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## The Global Compact as a new organisational form A global action network

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Global action networks (GANs) are a new type of organisation that is arising in response to complex global issues that traditional organisations cannot successfully address (Waddell 2003a, 2003b). In fact, they are an important emerging form of global governance that includes business, government and civil-society organisations as participants. They are related to Oran Young's concept of 'international regimes' (Young 1999a, 1999b) but without the emphasis on the role of governments; to Wolfgang Reinicke's concept of 'global public policy networks' (Reinicke 1999; Reinicke and Deng 2000; Witte *et al.* 2000) but without the political science framework and with a deep-change focus; and to Jean-François Rischard's concept of global issue networks (Rischard 2002) that require collaboration between business, government and civil-society organisations. The Global Compact is an example of a GAN.

The concept of a GAN is grounded in several frameworks that can be applied to the Global Compact to better understand its distinctive characteristics, evolution, potential and core challenges. In this chapter, three of those frameworks are applied to the Global Compact. One framework is the core elements that make a GAN a distinct organisational type (Section 20.1). A second framework concerns development stages (Section 20.2). A third framework is the core competences that are needed to create an effective GAN (Section 20.3). To deepen understanding of the Global Compact, these frameworks are applied with the core challenges that they present with respect to the Global Compact.

## 20.1 The Global Compact and core global action network elements

There are five qualities of GANs that, as a set, make them a distinct type of organisation. In the following sections, each is raised with respect to the Global Compact and a particular challenge that the quality presents.

### 20.1.1 A global approach: transforming international into global approaches

GANs address issues that cross national boundaries and are recognised as being global in nature. This includes issues such as: corruption, which has produced the GAN of Transparency International; the environment, which has produced numerous GANs such as the Forest Stewardship Council; peace and security, which led to the Ban the Landmines initiative; and healthcare, which is the focus of the Anti-Malaria Campaign.

The Global Compact is the creation of the United Nations and gains its legitimacy from international agreements that have been ratified by most nations of the world. Imbalances and inequities of globalisation were pointed to by the UN Secretary-General as the focus of the Global Compact. A global orientation brings with it significant issues about cross-cultural action in highly diverse contexts and resource bases. Simply communicating across the linguistic barriers is one particular challenge that comes with global aspirations—one the Global Compact has particular difficulty with as almost all of the Secretariat's work is in English.

A global orientation highlights the problematic structure of the government sector. Governments and the United Nations are international structures rather than global structures—that is to say, governments' legitimacy rests within their geographic boundaries. National governments are not accountable for the interests of the whole and do not have a global perspective. Intergovernmental organisations, such as the United Nations, are the creatures of national governments and also reflect this quality.

Civil-society and business organisations also commonly organise along national lines. Organisations that operate around the world most often have sub-units organised along national lines, and organisations very often create coalitions and associations that are national in character. The Global Compact reflects this in the national network structure that it is developing. These organising structures reflect a view that national boundaries are the appropriate ones for organising—and that national governments are *the* critical structure to respond to.

However, global issues by their very nature cannot be dealt with at national government levels, and, very often, national government structures actually inhibit development of truly global solutions. A global world is organised around such things as issues, markets, class, ethnicity, geographic communities, eco-regions, language and shared traditions. We are still at a difficult stage of development where most nation-states jealously guard their powers and tend to behave as though national governments should be unilaterally setting global rules. This is a problem even within government as subnational and regional governments assert

their roles, and the national government focus ignores the important role of other types of organisations in fashioning solutions to global issues.

All this reflects a bit of a dilemma. If the Global Compact is to truly support development of a global future it must somehow honour the nation-state tradition that reflects its UN creator and yet clearly move beyond that tradition. The Global Compact is making an important contribution to creating 'global' action through its structures that reflect issues, learning and projects that cross national boundaries. It must guard against the historical vortex pulling it to organise along national boundaries, and its success will be determined in part by its ability to be truly global.

