<b>Low</b>	<b>Unable to rate</b>
Inability to get credit, financing and insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lack of training institutions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lack of managerial staff, skills and technical knowledge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Inappropriate government regulations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Limited access to business opportunities and information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Macroeconomic and political instability (market conditions)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Company too small	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lack of information on principles of GC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Other</b> (please specify)				

<b>19. <u>What international assistance do you expect from the Global Compact ?</u></b> FROM THE LIST BELOW, PLEASE SELECT <u>THREE</u> IN ORDER OF IMPORTANCE TO YOU (1 = MOST IMPORTANT). PLEASE INSERT THE APPROPRIATE LETTER IN THE BOX ON THE RIGHT.	
<ul style="list-style-type: none"> <li>a. To enter global markets and marketing</li> <li>b. To make use of new environmentally sound production technologies</li> <li>c. Interact with larger firms and other SMEs to acquire skills and best business practices</li> <li>d. Development of Information and communications services</li> <li>e. Training material</li> <li>f. Quality control, standards and reporting</li> <li>g. Business and technology partnerships</li> <li>h. Support for the implementation of labour codes</li> <li>i. Creation of opportunities for dialogue with employees and collective bargaining</li> <li>j. Implementation of environmental management systems</li> <li><b>Other</b> (please specify)</li> </ul>	<ul style="list-style-type: none"> <li>1. <input type="checkbox"/></li> <li>2. <input type="checkbox"/></li> <li>3. <input type="checkbox"/></li> </ul>

<b>20. <u>How are you putting into practice your commitment to the Global Compact ?</u></b>
<ul style="list-style-type: none"> <li><input type="checkbox"/> Membership shown on website</li> <li><input type="checkbox"/> Reference made in Annual Report and/or other public reports</li> <li><input type="checkbox"/> Assignment of staff/resources to carry out CSER</li> <li><input type="checkbox"/> Staff training on GC principles</li> <li><input type="checkbox"/> <b>Other</b> (please specify)</li> </ul>



#### **IIV. Institutions that support you to comply with the Global Compact**

**21. Which are the sources of support that presently help you improve business practices ?**  
**FROM THE LIST BELOW, PLEASE SELECT THREE IN ORDER OF IMPORTANCE TO YOU (1 = MOST IMPORTANT).**  
**PLEASE INSERT THE APPROPRIATE LETTER IN THE BOX ON THE RIGHT.**

<p style="text-align: center;"><b><u>National</u></b></p> <p>a. Business and trade associations  b. Chambers of Commerce  c. Governmental institutions  d. Foundations  e. NGOs</p>	<p>1. <input type="checkbox"/>  2. <input type="checkbox"/>  3. <input type="checkbox"/></p>
<p style="text-align: center;"><b><u>Regional</u></b></p> <p>a. Business associations  b. Regional governmental bodies  c. Regional NGOs  d. Foundations</p>	<p>1. <input type="checkbox"/>  2. <input type="checkbox"/>  3. <input type="checkbox"/></p>
<p style="text-align: center;"><b><u>International</u></b></p> <p>a. Transnational corporations  b. International organizations  c. International NGOs  d. Business associations  e. Foundations</p>	<p>1. <input type="checkbox"/>  2. <input type="checkbox"/>  3. <input type="checkbox"/></p>

***The following section is of critical importance. From the areas identified by you and other participants in the survey, we intend to find out the services that can be provided by the UN to SMEs, to help them carry out business in accordance with the principles of the Global Compact.***

#### **V. Corporate Social & Environmental Responsibility and your Company**

**22. How important are the following CSER activities INSIDE your company ?**

	<b><u>High</u></b>	<b><u>Medium</u></b>	<b><u>Low</u></b>	<b><u>Unable to rate</u></b>
Health and safety precautions for your workers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Keeping up high standard of salaries for your employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Investing in education and training of your employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Recreational activities' support for employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Implementing/application of environmental management systems	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Support programmes for employees' families	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reporting on your economic, social and environmental performance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Other</b> welfare support to employees. Please specify				

**23. How important are the following CSER activities OUTSIDE your company ?**

	<u>High</u>	<u>Medium</u>	<u>Low</u>	<u>Unable to rate</u>
Sponsorship of cultural events	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sponsorship of sports events	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Provision of educational support to communities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Support of health care services to communities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Contributions to social or charitable foundations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financing support to people with smaller businesses, i.e. those with lower percentage of turnover	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Supporting environmental improvement programmes in your locality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Other</b> (please specify)				

**24. What percentage of your turnover does your company spend on special benefits to employees ?**

0 %                       1 - 5 %                       5 – 10 %                       More than 10%

**25. What percentage of your turnover does your company spend on cleaner production and environmental protection ?**

0 %                       1 - 5 %                       5 – 10 %                       More than 10 %

**VI. Any further comments:**

Signature :

Date :

## **Comments from Respondents**

A number of respondents provided us comments on their business philosophies, their view of CSER, their perception of the role of the United Nations and, indeed, on the questionnaire itself. Unfortunately, space does not permit the reproduction of all comments but we present below some of the most spirited observations, as received, from respondents. Typographical errors have been corrected but the text is otherwise unedited. In some instances, the most pertinent parts have been excerpted from the original. It is hoped that the reader will be able to get a flavour of the views of our Global Compact partners, as thriving, socially- and environmentally-concerned entrepreneurs. Sources are identified only by the country of the respondent.

