



**AccountAbility**  
institute of social and ethical accountability

# **Responsible Competitiveness**

**making corporate responsibility count**

**Simon Zadek**



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institute of social and ethical accountability

*'promoting accountability for sustainable development'*

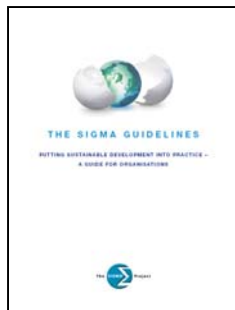
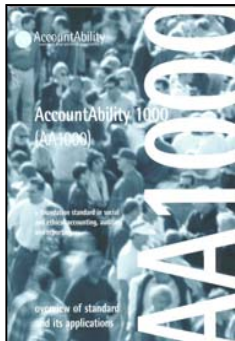
### **Our Council Includes...**

- A.** *African Institute of Corporate Citizenship (South Africa)*
- B.** *Australian Institute of Corporate Citizenship*
- C.** *Business for Social Responsibility (USA)*
- D.** *Centre for Social Markets (India)*
- E.** *CSR Europe*
- F.** *Instituto Ethos (Brazil)*
- G.** *National Consumer Council (UK)*
- H.** *World Business Council for Sustainable Development*

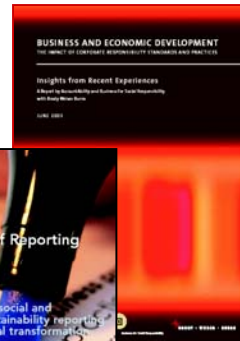


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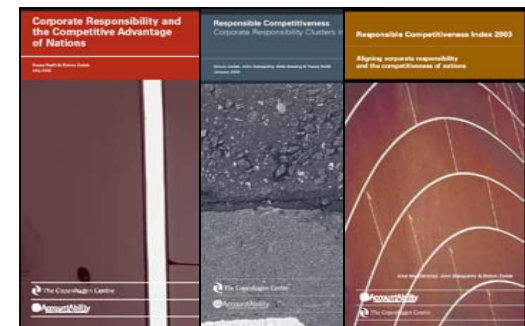
## Standards