### **20.1.2 A focus on complex issues of the common good: reframing corporate activities to encompass concerns with the common good**

The issues that GANs deal with are classic messes where no one institution is clearly responsible for addressing them (Ackoff 1974). These are issues of the commons, where the traditional public and private interests overlap, and without the creation of a collaborative solution a disaster will result and everyone will suffer. The Marine Stewardship Council (MSC) aims to address the consequences of the resource common of ocean fish by engaging many stakeholders to develop sustainable approaches to fisheries that go well beyond traditional intergovernmental agreements as a way to manage fisheries.<sup>1</sup> Through its comprehensive triple-bottom-line (social, environmental and economic) approach with joint action from civil society and business, the Global Reporting Initiative (GRI) is rewriting 'the rules of the game' with respect to business practice to reflect sustainability imperatives.<sup>2</sup>

The issues of the Global Compact—human rights, the environment and labour—are classic commons concerns that are traditionally associated with government action through rules and regulations. However, the government-based approach has not produced the desired impact—evidenced by continuing non-compliance with the principles. The problem of regulation between nations is particularly complex, and the traditional government-based approach of international agreements and conventions has proven insufficient even with expenditure of immense amounts of effort such as with the climate change negotiations. The Global Compact can be seen as both a supplement to the traditional convention processes that gives life to international agreements and as a potential replacement for them in development.

'Corporate responsibility' and 'corporate citizenship' are key concepts used by the Global Compact as it strives to engage business more deeply in giving life to the principles. The norms-changing and learning strategies that are core to the Global Compact suggest that these are sufficient to give life to these concepts and to the principles. However, encroachment on the commons and historic levels of business engagement do not simply reflect an attitude of business or lack of knowl-

1 See [www.msc.org](http://www.msc.org).

2 See [www.globalreporting.org](http://www.globalreporting.org).

edge—they also reflect an economic system and rules embedded in a larger social–environmental structure. The system and rules are based on ‘carrots and sticks’. To achieve success, eventually the Global Compact will have to get involved in changing the carrots and sticks used in order to fully engage business in application of the principles.

### 20.1.3 Systems thinking: defining stakeholder boundaries

The complexion and strategies of GANs reflect a systems thinking approach to bring all stakeholders together to take effective action. This is in contrast to traditional intergovernmental approaches where governments get together and write the rules of the game. It is also in contrast to the traditional advocacy coalition strategies of non-governmental organisations (NGOs) where NGOs attempt to force their own standards on others. And it is in contrast to the lobby strategies of traditional business associations. These might be considered constitutional law and unisectoral norm-making strategies that reflect Young’s (1999a) term of ‘collective action’ strategies.

In contrast, GANs focus on what Young calls ‘social practice’ strategies (1999a) and what Global Compact architect John Ruggie (see Chapter 2) calls ‘learning-based approaches’ that can be likened to a common law tradition. In this approach, stakeholders with an interest in a common issue gather together to jointly learn through experiment how to address that issue, and they develop among themselves a network system that combines the competences and resources needed to address the issue effectively.

Of course, there is already much learning going on when a GAN emerges, and stakeholders typically already have organisations and initiatives addressing the issue in which they are interested. GANs are important because they build ‘system consciousness’—that is to say, they raise awareness among stakeholders of one another’s activities. More importantly, GANs raise stakeholders’ attention to the priority action for creating an effective system, in contrast to the typical focus on the priorities of an individual organisation or project (Waddell 2003a, 2003b).

The definition of ‘system boundaries’ is an ongoing challenge for GANs, and who the stakeholders are changes as GANs’ knowledge about the issue evolves. If the boundaries are too limited, important stakeholders will be left out and the system organising will be undermined, under-resourced, or simply marginal. If the boundaries are too expansive, there will be lack of focus and inability to achieve coherence. System mapping is critical. This means literally drawing out global relationships to identify the system gaps and key interventions that are necessary.

The Global Compact commenced with a vision of

bring[ing] together all the relevant social actors[:] . . . governments, who defined the principles on which the initiative is based; companies, whose behaviour the Global Compact seeks to shape; labour, in whose hands the concrete process of global production takes place; NGOs, representing the wider community of stakeholders; and the United Nations, the world’s only truly global political entity (Ruggie, Chapter 2, page 42).