### **Bulgaria**

*Humanity is forced to face the consequences of massive industrialization and pollution. The people of the 20<sup>th</sup> and 21<sup>st</sup> centuries are the first to notice and bear the negative effects of careless behaviour towards the outcomes of global production on the environment and on the personal lives of millions of repressed or discriminated employees. The world is beginning to understand the principles of eco-friendly production, to value the human rights protection principles and to follow a “success without damage” business policy.*

### **Switzerland**

*In my opinion, question 24 should not be asked: Sustainable behaviour should NOT COST, but contribute to profits. We lose 90% of the SMEs for sustainability orientation if we cannot show them how to MAKE PROFIT with it, not to spend money.*

**Canada**

*The nine principles don't really capture a core area of Corporate Social Responsibility – Developmental CSR – how companies organize their investment and operational spending so as to maximize the sustainable impact on local people and communities. They seem, much more compliance and philanthropic focused. For instance, a company that invests heavily in trying to maximize that sustainable impact that a mine development has on the local agriculture and tourism economy doesn't really have a place to put their efforts. It doesn't fit any of the nine principles. Similarly, a company that designs an innovative programme to assist retrenched workers and their families to mitigate the economic impact of retrenchment doesn't really have a principle to put the action under.*

**Norway**

*... I was not able to answer your question more in detail ... our company was so small and many of the questions were not applicable to our situation ... all information given is based on the way we ran our company before it was sold .. membership in the Global Compact will be ended .. we will encourage the new owner to sign up the new company.*

**Philippines**

*Technological advancement is slow in the region due to accessibility. However we try to give our employees all the support which also supports the community that they live in. To us, nothing is more important than our employees and our community.*

**China**

*As a member of the GC, we have advocated the Global Compact's principles to more than 5,000 GCO (Global Credit Organization Limited) members. With the international assistance from GC and partners, we will keep promoting CSER in our country and markets which we operate in.*

**Philippines**

*As a garment manufacturing firm, our programme for the environmental management system (EMS) is not so broad like electronics and semi-conductor companies. Training on EMS is very expensive. Please furnish us other materials/information about Global Compact principles (Best practice of other companies). Please furnish us materials regarding Environment Management Systems/Application.*

**Turkey**

*Our company's foremost aim is to see the end of waste oil being currently dumped on land, sea or sewage in our country by many people with no consciousness – this is the very reason for us to invest in this line of business. We want to put an end to this and meantime re-cycle the waste oil so that we supply the re-cycled oil to the end users, contribute to the production cycle of many industries and meantime help the country save foreign currency which would have been spent; because otherwise the country would be forced to continue importing the same amount of not-recycled oil.*

**Turkey**

*We hope that our answers do not mislead you since we are a small consultancy company and had difficulty in answering some of the questions since we feel that the questions are more appropriate to*

*manufacturing companies. Our efforts are mainly on the Integration of the Principles into Management Systems of **our customers**. That is our business indeed. But we have considerable uncertainty how to actually apply the principles in practice. We think that we are doing something in quality and environmental management systems. But for other topics we have to develop ourselves with training materials, experts, seminars ...*

### **Germany**

*Inside of our company we have already a high level of respect of human rights, labour and environmental technologies. Our commitment to the Global Compact is related with activities in LDC's mainly Africa and Pacific Areas. Therefore we try to involve as well other partners.*

### **Serbia and Montenegro**

*.. Our aim : To become top-class business support service, to provide help and support in developing, and creating new jobs.... Together with UN and Global Compact ... we can become Leader of Regional development and creating a successful business environment*

### **Cameroon**

*Global Compact should organize regular business forums between African and foreign businesses...*

### **Latvia**

*We recommend our customers and business partners to follow CSER principles.*

### **Turkey**

*... we would like to know HOW to apply GC principles ... request training materials ...*

**United States of America**

*.. In facilitating business partnership and investment my company requires contracts to include provisions related to respect for human rights, labour and environment. About 5% of turnover finances a foundation for economic and social development in Africa ...*

**Sweden**

*.. [we] try to influence **customers** in the direction of the relevant principles...*

**Australia**

*[Information on GC events should be made known to members.]  
Recently Goerg Kell was in Melbourne. ...the only way I found out was through a client ...*

**Turkey**

*To implement a faster and closer relationship between member companies and UN is really very important we think. On the other hand, ways of implementing standards must be followable.*

**Cameroon**

*Souhaite que l'ONUDI s'implique effectivement dans la mise en œuvre de Global Compact et que le système des Nations Unies apporte un appui substantiel au PME des pays en developpement.*



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