## 'How To'



## 'Where To'

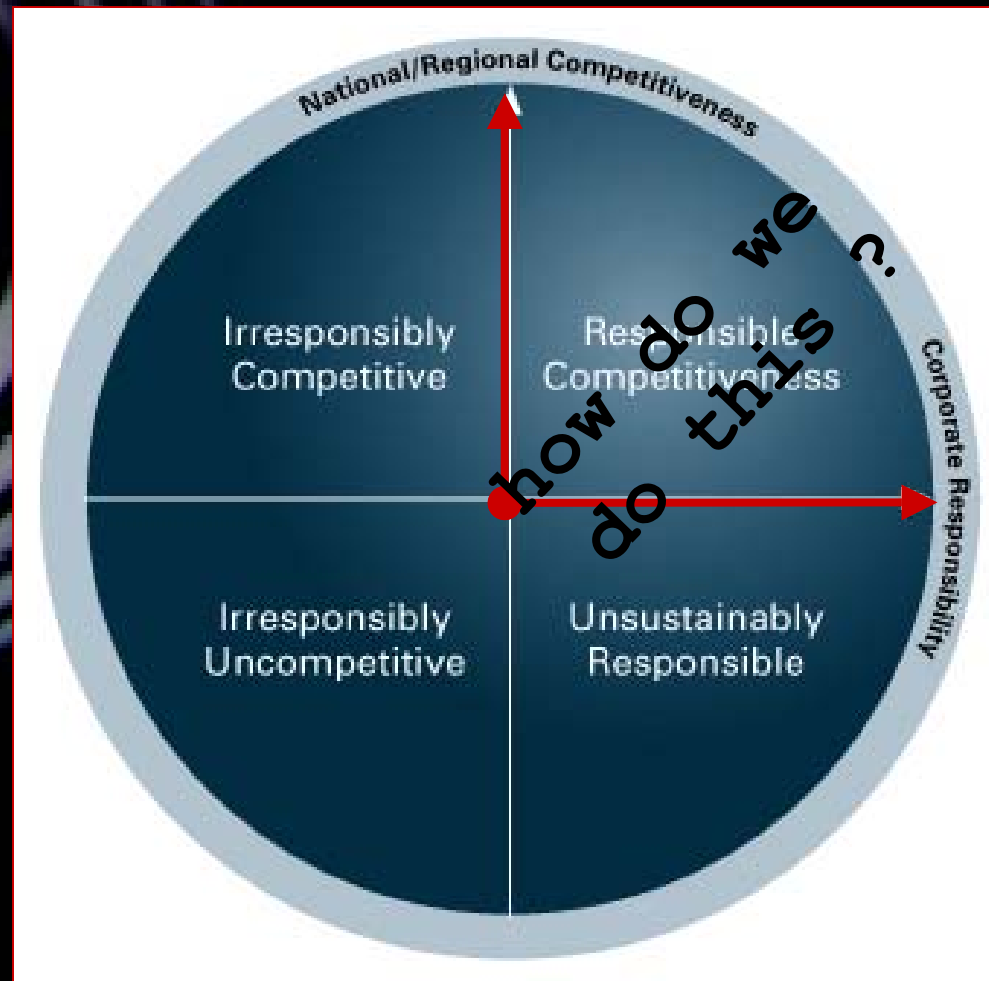
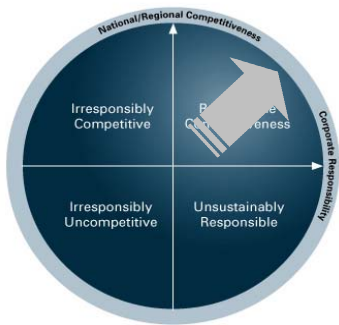


*an international, non-profit, multi-stakeholder, membership organization*

## The Topic

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## Making Responsibility Count



“Responsible competitiveness of nations is essential to achieve sustainable development in today’s globalized world.”

*Oded Grajew, Former Special Advisor to the President of Brazil, and Founder and President of Instituto Ethos*

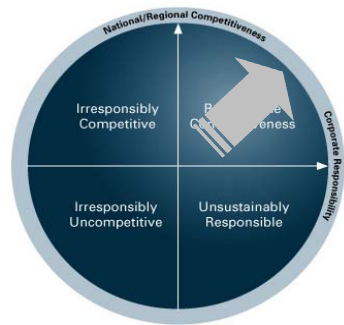


**Responsible  
Competitiveness  
Consortium**



**BUSINESS** *in the*

**COMMUNITY**



© AccountAbility 2004



The Copenhagen Centre



**EMPRESAS E  
RESPONSABILIDADE  
SOCIAL**  
BUSINESS AND SOCIAL  
RESPONSIBILITY



Manaaki Whenua  
Landcare Research



For more information on the Responsible Competitiveness Consortium, contact [www.accountability.org.uk](http://www.accountability.org.uk)

# What is World Class Corporate Responsibility

The Accountability Rating®



“assesses companies’ progress in embedding responsible practices at the core of the business”

# The Accountability Rating<sup>®</sup>



The Accountability Rating<sup>®</sup>



## Key Findings

The Accountability Rating®



RATING	COMPANY**	SCORE	SECTOR*	REGION
1	BP	67	O & C	Europe
2	Suez	60	U & T	Europe
3	Royal Dutch/Shell Group (Shell)	57	O & C	Europe
4	Unilever	53	CP	Europe
5	Carrefour	52	M	Europe
6	Tokyo Electric Power (TEPCO)	49	U & T	Asia
7	Toyota Motor	47	A	Asia
8	Hewlett-Packard	47	C & E	Nth Am
9	Vodafone	43	U & T	Europe
10	Peugeot	41	A	Europe
11	Mitsubishi	40	T	Asia
12	Munich Re Group	39	FS	Europe
13	ENI	39	O & C	Europe
14	Total	38	O & C	Europe
15	DaimlerChrysler	38	A	Europe
16	BMW	38	A	Europe
17	General Motors	37	A	Nth Am
18	Matsushita Electric Industrial	37	C & E	Asia
19	Nestlé	37	CP	Europe
20	Aviva	37	FS	Europe