Ruggie's boundaries are much too expansive to operationalise, and critical microcosms of stakeholder groups must be identified. Within this expansive vision, the goal was to have 1,000 corporations participating within three years, but the level of participation of other entities was not specified. However, the focus was naturally on other international organisations, and a priority subset quickly evolved. Close relationships have been established with the International Chamber of Commerce (ICC), the International Organisation of Employers (IOE), the World Business Council for Sustainable Development (WBCSD) and the Global Reporting Initiative (GRI). Major international corporations were priorities. Ruggie's NGOs became mainly international organisations that were willing to engage in dialogue. Academia was added as the importance of being a learning organisation was more readily appreciated, and the United Nations Industrial Development Organisation (UNIDO) was added to the original four UN agencies engaged<sup>3</sup> as the focus expanded to include small and medium-sized enterprises (SMEs).

However, whether this shifting definition of critical stakeholders represents the critical microcosms from a systems thinking perspective is unclear. Of course, the Global Compact cannot hope to engage everyone, and it must carefully choose high leverage points. At least some reviewers feel the Global Compact has missed out on some critical sub-groups of Ruggie's vision (RING Alliance 2003; see also Section 20.3.1).

A major challenge for GANs and one that will continue to exist for the Global Compact is to balance an expansive global vision with highly strategic system interventions based on a clear definition of 'the system'. For the Global Compact, the definition of the system is not entirely clear. It could be related to corporate responsibility and corporate citizenship, but the Global Compact is functionally a UN agency and that is hardly the appropriate vehicle for organising a corporate vision. It could be a 'nine-principle' system, which seems more appropriate but comes with its own challenges. Giving life to the principles means engaging all levels of government and other organisations that are part of such a system, and that makes the scope so broad that it could become unmanageable; it also emphasises the importance of understanding the system and of carefully identifying and prioritising critical leverage points and projects. It is easy to get carried away by what seems easiest or most exciting, rather than identifying and focusing on what is most needed for the system to evolve.

### **20.1.4 Boundary spanning: building and maintaining diversity**

Given their global nature, their focus on complex issues and a systems thinking approach, GANs typically bridge problematic traditional divides such as those between organisational sectors (business, government and civil society), cultural divides, disciplinary divides, a North–South or a rich–poor divide, and divides along functional lines between ministries and departments. With such complex-

3 The original four agencies were the International Labour Organisation (ILO), the United Nations Environment Programme (UNEP), the United Nations High Commission on Human Rights (UNHCHR) and the United Nations Development Programme (UNDP).

ity, a significant challenge is to ensure that the diversity of the system is reflected in the GAN and its actions and that the diverse parts can work together effectively.

One aspect of boundary spanning concerns the creation of network relationships and communications functions and the emotional, physical, intellectual and spiritual capacity of individuals to communicate across boundaries. Take for example the Partnership for Principle 10 (PP10),<sup>4</sup> which is giving life to Principle 10 of the Earth Charter regarding participation in environmental decision-making. It was initiated by NGOs by creating a global network of national groups of NGOs with competences in writing laws, in environmental measurement and in participatory practices. They had to build among themselves a common understanding and language across the cultural and professional boundaries. These NGOs then had to help national governments organise themselves across ministerial and departmental boundaries, as the issue of environmental decision-making relates to many ministries and departments. PP10 was then organised as a place for inter-governmental agencies, donor agencies and other stakeholders for building the required systems globally and for creating a joint learning space for all the participating national governments; it plans to open participation to corporations as it develops.

The Global Compact has been struggling with the complexities of crossing numerous divides, but learning how to do this in an effective way is a critical task. One obvious problem is linguistic, as Global Compact activities are comprehensively available only in English. Its major vehicle of exchange is intellectual, as demonstrated in its meetings, and it is tackling 'head on' the need to integrate distinct bodies of knowledge that have developed around the various principles. In addition, it brings together organisational sectors. However, the Global Compact as a GAN is challenged to substantially deepen mutual understanding and actually to build the capacity of people to communicate more profoundly across divides. Unfortunately, this includes a range of emotional, physical and spiritual communication that most people are reluctant to explore because of the need to make oneself personally vulnerable, to free significant time to engage in such communication and our general weak capacity for undertaking such exchanges. It includes discussing really difficult issues, such as the meaning of equity and integrity as values when one person at the table is earning millions of dollars and another a few tens of thousands of dollars or less (Waddock 2001).

