



**HUMAN RIGHTS & DECENT WORK REPORTING**  
**BY DEVELOPING REGIONS' SMEs**  
**IN TIMES OF COVID-19: A QUALITATIVE STUDY**

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## Abstract

The first six of the ten principles of the UN Global Compact Initiative affirm that Human Rights (1, 2) and Labour standards (3, 4, 5, 6) are at the core of the fundamental standards to be met by responsible companies. This applies particularly to all those companies that join the UN Global Compact as participating members. They must upload an annual Communication on Progress that delineates the progress made in implementing these principles within and around the company. Following the pandemic outbreak, the 2020/2021 reports are an essential resource for examining the practical and specific actions that come to the fore during a pandemic. In line with this year's RAUN focus on sustainable ways out of the crisis, our work aims to operationalise and assess whether and how these Human Rights and Decent Work practices can enable companies to maintain key performance levels in times of financial and societal distress. As a theoretical framework, we draw on concepts of *Corporate Social Responsibility* stemming from the disciplines of Work and Organisational Psychology and Business Administration. Following the current development focus of the UN Global Compact, the emphasis of our study was on the reporting conducted by Small and Medium-sized Enterprises (SMEs) from *Developing Regions* (according to UNStats, 2021). The purpose of this paper is twofold: First, our main analytical focus is to examine the strength and robustness of the UN Global Compact database reporting mechanism. Building on that, we propose a feasible tool to verify and analyse the actual impact of socially responsible practices. We contribute to answering a critical practice-oriented question: *To what extent do companies design these measures/value actions to be better prepared for possible future crises?*

## List of Abbreviations

<b>COP</b>	... Communication on Progress
<b>CSR</b>	... Corporate Social Responsibility
<b>MNC</b>	... Multinational Company
<b>MQ</b>	... Main Question
<b>SDG</b>	... Sustainable Development Goal
<b>SME</b>	... Small & Medium Enterprise
<b>SQ</b>	... Sub Question

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# HUMAN RIGHTS & DECENT WORK REPORTING

## BY DEVELOPING REGIONS' SMEs

### IN TIMES OF COVID-19: A QUALITATIVE STUDY

CLEMENS ACKERL, MARCO POLONI, CLARA ZWETTLER

*“Companies need to wake up to the fact that they are more than a product on a shelf. They are behavior as well.”* Robert Haas (ex-CEO, Levi Strauss) as cited by Drews (2017, p. 194)

#### 1. Situating Decent Work and Human Rights actions: An Introduction

Corporate Human Rights and Decent Work disclosure provide a window into companies' current mindset, practices, and actions and their pathway towards a more socio-sustainable and considerate business model. Furthermore, high-quality reporting processes can lead to broad and long-lasting impacts. On the one hand, they can spark in-depth conversations about working conditions and societal responsibilities – and thus encourage improvement both within and beyond the organisational boundaries of the respective company. On the other hand, a company's solid and accurate reporting processes, if communicated well via proxies such as the UN Global Compact (UN Global Compact), can serve as a leading example within the entire industrial branch or the respective economic sector. These reporting practices can actuate and foster spill-over effects of sustainable practices on a global, longitudinal dimension in such ideal constellations.

Therefore, establishing and communicating practices that promote Human Rights due diligence and Decent Work conditions can and should not serve as a mere means of public relations – they are to be carved out in such a way that they too have a long-term impact on sustainable business practices within and beyond each respective company's boundaries. In line with the advisory developed by the UN Global Compact, we suggest that sustainable reporting practices of Human Rights and Decent Work lead to more resilient handling of acute crises such as COVID-19. The current development focus of the UN Global Compact lies in the communication ties with its *Participant*-tier Small and Medium-sized Enterprises (SMEs) members located in *Developing Regions* (according to UNStats, 2021). Hence, the primary mission of this paper is to make the reporting conducted by companies fitting these criteria transparent, with a particular focus on actions reported that are linked to the ongoing COVID-19 pandemic.

To scrutinise (the reporting of) Decent Work and Human Rights actions, it is first and foremost necessary to understand how these terms are conceptualised. The back-then Director of the International Labour Organization (ILO), Juan Somavia, first defined Decent Work as “opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity” (ILO, 1999). In turn, Human Rights are defined by the Office of the United Nations High Commissioner for Human Rights as “universal legal guarantees protecting individuals and groups against actions and omissions that interfere with fundamental freedoms, entitlements and human dignity” (OHCHR, 2012, p. 22).

Applied within entrepreneurial contexts, Decent Work and Human Rights can not only be seen from a worker-centred perspective, but also from a business-oriented perspective – as vividly expressed by Robert Haas, former CEO of Levi Strauss, in this reports’ opening quote (Drews, 2017, p. 194). Moreover, in light of public scrutiny and awareness of corporate societal responsibilities, promoting Decent Work and Human Rights increasingly develops into a business leadership imperative (McKinsey, 2019).

Our project at the Regional Academy of the United Nations (2021) focused on the UN Global Compact, a framework and mechanism active since 2000. At its core, it is the world's largest and most important initiative for responsible corporate governance (UN Global Compact, 2021). The vision of the UN Global Compact is an inclusive and sustainable global economy against the backdrop of internationally embedded principles established by the Universal Declaration of Human Rights, the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption. In line with these principles, the UN Global Compact formulated ten principles located under four sub-pillars: (1) Human Rights; (2) Labour; (3) Environment; (4) Anti-corruption. Our contribution to the existing body of research is that this study – to our knowledge – is one of the first to focus on (the practices of) Decent Work and Human Rights reporting within the UN Global Compact framework in times of socioeconomic disarray. Precisely, we aim to identify concrete actions and practices as implemented and reported upon by the participating small and medium-sized enterprises (SMEs) within the UN Global Compact network, with a particular focus on those businesses located within developing countries as outlined by the UNStats (2021). We then assess the performance concerning Human Rights and Decent Work actions of the companies within the resulting sample prior to the pandemic and their status quo.

