

United Nations Global Compact: Literature review and theory-based research agenda

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Abstract

United Nations Global Compact (UNGC) is one of the most important corporate social responsibility initiatives, aimed at aligning companies' strategies and operations with universal principles on human rights, labour, environment and anti-corruption.

After approximately 15 years of research on UNGC, we provide a systematic literature review on this topic. The review addresses key issues related to the UNGC, including the motivations for adopting the standard, the main critiques of the initiative, and its impacts on performance.

Papers are coded following a deductive–inductive approach, and classified by variables such as year of publication, publication outlet, research focus, methodology.

Building on literature findings, we identify various research gaps. Some research hypotheses are linked to prominent theoretical frameworks, such as transaction cost economics, stakeholder theory, and signals theory, proposing a theory-based research agenda.

Keywords: United Nations Global Compact, UNGC, Corporate Social Responsibility, Systematic Literature Review

1. Introduction

The last decade has been characterized by an exponential growth of corporate social responsibility (CSR) awareness (McKinsey, 2013; Rasche, 2009a, Walker et al., 2014). Many firms are now called on to declare their commitment to CSR principles, for example, joining standards, codes of conduct, and adopting responsible management systems (such as AccountAbility 1000, United Nations Global Compact, Global Reporting Initiative, ISO 26000, FLA Workplace Code, CSC9000T, and Social Accountability 8000) (Sartor et al., 2016).

Among CSR initiatives, the United Nations Global Compact (UNGC) is the most widespread in terms of the number of adopters. Today, more than 12,000 signatories – about 9,000 companies and 3,000 non-business actors – operating in 170 countries are involved (United Nations Global Compact, 2016).

The UNGC is a general framework that provides broad guidelines to its members to implement responsible practices. The initiative was first announced by the Secretary-General of the United Nations (UN), Kofi Annan, at the 1999 World Economic Forum in Switzerland. Based on 10 principles (derived from the Universal Declaration of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the UN Convention against Corruption), the UNGC addresses issues concerning human rights, labor, the environment, and anti-corruption.

To join the UNGC, firms are required to prepare a letter of commitment, expressing adherence to the 10 principles of the UNGC. This leads companies to obtain an *active* status. To maintain it, participants must annually provide a report called Communication on Progress (COP). Two consecutive failures in submitting a COP to the UNGC's public database causes the firm to be *delisted*.

After its inception, the UNGC has attracted the attention of several scholars who devoted their studies to this initiative. We found only one literature review, proposed by Rasche et al. (2013). In their article, the authors provide a review of the emerging

literature on the UNGC by differentiating three perspectives: research discussing the UNGC in the historical context of UN business relations, research investigating the operational dimension of the initiative, and research discussing the initiative in the context of the changing dynamics of multi-actor and multi-level global governance. This review focuses on these aspects and does not consider relevant issues such as the UNGC's impacts on participant firms. Moreover, several studies were devoted to this topic after 2013. Because of this, a comprehensive (updated) literature review is welcome. Our paper provides the first holistic review, deepening all the most debated issues, such as motivations for adopting the UNGC, the impacts of its adoption, its main critiques, as well as contextual factors that affect adoptions and impacts. This paper is also aimed at proposing an agenda for future research.

This study contributes to the sustainability literature in three significant ways. First, we identify and organize the current state of knowledge about the initiative, separating the academic contributions into five research areas (motivations, critiques to the initiative, impacts, contextual factors affecting adoption, and contextual factors affecting the impacts). Second, we identify some gaps in the existing literature that could be further investigated and propose a set of research hypotheses that address the open issues emerging from our framework. Third, considering the rising importance of grand theories in enhancing the scholarly debates on emerging topics (Chicksand et al., 2012; Defee et al., 2010), we linked research hypotheses to prominent theoretical frameworks, such as stakeholder theory, and signals theory; this way, we could propose a theory-based research agenda.

The remainder of this paper is organized as follows: After a brief description of the literature search strategy and the descriptive findings, we summarize the debate of the identified main focal areas: motivations, critiques to the UNGC, impacts, contextual factors affecting adoption, and contextual factors affecting impacts. We then identify some research gaps in the literature and propose a theory-based research agenda.

2. Literature review approach

Following the methodology proposed by Rousseau et al. (2008), Tranfield et al. (2003), and Seuring and Gold (2012), we performed a systematic literature review and content analysis on the studies dealing with the United Nations Global Compact initiative. We focused on contributions published in English in peer-reviewed academic journals. We searched the main electronic databases, Scopus and ISI Web of Knowledge, using the keywords *UNGC*, *United Nations Global Compact*, *UN Global Compact*, and *Global Compact*. Data were collected in November 2016.

The research was first conducted on Scopus by filtering the database and searching for keywords in "Article Title, Abstract, Keywords" and adding constraints concerning "Document Type" ('Article', 'Article in Press', 'Review') and "Subject Area," focusing on thematic areas close to the UNGC's principal content. Secondly, we analyzed ISI Web of Knowledge, filtering the database and searching for keywords in "Topic" and adding constraints concerning "Document Types" ('Article', 'Review') and "Web of Science Categories," applying the same reasoning adopted above.

Thus, we identified a total number of 248 distinct contributions. Then, we excluded all the articles belonging to a book series (36). As expressed by several scholars (David and Han, 2004; Newbert, 2007), selecting only published journal articles enhances the quality and rigor of the final output. Indeed, "*Restricting review to published studies may enhance quality control. Most refereed journals have reasonably strict requirements for publication ... This process usually leads to a better technical product*" (Light and Pillemer, 1984, p. 35). We removed the ones with non-coherent

abstracts not focusing on our research (74), excluding the papers generically dealing with CSR or focused on other topics (e.g., education law).

Two researchers among the authors analyzed the full text of all the (138) works and removed the ones (42) that simply cited the UNGC without any deep discussion of the initiative. The final list consisted of 96 contributions.

Consistent with previous studies (e.g., Bhamu and Sangwan, 2014; Fogliatto et al., 2012), we included conceptual contributions in the review, which represent a significant share of the literature on the UNGC (51 papers). This allowed for a comprehensive overview of the topic, shedding light on concepts and hypotheses that still must be empirically validated. We kept these contributions separate in tables (and text).

As far as the empirical papers are concerned, we identified 45 works: secondary data analyses (28), case studies (10), surveys (6), and focus group analyses (1).

The coding process for the content analysis followed a deductive-inductive approach, that is, categories were defined a priori by the research team (deductive approach) and adjusted during the coding process (inductive approach).

The deductive approach-based side of the coding was built on the following three sources:

- (a) Chicksand et al. (2012) and Sartor et al. (2014) for the overall classification (research focus, underpinning theory, unit of analysis, sample dimension, industry, country).
- (b) Heras-Saizarbitoria and Boiral (2013) and Sartor et al. (2016) for the general research topics of our framework (motivations of adoption, weaknesses of the initiative, advantages, contextual factors affecting adoption, contextual factors affecting performance).
- (c) Stevenson and Barnes's (2002), Gotzamani's (2005) and Sartor et al.'s (2016) studies for the detailed analysis of the research topics (see, in particular, the list of benefits they presented).

To ensure inter-coder reliability, we arranged for two researchers to independently conduct coding (Durlau et al., 2007).

Appendix A shows the outcome of the search-and-coding process. It provides a comprehensive view of the contributions included in this review, with a classification by year of publication, keywords, journal, research focus, underpinning theories, unit of analysis, sample dimension, industry, country, and topic.

3. Descriptive findings

This section presents descriptive analyses based on the reviewed contributions. These include distribution of the publications over time, distribution of the publications among journals, research focus, methodologies, main theories, and the geographic areas of the studies.

3.1 Distribution of publications over time

The first papers on the UNGC were published in 2001, one year after the introduction of this voluntary initiative. A delay between a standard's introduction and academic debate is a typical phenomenon in quality management (Tari et al., 2012). This delay is frequently observed in ethical certifications; the first study on SA8000, for instance, was published four years after the introduction of the standard (Sartor et al., 2016).

Our analysis on the UNGC shows 6.0 articles per year on average and a peak of 14.0 articles in 2012, as shown in *Figure 1*. The number of contributions per year until 2007 is far below 6.0. The recent strengthening of the academic debate can be attributed to

the increasing state of CSR consciousness that is gaining momentum worldwide (Post, 2012).

3.2 Distribution of publications among journals

Our literature review shows that most of the contributions belong to the *business ethics* research area. *Journal of Business Ethics* (24 contributions), *Business & Society* (6), *Business Ethics: An European Review* (5), and *Business Ethics Quarterly* (4) represent almost 40% of our pool of articles.

The *politics and international relations* research area provides 16% of our pool of articles. The *Journal of Public Affairs* (2 contributions) and *Global Governance* (2) are examples of journals with subjects on the UNGC, shedding light—for instance—on the relationships between companies and all their possible stakeholders, such as NGOs, unions, and citizens (e.g., Beagen et al., 2013).

Social sciences studies contribute 12 works: *Development* (3), *Comparative Sociology* (1), and *American Sociological Review* (1) are three of the 10 journals that offered contributions on the UNGC. Workers' rights (e.g., Bellace, 2014) and children's rights (e.g., Collins, 2014) represent the main focus considered by these works.