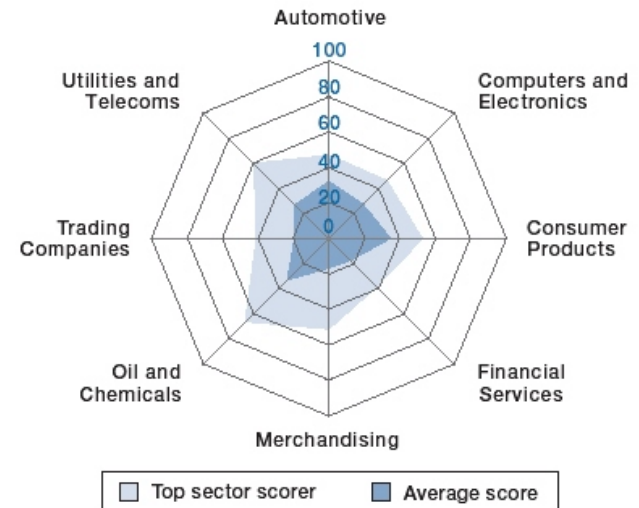
The Accountability Rating was launched on 23<sup>rd</sup> June with an assessment of the Global 100 ([www.accountability.org.uk](http://www.accountability.org.uk))

## Key Findings

### Overall Performance by Domain



### Sectorial Differences in Performance



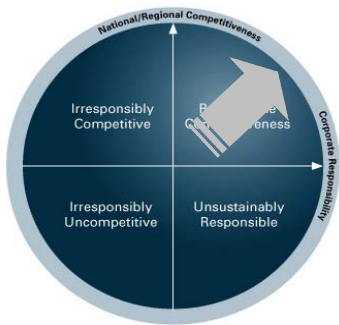
The Accountability Rating®



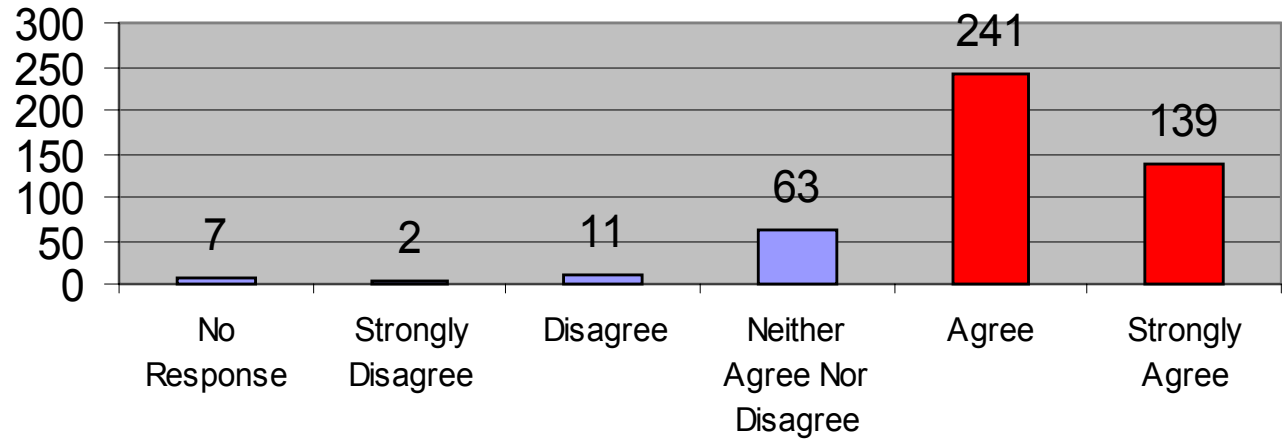
The Accountability Rating was launched on 23<sup>rd</sup> June, including an assessment of the Global 100 ([www.accountability.org.uk](http://www.accountability.org.uk))