Additionally, we scrutinise the impact of Decent Work and Human Rights policies on the self-assessed resilience of companies within the sample by means of a brief survey. Based upon this empirical data, we aim for a deeper understanding of the supposed connection between the companies’ resilience to unexpected crises and the implementation of Decent Work and Human Rights measures.

## **2. Research gap and guiding questions**

The COVID-19 pandemic is a crisis that deeply affects the business of companies and the livelihoods of workers all around the globe. Founder of the World Economic Forum, Klaus

Schwab, and Economist Thierry Malleret try to situate these upheavals, arguing that “[h]istory shows that epidemics have reconfigured the economies and social fabric of countries” in even a worse way than wars used to do: “[Wars] destroy capital [...] trigger higher real interest rates” and therefore cause an increase in economic activity. Pandemics, in contrast, do not destroy capital, evoke lower real interest rates and therefore “caus[e] economic activity to collapse” (Schwab & Malleret, 2020, p. 42). Most countries affected by the pandemic took severe measures such as lockdowns, business shutdowns and hygiene regulations to slow down the evolution of COVID-19 (Spurk & Straub, 2020). Although vital in the push-back and containment of the virus, these measures triggered (and still are triggering) an economic crisis aggravating a pre-existing vertical divide between owners of assets and workers, unequally affecting these two cohorts (Beck, 1992; WEF, 2020). Consequently, if in fact, this pandemic is not “a once-in-a-lifetime event” (WEF, 2020, p. 4), we argue that it is to be taken as a wake-up call to build more sustainable socio-economic networks. For this very reason, networks between workers, communities and companies are to be extended upon on an international level, under the umbrella of Decent Work and Human Rights initiatives.

Aiming to address this task, the UN Global Compact has provided direct guidance to companies to navigate the COVID-19 pandemic in a sustainable and resilient way. In accordance with UN Global Compact’s current developmental agenda, our research focuses on SMEs situated in developing regions (UNStats, 2021). Moreover, they are one of the most vulnerable and affected groups in the context of the ongoing crisis, being exposed to the ubiquitous problems of logistics blocks, labour shortages, and drops in demand, but not having reliable means of support by the respective national government or the reserve assets as Multinational Companies (MNCs) do. As outlined above, our core interest lies within the specific Decent Work and Human Rights actions reported by these companies before and during the ongoing crisis and how these companies self-evaluate their resilience to potential future crises against the backdrop of their socio-sustainable practices and performance. Hence, we identified the questions guiding our research endeavour as follows:

**Main question (MQ):** How do SMEs located in developing countries that participate in the UN Global Compact network report upon their Decent Work and Human Rights actions, specifically regarding the ongoing COVID-19 crisis?

**Subquestion 1 (SQ1):** What concrete Decent Work and Human Rights actions do the SMEs located in developing countries that participate within the UN Global Compact network have in place?

**Subquestion 2 (SQ2):** How do they report their COVID-19 related measures?

**Subquestion 3 (SQ3):** How elaborate are these Decent Work and Human Rights actions?

**Subquestion 4 (SQ4):** To what extent do the companies conceptualise these measures/actions of value to be better prepared for potential future crises?

### 3. Corporate Social Responsibility as a sensitising concept

Mary Robinson, the back-then United Nations High Commissioner for Human Rights, condemned in 2003 that “it remains the case that virtually all of the corporate social responsibility debates around the world make no reference to international Human Rights standards.” (Robinson, 2003, p. 9). This observation is in line with a common, yet problematic divide in governance: whilst CSR is put to the fore as part of a cooperation’s agenda – as their contribution, so-to-say – Human Rights are perceived as to be enforced by national governments, international bodies, and NGOs. It is exactly this divide that the UN Global Compact addresses by explicitly and separately addressing Human Rights and Decent Work practices (Wettstein, 2012). In doing so, they rendered respecting and defending Human Rights as more relevant for companies, putting an end to addressing them only as an add-on to labour-related issues (Wettstein, 2012). Below, we outline CSR and review literature from both a stakeholder as well as from an organisational perspective. This theoretical choice further strengthens the ties between CSR as a concept, the UN Global Compact principles of Human Rights and Decent Work and connected corporate outcomes. Lastly, we arrive at Carroll’s CSR pyramid (Carroll, 2016) as a tangible theoretical foundation for our analysis.

Defining Corporate Social Responsibility can be a challenging task: Dahlsrud (2006), for example, identifies over 37 diverging definitions in his literature review. Nonetheless, he concludes that most of these understandings are congruent to a large degree. To avoid disorientation, however, we draw upon the basic understanding of CSR as “context-specific organisational actions and policies that take into account stakeholders’ expectations and the triple bottom line of economic, social, and environmental performance” (Aguinis, 2011, p. 855). In a more detailed way, we draw upon the following two key perspectives on applied Corporate Social Responsibility:

#### Stakeholder perspective

Aguilera et al. (2007) describe three main motives of stakeholders for motivating companies to engage in CSR actively: (1) instrumental (driven by self-interest), (2) relational (concerns with relationships among group members), and (3) moral (concerns with ethical standards and moral principles). Customers pressure companies to engage in CSR by being evermore informed, strongly considering moral and ethical factors before purchasing decisions (Sen & Bhattacharya, 2001). Another example that could be mentioned is the pressure via media (Davidson & Worrell, 1988). Engagement in CSR can lead to an improved company reputation (Brammer & Pavelin, 2006) and also increased customer loyalty (Maignan, Ferrell, & Hult, 1999).