### 20.1.5 Agents of large system change: getting everyone to change

This last point leads directly to the property of GANs as agents of large system change. A core task is to generate deep change by creating new consensual knowledge, relationships and actions that move in a coherent direction. The scale of this change reflects Thomas Kuhn's (1962) concept of 'paradigm shift' and the scale of change in South Africa that accompanied the ending of apartheid (see Bartunek 1988; Tushman and Romanelli 1985).

4 See [www.PP10.org](http://www.PP10.org).

GANs deal with change that involves realignment between the three core systems of society—economic (business), political (government) and social (civil society). This is societal learning and change (Brown *et al.* 2000; Waddell 2001, 2002). As long as environmental degradation is seen as the fault of business, because of the short-term perspective of business, or as the fault of government, because of lack of regulatory commitment from government, the degradation will continue. Change by a part of the system is insufficient; the whole system and usually all its stakeholders must change.

In addressing the issue of corruption, Transparency International brings together business, government and NGOs. Addressing corruption is not simply a matter of business ceasing to pay bribes; in many countries, an end to corruption will also require governments to raise salaries of government officials to adequate levels. Addressing corruption also requires vigilant NGOs and media to report such corruption and legal systems that work effectively. Basic change and capacity-building of all stakeholders and their relationships is necessary.

Societal change is a core product of the Global Compact (see Kell and Levin, Chapter 3 in this volume). For many stakeholders, particularly in civil society, this requires shifting from a position of finger-pointing and saying someone else is to blame to realising that giving life to the principles of the Global Compact requires changing one's own behaviour and capacity. For many in business, the Global Compact requires shifting from a 'it's not my responsibility' position to working with others to give life to the principles, and, for governments in particular, the deep change requires shifting from a 'we're in charge' position to one of working collaboratively as peers with others to co-produce solutions.

The Global Compact is highly innovative for the UN because it reflects change in its traditional way of operating. According to Ruggie (Chapter 2, page 33):

[It] has explicitly adopted a learning approach to inducing corporate change, as opposed to a regulatory approach; and it comprises a network form of organisation, as opposed to the traditional hierarchic/bureaucratic form.

However, it still does not reflect a full shift to a collaborative model that most GANs find necessary to be effective. The Global Compact remains a creature of the UN, although it does have an impressive cross-sectoral advisory council. This means that 'ownership' is not fully embedded in the emerging system and that government weaknesses remain (such as its rule-driven nature, which can be overcome in more categorical collaborations).

The Global Compact is challenged to move beyond negotiated change and conflict-resolution approaches to build and maintain a goal of deeper visionary change to a future where everyone has changed and is working collaboratively to give life to the principles. Emphasising learning at this point is a good strategy, as people have to learn about each other as well as about the issues. But can the scale of change needed be produced?

## 20.2 Development stages

The question about scale of change relates directly to questions about how to move GANs through development stages. The development stages of GANs combine characteristics of those for other multi-sectoral collaboration processes and for public policy development processes. These have been analysed to identify half a dozen and more distinct development stages, but they can be condensed into three:

- The first stage may be labelled as **issue definition**. Stakeholders must be able to agree on a framing of the problem or opportunity to a sufficient degree to move ahead. For example, with the issue of climate change an important step in consensual definition occurred with development of the concept of ‘ecological footprint’ in the early 1990s (Rahman *et al.* 1998). Before this, the population growth of developing countries was considered a major source of the climate change problem, but the footprint concept demonstrated that, in fact, the industrialised countries are the major source of the problem.
- The second stage may be labelled **solution design**. Once the key characteristics and conceptual framework for describing the issue are agreed, stakeholders must define what they are going to do about it. In the case of the climate change issue, this stage was represented by a painful decade of negotiations that resulted in what is popularly thought of as the Kyoto Protocol.<sup>5</sup>
- The third stage may be labelled **implementation**. With the stakeholders agreed on their roles in addressing the issue, they must actually play them out. Whether this will occur with the Kyoto Treaty is still unclear, but failure can result from poorly defining the problem or from developing a solution design that is impractical or too weak or for which there is insufficient political will to apply.