Another perspective used is the one provided by *environmental sciences*: *Journal of Cleaner Production* (2), *Sustainability* (2), and four other journals provide a total of eight articles, providing, for example, metrics for measuring the environmental performance of UNGC firms (e.g., Ortas et al., 2015(a)).

An area represented only by three journals is related to *law studies*. *Regulation and Governance* and *Journal of Financial Crime* are examples of journals with articles on the UNGC. They contribute to the academic debate, for instance, offering perspectives for analyzing anti-corruption dynamics in UNGC companies (e.g., Branco and Matos, 2016).

3.3 Research focus, methodology, and main theories

Most of the contributions (43%) are exploratory while 37% are oriented to theory testing and 20% to theory building. Further, 35 out of 96 studies are based on well-established theories. We distinguished between non-managerial and managerial theories. Examples of adopted non-managerial theories are *international relations (IR) theory* (Fritsch, 2008; Meyer and Stefanova, 2001), *world-system theory* (Lim and Tsutsui, 2012), and *world-society theory* (Lim and Tsutsui, 2012). Examples of adopted managerial theories are *institutional theory* and *neo-institutional theory*, *stakeholder theory*, *resource-based view (RBV) theory*, *signals theory*, *slack resources theory*, and *legitimacy theory*.

It is also possible to read the breakdown of the articles by methodology. Most studies (52%) are conceptual, with 29% being represented by secondary data analysis, 10% based on case studies, and the remaining 9% on other methods (e.g., survey and focus group). Exploratory papers (41) are mainly composed of conceptual articles (83%) while the remaining 17% are split between case studies (15%) and literature reviews (2%). All the other articles that include one or more personal considerations of the author were classified as conceptual papers. Articles proposing a theory or framework (theory building) are mainly conceptual (84%); 11% are papers based on case studies, and the remaining 5% are given by a focus group. The last research focus, theory-testing articles, is composed entirely of empirical papers: secondary data analysis (78%), surveys (17%), and case studies (5%). The prevalence of conceptual articles can be explained by the fact that the UNGC is an initiative promoting very general and broad principles. Firms may apply these principles in very diverse ways, thus making the

empirical study of the phenomenon more complex when compared to a standard that provides more specific guidelines.

4. Focal issues and related findings

Our general framework (*Figure 1*) is divided into the following: motivations driving the companies to UNGC adoption, critiques against the initiative, impacts, contextual factors affecting its adoption, and contextual factors affecting its impacts. We borrowed the structure of the general framework from Narayanan et al. (2011), adapting it to the specificities of the UNGC that emerged from the literature.

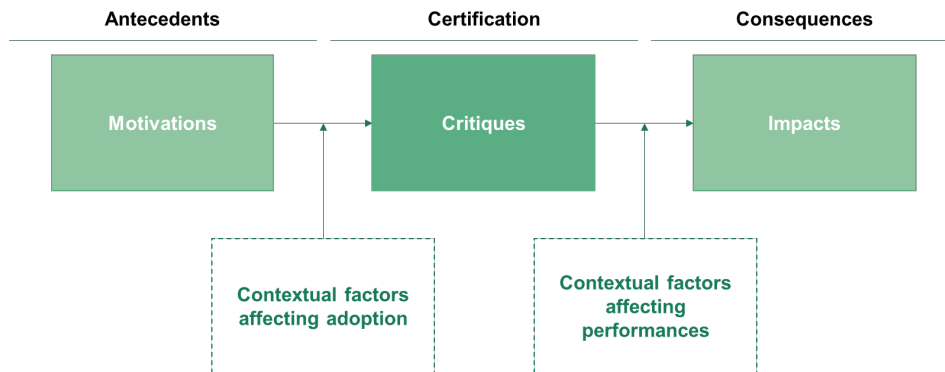


Figure 1 – General framework

4.1 Motivations

Table 1 presents the motivations driving companies to adopt the UNGC. They are classified into five main categories: internal and external *pressures*, the search for a better *reputation*, the desire of becoming part of a *network*, enhancing *company performance*, and the impact of *ethics* principles within firms.

4.1.1 Pressures

The globalization, the worldwide expansion of companies' manufacturing activities, the environmental and social scandals that recently affected some multi-national corporations (MNCs) (e.g., Union Carbide, Wal-Mart, Nike) have led to an increasing attention to ethical issues. Companies have become exposed to pressures coming from several (internal and external) actors asking for more responsible behaviors, in particular, regarding environment and human rights.

Several authors highlighted (internal and external) pressures as one of the key motivations to become a UNGC participant. Given that "*multinational companies can no longer operate under a cloak of secrecy*" (Post, 2012, p. 6), they must show their level of responsibility to several influential stakeholders (Egels-Zanden and Kallifatides, 2009).

As far as the external pressures are concerned, the most-cited stakeholders are the *NGOs* and the *activists* (e.g., Mele and Schepers, 2013; Perez-Batres et al., 2011; Selvik, 2013). Lim and Tsutsui (2012) recognize a preeminent role of these actors, arguing that non-governmental channels have a more positive effect in pushing companies to adopt CSR frameworks rather than governmental ones (Bernhagen et al., 2013). Egels-Zanden and Kallifatides (2009) and Lehmann et al. (2010), in their case study researches, clearly show the power of these pressures.

Important external stakeholders are also the *unions* (e.g., labor unions, citizen's unions) and the *citizens* (e.g., Bernhagen et al., 2013). Both Selvik (2013) and Perez-Batres et al. (2012b) recognize that the community of citizens carry out an essential role in

pushing companies to adopt the UNGC. However, although Selvik argues that this leads to an effective implementation of CSR strategies, Perez-Batres et al. maintain that the companies' participation in this case is merely symbolic.

Pressures on companies also come from the *media* (Egels-Zanden and Kallifatides, 2009; Seppala, 2009). Barkemeyer (2009), for instance, states that the media pushed several large northern companies to have an active role in the UNGC network to reap the benefits of high public exposure.

Another relevant external stakeholder recognized by many authors is the *government* (e.g., Berliner and Prakash, 2012; Knudsen, 2011; Mele and Schepers, 2013). Rasche (2009b) states that governments set up regulatory frameworks at the national (sometimes supranational) level to facilitate the implementation of UNGC principles in the companies operating in their territories. This legal environment acts as a propelling force for the adoption of the UNGC. This dynamic is also highlighted in the surveys developed by Arevalo and Aravind (2011) and Garayar Erro and Calvo Sanchez (2012). Some authors also note the importance of pressures coming from the *investors* (e.g., Haack and Scherer, 2014; Williams, 2004, 2014). Perez-Batres et al. (2010), in a secondary data analysis, empirically show how Latin American companies belonging to the New York Stock Exchange (NYSE) are more likely to join the UNGC because of the strong pressures applied by some investors. Williams (2004, 2014) calls them “*social investors*.”

A company can also be exposed to the pressure of *competitors* and adopt an international CSR framework to add an element of differentiation. Perez-Batres et al. (2010) and Garayar Erro and Calvo Sanchez (2012), among others, demonstrate that pressure from competitors is one of the key motivations for joining the UNGC. Also, Ortas et al. (2015b) clearly show the firms' mimetic pressure that forces companies to adopt the UNGC initiative.

The increasing attention to CSR makes customers more sensitive to companies' behavior. Many authors recognize that firms tend to join the UNGC and other CSR initiatives because of *customers'* pressure (Behnam and MacLean, 2011; Egels-Zanden and Kallifatides, 2009; Perez-Batres et al., 2012b).

Pressures for adopting the UNGC might come also from the inside of a company. Some authors identify *employees* as relevant actors (e.g., Arevalo and Aravind, 2011; Garayar Erro and Calvo Sanchez, 2012). For example, Lehmann et al.'s (2010) case study shows how employee pressure was important in Danfoss' decision to join the UNGC. Taking part in a CSR program could be important for increasing employee satisfaction because as stated by Ruggie (2001), monetary rewards alone are not sufficient to motivate employees.

4.1.2 Reputation

Some studies indicate that companies take part in CSR initiatives for reasons related to the *improvement of company reputation and image*. Recent environmental and social scandals led some companies to adopt the UNGC (and sometimes other CSR standards) to protect their images and the value of their brands (e.g., Arevalo and Aravind, 2011; Garsten and Jacobsson, 2011; Soederberg, 2007). Arevalo et al. (2013)—in their survey focused on the Spanish companies' motivations to adopt the UNGC—demonstrate that both early and late adopters are motivated by the “*perceived opportunity of achieving image gains*” (Arevalo et al., 2013, p. 10). Selvik (2013)—in a conceptual article on the CSR practices in the Arab world—notes that the search for the improvement of company reputation is particularly strong for international companies looking for foreign notoriety.