#### Organizational perspective

Companies’ motivation to engage in CSR is the anticipation that it will increase their competitiveness (Bansal & Roth, 2000). Further, normative motivation can be described in a sense of responsibility and moral (Aguilera et al. 2007). Additionally, it can be noted that the firms’ mission and values play an important role in adopting CSR (Bansal, 2003). Within an extensive literature review, Pelozo (2009) focused on the impact of CSR measures on financial performance and reviewed 128 studies exploring the CSR–financial outcomes. Within his sample of studies, the results were inconclusive, as 59% found a positive relationship, 27% a mixed or neutral



relationship, and 14% a negative relationship. However, Orlitzky et al. (2003) found a positive relationship between CSR and financial outcomes, especially when reputation was used as a proxy for corporate social and environmental responsibility. Taken together, these differences in results could stem too from a lack of definitional clarity with a connected deployment of a wide array of different measures and scales (Aguinis & Glavas, 2012). In comparison, much fewer studies looked at the relationship between CSR and non-financial outcomes such as attractiveness to the investors (Graves & Waddock, 1994), product quality (Agle et al., 1999) and the perception of the quality of management (Waddock & Graves, 1997). A surprising result is the concomitant increase of employee diversity within companies that deploy CSR measures (Johnson & Greening, 1999).

Taken together, these considerations set the stage for us to analyse Decent Work and Human Rights actions in a separate manner. Furthermore, we grounded our empirical point of view on the findings of stakeholder- and organizational-perspective oriented CSR research, even more so as the UN Global Compact can be considered a linker between broader stakeholders and corporate organisations. A commonly called upon conceptualisation of Corporate Social Responsibilities especially helpful for our analytical task is the 'CSR Pyramid' by Business Ethicist and CSR-pioneer Archie Carroll (2016).



Figure 1. Carrolls' CSR Pyramid (Carroll, 2016)

In his conceptualization, Carroll (1979) describes that CSR should incorporate – very much in line with the later definition by Aguinis (2011) as described above – contemporary societal expectations on an economic, legal, ethical and discretionary dimension. Furthermore, Carroll elaborates upon a reciprocal relation in-between business and society expectations, as “economic and legal expectations are required of business by society” and “ethical responsibility is expected and the discretionary/philanthropic is desired of business by society” (Carroll, 2016, p. 4). Additionally, Carroll (2015) describes that laws are essential, but not sufficient concerning social responsibility and that the society expects companies to act ethical and to enact practices which are not (yet) codified into laws. It is exactly this differentiation in between the diverging layers of responsibility that is important for us to keep in mind whilst scrutinizing the self-assessed reports by the *Participant* companies for their Human Rights and Decent Work actions.

## 4. Research design and strategy

In the following section, we outline our empirical approach towards the field, which consists of a three-step analytical design to best facilitate the answering of our research questions. Hereby it is important to keep in mind the take-aways of above’s conceptual considerations as they are deeply interwoven with the design of each step.

### *Step 1: Funnelling down the sampling pool*

As a sampling pool, we mobilized the database of Communication of Progress (CoPs) reports publicly available on the UN Global Compact’s *Participants* section. The focus on *Participants* is in line with our core aim of scrutinizing the reporting practices as sketched out above, because the more general membership tier *Signatories* formally includes enterprises in the UN Global Compact but doesn’t require continuous reporting. To ensure that the selected companies included Human Rights and Decent Work actions both prior and during the COVID-19 pandemic, we further filtered the database so that our sample solely includes *Participants* with an active status who have handed in a report in 2020. Additionally – also in line with our UN Global Compact mentors’ intent for our research – we set a focus on Small and Medium-sized Enterprises (SME), hence excluding both NGOs (Non-Governmental Organisations) and MNCs (Multinational Companies) participating within the UN Global Compact network. Following the UN Global Compact’s current focus on developing regions (UN Global Compact, 2021) we further limited our sample to SMEs located in *Developing Regions* as indicated by the UN Statistics Division (UNStats, 2021).<sup>2</sup> To ensure the best possible comparability, we considered only English-language stand-alone reports – thus, companies making use of the UN Global Compact express reporting framework were not included in our sample.

Filtering of UN Global Compact <i>Signatories</i> and <i>Participants</i> database		
1	Type	SME
2	Tier	<i>Participant</i>
3	Country	In <i>Developing Region</i> (UNStats, 2021)
4	Date of report	=<2020
5	Language of report	English
6	Type of reporting	Standalone document uploaded to UN Global Compact database

Table 1. Inclusion Criteria

<sup>2</sup>For a full list of all countries included please consider Table 2 in the Appendix.

This sampling process against the backdrop of said inclusion criteria (see *Table 1*) led to a total of 60 English-language Communication on Progress reports from 52 companies located in 22 different countries.<sup>3</sup> Some of the companies have uploaded two reports in the time period considered by our research design. Once selected, we applied the content analysis methodology and inductive categorization (as described by Mayring, 2010) to the respective company reports' self-descriptions of practical actions (i.e., disclosure of any relevant policies, procedures, activities) regarding Human Rights and Decent Work, either already taken or planned to undertake in order to implement the UN Global Compact principles. It is on the basis of this first identification effort of the reports' actions that we have developed the categorization and scoring system below.

### *Step 2: Categorization & Scoring*

In order to allow for a cross-report and cross-country evaluation of the Human Rights and Decent Work actions of each report, we developed a categorization as well as scoring schemata. Main categories support the straight-forward examination of the reports concerning the policy commitment concerning Decent Work and Human Rights, tracking of the respective actions, specific examples of actions and the forward focus. Within this context, the level elaboration is evaluated through a scoring system that grades from 0 to 3 (see Appendix for *Table 3* and *Table 4* which delineate these scoring systems).

### *Step 3: Assessment of commitment to Human Rights & Decent Work during COVID-19*

In addition to qualitatively analysing the reports sampled from the UN Global Compact database, we scrutinized the subjective performance of the participating companies within our sample concerning Human Rights and Decent Work prior to COVID-19, of the status quo as well as of their self-anticipated performance in the near future via survey-based questioning. Hereby, the questionnaire to be answered by the respective companies' person responsible for the UN Global Compact reporting process included questions such as e.g.:

- How is having Human Rights processes in place impacting your company performance?
- Have you been able to maintain your commitments to uphold Human and Labour rights throughout the Covid-19 pandemic?
- Will your company sustain another crisis like Covid-19?

