

*Enhancing Global Circumstances to
Implement the Concept of Corporate
Social Responsibility*

Committee Guide

*United Nations Industrial
Development Organization*



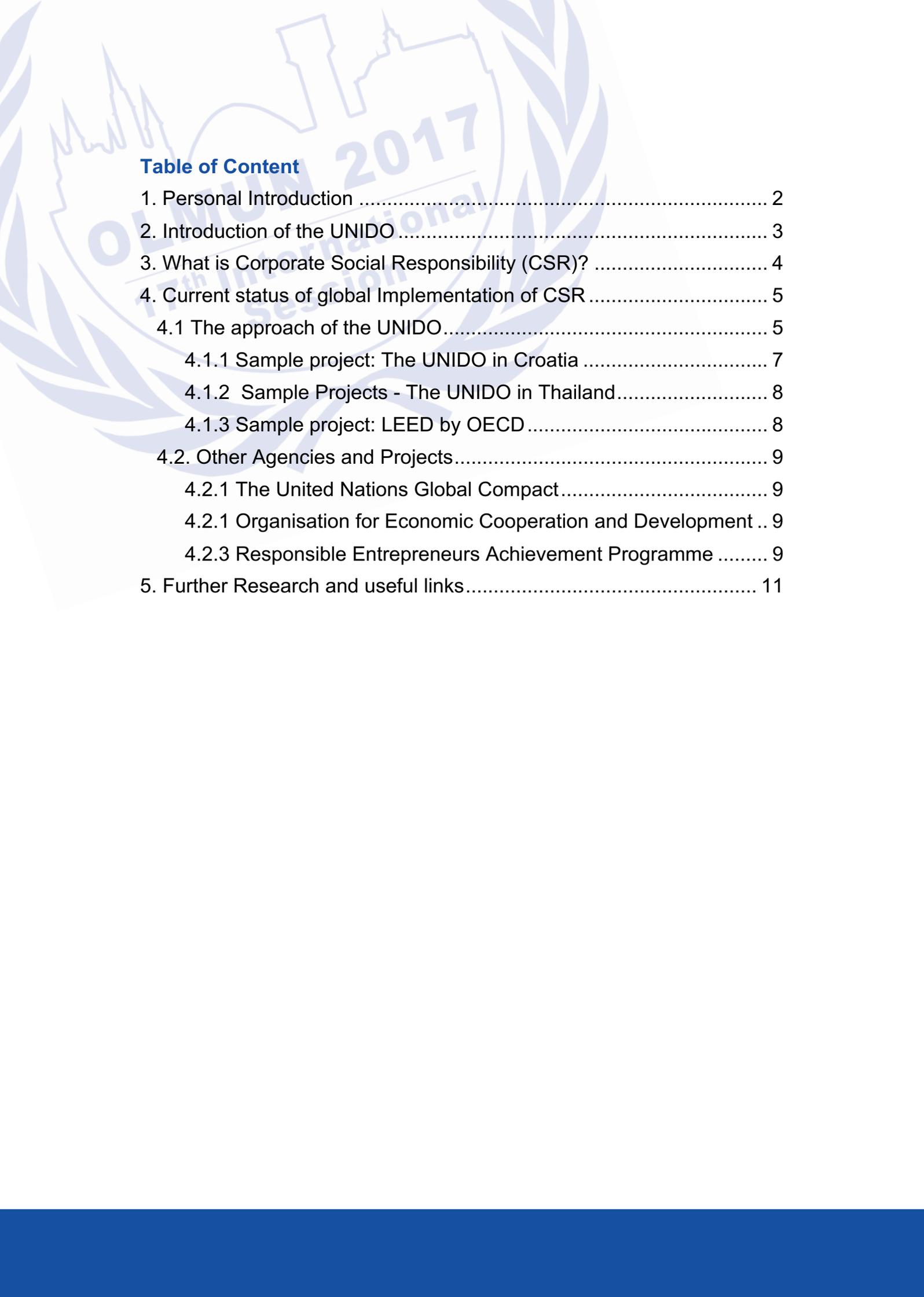


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1. Personal Introduction

Dear delegates,

My name is Hendrik Walter and I have the honour to be one of your chairs for this year's committee session in the UNIDO. Originally, I am from Oldenburg, but moved to St Andrews in Scotland after my graduation from the Neues Gymnasium Oldenburg. I am in my second year of reading a joint Bachelor program in Mathematics and Computer Science. Besides my studies, I spend a lot of time practicing Triathlon. Other than that, I am always open to try new things like hitchhike races across Europe.

