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UNGC principles and SDGs: perception and business implementation

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Abstract

Purpose – The purpose of this study is to analyze the perception of CSR policies and the implementation of UNGC management model in firms operating at a national and an international level. Specifically, in the framework of stakeholder theory, this work explores the relation between internationalization and the usage of UNGC management model in the design and implementation of successful CSR strategies. By doing so, new insights on CSR management to gain competitive advantage are provided.

Design/methodology/approach – The present study analyzes impact of internationalization in their sustainability performance, as well as the relationship between the usage of the UNGC management model and the firm's sustainability performance. To achieve this goal, the Spanish firms subscribing to the UNGC were evaluated following the tenth anniversary of the Spanish UNGC Chapter's inauguration. Both internationalized companies and companies only operating at a national level were evaluated, first through a survey, followed by a focus group and lastly a qualitative analysis of their CSR performance reports.

Findings – Findings show that perception of CSR performance and relevance allocated to CSR matters is consistent with the firms' practices. However, internationalization does not hold a relation with the companies' performance in sustainability matters as expected due to a series of factors. Similarly, the implementation of the UNGC management model does not correlate to the firm's perception and performance. The virtuous cycle can be created by honoring the social contract, yet the tools and management models shall be further tailored to ensure an effective win-win situation.

Originality/value – This study evaluates a company's perception and strategic involvement in sustainability, considering the UNGC 10 principles and SDG. Specifically, the role of internationalization and usage of the UNGC management model are evaluated. Consequently, researchers studying business strategy can incorporate the findings in strategic planning. Practitioners can learn the implications of CSR strategic planning using the UNGC management model and the limitations of this tool, to ensure sustainable growth of their firms. Moreover, work illustrates corporate results in sustainability matters after the first decade of the UNGC management model implementation in a specific UNGC Chapter.

Keywords Strategy, Sustainable development, International business

Paper type Research paper

1. Introduction

An enterprise's objective is to generate value to its stakeholders and contribute to society as a whole. In doing so, it can generate a virtuous cycle for its own sustainable growth, expanding as a business, catering to a greater number of consumers and at the same time contributing to the overall improvement of society. This combines legally required and voluntary actions, overall known as corporate social responsibility (CSR). This comprises the responsibility an enterprise has toward all its stakeholders, together with the environmental footprint derived from its productive and commercial activities.

Considering this context, Clarkson (1995) determined firm's operations would be obstructed if such company fails to its major stakeholders, while employees are the most important enterprises' stakeholders as they are the firm's public figures with customers, suppliers and other individuals in the social context. Because of this, companies need to balance the triple bottom line elements, which are also known as the three Ps: people, planet and profit. This will enable them to achieve sustainable development (Norman and MacDonald, 2004; Hacking and Guthrie, 2007; Venkatesh, 2010).

Consumers have become more aware and concerned with company's actions. Furthermore, there is an increased market pressure for firms to present annual

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sustainability reports. Notwithstanding this, it is important for the actions, and reports, to follow international standards and transnationally agreed criteria, otherwise they can be considered as part of a “greenwashing” or “bluewashing” initiatives. Even though there is no consensus on which standards are better and actually contribute to the company’s understanding and policy design, the Global Reporting Initiative, the United Nations’ Global Compact (UNGC) and United Nations Sustainable Development Goals (SDGs) are considered the most widespread and commonly used.

In addition, the exposure of the firm to international markets can increase the impact the business has in diverse societies. Because of this, entrepreneurial growth could be in regions or nations with lower development than where the firm was first established, as there are greater opportunities for social impact and business development (Fernandez, 2013). This creates a virtuous cycle, by internationalizing and executing CSR policies, firms can increase their value, the social perception and overall value creation, while society and the environment in which they operate also improve.

The present study is founded upon stakeholder theory, to comprehend the impact of internationalization and management models in company’s CSR policies and the overall impact in society’s perception and reputation. This theoretical perspective values firm’s actions toward its different groups of interest and the information presented to that extent, based on the UNGC guidelines. Specifically, the paper explores the relevance given by firms to SDGs in their strategic approach, their self-evaluation on their management and performance in each area, together with the management model created by the UNGC.

Firstly, the conceptual model and hypotheses are developed in the Literature Review section. Secondly, the empirical analysis is described, together with the methodology, followed by detailed results. Finally, the study concludes by addressing contributions for researchers and practitioners, main limitations and suggestions for future research in this area. To the author’s knowledge, there are no empirical studies testing the effects of CSR strategy and management carried out according to UNGC in Spanish firms’ performance, self-evaluation and internationalization. In fact, there has been scarce attention in academia and practice to this matter, which could significantly impact business growth and impact on society’s well-being. This will be our contribution.

2. Literature review and hypotheses development

2.1 Stakeholder theory

Based on John Locke’s philosophy, Donaldson (1982) evidenced there is a strong relationship between firms and society, which derives as a consequence of the social contract tradition. This implies that a company’s nature is to create value for society and impact in a positive way, considering not only socioeconomic aspects but also the environment. Because of this, there are aspects that go beyond financials and income generation that tie into management strategy and practice (Donaldson and Dunfee, 1999). The premise of the social contract set the basis for the stakeholder theory (Donaldson, 1982; Freeman, 1984; McWilliams and Siegel, 2001) and its equivalent approaches (strategic CSR, enlightened self-interest, etc.), all based on the social contract.