Each question was carefully targeted at answering the subquestions as outlined above and included either dichotomous ("Yes and No") questions, Likert-scales as well as fully open questions.<sup>4</sup> In sum, our survey aimed at further contextualizing our findings of *Step 1* and *Step 2*.

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<sup>3</sup> By design, our inclusion criteria result in the exclusion of all participants that joined the UN Global Compact recently (after August 2020), as the deadline for submitting a first CoP report is one year from signing the UN Global Compact agreement.

<sup>4</sup> For the full questionnaire please consult the Appendix.

## 5. Results

*“The Beirut blast happened in a society that was already fighting political corruption, stolen savings, monetary inflation, poverty and Corona. At no point during our evolutionary path of 28 years, have we felt the urgent need to manage these environmental, economic and social crises, more than this year. We realized that had we not embedded sustainability into our strategy, we would have lost our battle in the marketplace”* (Beesline International S.A.L, 2021, p.1)

This research analyses the disclosure of 52 SMEs situated in *Developing Regions* (UNStats, 2021) which are *Participant*-tier members of the United Nations Global Compact network. As already becoming apparent within the sampling stages of this project, the companies’ reports vary greatly concerning both in terms of quality and length. Moreover, from the 194 reports initially identified, less than a third was of an English-language stand-alone type. In line with our in-/exclusion criteria, our analysis only encompassed 60 reports. On an overall assessment it must be noted that all SMEs within the sample affirm their commitment to the UN Global Compact principles. As a matter of fact, a common template found in the reports is a copy-paste repetition of the Ten principles of the UN Global Compact as coded on the website coupled with the respective CEO’s confirmation of the company’s adherence to those principles.

Our findings provide insights into general trends across this type of companies and illuminate opportunities for improving the Human Rights and Decent Work reporting, which in turn could be translated into improved UN Global Compact support processes for designing and implementing corporate Human Rights and Decent Work actions. In sum, our analysis identified 122 individual actions concerning the due diligence of Human Rights and 222 separate actions driving the establishment of Decent Work conditions within the company reports. From a bird’s-eye view, it must be noted that the majority of the actions identified were rather nonspecific and/or supported by rather basic means of outcome tracking. Moreover, our analysis delineates that the Human Rights actions reported upon are by far not as elaborated as the Decent Work actions.

Despite the reports within our sample being on average assessments of rather short-sighted character, we have also encountered shining examples within the *participating* SMEs. There are companies that thoroughly report upon their well-planned measures, aiming at and contributing to not just the well-being of the employees, but also to the regional socio-economic stability. As examples we want to highlight the socio-economic engagement of Lebanese dermo-cosmetic product company BEESLINE – an excerpt of their CEOs’ 2020 general address is at the start of this section – or the Brazilian period-proof underwear brand PANTYS which has started a Refugee Employment Program by opening up specific job positions exclusively for female refugees. For creating a conducive environment for socio-political action and for fostering the proactive engagement of its employees in the defence of democratic values, the Nigerian communication network company VAS2Nets deserves our fullest respect and special attention. In detail, the company decided to take an expressive stance during the nationwide protests against police brutality, particularly criticizing the fundamental right abuses by the Special Anti-Robbery Squad (SARS) of the Nigerian Police Force. Below, we discuss the results concerning the concrete Decent Work and Human Rights actions (SQ1) in detail.

## Human Rights (SQ1)

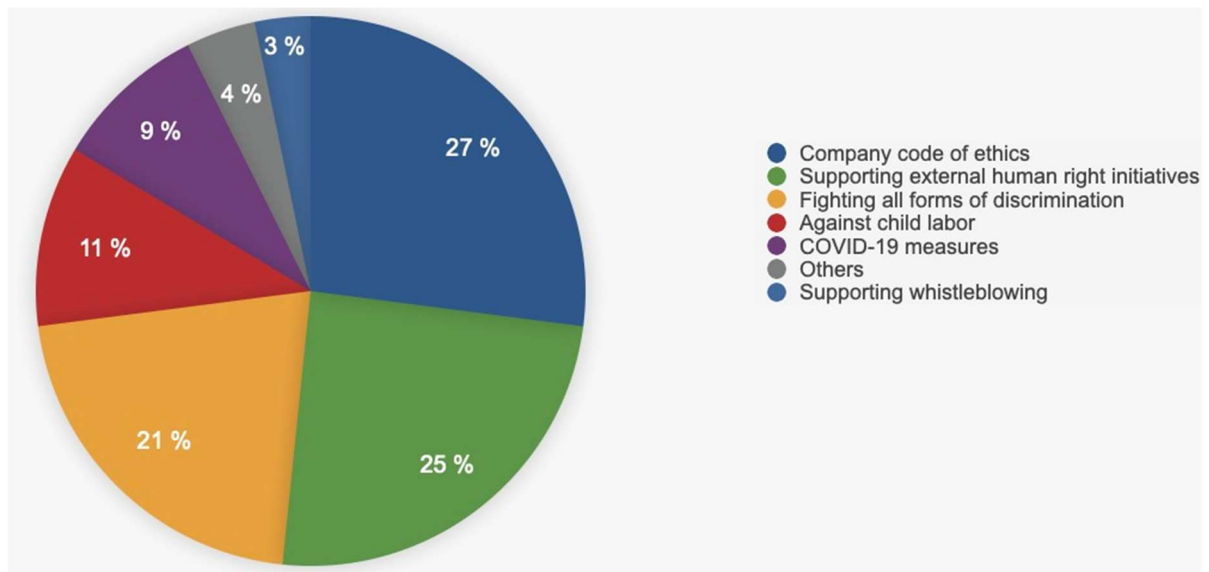


Figure 1. Clustered analysis results of Human Rights actions.