Table 1 – Motivations

		Pressures							Reputation		Network	Company performance				Ethics	
		Pressure from NGO, activists	Pressure from unions and citizens	Pressure from government	Pressure from media	Pressure from customers	Pressure from competitors	Pressure from employees	Pressure from investors	Improvement of corporate reputation and image	Legitimization of corporate actions under United Nations	Inclusion in a CSR community	Improvement of sales	Reduction of costs	Improvement in productivity	Increase in stock price	Sensitivity of the company toward ethics
Empirical Papers	Bennie et al. (2007)									C		C					E
	Cetindamar and Husoy (2007)									E							C
	Pangsapa and Smith (2008)																
	Barkemeyer (2009)				C												
	Byrd (2009)											C					
	Egels-Zandén and Kallifatides (2009)	C	C	C	C	C											
	Janney et al. (2009)									C							
	Bernhagen and Mitchell (2010)									C							
	Lehmann et al. (2010)	C		C				C		C							
	Perez-Batres et al. (2010)						E		E		E						
	Arevalo and Aravind (2011)			E		E		E		E			E				
	Barros Kimbro and Cao (2011)												C	C		C	
	Knudsen (2011)																
	Perez-Batres et al. (2011)	C															
	Berliner and Prakash (2012)																
	Garayar Erro and Calvo Sanchez (2012)	E	E	E	E	E	E	E	E	E		E	E	E	E	E	E
	Lim and Tsutsui (2012)	E															
	Perez-Batres et al. (2012)	E	E		E	E									E		
	Arevalo et al. (2013)													E	E		
	Bernhagen et al. (2013)	E	E														
Berliner and Prakash (2015)									C								
Ortas et al. (1) (2015)												E	E				
Ortas et al. (2) (2015)																	
Branco and Matos (2016)									E								
Garayar et al. (2016)									E								
Conceptual Papers	Ruggie (2001)																
	Whitehouse (2003)									C							C
	Williams (2004)	C	C														
	Soederberg (2007)									C							
	Rasche (2009)																
	Seppala (2009)	C	C	C	C												
	Behnam and MacLean (2011)	C	C	C	C	C											
	Garsten and Jacobsson (2011)									C							
	Hemphill and Lillevik (2011)																
	Gilbert and Behnam (2012)																
	Post (2012)	C	C		C					C							
	Mele and Schepers (2013)	C								C							
	Selvik (2013)	C	C	C						C		C					
	Haack and Scherer (2014)																
Rasche and Waddock (2014)																	
Williams (2014)	C	C															
Total E (Empirical contributions)		4	3	2	2	3	2	2	1	6	1	1	3	3	2	0	3
Total C (Conceptual contributions)		10	7	8	5	3	3	2	3	10	4	3	1	1	0	1	2

Another motivation related to reputation is the *legitimatization of corporate actions under the United Nations' name* (e.g., Bennie et al., 2007; Hemphill and Lillevik, 2011; Perez-Batres et al., 2010).

Some authors (e.g., Bernhagen and Mitchell, 2010) highlight how companies join the UNGC only symbolically when driven mainly by the motivation to improve their reputations.

4.1.3 Network

Some empirical papers (Bennie et al., 2007; Byrd, 2009) underline that another motivation pushing companies to adopt the initiative is the *inclusion in a CSR community*. UNGC membership represents an “*opportunity to build participatory relationships within a network of international actors*” (Bennie, 2007, p. 4). It is possible to share experiences and learn from a wide variety of players belonging to a global community. However, the initiative represents an important opportunity for networking and potentially creating new partnerships.

4.1.4 Company performance

Another set of motivations are those related to the improvement of company performance.

Arevalo and Aravind's (2011) survey empirically shows that some companies join the initiative to obtain an *improvement of sales*. Garayar Erro and Calvo Sanchez (2012) support this idea, showing that the UNGC can offer the opportunity to enter new foreign markets and expand the customer portfolio, improving sales performance.

Firms consider the UNGC also as an opportunity for the *reduction of costs* (Arevalo et al., 2013; Garayar Erro and Calvo Sanchez, 2012) through the implementation of more efficient technologies that might allow for a reduction of waste.

Arevalo et al. (2013) and Garayar Erro and Calvo Sanchez (2012) show that the UNGC is viewed as a means to gain *improvement in productivity*. The attention to human rights, workers' rights, and anti-corruption, for instance, could improve employee satisfaction, affecting productivity.

Another motivation related to firm performance metrics is brought to light by Barros Kimbro and Cao (2011): *increase in stock price*. The authors explain that companies might be persuaded in adopting the UNGC to increase their stock valuation. This seems to be particularly true for companies whose stock price is deteriorating.

4.1.5 Ethics

The last motivation is related to the *sensitivity of the company toward ethics*. Some empirical papers (e.g., Cetindamar and Husoy, 2007; Garayar Erro and Calvo Sanchez, 2012) relate it to the company's ethical values: top management can believe in the 10 principles provided by the United Nations and thus decide to apply to the UNGC (Arevalo and Aravind, 2011).

4.2 Critiques

A second research stream concerns the critiques against the initiative. *Table 2* summarizes them. A first group of critiques (*'Participants' category in Table 2*) refers to the presence of participants coming from ethically questionable sectors that can undermine the integrity of UNGC and the overrepresentation of some business sectors within UNGC adopters. A second group of critiques (*'Gender Inequality' category*) focuses on an insufficient attention to women rights. The third and last group of

critiques (*'Decoupling' category*) refers to the possibility to adhere to the initiative without really respecting the UNGC's principles.

4.2.1 Participants

As highlighted by Berliner and Prakash (2015), minimal effort is needed to join the UNGC: companies should prepare a letter of commitment from their chief executive officer (CEO) expressing adherence to the 10 principles of the initiative. The United Nations itself does not express any limitation about the profile of the companies that can adopt the initiative. Thus, the entry barriers are low. This *lack of selectivity* of participants has garnered some critiques (e.g., Sethi and Schepers, 2014). The “low bar of admission” allows companies to join the initiative without effectively implementing the initiative's principles (Bruno and Karliner, 2002; Sethi and Schepers, 2014). Moreover, firms belonging to ethically questionable sectors (e.g., arms, tobacco) can adhere to the initiative (Rasche, 2009a). Selvik (2013) highlights that some UNGC-subscribing companies are historical allies of the Syrian regime. Some scholars (e.g., Rasche, 2009a) suggest that the UNGC should restrict participation to strengthen its “perceived integrity.”

A second critique of the UNGC is the *over-representation of some business sectors*. Rasche and Gilbert (2012, p. 8) argue that the “*imbalance between business and non-business actors*” limits the perceived legitimacy of the initiative. In fact, because of this disparity, the business community historically had an impact on the UNGC's design (Seppala, 2009), and this impact has been much higher than the one coming from civil society and labor unions, whose representation is considered weak (Fritsch, 2008). Sethi and Schepers (2014), in their critique of the UNGC, attribute the reasons of this imbalance to the UNGC's need to obtain a stable financial support. This made the initiative largely dependent on the collaboration of a small group of companies and countries (Sethi and Schepers, 2014). This sector consideration brings some insights about country analysis. As mentioned by Gilbert and Behnam (2012, p. 20), “*this dominance of [analyzed] business is strongest in Europe,*” but Selvik (2013) shows that this problem is present also in non-EU countries, where there is an imbalance in favor of big companies with strong political connections.

4.2.2 Gender Inequality

Some authors noted that in the UNGC, there is a *lack of attention to gender inequality*. Most of the UNGC documents—despite providing guidance on a wide range of issues (including how to interpret the 10 principles and prepare the COP)—contain very few references to women's rights (Kilgour, 2012). Other important CSR standards (e.g., SA8000) devote great attention to these issues (Sartor et al., 2016). Another note (e.g., Kilgour, 2007) is the lack of participation in the initiative by feminist and women's NGOs. This under-representation from women's groups indicates that important perspectives are weak (Kilgour, 2012).

4.2.3 Decoupling

One of the main critiques of the UNGC is that the structure of the initiative allows for a high degree of decoupling: companies can join the initiative without modifying their processes to be coherent with UNGC principles. Several authors (e.g., Bellace, 2014; Garsten and Jacobsson, 2011; Pangasapa and Smith, 2008) underline the problems connected to the absence of monitoring control mechanisms (*absence of external audit*).

Table 2 – Critiques

	Participants		Gender Inequality	Decoupling					
	Lack of selectivity	Over-representation of business sector	Lack of initiative attention to gender inequality	Absence of external audit	Absence of stringent reporting criteria	Lack of clarity/specificity of the UNGC principles	Lack of sanction mechanisms	Low effort needed by the companies to obtain the certification	
Empirical Papers	Pangsapa and Smith (2008)			C		C			
	Janney et al. (2009)					C			
	Runhaar and Lafferty (2009)					C			
	Berliner and Prakash (2012)			C			C		
	Bernhagen et al. (2013)							C	
	Wigmore-Alvarez and Ruiz-Lozano (2014)				E				
	Berliner and Prakash (2015)			E					
	Berning and Venter (2015)				C				
Conceptual Papers	Hughes and Wilkinson (2001)			C					
	Bruno and Karlner (2002)	C	C	C					
	Hoedeman (2002)			C					
	Whitehouse (2003)			C					
	Cavanagh (2004)						C		
	Kuper (2004)	C							
	Williams (2004)			C		C			
	Kell (2005)				C				
	Gupta (2007)				C				
	Kilgour (2007)			C					
	Soederberg (2007)			C		C			
	Arevalo and Fallon (2008)	C			C				
	Fritsch (2008)		C				C		
	Nason (2008)	C				C			
	Rasche (a) (2009)	C							
	Seppala (2009)		C			C			
	Mueckenberger and Jastram (2010)					C			
	Behnam and MacLean (2011)					C	C	C	C
	Garsten and Jacobsson (2011)				C		C	C	
	Gilbert and Behnam (2012)		C			C			
	Kilgour (2012)			C					
	Rasche and Gilbert (2012)	C	C			C			
	Selvik (2013)	C	C						
	Bellace (2014)				C				
	Berliner and Prakash (2014)					C			
	Rasche and Waddock (2014)					C			
Sethi and Schepers (2014)	C	C			C				
Voegtlin and Pless (2014)								C	
Total E (Empirical contributions)	0	0	0	1	1	0	0	0	
Total C (Conceptual contributions)	8	7	2	10	10	10	5	3	