**But It's  
Difficult...**

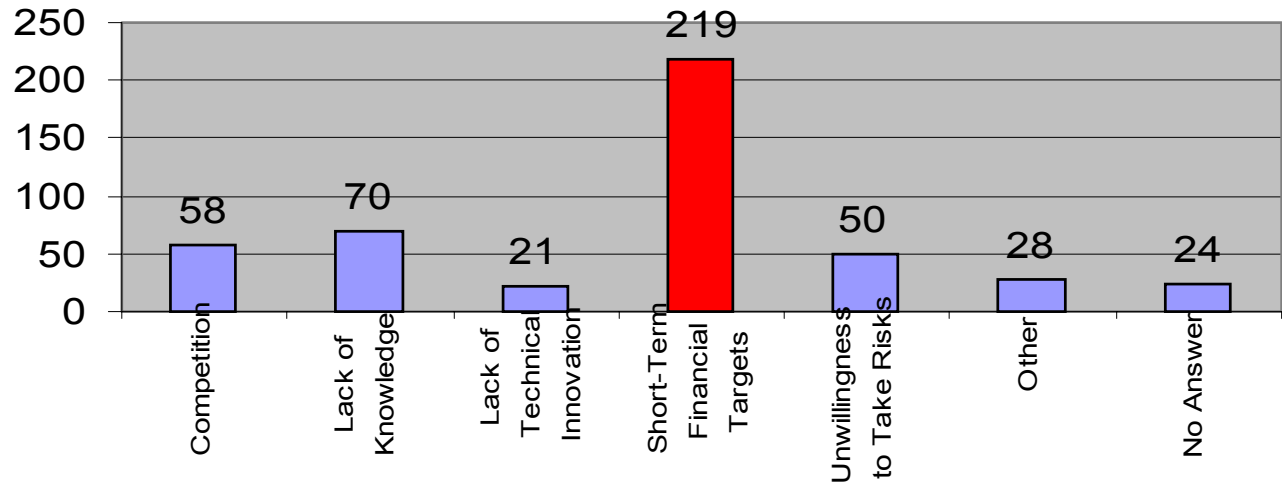
**...the Short and  
the Long of It**



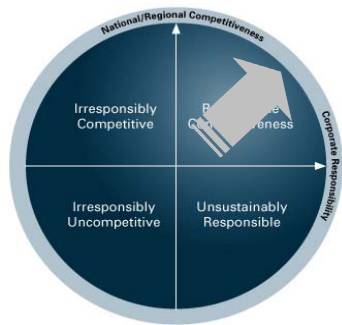
**"I believe that responsible business practices can be a significant competitive advantage for us"**



**"What is the most significant constraint to progressing responsible business practices"**



## Its Also Difficult At The Macro Level...



- ☑ European Community: ‘...corporate responsibility is a key strand in us fulfilling the Lisbon Declaration to become the most inclusive and competitive society in the world’.
- ☑ South Africa: ‘...we cannot promote ‘black economic empowerment’ unless it is consistent with our need to be internationally competitive’.
- ☑ Vietnam: ‘...improving labour standards cannot be at the cost of the export competitiveness of our footwear industry’.
- ☑ Canada: ‘...how can we remain competitive with our neighbour and countries like China whilst remaining true to our national values’.

“CSR practices will remain limited unless they can be integrated into the broader national competitiveness strategies.”