Of course, given the complexity of GANs and their global work, the stages interact—that is to say, they are all going on to some extent at the same time. However, the challenges of one stage tend to dominate at any one time.

The Global Compact may be thought of as representing the second time the world has gone through this development cycle with respect to its principles. The first time through was with the collective action approach, where governments created international conventions as the design solution, but this never moved to meaningful implementation. Failure of the first cycle has become both obvious and so problematic that it can no longer be ignored.

Therefore, this time around, the problem definition has two dimensions. One concerns the definition of the principles themselves. The first attempt at their definition left their qualities too vague and theoretical, skipping over the problematic questions about cultural and other contextual differences which, if addressed,

5 <http://unfccc.int/resource/convkp.html>



would create robust and rich definitions. The second dimension of the issue definition arises from the fact that there is little evidence of a relationship between the international conventions on the principles that governments signed and their actual practice. This was the proverbial elephant in the UN, which, under the glare of economic globalisation and anti-globalisation protests, finally became an open topic of discussion with the broader community with the forming of the Global Compact. The Global Compact must bridge this theory–practice gap. Therefore, the Global Compact must deepen our understanding of issue definition and design the processes that will lead to implementation.

The Global Compact is based on the assumption that there is widespread agreement about the value of the principles and represents a new approach to solution design. However, the issue definition and solution design are still in the making. Participants are deepening their understanding about the implications of the principles to better define the key issues. They are experimenting with projects and are learning collaboratively about what can be done to give life to the principles. Pieces of the solution design are emerging bit by bit, such as in the creation of global labour agreements.

Maintaining the participation of the stakeholders—business stakeholders, in particular—during this process of learning and solution design is a particularly daunting challenge. Business is notorious for its short attention span, and the work of the Global Compact can easily appear to be low-return and long-term and requiring heavy investment. This suggests that, rather than trying to engage any particular corporation in a broad range of activities with respect to implementing the principles, the Global Compact should identify a narrowly defined experiment with any particular corporation or group of corporations with issues that are highly salient to financial performance. Of course, the collective learning potential of the Global Compact promises to help reduce the costs for any one participant and to aid in the spread of leading practice to change relatively quickly the underlying problematic rules of the game.

## 20.3 Core competences

Building on two ‘gaps’ identified in global governance processes (Reinicke and Deng 2000) Global Action Network Net (GAN-Net) (thanks in particular to Tariq Banuri) has identified four competences that GANs must develop if they are to be effective (Waddell 2003b). These represent the distinctive contributions that GANs must make if they are to be of value. Each of these competences has multiple aspects, and in the following sections I highlight only one critical point in relation to the Global Compact.

### 20.3.1 Participation: achieving the ‘tipping point’

GANs must influence a sufficient number of system stakeholders to achieve their missions of creating deep societal change. How many this means in practice is not

easily defined. Anthropologist Margaret Mead suggested that a handful of committed citizens can change the world.<sup>6</sup> Gladwell refers to the ‘tipping point’ as a process of social epidemics just like outbreaks of infectious disease that obtain sufficient momentum, scale and adherence that they result in what Kuhn referred to as a paradigm shift (Kuhn 1962; see also Gladwell 2002).

This competence emphasises the importance of creating highly participatory development processes that engage all parts of the system. Rather than traditional intergovernmental top-down or expert-driven processes, the Global Compact must develop competence in meaningfully engaging all the critical system stakeholders. This means vertical system integration, from every local shopfloor employee up to the top of the corporation, from all citizens up to intergovernmental agencies and from individual members up to international civil-society associations. It means horizontal system integration, including business, government and civil society and whole supply chains.