As Soederberg (2007, p. 12) expresses in his article, “*as long as there are no rigorous, independent, public audits, the information provided by the corporations is at best incomplete, or at worst misleading.*” Berliner and Prakash (2012, p. 8) assert that the UNGC represents a weak corporate responsibility (CR) program: “*it does not stipulate CR performance standards, the adoption of management system, or third-part monitoring to ensure that participants comply with program obligations.*” Again, Berliner and Prakash (2015, p. 18) highlight that the UNGC, “*lacking stringent monitoring and enforcement mechanisms, does not adequately motivate its participants.*” The same concept is present in the paper by Williams (2004), who shows how companies do not undertake efforts to improve their practices to meet UNGC principles.

Some authors (e.g., Arevalo and Fallon, 2008; Berning and Venter, 2015) argue that the UNGC program should implement better mechanisms of reporting to improve its transparency and legitimacy. The UNGC asks participants to provide an annual COP, but some authors sustain this is a weak outcome. This is the case of Rasche and Gilbert (2012), who consider the *absence of stringent reporting criteria* as one of the main problems that hinder companies from reaching higher levels of transparency. Critiques to the actual reporting system have been made by other authors (e.g., Berliner and Prakash, 2014; Gilbert and Behnam, 2012; Rasche and Waddock, 2014) who claim more stringent characteristics of the COP would allow for effective monitoring by external stakeholders.

Moving on to the content of the initiative itself, one major point that has been under the critique concerns the *lack of clarity or specificity of UNGC principles*. Garsten and Jacobsson (2011) state that UNGC principles have very little detail in definition and scope. Nason (2008, p. 7) states that “*weak, vague, and toothless requirements of performance*” undercut the UNGC’s future potential. Some other scholars (e.g., Janney et al., 2009; Seppala, 2009; Soederberg, 2007) highlight that the UNGC is an initiative missing the characteristics of a regulatory arrangement that has a binding code of conduct. This leads to the decoupling phenomenon explained above, with a large number of companies adhering to the initiative without adopting significant behavior improvements. However, this also leads to a loss of trust in the initiative: US companies, for example, are reluctant to sign the UNGC without a clear idea of their responsibility and accountability (Williams, 2004). The lack of trust is not only perceived by the business actors: many humanitarian associations are cautious about the benefits of the UNGC and call for binding regulations (Seppala, 2009).

When companies fail in submitting the COP, they are first classified as “non-communicating,” and if they fail again the following year, they are excluded from membership and classified as “delisted.” Some scholars (e.g., Behnam and MacLean, 2011; Fritsch, 2008; Garsten and Jacobsson, 2011) highlight that there is a *lack of sanction mechanisms* to discourage companies from adopting opportunistic behaviors. They argue that the UNGC should introduce new regulation aspects to intervene, penalizing in a stronger way and in a shorter time companies failing to abide.

The last factor that emerged from our analysis of decoupling is the *low effort needed by companies to obtain the certification*. To join the UNGC, companies must prepare a letter of commitment from their CEO, expressing adherence to the 10 principles and to offer an annual contribution to support UN activities. “*This low cost of formal adoption of the UNGC principles and concomitant legitimacy with respect to social accountability make decoupling easy and appealing to those organizations wishing to comply only symbolically with some set of International Accountability Standard (IAS)*” (Behnam and MacLean, 2011, p. 14).

4.3 Impacts

The third line of research identified in the analysis concerns the impacts of UNGC adoption. We classified the impacts into *reputation*, mainly related to an improvement in the corporate image; impacts determined by the access of a global *network*; enhancements of *company performance*; and benefits related to *ethics*. We tried to create a link between the classification adopted for motivation (*Table 1*) and the one adopted for the impacts (*Table 3*). Obviously, there is a category of motivation without a connection to the impact classification, i.e., the “pressures” since, in this case, the participation is not determined by benefits, but by internal/external stakeholders demand/pressure.

4.3.1 Reputation

Some scholars (Arevalo and Aravind, 2015; Cetindamar and Husoy, 2007; Garayar et al., 2016) acknowledged the *improvement of the corporate image* as one of the main impacts obtained through UNGC adoption. A UNGC participant is allowed to exploit the worldwide recognized reputation of the United Nations logo, receiving an improvement in the company’s brand value (Hughes and Wilkinson, 2001, Fritsch, 2008). Mele and Schepers (2013, p. 10) argue that UNGC companies could be perceived as “*preferred partners*” because UNGC participation could indicate a better commitment toward the implementation of responsible business practices and, therefore, reduced risks.

4.3.2 Network

The most important network advantage, underlined by a number of authors, concerns the possibility of establishing *dialogue, learning, and exchange of best practices among actors* of the UNGC community (Arevalo, 2010; Rasche and Glibert, 2012; Soederberg, 2007). The UNGC offers all its participants a platform, encouraging dialogue, learning processes, and the sharing of best practices (Hemphill and Lillevik, 2011). Arevalo and Fallon (2008) list the activities and learning opportunities in which UNGC participants are engaged, including participation in policy dialogue, seeking private and public partnerships, and participation in regional, national, and sectorial initiatives. In fact, the UNGC, although it has a global extension, has created many national or regional networks to facilitate the local implementation of the initiative (Fritsch, 2008). These networks appear to be fundamental for the development of appropriate local solutions (Mele and Schepers, 2013; Voegtlin and Pless, 2014; Williams, 2014).

Some scholars state that the UNGC can help companies in achieving an *improvement of the relationships with stakeholders*, involving them in proactive dialogues and making them participate in the firms’ decisions (Mueckenberger and Jastram, 2010; Therien and Pouliot, 2006). This improvement can affect various internal and external stakeholders: employees (Lehmann et al., 2010), customers (Andrianova and Yeletskikh, 2012), academic and research institutes (Arevalo, 2010), NGOs (ibid.), and local communities (Gilbert and Behnam, 2012). Rasche (2012) and Voegtlin and Pless (2014) shed light on the fundamental role that local networks have in facilitating multi-stakeholder dialogue processes at the national and international level.

Inclusion in the UNGC community can help companies in the *creation of partnerships* (e.g., Baccaro and Mele, 2011; Rasche and Waddock, 2014; Shoji, 2015). Garsten and Jacobsson (2011) underline that the involvement of stakeholders with common interests facilitates the inception of opportunities coming both from the business and non-business world (Arevalo, 2010; Whitehouse, 2003).

Table 3 - Impacts

		Reputation		Network		Company performance					Ethics		
		Improvement of the corporate image	Dialogue, learning and exchange of best practices	Improvement of the relationship with	Creation of partnerships	Strengthening of the relationship with United	Improvement in environmental	Improvement in social performances	Higher attractiveness to new investors	Improvement in financial/economic	Improvement in productivity	Improvement in good corporate governance	Drafting of more effective and harmonized CSR
Empirical Papers	Bennie et al. (2007)	C			C								
	Cetindamar and Husoy (2007)	E				E				E			
	Pangsapa and Smith (2008)						C						
	Chen and Bouvain (2009)												E
	Janney et al. (2009)	C							E				
	Arevalo (2010)		E	E	E								
	Lehmann et al. (2010)			C			C	C					
	Barkemeyer (2011)		C										
	Andrianova and Yeletsikh (2012)				C								
	Berthelot et al. (2012)									E			
	Garayar Erro and Calvo Sanchez (2012)		C										
	Perez-Batres et al. (2012)											E	
	Baumann-Pauly and Scherer (2013)												E
	Collins (2014)									C			
	Arevalo and Aravind (2015)	E								E	E	E	
	Berliner and Prakash (2015)	C						E	E		E	E	
Coulmont and Berthelot (2015)								E					
Ortas et al. (2015)							E	E		E			
Einwiller et al. (2016)													E
Garayar et al. (2016)	E												
Conceptual Papers	Hughes et al. (2001)	C											
	Meyer and Stefanova (2001)	C											
	Ruggie (2001)											C	
	Whitehouse (2003)												C
	Cavanagh (2004)												
	Ruggie (2004)		C			C							
	Young (2004)											C	
	Kell (2005)		C	C									
	Therien and Pouliot (2006)					C							
	Dubee (2007)										C		
	Gouldson and Bebbington (2007)												
	Kilgour (2007)		C										
	Soederberg (2007)		C										
	Arevalo and Fallon (2008)		C									C	
	Fritsch (2008)	C											
	Rasche (a) (2009)												
	Rasche (b) (2009)												
	Mueckenberger and Jastram (2010)						C						
	Baccaro and Mele (2011)												C
	Garsten and Jacobsson (2011)												C
	Hemphill and Lillevik (2011)						C						
	Branco and Delgado (2012)							C	C				C
Gilbert and Behnam (2012)	C												
Kell (2012)													C
Rasche (2012)													C
Rasche and Gilbert (2012)													C
Mele and Schepers (2013)	C												
Rasche and Waddock (2014)													C
Voegtlin and Pless (2014)													C
Williams (2014)													C
Hasan (2015)													C
Shoji (2015)													C
Total E (Empirical contributions)		3	1	1	1	1	2	2	4	3	1	4	3
Total C (Conceptual contributions)		8	17	10	8	2	3	3	0	0	1	3	1

Finally, the initiative can help participants in *strengthening their relationship with the United Nations* (Hasan, 2015). As Cetindamar and Husoy's survey (2007) shows, thanks to the UNGC, companies can access the UN's network and experience in CSR. The United Nations, at the same time, can integrate its core values and "*mobilize business around UN goals*" (Kell, 2012, p. 12).