Pascal Lamy, Commissioner for Trade, European Commission

## Getting Beyond the Micro

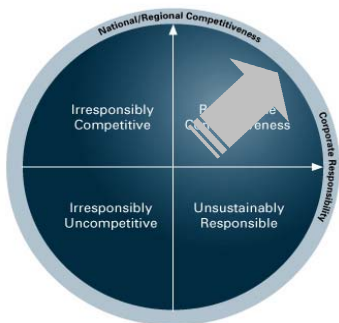
### Third Generation Challenge

“Creating tomorrow’s markets  
that reward businesses whose  
strategies work by addressing  
poverty and inequality”

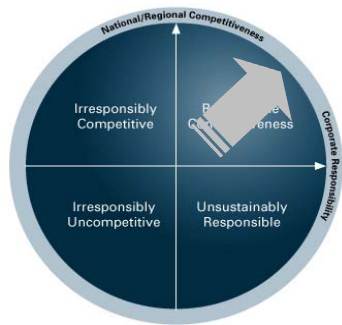
3<sup>rd</sup>  
Generation  
'Responsible  
Competitiveness'

2<sup>nd</sup> Generation  
Strategic Planning/  
Risk-Management  
Learning/Innovation

1<sup>st</sup> Generation  
Pain Alleviation/Short-Term Reputation  
Localized Cost-Benefit

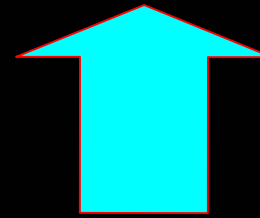


## How Can We Do This ?

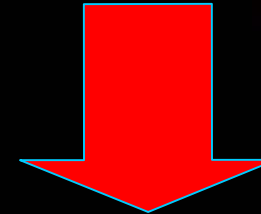
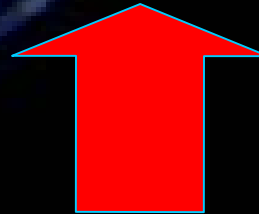


## 'Responsible Competitiveness'

Where an economy's productivity is enhanced by businesses taking explicit account of their social, economic and environmental performance.



## Competitiveness of Nations & Communities

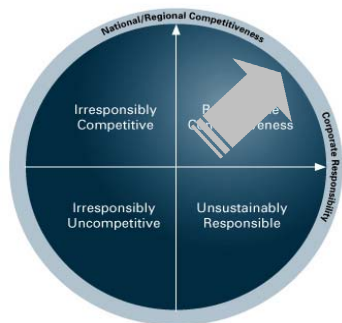


## Corporate Responsibility

"A nation's competitiveness and underlying productivity is clearly impacted by how its business community deals with social and environmental issues."

*Peter Cornelius, Senior economist at Shell, and former Director of the Global Competitiveness Program at the World Economic Forum*