Although this seems like a daunting challenge on the global scale, it emphasises the importance of identifying key system leverage points where projects will be undertaken in ways that produce widely disseminated learning. An additional reason to engage network organisations is that one of their major functions is to share information. The Global Compact must be able to tie together these pieces, as it is aiming to do through its Learning Forums, partnership projects and policy dialogues.

Attaining sufficient participation is a substantial challenge, of course. A 2003 report identified four weaknesses in the Global Compact with respect to the meaningful participation of:

- Non-OECD countries, even though more than half of the participating companies come from developing countries
- Governments, which have often been indirect participants—as donors, or as deliverers of political support, rather than being placed as key actors at the centre of the Global Compact
- Uni-national SMEs, which are a key engine of growth in middle-income and low-income countries
- Co-operatives, informal-sector enterprises and entrepreneurs, where participation has been almost non-existent
- Some major civil-society-based organisations, among them some of the most significant drivers of equitable development ‘on the ground’—community-based organisations (RING Alliance 2003)

The Global Compact must develop competence in creating and supporting a number of different types of network, including information networks, communities of practice and, most importantly, networks that generate change. Networks

6 She stated that: ‘Never doubt that a small group of thoughtful, committed citizens can change the world; indeed it’s the only thing that ever has.’ This quote appeared on a poster shown at the 2003 Business and Human Rights seminar of the Business Leaders Initiative on Human Rights, London, 9 December 2003.

that generate change are common to all GANs and involve the identification and undertaking of key system interventions that optimise influence. In the context of the Global Compact, there is a need for such influence to ripple out to organisations that are not even participants in the Global Compact. The Ethical Trading Initiative (ETI) is a GAN that does this by focusing on supply chains as systems that will carry the ‘infectious disease’ of ethical imperatives.<sup>7</sup>

### **20.3.2 Ethics and values: integrating the principles into participants’ actions**

Often, a change process begins with clear articulation of values, but these get lost along the development path. Article 3 of the climate change convention of 1992 clearly articulates a commitment of developed nations to take the lead and to financially support developing countries to adapt to the climate imperative on the basis of the value of equity (Climate Change Secretariat 1999). After ten years of negotiations, however, the solution design failed to meaningfully honour this commitment. The founding document of the World Trade Organisation (WTO) emphasises the value of sustainable development, but few would claim that the value has played an important role in implementation of the WTO accord.

The Global Compact is distinguished by the fact that it is all about ethics and values. The challenge of integrating them into participants’ actions is central and at the forefront of concerns. However, many NGOs have raised reasonable scepticism about the ability of the Global Compact to do this and about the degree of commitment of corporations to the principles (Judge 2000). By the very nature of its mission the Global Compact requires an open-ended approach. The principles have never been integrated into business activity in a comprehensive way and therefore the Global Compact represents a grand experiment. The issues of monitoring, accountability and transparency are all part and parcel of the competences that the Global Compact must develop for itself and for its participant corporations as they strive to integrate the principles into their operations and actions.

Some suggest that, in fact, the principles must be further refined to incorporate more categorically the values of transparency (Waddock 2003) and sustainable development (RING Alliance 2003; Waddock 2003), reflecting a critique that, in fact, the principles are cobbled together in a rather ad hoc manner that lacks a comprehensive framework. For example, it has been argued that the value of sustainable development should result in each principle being accountable to the themes of reducing poverty, building social capital and enabling responsible entrepreneurship (RING Alliance 2003).

### **20.3.3 Operations: developing useful data and transforming it into action**

As learning organisations, information centres and experiment initiators, GANs generate enormous amounts of data that must be transformed into information,

7 See [www.ethicaltrade.org](http://www.ethicaltrade.org).

knowledge and action. They face the enormous danger of generating vast amounts of data and information without successfully connecting that data to change. Social Accountability International (SAI)<sup>8</sup> or the GRI, for example, could simply become a GAN that stimulates the production of reports from corporations, without ever resulting in meaningful change. The Global Compact might degenerate into a growing list of participating companies and country networks without ever generating meaningful change. Indeed, the lack of usefulness of the initial commitment required of companies to provide examples of how they are implementing the Global Compact was discontinued in favour of more disciplined ways of generating, organising and disseminating the data.