An important aspect to be highlighted is the strong imbalance between empirical and conceptual contributions. In fact, only two articles (Arevalo et al., 2010; Cetindamar and Husoy, 2007) empirically show network advantages. This indicates a lack in the actual literature that should be filled in the future.

4.3.3 Company Performance

In our analysis of the impacts registered by companies adopting the UNGC, joining the initiative can represent a crucial step to improve overall company performance. There are three fundamental areas of improvement: environmental and social performance, economic and financial performance, and productivity.

Some scholars (e.g., Berliner and Prakash, 2015; Ortas et al., 2015a) underline the *improvement in environmental performance* achieved through the adoption of the initiative. The UNGC is viewed as an entry point for companies to incorporate environmentally responsible manufacturing processes (Pangsapa and Smith, 2008). Empirical papers (Berliner and Prakash, 2015; Ortas et al., 2015a) support this thesis, demonstrating the positive improvements reached by UNGC companies in pollution prevention, recycling, clean energy, and hazardous waste.

Some authors (e.g., Berliner and Prakash, 2015; Branco and Delgado, 2012) argue that the UNGC can lead to an *improvement in the social performance* of firms. Berliner and Prakash (2015) explain that these advantages are represented by improvements in practices related to labor rights, human rights policies and initiatives, and people relations. Collins (2014) outlines that UNGC commitment can lead to a special attention to the rights of children. This impact is questioned by some authors. An opposite result, for instance, is obtained by Hamann et al. (2009): in their empirical paper, they analyze how South African companies consider human rights. They find that UNGC members perform worse on average when it comes to employment practices.

Moving toward the financial and economic benefits, scholars first underline that UNGC adoption leads to a *higher attractiveness to new investors* (Coulmont and Berthelot, 2015) because UNGC adoption is perceived as a signal of possible future cash flows arising from the attention to human rights, the environment, and anti-corruption. Janney et al. (2009) and Arevalo and Aravind (2015) confirm that a decision to join the UNGC is initially viewed by investors as a positive event, thus giving the company access to new capital. Berthelot et al. (2012) note the connection between sustainability reports and investors: they evaluate positively the publications of voluntary reports. "*This result is particularly encouraging for the accounting standard-setting bodies,*" such as the UNGC, "*involved in the development of recognized guidelines for sustainability reporting*" (Berthelot et al., 2012, p. 7).

Affiliation with the UNGC can also lead to an *improvement in financial and economic performance*. Ortas et al. (2015a) explain that there is a significant and positive bidirectional relationship between companies' environmental-social-governance (ESG) performances and their financial performance metrics. In their empirical paper, some authors (e.g., Arevalo and Aravind, 2015; Cetindamar and Husoy, 2007) find positive correlations between UNGC adoption and firm revenue growth and cost savings. They also find that the improvement in these performance metrics is moderated positively by how long the firms have participated in the UNGC, the number of environmentally

responsible projects in which the firms engage, and the number of UNGC meetings they attend. A different result is obtained by Rodriguez-Fernandez (2016). In this empirical analysis, the author was not able to demonstrate a correlation between adherence to the UNGC and the financial performance of a firm.

Concerning economic and financial performance metrics, an important contribution is given by Barros Kimbro and Cao (2011). UNGC firms have higher investment opportunities and market valuation compared to delisted ones (i.e., a company that failed in submitting the annual COP). Moreover, the authors found active companies are characterized by higher profitability and lower financial risk.

Finally, some authors (e.g., Arevalo and Aravind, 2015; Dubee, 2007) underline that the UNGC offers the opportunity for an *improvement in productivity*. This improvement is explained by the UNGC's focus on human and labor rights, thus providing better working conditions and policies.

An important aspect is represented by the high percentage of empirical papers providing insights about this impact category. Nevertheless, the number of contributions is quite low (if compared, for instance, to the ones related to *network* impacts): therefore, this underrepresentation should be further explored and analyzed.

4.3.4 Ethics

Under the ethical perspective, the first impact provided by affiliation to the UNGC is an *improvement in good corporate governance*. The UNGC learning forum, through the opportunity of exchanging best practices among actors, helps companies implement the 10 principles and reshape corporate practices (Ruggie, 2001). Some authors (Arevalo and Aravind, 2015; Ortas et al. 2015a) highlight that its adoption enhances social responsibility. Firms adhering to supranational sustainability programs, such as the UNGC, are more likely to join national sustainability programs (Perez-Batres et al. 2012). The last aspect is anti-corruption. Some authors shed light on the relationship between UNGC adoption and implementation of effective anti-corruption policies, underlining the importance of sustainability disclosures that guarantee transparency (Branco and Delgado, 2012).

Literature shows that UNGC affiliation positively impacts companies' disclosures and enables them to *draft more effective and harmonized CSR reports*. Some scholars (Baumann-Pauly and Scherer, 2013; Cavanagh, 2004; Chen and Bouvain, 2009) underline that UNGC membership leads to an improvement in the quality of companies' disclosures concerning environmental and worker-related issues, but not in societal, community, suppliers', and customers' issues. In Baumann-Pauly and Scherer's (2013) case study analysis, all companies stated that they have improved their reporting on corporate citizenship and that they plan to improve it further in upcoming years. UNGC affiliation can also lead to reporting harmonization and integration among economic, environmental, and social performance (Einwiller, 2016).

In conclusion, it is important to show the impacts that emerged from the analysis present mainly a positive connotation. This is explained by the fact that this is a voluntary initiative that operates at a broad level, without stringent requirements or an excessive cost of adoption or implementation. Under this perspective, companies do not encounter difficulties or obstacles while adopting the UNGC. The same could be extended to the COP, which does not force companies to deeply modify their structures or activities.

4.4 Contextual factors affecting adoption

In this section, we present the contextual factors that can influence companies in the adoption of the UNGC initiative. Factors are classified into external or internal, as shown in *Table 4*.

4.4.1 External factors

The first external factor that emerged from the study is the *level of country income*. Some studies (e.g., Barkemeyer, 2009; Bernhagen et al., 2013; Bremer, 2008) show a positive correlation between country income and companies' decision to join the UNGC. Kell (2005, p. 8), for instance, observes that “*developing countries were initially suspicious that the UNGC was a disguised form of protectionism.*” The level of the country income seems to affect the profile of the UNGC companies: most participating companies from industrial countries are multinationals while those coming from developing countries are primarily small and medium enterprises (SMEs) (Cetindamar and Husoy, 2007).

Some papers (e.g., Bremer, 2008; Byrd, 2009; Rasche, 2009a) show a negative correlation between the *litigiousness of society*, expressed by lawsuits actions against firms by both competitors and non-governmental organizations, and UNGC adoption. The difference between US and Europe in adhering to the standard is shown: in North America, corporate lawyers advise business executives that signing a contract or pledge increases exposure to lawsuits (Cavanagh, 2004). Apparently, the “*paralyzing fear of lawsuits*” by adversaries accusing participating US firms of not honoring the principles leads to a lack of participation in the US (Hemphill, 2005, p. 10).

Another major external factor is represented by the *positivity of country perception toward the UN and UNGC*. In a country where the UN is highly valued, there is an increased attraction for large firms to participate in the UN initiatives, as well as “*home country participation in high-profile UN programs increases firms' willingness to sign the UNGC*” (Bernhagen and Mitchell, 2010, p. 8). This is also the reason why “*affiliation with UNGC in Europe is perceived as less controversial, and more in line with prevalent, commonly-held values, than it would be in United States*” (Janney et al., 2009, p. 7). UNGC principles are more widely accepted in Europe than in the US. Several other authors underline this concept (Bennie et al., 2007; Fritsch, 2008; Selvik, 2013).

Focusing on the political perspective, some studies that UNGC adoption is positively correlated with the *level of democracy of the country*. Bernhagen et al. (2013), for example, observe that the number of participating firms increases as the level of democracy increases. Hasan (2015) and Perkins and Neumayer (2010) underline how regime types in Muslim majority countries (MMC) have sometimes prevented organizations from signing the UNGC. A conflicting result comes from Bennie et al. (2007): they highlight how firms whose business interests are geographically located in more repressive areas of the world are more likely to endorse human rights and good governance principles. Under this logic, repressive countries may see an incentive in joining the UNGC.