## So Could It Work ?



### Corporate Responsibility and the Competitive Advantage of Nations

Tracey Swift & Simon  
July 2002

### Responsible Competitiveness Corporate Responsibility Clusters in Action

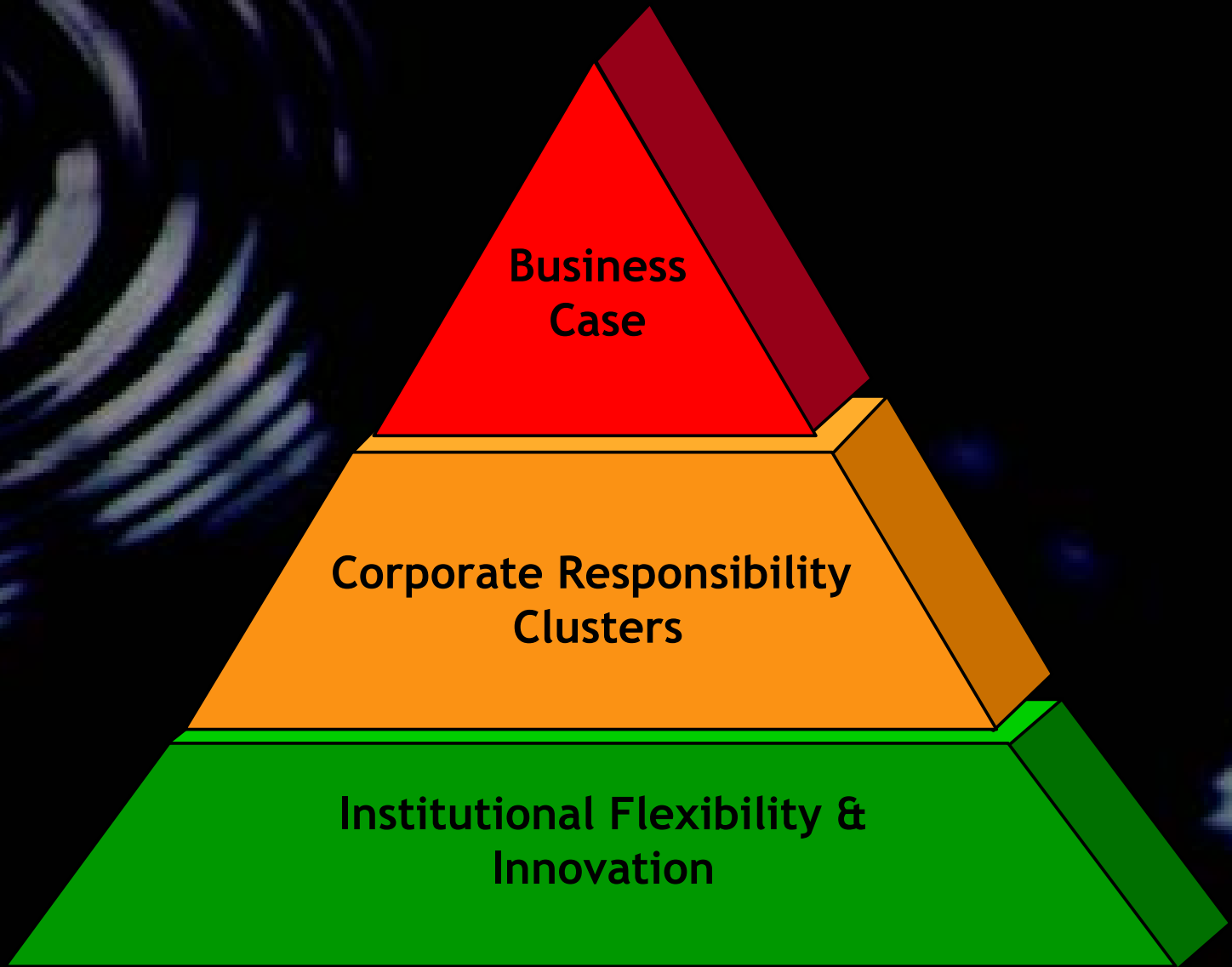
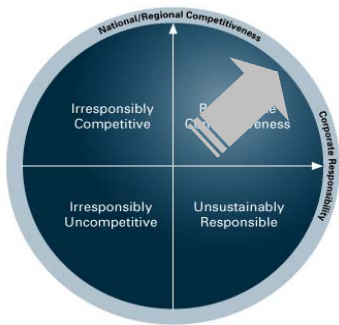
Simon Zadek,  
January 2003

### Responsible Competitiveness Index 2003

Aligning corporate responsibility  
and the competitiveness of nations

- ❑ Responsible competitiveness
- ❑ Responsible investment
- ❑ City & regional competitiveness
- ❑ Trade and competition policy
- ❑ Pro-poor growth strategies
- ❑ Responsible competitiveness index

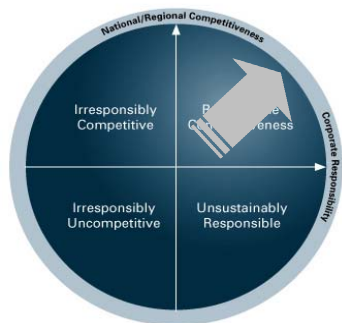
**Responsible  
Competitiveness**  
-  
**Moving Beyond  
the Lonesome  
Business Case**