GANs, as global networks to generate change, can never reasonably aspire to know or be in touch with everything that is going on in the system they are helping to develop. However, they must be able to point to outcomes valued by their participants within a reasonable period of time. For GANs, a period of three to five years is a common lag between conception and the start of realisation of the originally envisioned valued outcomes. The Global Compact is just now at the end of that period, and there are some outcomes that it appears to have supported that are indeed valued by participants.

Outcome attribution in complex networks is always difficult—would the international labour agreements have been produced without the Global Compact? Did the Global Compact increase the number and speed of production of these agreements? Has the Global Compact's promotion of the GRI helped advance the principles beyond what the GRI would have done on its own? Although a large part of the Global Compact's success will depend simply on whether participants 'feel' that their connection with the Global Compact is producing meaningful results, the Global Compact has to become adept at chronicling the results in the various ways that its various stakeholders value. At the end of 2003 the website<sup>9</sup> still appears to be more of a list of ideas, speeches and events rather than giving details of valued impacts where the Global Compact has played a critical and clearly articulated role.

#### **20.3.4 Communications: developing strategies to connect**

When governments reach international agreements, one of the first questions to arise is about enforcement. What is the process for ensuring that governments abide by the agreement? Typical responses feel evasive, with reference to peer pressure, the impact on prestige if there is abrogation, the ability for others to take retaliatory action (that will simply worsen the situation for everyone) or reference to a panel that may issue a finding. A critical weakness with these traditional approaches is that they do not involve the whole system and therefore there is little room for a system response. GANs, by involving the whole system, have a much greater capacity to develop a powerful system response to the failure of a stakeholder to meet its obligations. However, this depends to a large extent on the ability to create a strong network to generate change.

8 See [www.sa-intl.org](http://www.sa-intl.org).

9 See [www.unglobalcompact.org](http://www.unglobalcompact.org).

Critical to creating such a network is the Global Compact's ability to stimulate communities of stakeholders that build mutually reinforcing ties and commitment to one another's success. These communities must be able to communicate effectively among themselves and between other Global Compact communities and to ensure that their learning and actions are disseminated through their respective networks. The Global Compact's role in all this is one of facilitator and creator of a culture that functions in a highly communicative way. The Global Compact itself can never hope to be responsible for broad dissemination but rather must inculcate a culture among its participants so that they understand the importance of dissemination and do it automatically. Of course, this requires an understanding of the bigger picture of change behind the Global Compact and the tipping-point strategy. For, in the end, just as most citizens obey a nation's laws because they understand and agree with them, so, too, signatories to the Global Compact must understand why the principles are important and how they may give life to those principles.

## 20.4 Conclusions

The Global Compact faces classic challenges that are associated with many GANs, but it also faces some distinctive challenges. Unlike many GANs where principles are foundations for achieving a core GAN objective, such as improved healthcare or the end of poverty, the Global Compact is all about values. The connection of values to the full range of business activity makes the work of the Global Compact particularly diffuse and complex. This heightens the importance of the Global Compact having a good understanding of 'the system' that it is trying to organise, the relationships between stakeholders in the system and their core competences with respect to the principles. This map is necessary to identify the critical leverage points for the Global Compact to take action and avoid being overwhelmed by the scale of its challenge.

The change that the Global Compact implicitly aims to achieve is very profound. A global society that integrates the principles will look very different from the one that we have today. The structures, processes and organisations needed to support them are still not well understood, and the Global Compact is doing the hard work of giving shape to them. The depth of the work suggests that it is critical for the Global Compact to develop some profound, deep-change, initiatives that will be long-term and require an interpersonal and inter-organisational intimacy that goes beyond the intellectual and into the emotional-spiritual dimension where stakeholders can 're-vision' their future. These types of approach are under development, and if the Global Compact can focus on development of its own organisational capacity as well as change among its participants it has a rich base of knowledge on which to build.