Clear information about who exactly is responsible for implementing a distinct Human Rights policy commitment is of utmost importance in establishing lived and embedded Human Rights practices at a company. A first step towards this is formulating and communicating a Company Code of Ethics. In total, 28% (see Figure 1) of all Human Rights actions within the sample were revolving around the establishment and communication of a corporate code of ethics – an example for this is the Egyptian Sustainable Consulting agency Ahead of the Curve, which reports a “continued engagement in multiple consulting, training, and research activities around the topic of Human rights” (Ahead of the Curve, 2021, p. 6).

However, there was not a strong focus on monitoring these efforts., as the actions rather focused on supporting Human Rights initiatives which were located outside of the companies (26%), as exemplified by Brazilian Chemical Sector company SABARA Group which “[p]articipat[es] in Programa Na Mão Certa (On the Right Track Program) - Initiative of Childhood Brasil, a business commitment against the sexual exploitation of children and adolescents on Brazilian roadways.” (SABARA GROUP Communication of Progress report 2019, p. 11). Of all reported actions, 22% revolve around commitments to fighting all forms of discriminations (based, e.g., on disability, nationality), such as Chinese Financial Investment AMTD Group, which states that “no employees shall be subject to any discrimination, such as gender, age, disability or nationality, during the hiring, compensation determination, or promotion consideration process.” (AMTD, 2021, p.6). Lastly, Human Rights actions concern fighting child labour (11%) as well as the support of whistleblowing concerning Human Rights violations (4%).

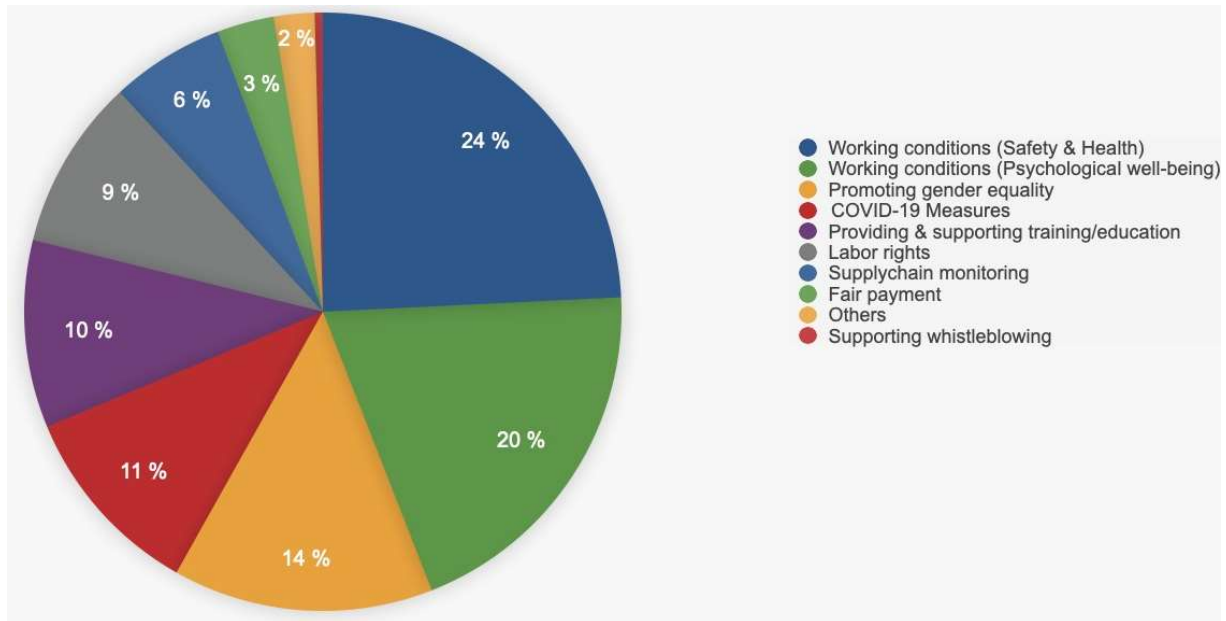


Figure 2. Clustered analysis results of Decent Work actions.

Concerning Decent Work actions, there is a focus on improving working conditions (especially concerning safety and health measures). In total, 25% (Figure 2) of the identified measures were related to this topic. There is a particular focus towards safety gear and general safety challenges, which are common for most sectors in which the companies operate. This is, for example, illustrated in the report of Myanmar-based Industrial Engineering company SMART:

*“All employees when required must wear proper uniform and correct personal protective equipment for work. All operating vehicles in our work environment are ensured with safety belts and all passengers must wear a safety belt for protection, while riding the vehicle. There is a stop work policy in which we stop work when we believe [it] is unsafe and immediate report must be made to the line management.”*

(SMART Technical Services Company Limited, 2021, p.7)

The second largest group of Decent Work actions (20%) is focused on improving the working conditions regarding the psychological well-being of the employees. These actions range from monthly gatherings to discuss personal or work-related troubles up to strategic medium- to long-term plans to promote employees’ occupational well-being and job satisfaction. There is a focus on improving the communication amongst workers as well as on facilitating employees’ possibilities to express their problems. However, it could be critically discussed if employees actually feel empowered enough to express criticism, as for anonymous reporting tools and the possibility of whistleblowing are only supported in a singular report within the sample. Nonetheless, it is encouraging to see that there is corporate interest in enhancing social cohesion and trust.

This is, for example, the strategy of the Nigerian communication network company VAS2Nets:

*“Company retreat at the year-end 2020 to better prepare our staff for the new financial year which comes with social activity, sessions with lots of speakers to better prepare our staff mindset and focus ahead of the task ahead.” (VAS2Nets, 2021, p.7)*

Furthermore, there is strong emphasis on promoting gender equality. It has to be noted though that the actions under this umbrella vary greatly in terms of their specificity – ranging from awareness videos to actual guidelines and workshops. As an example, Baldha Group (a media SME in Bangladesh) has “produced an action planning guide to measure and track gender equality to help our company to map out strategic priorities in furthering progress and making gender equality a reality” (Baldha Group, 2021, p. 9). Moreover, Egyptian-based manufacturer of essential oils Hashem Brothers reports on following certain women employment principles, such as “Establish[ing] high-level corporate leadership for gender equality” and “Implement[ing] enterprise development, supply chain and marketing practices that empower women” (Hashem Brothers, 2021, p. 26). Additionally, SMEs within the sample describe that their Decent Work actions aim at providing and supporting training and further education (10%), respecting labour rights (10%), monitoring their supply chain (6%) as well as providing fair and performance-based payment (3%).