## Clusters

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## Challenges & Opportunities

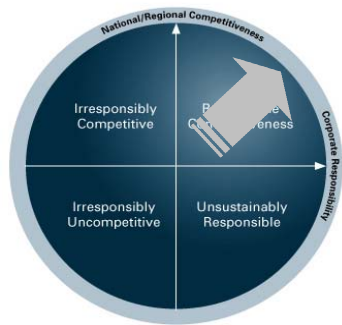


- ☑ London's Global Competitiveness: '...London could gain a competitive edge by promoting the responsible practices of its three main sectors, tourism, financial and professional services'.
- ☑ Vietnam and Textiles: '...we are using corporate responsibility to develop competitive advantage in our textiles and footwear sector'.
- ☑ Public Private Partnerships: 'The ability to take advantage of PPPs in delivering public services and infrastructure depends on the underlying trust between the business, governments and civil society'.

## Flexibility & Innovation

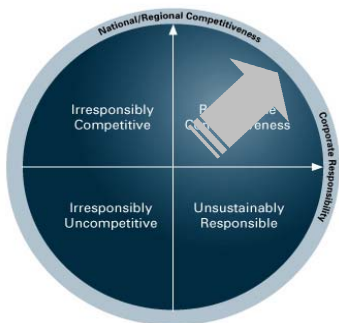
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## Challenges & Opportunities



- ☑ Denmark & Labour Market Flexibility: ‘...In return for labour market flexibility, business pays extraordinarily high taxes that fund unusually high unemployment benefits’.
- ☑ Brazil and Partnerships: ‘...private involvement in delivering public services and business infrastructure will only work if public-private partnerships are undertaken in a responsible way.’

## Can We Measure It ?



### Responsible Competitiveness Index 2003

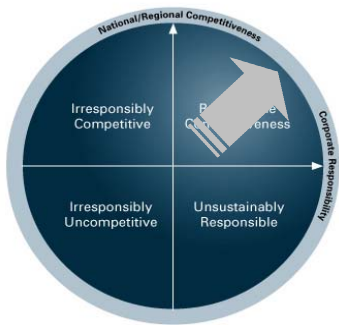
Aligning corporate strategy  
and the competitive environment

- Responsible competitiveness
- Responsible investment
- City & regional competitiveness
- Trade and competition policy
- Pro-poor growth strategies
- Responsible competitiveness index

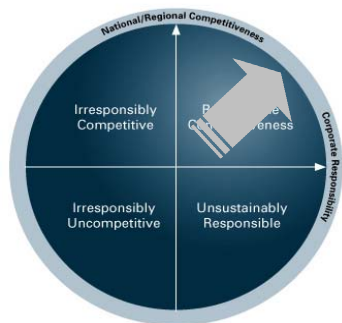
Alex MacGillivray, John Sabapathy & Simon Zadek

## The Basic Steps

1. Build a measure of how nations are progressing in 'corporate responsibility'.
2. See if this measure impacts on national competitiveness.



## National Corporate Responsibility Index



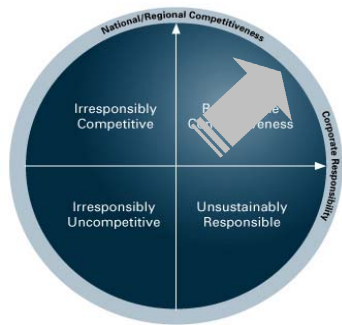
The **National Corporate Responsibility Index** compares the corporate responsibility performance of 51 countries.