I took part in the OLMUN three times as a delegate in various committees such as the GA3rd and the Security Council. However, this is my first-time chairing at the OLMUN and I am looking forward to seeing all of you in May.

Best,

Hendrik Walter

Dear delegates,

My name is Jan Johannsmann and I am honoured to be chairing the UNIDO at the OLMUN 2017. I am 19 years old, currently attending the Graf-Anton-Guenther Schule in Oldenburg. In my free time, besides taking part in MUNs, I am engaged in different political organizations and voluntary youth work in my community. Further I am really into music and theatre, not only watching but also playing and acting.

OLMUN 2017 will be my fourth OLMUN conference, starting back in 2013 and only skipping the conference in 2015, due to me spending an exchange year in the USA. After already participating as a staff and delegate, last year I decided to take over the position of the Chief of Housing and this year the position of a Chair of the UNIDO. It is a great honour to chair this committee, which has never before been simulated at OLMUN.

Best regards,

Jan Johannsmann

2. Introduction of the UNIDO

The United Nations Industrial Development Organization was originally named Industrial Development Centre and was only a branch of the Industry Section of the Secretariat of the United Nations, which was established in 1959. Just a little later, in 1966, the idea to transform it into a special organ of the United Nations came up, so that it would have its own decision making bodies and a certain autonomy. Further, the so created special organ would not only have normative tasks, such as analytic functions or functioning as a forum for discussion, but also operational ones, such as technical cooperation activities.

This plan came into action in 1985, when the United Nations Industrial Development Office was formally created. With this implementation, the organ received its full operational status.

During the 1990s, after the Cold War ended, many countries considered the UNIDO as not essential for Industrial Development anymore, since the market economy triumphed over the command economy, therefore decreasing interest by states in controlling the markets. Combined with the financial crisis in Asia in 1997 and the slowed economies in leading industrialized countries, some countries withdrew from the UNIDO.

The UNIDO consequently underwent a reform, adopting a stringent Business Plan and focusing on certain functions such as laying the focus on improving skills and enhancing worldwide growth. In 2004, another wave of reforms was adopted, which further increased the productivity and cost efficiency

The UNIDO mainly focusses on promoting and achieving a competitive and sustainable industry, which was also put pack into the general focus just recently, being Goal #9 of the Sustainable Development Goals, ratified by the General Assembly in 2015.



3. What is Corporate Social Responsibility (CSR)?

Before diving into the discussion about “Corporate Social Responsibility” (CSR), it might be helpful to actually think about the definition of this term. We would like to encourage you to do your own research but you may take the following as a starting point.

The core of CSR is the question how a company can contribute to society with good business practices. This goes beyond the simple foundation of a charity or donations, it is more about how the revenue and the profit of the company is created. This means that CSR has to be considered for the whole supply chain of the company: treatment of employees, marketing and offices, but also sellers offering goods to the company.

The UNIDO has developed a “three bottom line approach”, putting all its CSR programs under the three core values of environmental responsibility, social responsibility and economic responsibility.

CSR is also seen as a management concept and as such it can help to boost the public opinion, improve human efficiency and working conditions of the respective company and of course increase sales in the future while working in the interest of all stakeholders. However, since it takes effort and capital to change a company as a whole, many companies do not make it beyond the

point of setting CSR goals and use them to leave a positive impression to the public.

At the current stage these CSR goals are set by the very same company who tries to implement it. This is, because governments were unable to agree

upon set rules. The UNIDO as the responsible UN body encourages companies and countries all over the world to engage in the process of creating a better world.



4. Current status of global Implementation of CSR

4.1. The approach of the UNIDO

The United Nations Industrial Development Organization supports a lot of projects, which can lead to an implementation of the Corporate Social Responsibility guidelines, not only for Transnational companies (TNCs), but also and especially for small and medium-sized enterprises (SMEs).

A lot of TNCs have already set their company guidelines to align with the Corporate Social Responsibility guidelines, since they have a bigger impact on a global scale and therefore are - most likely - more involved in conflicts in one way or the other.

SMEs on the other hand usually have not considered CSR guidelines as much, since they usually just have a local or regional impact, even though it can still be a major impact. Further, the non-existent political approach to the CSR further complicates the process of creating the CSR guidelines.

The UNIDO tries to address those two issues, while at the same time considering national policies and combining all of those factors into one set of guidelines.

UNIDO usually operates on one of the three following levels in CSR Projects:

1. Micro-level: Small scale operations, direct support of group of companies, which belong to a certain sector, region, etc. Usually also just a pilot project for CSR guidelines
2. Meso-level: Support of institutions, which further promote CSR in their sphere of influence
3. Macro-level: Support of governments to create public policies, which support the CSR

One of the concrete measures the UNIDO is taking is the promotion of the CSR Guidelines by setting up forums with national authorities, local governments offices, private sector representatives and other local institutions to discuss

1. CSR related issues, especially giving a voice to SMEs to increase their partaking in the CSRs
2. General public policy goals to extend and specify local CSR goals
3. The implementation of CSR guidelines in across industrial sectors.