Some authors (Bennie et al., 2007; Lim and Tsutsui, 2012; Perez-Batres et al., 2011) note that one of the most influential factors affecting UNGC adoption is the *proactivity of the government toward good governance and CSR initiatives*. As Bennie et al. (2007, p. 14) present in their empirical study, “*home institutional and normative context are significantly related to the decision of join.*” Lim and Tsutsui (2012, p. 15) argue that “*government endorsement is the primary national-level factor that shapes local receptivity to CSR frameworks.*”

Table 4 – Contextual factors affecting adoption

		External Variables										Internal Variables			
		Level of country income	Litigiousness of society	Positivity of country perception towards UN and UNGC	Level of democracy of the country	Proactivity of the government towards good governance and CSR initiatives	Level of country inclination to CSR	Intensity of Foreign Direct Investments	Liberalism of the economic system of the country	Population size of the country	Level of influence of NGOs in the country	Intensity of commercial dealings with countries presenting more advanced CSR performances	Firm size	UN vendorship	Firm listing on stock exchange
Empirical Papers	Bennie et al. (2007)			C (+)	E (+)	E (+)		E (+)			C (+)		E (+)	C (+)	
	Cetindamar and Husoy (2007)	C (/)													
	Bremer (2008)	E (+)	C (-)												
	Barkemeyer (2009)	E (+)													
	Byrd (2009)		C (-)												
	Hamann et al. (2009)												E (+)		
	Janney et al. (2009)			C (+)											
	Bernhagen and Mitchell (2010)			C (+)										E (+)	E (+)
	Perez-Batres et al. (2010)											E (+)		E (+)	
	Perkins and Neumayer (2010)				E (+)			E (+)				E (+)			
	Perez-Batres et al. (2011)					E (+)									E (+)
	Berliner and Prakash (2012)											E (+)			
	Lim and Tsutsui (2012)					E (+)						E (+)			
	Bernhagen et al. (2013)	E (+)			E (+)				E (+)	E (+)					
Peña (2014)	E (+)														
Conceptual Papers	Hughes and Wilkinson (2001)	C (+)													
	Cavanagh (2004)		C (-)												
	Williams (2004)		C (-)												
	Hemphill (2005)		C (-)												
	Kell (2005)	C (+)													
	Gupta (2007)														C (+)
	Fritsch (2008)			C (+)											C (+)
	Gupta and Gupta (2008)														C (+)
	Rasche (b) (2009)		C (-)												
	Selvik (2013)			C (+)											
	Hasan (2015)	C (+)				C (+)									
Total E (Empirical contributions)		4	0	0	3	3	0	2	1	1	0	4	4	1	1
Totale C (Conceptual contributions)		4	6	5	1	0	3	0	0	0	1	1	0	1	0

Moving from government to society, the *level of country inclination toward CSR* represents an important parameter in the company's decision to join. The strong European bias in geographical distribution is also explained by this: regarding CSR, public expectations in Europe about corporate codes of conduct are stronger than in other parts of the world (Fritsch, 2008). Another example is the case of India: with a rich cultural heritage regarding corporate social responsibility, the UNGC has taken deep roots in India (Gupta, 2007; Gupta and Gupta, 2008).

Other empirical papers (Bennie et al., 2007; Perkins and Neumayer, 2010) shed light on the positive relationship between UNGC adoption and the country's *intensity of foreign direct investment (FDI)*. Using the outward flows of FDI as a percentage of the home country's gross domestic product (GDP) to measure the importance of the global economy to the firm, this variable is positively and significantly associated with participation in the UNGC (Bennie et al., 2007).

Three more factors related to the country emerged. First, there is the *population size of the country*: companies operating in larger countries are more likely to adopt the UNGC (Bernhagen et al., 2013). Moreover, there is the *liberalism of the economic system of the country*: the openness of a country's economy represents a driver that positively affects companies' decision to join (Bernhagen et al., 2013). Last, there is the *level of influence of NGOs in the country*: it is expected that firms from "countries with strong environmental and human rights organizations are more likely to agree to cooperate on human and environmental rights than those from countries with less active organizations" (Bennie et al., 2007, p. 8).

4.4.2 Internal factors

The first internal factor underlined by some scholars (Berliner and Prakash, 2012; Fritsch, 2008) is the *intensity of commercial dealings with countries presenting more advanced CSR performance*. Lim and Tsutsui (2012) demonstrate that countries and corporations that export to countries with more UNGC companies are more likely to adopt CSR frameworks. Another important example is brought by Perez-Batres et al. (2010): Latin American firms with higher commercial dealings with the European Union (EU) were more likely to follow initiatives such as the UNGC; thus, the authors conclude that Latin American firms believe that to maintain their legitimacy, they would need to follow what the EU institutional environment dictates. The same concept is underlined by Fritsch (2008). Other authors (Berliner and Prakash, 2012; Perkins and Neumayer, 2010) extend this factor to a national perspective, demonstrating that if a country exports mainly to markets characterized by a high density of UNGC participants, this is associated with higher domestic participation.

A second internal factor is *firm size*. Some scholars (e.g., Bernhagen and Mitchell, 2010; Hamann et al., 2009; Perez-Batres et al., 2010) agree that firm size is positively and significantly related to UNGC participation, which is supported by the fact that larger firms are far better represented in the UNGC than smaller firms. This could be explained by the fact that larger companies have more available resources to adopt and implement the initiative, such as financial or information ones. This is true mainly for industrialized countries, rather than for developing ones.

A further aspect underlined by some academics (Bennie et al., 2007; Bernhagen and Mitchell, 2010) as a predictor of UNGC participation is *UN vendorship*. Companies that present this status are more likely to join the UNGC. As Bennie et al. (2007, p. 14) underline in their paper, "the UN encourages its vendors to participate in the Global Compact."

The last factor that emerges is the *firm listing on stock exchange*. Perez-Batres et al. (2011, p. 7) demonstrate that “both European and Latin American firms listed on the New York Stock Exchange are more likely to register with the UNGC database than their corporate counterparts not listed on that stock exchange.” This is because listed firms are influenced by the behavior of the other firms belonging to the stock exchange, particularly ones that joined UNGC: to not lose reputation in stakeholders’ eyes, they are more likely to adopt the UNGC.

4.5 Contextual factors affecting impacts

The literature shows that some contextual variables affect (in different, sometimes opposite, directions) the UNGC’s impacts. These moderating variables are presented in Table 5, classified into *internal and external* ones for coherence with the classification of the contextual factors affecting UNGC adoption.

4.5.1 External Variables

A variable that influences the impact of UNGC adoption is the *proactivity of the government toward good governance and CSR initiatives*. In her empirical analysis, Knudsen (2011) demonstrates that if a country’s domestic governance institutions pay a large amount of attention to good governance and CSR initiatives, its companies would be less likely to be delisted. Ortas et al. (2015a, 2015b) – analyzing a sample of Spanish, French, and Japanese firms – note that these countries (having different institutional backgrounds) have different priorities for their companies: Spanish and French firms focus mainly on social and corporate governance issues, and Japanese companies focus more on environmental issues (and related performance).

Ortas et al. (2015a, 2015b) empirically demonstrate that the general *level of country inclination toward CSR*, which is about the specific cultural and social characteristics of a country (and is not related to the government policies supporting sustainability initiatives such as the previous variable), has a positive and direct relationship on good performance of UNGC participants. Thus, the social and cultural differences among countries matter and moderate the observed results of companies operating in different contexts.

The *level of country income* is another factor that influences the UNGC’s impact. Seppala (2009) argues that the adherence to UNGC principles is not equal among companies coming from countries at various levels of economic development. Also in this case, the relationship between this contextual factor and firm performance is positive and direct. In fact, as Bremer (2008) demonstrates, the of companies from developing countries is worse than firms operating in more advanced nations. Other contextual variables affecting the impacts of firms that adhere to the UNGC were highlighted by a single study.

Knudsen (2011) demonstrates that the *intensity of foreign direct investments* may affect a firm’s adherence to the 10 principles in a positive way. The higher the “outward FDI/GDP” of a country is, the lower the probability of it being delisted is (Knudsen, 2011).

Two other relevant external factors are the *level of democracy of the country* and the *liberalism of the economic system of the country*. Lim and Tsutsui (2012) demonstrate that in advanced democracies, companies that participate in the UNGC are more likely to respect their commitment to it. They also prove that a more liberal economic system encourages firms to adopt the initiative in a formal way, hence affecting in a negative way the impacts.

Another variable that negatively affects firms' commitment to the UNGC is *religion's influence on society*. Williams and Zinkin (2010) notice that certain companies, for example from Muslim countries, fall short on some equality principles defined by the UNGC (e.g., human rights).