1. Corporate governance
2. Business ethics (corruption)
3. Progressive public policy
4. Building human capital
5. Civil society vibrancy/engagement
6. Corporate contributions to public finance
7. Environmental management

**National  
Corporate  
Responsibility  
Index**

-

**Top-End Result**

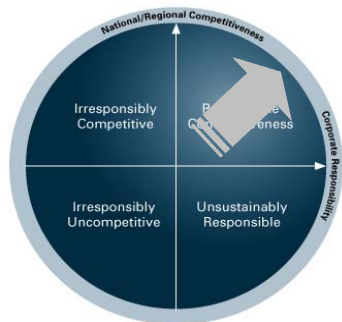


1. Finland comes top, with Northern Europe, Canada and New Zealand.
2. Japan and the USA are middle ranked, followed by Chile, South Africa, India and Brazil.
3. Eastern European countries are close to poorer developing countries like Vietnam and Bolivia.
4. China and Russia perform poorly, on a par with countries like Nigeria and Indonesia.

# Responsible Competitiveness Index

-

## Stage Two



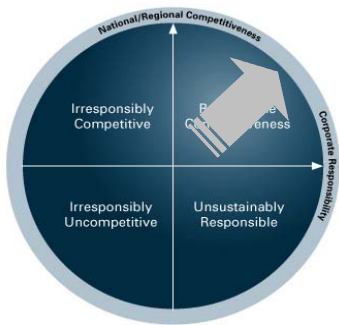
The **Responsible Competitiveness Index** examines whether corporate responsibility impacts on national competitiveness.

Our analysis, using World Economic Forum data, indicates that **corporate responsibility can make a significant difference to national competitiveness.**

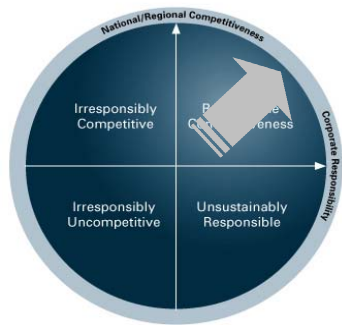
- ❑ Denmark, Costa Rica, Bolivia and others have significant '**responsibility surpluses**' which could accelerate competitiveness in the future.
- ❑ China, Japan, Korea the USA and others have a significant '**responsibility deficit**', which could restrict their long-term growth prospects.

## So What ?

- ☑ Corporate responsibility can and does effect national competitiveness.
- ☑ Chile's current state of corporate responsibility may constrain its competitiveness.
- ☑ Public policies and business practices can advance corporate responsibility and so enhance the country's competitiveness.



## So What ?



### **Governments and international public bodies** can :

- ☑ Promote corporate responsibility by linking to sector and national competitiveness strategies.
- ☑ Promote alignment between national/regional competitiveness and corporate responsibility.
- ☑ Reinforce social and environmental aspects of trade, investment, and competition policy.

### Responsible Competitiveness is also relevant to :

- ☑ **Investors** taking country and regional risk-based approaches.
- ☑ **Companies** assessing country investment options and lobbying for changes in public policy.
- ☑ **NGOs and other civil society organizations** campaigning for public policy changes.

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Competitiveness  
Consortium**

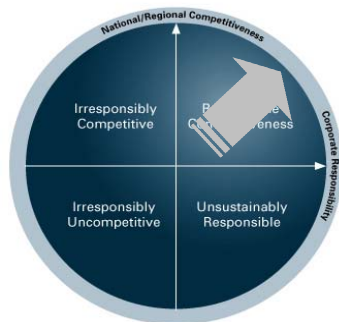


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DESE

- Responsible Competitiveness Index**
- Policy analysis** (trade, competition policy)
- Sector strategies** (extractive, agriculture)
- Thematic strategies** (Multi-Fiber Arrangement, black empowerment in South Africa)
- Geographic strategies** (London, UK regions)



**COMMUNITY**

Fundación  
**PROhumana**®



**AIM**



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## **Responsible Competitiveness**

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or go to [www.accountability.org.uk](http://www.accountability.org.uk)