Further, the UNIDO specifically cooperates and supports governments to create national CSR policies, which can have an impact on the economy in their country and on a global scale. In this process, the UNIDO explores the most relevant factors of social, environmental and economic development and sets up guidelines based on this.

Of course, projects are always limited in time, which requires good planning. The project in Croatia was supported by **REAP** (see 4.2.3.), a tool from the UN to assist in situations in which a cost-effective implementation of CSR goals is needed.

4.1.2 Sample Projects - The UNIDO in Thailand

The UNIDO also did a pilot project with implementing CSR standards in companies in four Asian countries, India, Pakistan, Sri Lanka and Thailand, up until 2003. The actions taken in Thailand stand out from the other countries because almost all of them were no cost or low cost options.

Most of these options taken seem not quite significant, like establishing a new elevator usage policy or better maintenance of knitting machines instead of frequent replacement, but the outcome was quite convincing. Other measures include setting incentives for meeting production targets, better training of employees to improve resourcefulness, and the recycling of waste.

One of the core issues, which was discovered during the implementation of the measures in Thailand was the lack of communication between employers and employees. To tackle this issue, the so-called *Thai Morning Talk* was established, which resulted in better communication about the CSR standards, changes and methods and how to handle them.

4.1.3 Sample project: LEED by OECD

The local Economic and Employment Development (**LEED**) program by the OECD is working on improved relations between agencies, employers and governments. Its research focus lies on the case studies in which regions and cities altered their negative prospects into a more promising future. As such LEED is educating people in executive positions to understand crucial factors of a stronger economy. Interestingly most of the discovered features of successful projects align with CSR goals. Educational institutions and employers should work together to ensure a well-rounded and deep education and thus, enable the region to develop new technologies. Alternative mechanisms to regenerate urban areas and improve local communities are

strongly encouraged and are usually more effective than projects introduced by single institutions. An important thing to note is that many changes are very recent. One of many to be mentioned is Glasgow, a city once suffering from post-industrial decline, but now having a positive prospect as a powerhouse from life sciences, finance and retail in the UK. This is also backed by several institutions for higher education.

4.2. Other Agencies and Projects

4.2.1 The United Nations Global Compact

The **United Nations Global Compact** is a framework, which brings companies together with UN Agencies, governments, cities and other agencies to ensure ten principles every company should follow, which include Human Rights, Labour Standards, Environmental issues and Anti-Corruption aspects. It usually functions as a forum for discussion or network for communication.

4.2.1 Organization for Economic Cooperation and Development

The **Organization for Economic Cooperation and Development (OECD)** is an intergovernmental economic organization, which consists primarily out of developed countries. The OECD cooperates with trade unions, companies and representatives of the civil society to improve the policies of governments and to implement non-binding measures to improve social, economic and environmental situations.

4.2.3 Responsible Entrepreneurs Achievement Programme

The **Responsible Entrepreneurs Achievement Programme (REAP)** monitors and analyses, based on the CSR guidelines, SMEs efforts and successes in implementing CSR-based guidelines into their company's policy. REAP takes different approaches to the challenges, such as

- Creating a worldwide system of certified CSR experts, which can support SMEs in the implementation,
- Translating CSR principles into a commercially viable management approach,
- Focusing on implementing CSR principles and standards rather than on reporting.

We would like to point out that our topic is “Enhancing global circumstances to **implement** the concept of corporate social responsibility”. Therefore, the focus should be the implementation rather than further additions to international standards. As the idea of a global implementation is a fairly new development we would like to encourage everyone to become creative and think of possible solutions. These can follow old paths or can go in new directions. We are looking forward to listen to your ideas.

5. Further Research and useful links

1. "What is CSR?" by St Gallen University
https://www.youtube.com/watch?v=E0NkGtNU_9w
2. CSR by UNIDO <https://www.unido.org/csr/o72054.html?L=0>
3. SA 80000 standard for the international implementation of CSR
http://sa-intl.org/data/n_0001/resources/live/SA8000%20Standard%202014.pdf
4. OECD FAQ with focus on CSR
<http://www.oecd.org/corporate/mne/corporateresponsibilityfrequentlyaskedquestions.htm>
5. The ten principles of the United Nations Global Compact
<https://www.unglobalcompact.org/what-is-gc/mission/principles>