#### *COVID-19 related measures (SQ2)*

We further specifically grouped the identified actions which are directly related to the on-going COVID-19 pandemic. These make up 11% of all Decent Work directed actions, as well as 9% of all Human Rights related actions reported upon. On an overall assessment, these actions involve:

- a. Implementation of health and safety measures to prevent the spread of COVID-19 at the workplace (distribution of facemasks and disinfectants, thermometers) as well as provision of adequate information through workshops (e.g., hosting an interactive online session on COVID-19 with a certified health official for all employees of the Nepalese Himalayan General Insurance company and their family members (Himalayan General Insurance Company Limited, 2021)).
- b. Support of staff respectively workers in disadvantaged economic situations due to the pandemic (e.g., Myanmar-based Real Estate Investment & Services company reports on “provid[ing] the staffs with one-month advance pay as financial support [...] in the period of the economic hardship caused by the Pandemic”, (Myanmar Thilawa SEZ Holdings Public Co., Ltd., 2021, p.10)).
- c. Dedicated support in order to get all necessary forms of medical assistance. (e.g., Nigerian communication network company VAS2Net “provided support to the Accessible Care for Everyone Initiative Free Mobile Clinic, aimed at providing free access to health care during the COVID-19 crisis for the less privileged” (VAS2Nets, 2020, p. 7)).
- d. Support for local communities via funding or via distribution of medical material (e.g., Lebanese Dermo-cosmetic products company BEESLINE “donated \$ 3,316 to support the Lebanese Red Cross, who was asking for people’s support due to lack of equipment”, (Beesline International S.A.L, 2021, p. 6)



### Grade of elaboration of the policies (SQ 3)

In addition to the analytical takeaways as outlined above, we conducted a cross-report and cross-country evaluation of the Human Rights and Decent Work actions. We developed a categorization as well as scoring schemata and established four different groups of reports concerning the geographic areas within our sample: Asia, Middle East, Africa and South/Latin America. Below, it is visible to what extent the elaboration grade of the reports varies along the established categories.

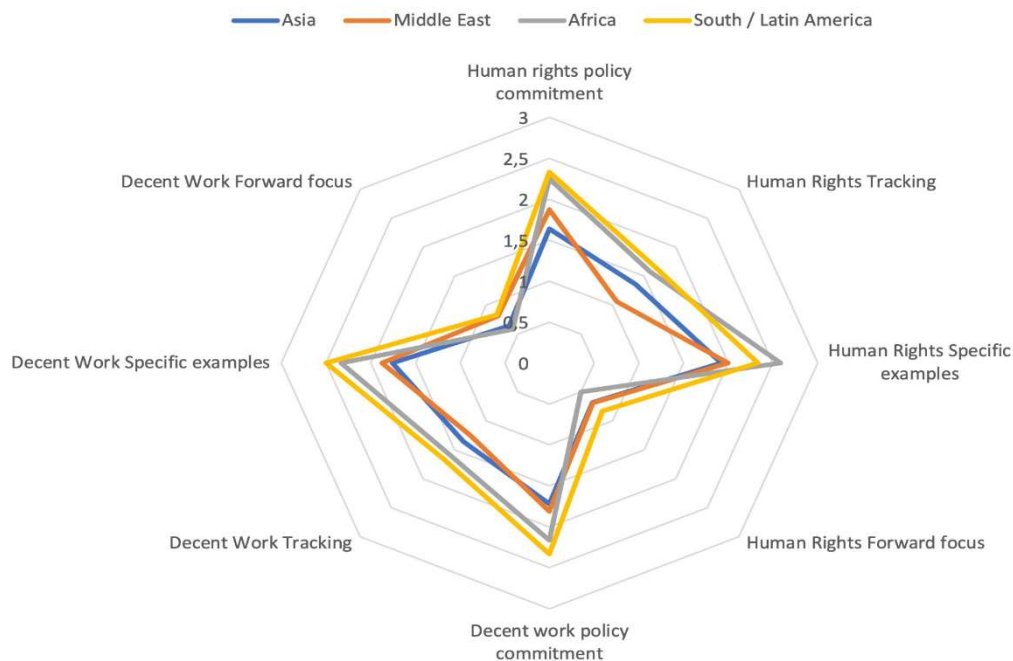


Figure 2. Analysis results of elaboration of policies by region within the sample.

Reports for commitment in terms of both Human Rights and Decent Work are more articulated in South America & Africa regions, whereas they usually lack general depth in the Asian region. On an overall assessment, it must be noted that specific examples in the reports are rather rare – even though it is safe to disambiguate that Decent Work actions are easier to identify and report upon, whereas Human Rights actions often remain theoretical (thus impeding the possibility of an analytical classification). Furthermore, a certain tier of specific examples (mostly involving working conditions and labour rights) cross or escape identification into a single given field. This highlights an obvious but yet important issue: Decent Work and Human Rights and their corresponding actions often appear inseparable not just in practice, but even from an analytical perspective.

Moreover, it has to be noted that the tracking of Human Rights and Decent Work is a somewhat neglected field. Only a few SMEs turn to professional and independent third parties to evaluate their actions.<sup>5</sup> Thus, most reports are based solely on self-assessment procedures. This leaves a certain arbitrariness for companies which can result in presenting reports in a way that enables to hide-away the least appealing sides or results of their actions. We consider a third-party certification – best from a list of UN Global Compact preapproved organizations – as a potential future prerequisite for being a Participant-tier member of the UN Global Compact, as this could severely improve the lack of tracking of both Human Rights and Decent Work actions.