4.5.2 Internal Variables

As far as the internal dimension is concerned, the most debated variable is *firm size*. In particular, the academic discourse is focused on the fact that to implement the 10 UNGC principles effectively, companies should possess adequate "*training-related, financial, and informational resources*," which is an attribute often linked to firm size (Arevalo and Aravind, 2011, p. 11). Because of this, several authors prove that SMEs, because of their typical lack of resources and capacity, often have trouble implementing the principles or communicating their efforts to do it (e.g., Arevalo and Aravind, 2015; Arevalo et al., 2013; Bernhagen and Mitchell, 2010). Rasche (2009a) suggests that the UNGC should work on differentiated implementation objectives according to the firm's size because SMEs often do not have the expertise and resources to redesign their production and management processes. Consequently, many SMEs become "non-communicating" firms (ibid.). There are also some conflicting results. As far as ESG performance is concerned, Ortas et al. (2015a) empirically prove that firm size does not have a positive and direct effect

Another factor that positively affects the UNGC's impact is the *presence of firm-specific resources*. The ownership of (tangible or intangible) resources that are critical for the success of a company facilitates the implementation of UNGC principles; thus, this is positively related to the extent of benefits achieved as a result of adhering to the initiative (Arevalo and Aravind, 2015; Ayuso et al., 2016). In Ayuso et al.'s (2016) survey, it is empirically demonstrated that firm-specific resources have a stronger positive relationship with UNGC principle implementation for early adopters. Arevalo and Aravind, both in their 2011 survey and in their 2015 secondary data analysis on Spanish firms, shed light on the moderating effects that *firm financial and economic performance* have on the effective implementation of UNGC principles. They argue that the level of UNGC's participants' overall performance is positively related to the positive impacts generated by these companies (Arevalo and Aravind, 2015). Another factor is the profile of the sector in which companies operate. Knudsen's (2011) secondary data analysis empirically shows that firms in the oil and gas industry are less likely to be delisted; the *environmental riskiness of the business sector* seems to be positively related to UNGC principles; riskier firms might have more to gain by being proactive and developing a range of more advanced CSR policies (Knudsen, 2011).

Three internal contextual factors are identified by one author. Ayuso et al. (2016) prove that the *length of UNGC participation* positively influences firms' ability to effectively apply the 10 principles. Regarding ESG performance, Ortas et al. (2015a) demonstrate that the higher the companies' *level of investment in research and development (R&D)*, the stronger (environmental and social) impacts will be. Finally, regarding *UN vendorship*, the UN boosts its vendors to implement the 10 principles in a more effective way (Bernhagen and Mitchell, 2010).

Table 5 – Contextual factors affecting impacts

		External Variables						Internal Variables							
		Proactivity of the government towards good governance and CSR initiatives	Level of country inclination to CSR	Level of country income	Intensity of Foreign Direct Investments	Level of democracy of the country	Liberalism of the economic system of the country	Religion influence on society	Firm size	Firm financial and economic performances	Presence of firm-specific resources	Environmental riskiness of the business sector	Length of UNGC participation	Level of investment in R&D	UN vendorship
Empirical Papers	Bremer (2008)			E (+)											
	Bernhagen and Mitchell (2010)								E (+)						E (+)
	Arevalo and Aravind (2011)								E (+)	E (+)					
	Knudsen (2011)	E (+)			E (+)				E (+)		E (+)				
	Lim and Tsutsui (2012)					E (+)	E (-)								
	Arevalo et al. (2013)								E (+)						
	Arevalo and Aravind (2015)								E (+)	E (+)	E (+)				
	Ortas et al. (a) (2015)	E (+)	E (+)						E (+/-)						E (+)
	Ortas et al. (b) (2015)	E (+)	E (+)												
	Ayuso et al. (2016)										E (+)		E (+)		
Rodriguez-Fernandez (2016)									E (+)						
Conceptual Papers	Rasche (a) (2009)								C (+)						
	Seppala (2009)					C (+)									
	Williams and Zinkin (2010)														C (-)
Total E (Empirical contributions)		3	2	1	1	1	1	1	0	6	3	2	1	1	1
Total C (Conceptual contributions)		0	0	1	0	0	0	0	1	1	0	0	0	0	0

5. Knowledge Gaps

This paragraph summarizes the main research gaps identified through the literature review.

5.1 Research approaches and methodologies

The first summary point concerns the prevalence of conceptual papers rather than empirical ones, given that almost 53% of the contributions on the UNGC included in our final pool of articles are conceptual in nature (51 out of the 96 papers). This highlights the need of additional empirical research to strengthen the managerial contribution of this field.

Delving into empirical papers (45), a large portion of them (80%) aim at testing a theory (through survey or statistical tools) while only three contributions (6.67%) have a research focus aimed at theory building (through case study and qualitative approaches). In fact, almost the totality of theory-building articles (16 out of 19) are conceptual. We argue that this imbalance should be fixed in the future through the development of papers aimed at building theories using a strong empirical framework, to make this field of research oriented to theory.

5.2 Antecedents

Concerning the antecedents, the actual literature is lacking studies that deeply analyze how motivations change when considering companies operating in different contexts (e.g., country and stage of the supply chain). For instance, we expect firms in developing countries to be more motivated by the desire to exploit the advantages related to inclusion in the UNGC network while firms of advanced countries to be moved more by reputational reasons. Moreover, we expect firms operating at different levels of the supply chain to be pushed by different stakeholders when deciding whether to adopt the UNGC, for example, it would be reasonable to suppose that upper levels of the supply chain are motivated mainly by improvements in the relationship with client firms or by the need of adapting to competitors (already UNGC participants) while lower levels of the supply chain are pushed mainly by public opinion and satisfying the final customers.

It would be interesting to analyze also how the motivations of adopting the UNGC vary among the different sectors in which the firms operate. Some evidence emerges from the large presence of firms in the oil and gas, mining, and chemical industries. Given that these sectors have always been under public debate for environmental and social scandals, we can reasonably suppose that the reputational advantage is the main driver when adopting the standard in these industries. Firms are interested in increasing their brand image, ensuring the public that they are doing business responsibly, taking care of the environment, and ensuring human rights are respected.

5.3 Certification

As mentioned above, there is a lack of empirical research on the UNGC: this gap is particularly evident when talking about the critiques against the UNGC. In detail, this means that almost all the critiques are only conceptual, hence lacking strong support (provided by data). For this reason, it would be important to empirically validate the studies to increase their reliability and find out real and common problems of the UNGC. In this way, these issues could be further addressed by the United Nations to increase the quality of the program, increasing the value of research also for policy makers.

A second gap in the critiques is represented by the paucity of attention paid by scholars to the content of the UNGC's principles. Kilgour (2007, 2012) shed light on the fact that the UNGC does not focus adequately on the issue of gender inequality. In the future, scholars should analyze the coverage of UNGC principles, trying to highlight other criticalities in the 10 principles.

Moreover, some authors (Fritsch, 2008; Rasche and Gilbert, 2012) show the imbalance between business and non-business UNGC participants, criticizing the overrepresentation of for-profit companies. We identified a lack of scientific contributions providing a deep analysis of the non-profit organizations adhering to the initiative. Academics should focus on aspects such as the motivation pushing NGOs to join the UNGC and its related impacts.

5.4 Consequences

Focusing on the impacts of UNGC adoption on firm performance indicators, we observed that authors have mainly focused on financial and economic performance metrics, almost ignoring the way in which companies implement the 10 principles in their internal processes. Indeed, the only aspect related to internal processes that has been treated by scholars is *improvement in productivity*. Unfortunately, it has been studied in a marginal way, thus not providing a strong empirical demonstration of how the UNGC influences companies in adopting relevant changes concerning their processes and operations. In fact, in the two papers that cover this issue, one contribution (Dube, 2007) is conceptual while the only empirical one (Arevalo and Aravind, 2015) includes the productivity, as well as other factors, within a broader indicator (called *economic benefits*), measuring its correlation with UNGC adoption without analyzing specifically the productivity.

Another aspect that might be explored in the future is a more specific component of productivity: *labor productivity*. This is the efficiency of the labor force expressed in the amount of goods and services produced in a time unit. In fact, some authors, writing about the improvements that the UNGC brings to relationships with stakeholders, have noted enhancements in employee relations (Lehmann et al., 2010). Indeed, better attention to employees' needs and a more proactive dialogue with them increases employee satisfaction. This might lead to a higher efficiency in their jobs and to better results in labor productivity. This aspect has proved to be a typical outcome deriving from the implementation of many ethical certifications, such as the SA8000 (Sartor et al., 2016); although, it has not been explored for the UNGC yet.

Another gap that has emerged from the literature review analysis is that scholars have not focused on the suppliers and customers' role when studying the UNGC. We noted that some scholars have already analyzed the impacts that adhering to the UNGC would bring to firms' relationships with the following stakeholders: employees (Lehmann et al., 2010), investors (Coulmont and Berthelot, 2015; Janney et al., 2009), governments (Voegtlin and Pless, 2014), international organizations and NGOs (Arevalo, 2010), local communities (Gilbert and Behnam, 2012), and the UN itself (Kell, 2005). What is missing from the literature is an analysis on suppliers; the same reasoning can be applied to customers, both represented by business-to-business (B2B) and business-to-consumer (B2C) relationships. In fact, the impacts on the relationships with consumers (B2C) have been considered only in one article, where the authors (Andrianova and Yeletskikh, 2012) argue that the disclosure of firms' information by means of the COP or on the UNGC website attracts customers and keeps them loyal. Moreover, this contribution is conceptual, and there are no empirical analyses related to this topic.

One more critical element in the consequences section is related to *network* impacts. Specifically, the *creation of partnerships* presents almost only conceptual contributions (e.g., Rasche and Waddock, 2014) that do not deeply analyze the nature of these links between participants. Scholars' contributions lack a specific focus on the typologies of partnerships that could arise.