<sup>5</sup>When this happens, the independent reports clearly highlight the scarcity of information provided.



Even less developed is the area of both Human Rights and Decent Work Forward focus. Virtually all SMEs lack a medium- or long-term vision of their social sustainability – or they just simply forget to report upon these considerations. It is a commonplace principle that corporate actors conceive the future in terms of expanding and improving upon their economic goals. Unfortunately, this often happens at the cost of socio-economic considerations, in particular in times of economic despair. Whereas the most basic Human Rights and Labour rights are – at least on paper – guaranteed all over the world, there is still much room for improvement given. This is particularly the case after the COVID-19 outbreak and its corresponding socio-economic measures of virus containment (OHCHR, 2021).

#### *Preparation for future crises (SQ 4)*

As outlined above in the section on our research approach, we included third step in our design which involved the conception and sending out of a survey to all the SMEs within our sample. This measure was conceived in such way so that it best assists us in answering our fourth subquestion, being: *To what extent do the companies conceptualize these measures/actions of value in order to be better prepared for potential future crises?*

Unfortunately, from the 52 SMEs within our report sample only 33 (63.5%) provided a (still) functioning email address in their UN Global Compact database entry and/or on their online presence. 23.1% (12) of the emails we have sent out did not reach their target (“bounced email”) and 13% (7) only had the possibility to contact them via a contact form on their website. Additionally, to the problems contacting the SMEs, we had to realize that up to mid-December 2021 none of the SMEs we have contacted replied to our survey.

## **6. Discussion**

The findings of this work provide insight into general trends across SMEs in developing countries and illuminate opportunities for improving Human Rights and Decent Work reporting in the UN Global Compact framework – which in turn can translate into improved performance on Human Rights and Decent Work issues. Overall, we can report that we were able to answer three of our in-total four subquestions.

On a general dimension, we were able to show that the SME’s in developing regions make a distinction between Human Rights and Decent Work concerned actions, as suggested respectively asked for by the UN Global Compact. They do – all individual limitations and shortcomings set aside – consider Human Rights due diligence as not just an add on to Labour. Nonetheless, we identify a strong need for future-oriented strategies across all regions. The Human Rights and Decent Work future strategies could be further improved by implementing key performance indicators such as stakeholder engagement or the integration of the tracking of mitigation measures. This would not only allow to see trends but also to set clear future goals, as this is still lacking in all reports across all regions.

Considering that of the 2954 overall *Participant*-tier members listed within the UN Global Compact database (UN Global Compact, 2021) only 52 (1,76%) are SMEs located in *Developing Regions* (UNStats, 2021), there is substantial room for improvement and expansion by the UN Global Compact in targeting and reeling-in these corporate actors – all the more so as they play a key role, contributing to up to 40% of national income (GDP) in emerging economies (The World Bank, 2021). Furthermore, the UN Global Compact should directly encourage the companies to share specific challenges and obstacles in implementing Human Rights and Decent Work actions. We could not find one report within our sample that mentioned challenges and/or possible solutions – this is unfortunate, as it could be very helpful for other companies within the network to learn from such challenges. Moreover, such sharing of challenges would show or emphasise that Human Rights and Decent Work reporting is not just a mere measure of good PR, but really involves substantial behavioural changes.

Unfortunately, we did not get any responses to our survey and therefore could not link the identified, specific Human Rights and Decent Work actions to the companies' self-evaluated resilience to potential future crises against the backdrop of their socio-sustainable practices. However, we consider the acquisition of such contextual knowledge as key for answering the question of how the companies conceive Human Right and Decent Work actions as *preparing them for potential future crises*. Here the question arises why the companies within our sample did not answer our survey in the first place. Research on the topic of surveys and survey responses normally classify the reasons for nonresponse into three categories: noncontact; refusals; and a residual “other” category (inability to schedule a time etc.). We cannot pinpoint the reasons for the SMEs not filling out our survey, as the reasons could be multifarious, such as having no time due to COVID-related struggles, suffering from understaffing or being in deep financial struggle. The only conclusion that we can draw is that there could be a communication problem in reaching out to SMEs in *Developing Regions* (UNStats, 2021).

To us, this points towards a need to establish trust as well as long-term relationships with the SMEs in order to enhance the communication as is. In particular, we conceive the self-reporting characteristic as problematic for the SMEs. On the one hand, SMEs seem to have varying degrees of time on their hands to best fill out and respond to the UN Global Compact reporting guidelines. On the other hand, as aforementioned, self-reporting without third-party auditing offers the possibility to gloss the checks and balances in terms of Human Rights and Decent Work actions.

This is why we can only repeat our recommendation to make the establishment of third-party certified audits a prerequisite for being a *Participant*-tier member of the UN Global Compact. However, this should not develop into an exclusion of companies non-capable of external auditing (as for having limited means, etc.) – we believe that these companies should be part of the UN Global Compact network as *Signatory*-tier members, signalling openness and outreach of the UN Global Compact on the one hand, whilst significantly expanding upon the quality status of the *Participant*-tier membership. As is, the differentiation in-between those two tiers of membership is limited and untransparent to non-insiders to the inner functioning of the network.

### *Policy implications and recommendations*

Besides the prevalent challenges we have encountered throughout our research project, our findings allow for the recognition of opportunities to increase the Human Rights and Decent Work commitment by SMEs located in *Developing Regions* (UNStats, 2021) that participate within the UN Global Compact network. Nonetheless, we have encountered stories of success concerning the in-depth implementation of Decent Work and Human Rights into corporate strategies. On a general level and based on our findings as of now, we outline the following policy recommendations:

- a. We see a possibility for improvement in the reporting tool of the specific actions with comparable key indicators, in particular in terms of tracking progress. This measure could also allow for a direct comparison with other SMEs in the same sector, potentially facilitating effectiveness by rendering competition possible in terms of UN Global Compact integration;
- b. SMEs in *Developing Regions* (UNStats, 2021) need specific support in writing stronger and more compelling narratives concerning Decent Work and Human Rights actions;
- c. There is a lot of room for improvement concerning Human Rights actions, as they are less elaborated upon in comparison to the Decent Work actions. This calls for specific workshops and training where SMEs can learn how to improve their Human Rights due diligence process and connected reporting mechanisms;
- d. The direct benefit of Human Rights and Decent Work measures (especially regarding company performance) should be brought into the focus by the UN Global Compact communication - we believe that this in turn could motivate other SMEs to join the network.
- e. Motivating members of the UN Global Compact network to report upon challenges, struggles and potential solution strategies. Moreover, future reporting schemes should allow open questions and perceived uncertainties.

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## Appendix

Country	Number of analysed reports
Bangladesh	2
Indonesia	7
Malaysia	2
Myanmar	2
Saudi Arabia	1
Singapore	1
South Africa	2
Sierra Leone	1
Thailand	3
United Arab Emirates	4
Viet Nam	1
Brazil	4
China	5
Egypt	8
Ghana	1
Kenya	2
Lebanon	3
Mauritius	3
Mexico	2
Nepal	1
Nigeria	3

Table 2. List of all countries included based upon Developing Regions concept (UNStats, 2021)

<b>Human Rights policy commitment</b>	<b>Tracking</b>	<b>Specific examples</b>	<b>Forward focus</b>
0: No commitment	0: No tracking	0: No examples	0: No forward focus
1: Confirms to adhere to UN Global Compact principles (1, 2) without further detail.	1: Disclosure provides basic data about certain Human Rights issues and/or a brief narrative about the company's approach to tracking its performance around these issues.	1: Disclosure includes mainly generic, high-level statements.	1: Disclosure includes a general statement of intent for continued improvement.
2: More detailed commitment to Human Rights, extending across the value chain.	2: Disclosure provides basic data and/or a brief narrative about the company's approach to tracking Human Rights performance specifically, beyond long-recognized issues.	2: Disclosure includes mostly generic statements, but some examples help provide insight into the company's processes and practices.	2: Disclosure includes specific planned activities to enable continued improvement.
3: Commitment includes all of the above as well as information about the development of the policy and its communication to employees, business partners and other stakeholders.	3: Disclosure provides more detailed data and it is certified by a third party.	3: Disclosure is specific, and several examples help provide insight into the company's processes and practices. Examples for COVID-19 period are provided.	3: Disclosure includes specific planned activities and numerical projections.

Table 3. Scoring system for Human Rights actions



<b>Decent work policy commitment</b>	<b>Tracking</b>	<b>Specific examples</b>	<b>Forward focus</b>
0: No commitment	0: No tracking	0: No examples	0: No forward focus
1: Confirms to adhere to UN Global Compact principles (1, 2) without further detail.	1: Disclosure provides basic data about certain Human Rights issues and/or a brief narrative about the company's approach to tracking its performance around these issues.	1: Disclosure includes mainly generic, high-level statements.	1: Disclosure includes a general statement of intent for continued improvement.
2: More detailed commitment to respect Human Rights and extends across the value chain.	2: Disclosure provides basic data and/or a brief narrative about the company's approach to tracking Human Rights performance specifically, beyond long-recognized issues.	2: Disclosure includes mostly generic statements, but some examples help provide insight into the company's processes and practices.	2: Disclosure includes specific planned activities to enable continued improvement.
3: Commitment includes all of the above as well as information about the development of the policy and its communication to employees, business partners and other stakeholders.	3: Disclosure provides more detailed data and it's certified by a third party	3: Disclosure is specific, and several examples help provide insight into the company's processes and practices. Examples for COVID-19 period are provided.	3: Disclosure includes specific planned activities and numerical projections

*Table 4. Scoring system for Decent Work actions*

## Full questionnaire sent out to the companies in Online-format (Empirical Step 3)

### Questions in Section 1 (Information about the company)

- What company are you working for? (Open Question)
- Where is your company located? (Selection Question; Country)

### Questions in Section 2 (Human Rights & Decent Work Questions)

#### *Changes concerning UN Global Compact (SQ 1):*

- Did you have to make changes in your company to integrate and/or align with the Ten Principles of the United Nations Global Compact? (Yes/No)

#### *Human rights due diligence process (SQ1):*

- Relating more specifically to the first six principles of the UN Global Compact covering Human Rights and Labour (Decent Work): Does your company have Human Rights due diligence processes in place to account for your Human and Labour rights risks and impacts (policy commitment, Human Rights due diligence including assessment of possible Human Rights risks and impacts, and remediation of such impacts)? (Yes/No)

#### *Performance (SQ4):*

- How is having Human Rights processes in place impacting your company performance? (Likert-scale 1-7 ranging from Strongly to Not at all)

#### *Specific actions (SQ1):*

- Do you implement specific actions to ensure that your employees are provided with Decent Working conditions (fair income, safe workplaces, social protection, prospect for personal development, equal opportunities for women and men, and the right for workers to express their concerns)? (Yes/No)

#### *COVID-19 Impact (SQ2):*

- How was your company affected by the Covid-19 pandemic? (Likert-scale 1-7 ranging from Strongly to Not at all)

#### *COVID-19 Commitment (SQ2):*

- Have you been able to maintain your commitments to uphold Human and Labour rights throughout the Covid-19 pandemic? (Likert-scale 1-7 ranging from All the time to Not at all)

*Compromise of commitment (SQ2):*

- If relevant, please explain why and how you have been forced to compromise some of your commitments. (Open Question)

*Resilience towards future crisis (SQ4):*

To what extent do you agree with this statement:

- Our company will sustain another crisis like Covid-19 (Likert-scale 1-7 ranging from Strongly Agree to Strongly Disagree)

*Optimism (SQ4):*

- Our company is very optimistic about our future. (Likert-scale 1-7 ranging from Strongly agree, to Strongly Disagree).