Another crucial argument not deeply investigated is the one concerning the *delisted* firms. With delisted firms we mean those firms that entered in the UNGC but were eliminated afterwards. Knudsen (2011) provides the only empirical contribution that analyzes the internal factors and the variables coming from the external environment that can lead to company delisting. However, the literature lacks studies on the differences in performance between active and delisted companies: there are no contributions that analyze whether active firms register significant differences (e.g., economic, financial, and ESG performance) compared to delisted ones.

6. Theory-based research agenda

Starting from the knowledge gaps highlighted in the previous paragraph and from the structure of our literature review framework, we are going to develop a set of research hypotheses to orient future studies on the UNGC.

6.1 Antecedents

In the previous section, we shed light on an issue related to this area that has not been studied by scholars yet: until now, academics have not analyzed the differences in the motivations behind why companies operating in different contexts join the UNGC. In our analysis, it has been decided to have a stronger focus on the contextual effects of the level of country development. This is motivated by the intention to boost the studies on this issue because many scholars (Bremer, 2008; Lim and Tsutsui, 2012; Ortas et al., 2015a) have analyzed the role that several features of country development (e.g., level of country income, of democracy, and of country inclination to CSR) have on firms' adoption rate and the effectiveness of implementation of UNGC principles. Relative to the relationship between a country's level of development and the motivations firms have to join the UNGC, it is reasonable to expect that firms of developing countries do not have very advanced CSR performance (Bremer, 2008). Thus, we can assume that they adhere to the UNGC mainly because of wanting to learn of and improve CSR practices and to establish new, stronger partnerships with other actors of the UNGC community. As shown in the previous chapters, some scholars (e.g., Bennie et al., 2007; Garayar Erro and Calvo Sanchez, 2012) have already shed light on the fact that there are firms joining the UNGC because of these network reasons (i.e., inclusion in a CSR community). However, these studies have never been contextualized in relation to a country's economic situation: there is a lack of articles proving whether these network motivations for adopting the initiative are more typical for companies operating in weak economic backgrounds. Given all the previous considerations, it is reasonable to hypothesize the following:

H1a: *Firms of developing countries join the United Nations Global in order to exploit the network advantages that come with membership.*

However, companies operating in more developed countries, especially multinational enterprises, have a more advanced level of CSR and pay more attention to their corporate reputation and image (Post, 2012). These internationally oriented firms present stronger incentives to embrace labels, such as the UNGC one, to obtain

legitimacy and credit abroad (Selvik, 2013). Thus, it is reasonable to assume the following:

H1b: *Firms of developed countries join the United Nations Global Compact to obtain the reputational advantages that come with membership.*

6.2 Consequences - Stakeholder theory

The literature gap related to internal processes and productivity sheds light on the paucity of attention paid by scholars to the role of the employees. Academics have studied, through the application of the stakeholder theory (Donaldson and Preston, 1995; Freeman, 1984), the implication of the UNGC on major stakeholder groups. Clear examples of this are government, NGOs, media, and citizens (Arevalo and Aravind, 2011; Barkemeyer, 2009; Perez-Batres et al., 2012b). But the stakeholder theory suggests one should consider the benefits for all the stakeholders involved. Therefore, to provide the most complete view and application of the stakeholder theory, our proposal is to enlarge the scope of this theoretical implementation, studying the dynamics that involve employees in greater detail.

As expressed by Lehmann et al. (2010), joining the UNGC positively enhances employee relations. Thus, adhering to the initiative has a double effect regarding employees. First, it leads to enhanced attention to worker conditions and needs, focusing on human and labor rights. Second, it brings about a more proactive dialogue with workers, accepting ideas and suggestions coming from the bottom. These dynamics lead to a context in which employees are more satisfied and involved in a company's processes. This enhanced satisfaction might have advantages both in strengthening the relation employees have with a firm and in improving the quality and efficiency of their work. Therefore, we can hypothesize the following:

H2a: *Joining the United Nations Global Compact leads to a higher employee retention rate.*

H2b: *Firms adhering to the United Nations Global Compact register an improvement in the quality of their employees' work.*

H2c: *Joining the United Nations Global Compact leads to an improvement in labor productivity, derived by an increase in employee motivation.*

6.3 Consequences - Signals theory

The current literature does not present deep empirical research aimed at discovering substantial differences in performance among firms with different statuses (i.e. *active, delisted*), as addressed in Section 5. Authors have debated about this concept: for example, Coulmont and Berthelot (2015) and Janney et al. (2009) underline that issuing the COP requires a certain investment that not all companies might be willing to do. In their analyses, both draw on Akerlof's (1970) signals theory, arguing that simply joining the UNGC is a signal that better companies use to distinguish themselves from worse ones. These considerations are based on the fact that low-type companies do not adhere to the initiative because they do not want to sustain the costs of preparing the COP. Starting from this perspective, it would be interesting to further develop the research activity, focusing on the differences between active and delisted firms. We

expect that firms that do not provide the COP and are consequently removed from the community (delisted companies) show worse performance metrics compared to firms that respect all UNGC requisites.

The first perspective that could be adopted to study this difference is the financial one. Several authors (e.g., Arevalo and Aravind, 2015; Berthelot et al., 2012; Coulmont and Berthelot, 2015) demonstrated that investors value a firm's affiliation with the UNGC because participants present a lower financial risk and the potential to generate future cash flows arising from including human rights, labor, environmental, and anti-corruption considerations in their day-to-day decision making (Coulmont and Berthelot, 2015). These potential future cash flows will likely result in a better profitability; we might therefore suppose that this effect would be even more emphasized in the case of *active* companies compared to *delisted* ones. Because of this, we predict the following research hypothesis:

H3a: *Active firms present better profitability measures than delisted ones.*

As seen in our literature review, UNGC adoption leads to reputational advantages (e.g., Bennie et al., 2007). Thus, active firms can gain a stronger reputational image than delisted ones. Therefore, we expect this reputational difference to have an impact on market penetration and so on sales. For this reason, we can hypothesize the following research hypothesis:

H3b: *Active firms present better sales results than delisted ones.*

For ethics and sustainability concerns, a strong commitment to UNGC requirements, often characterized in active companies, is proven to have a positive and significant impact on firms' environmental, social, and governance performance (Ortas et al., 2015a). Therefore, we predict the following:

H3c: *Active firms present higher environmental, social, and governance (ESG) performance than delisted ones.*

7. Conclusion

This paper aimed to provide a systematic literature review about UNGC companies. We reported on the state of the literature, reviewing 96 scientific contributions. To analyze the papers, we developed a research framework considering five main lines of research: motivations for adopting the UNGC, principal critiques against the standard, initiative impacts on firms, contextual factors affecting adoption, and contextual factors affecting impacts. Each of these elements was then categorized by identifying the main characteristics and the main streams of literature. In this way, a clear overview on the main literature about the UNGC was summarized and structured.

From the results of this mapping, we identified a set of knowledge gaps related to the research approaches and methodologies adopted by the reviewed studies as well as to the macro areas of the framework built in this literature review (antecedents, certification, and consequences). The main gaps concern the lack of empirical research and to the imbalance in the empirical articles regarding their theory testing and theory-building contributions. Moving to the antecedent area of the research, we shed light on the lack of articles examining how motivations change in companies coming from different sectors and contexts. Concerning the critiques against initiative, scholars have

not focused adequately on the weaknesses in the content of the UNGC's principles and have not deeply analyzed the motivations and impacts related to the non-business participants of the UNGC. Finally, about the impacts on companies that joined the initiative, there is a lack of studies examining the effects of UNGC adoption on firms' internal processes and on the typologies of supply chain relationships among actors. Moreover, we also registered some gaps in the empirical investigation of diversities related to firm status – active and delisted – in analyzing impacts on company performance.

Starting from the knowledge gaps, we developed a future research agenda focusing on several problems related to the antecedents and consequences of UNGC adoption: changes in motivations for companies coming from developed and developing countries, impacts of the UNGC on the relationships between firms and employees, and the differences in performance metrics between active and delisted companies. We applied two managerial theories (stakeholder theory and signals theory) to some of the aforementioned problems and developed a set of hypotheses that could be empirically tested in future research.

Based on the considerations reported above, this paper contributes to both literature and practice. For the former, the literature was missing a thorough review of the UNGC. Our paper provides a detailed framework of the existing literature on the UNGC, offering a broad and complete overview of the topic, thereby identifying the main streams of literature existing and the main variables to include in an analysis on the UNGC. Moreover, the paper highlights possible directions for future studies through the formulation of 8 research hypotheses. Finally, this paper has contributed to the literature through the identification of research theories that could support the analysis of the UNGC, deepening new areas of investigation of two leading organizational theories. The paper provides some contributions for practice. First, the paper provides a clear overview of the main motivations that could cause managers to adopt the UNGC, thereby supporting managers in the decision process. Moreover, the paper highlights some potential performance metrics that could be improved through certification, supporting managers in the assessment of the value that can be achieved through certification. Finally, the paper addresses the relevant role of employees, a stakeholder often neglected by managers in the implementation of the UNGC, thus showing that managers should include the employee perspective in their analyses.

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