Though there is no consensus on the definition of CSR, academia and practitioners agree the company’s accountabilities can be described in two lines: those required by law and any further voluntary actions to contribute to the community. The United Nations created the UNGC, a voluntary initiative that promotes firms’ CSR actions, identifying human rights, labor rights environment and anticorruption as reporting guidelines. Based on these, the Global Reporting Initiative emerged creating a framework for sustainability reporting for firms.

Considering this framework, academics have reinforced the responsibilities firms have toward the community and the environment in which they operate, which are based on legal obligations but go beyond national and international requirements (Bronn and Vrinoni, 2011). A company's relationship with society is governed by laws and regulations, yet the inherent nature of this relation relies on an implicit agreement between both parties (Porter and Kramer, 2002).

Stakeholder theory considers firms, by being involved with their communities and taking the needs, wants and demands of its citizens into account, will be economically rewarded by the inherent nature of the social contract. As a result, there is no trade-off between investing in business efficiency and investing in CSR (McGuire *et al.*, 1988; Quazi and O' Brien, 2000; Jones *et al.*, 2007; among others).

Additionally, authors such as Borin de Oliveira Claro *et al.* (2008) evaluated the influence of human factors, such as the educational level of managers in firms and how knowledgeable they are regarding CSR. Results show there is a greater understanding of the concept of sustainability when managers have a higher degree of education on the topic. Furthermore, the study provides insight on how the managers' concept of sustainability may vary depending on the management practices implemented and the focus the firm gives to the different aspects of CSR.

These insights provide valuable information for both theory and practice. However, so far, academia has not provided sufficient studies analyzing CSR, management approaches based on UNGC and the degree of internationalization as variables that influence the success of the interrelationship based on the social contract. Yet marketing studies have provided great understanding of the CSR–financial performance relationship, examining outcomes such as improved loyalty, willingness to pay premium prices (Creyer and Ross, 1996) and, in crisis circumstances, lower blamed attributions (Klein and Dawar, 2004).

Therefore, it has been concluded that CSR policies, for instance, in marketing-related areas promote a better financial performance for the company, as the overall image of the firm, brand awareness, brand reputation and corporate reputation are positively impacted. For instance, Von Arx and Ziegler (2009) found the stock markets in the United States and Europe (particularly the United States) rewarded investments in stocks of those companies with a high intensity of environmental and social activities compared with other firms in the same sector.

Furthermore, Ameer and Othman's (2011) study confirmed that companies emphasizing sustainability practices have higher financial performance than firms without these initiatives. Other authors, such as Mark-Herbert and von Schantz (2007), found that CSR actions, independently of their nature, result in a key element for creating a strong brand when being effectively communicated. Similarly, a study conducted in 2009 by Conec Inc. (an American public relations and marketing agency) concluded 79% of consumers would switch to a brand associated with a good cause.

2.2 Impact of internationalization in CSR

Similarly to the aforementioned, the implementation of CSR and responsible management is considered to be eminently practical, which implies that it requires constant strategies and policies being implemented. This in turn has a direct impact in the internationalization process that firms undergo (Filatotchev and Nakajima, 2014). Several authors have already evaluated the relationship between CSR and firm's internationalization (Aguilera-Caracuel *et al.*, 2014).

Stakeholder theory considers stakeholders as the basic element that drives the creation of value and business success, which is why in the context of internationalization, firms' choice of region or country to where they expand together with the impact in that new context has a direct correlation. In addition, if firms chose to expand their business to developing countries, the impact on job creation, well-being, infrastructure, among others, is greater (Fernandez, 2013).

In this context, firms can choose to create homogeneous social initiatives, which would in turn increase their transparency (Christmann, 2004) together with their reputation and legitimacy (Bansal, 2005). Only fulfilling local requirements (which in developing countries may at times be less stringent than in developed nations) creates significant pressure from diverse stakeholders for companies to change those policies (Perrini *et al.*, 2011). Meeting high standards in Europe while only complying with the basic law requirements in South East Asia does not support a strong CSR-oriented corporate culture and values (Surroca *et al.*, 2013).

Due to the aforementioned, reputation and legitimacy have a strong impact in firms that operate in various nations and are both directly linked to implementation of advanced CSR practices (Fombrun, 1996). In addition, international companies have a greater opportunity to learn and create value in innovative ways as they are exposed to diverse social, cultural and environmental backgrounds (Ayuso *et al.*, 2016). Therefore, an international business can take advantage of knowledge acquired in different areas and jointly improve CSR policies, while carrying out a strong knowledge transfer and learning process within the same firm.

As stakeholders are able to have higher degrees of influence and there is a greater flow of information regarding firms' performance, multinational companies have the need to implement higher standards of CSR (Sharfman *et al.*, 2004). It is understood that there is a high level of complexity in adapting and ensuring CSR policies are applicable, as Peng *et al.* (2008) confirmed in their study, where they concluded it may derive in higher coordination costs as there is information flowing from a variety and diversity of environments. Also, there is an inherent difficulty in standardizing policies and strategies given that the cultures where the firm operates may be radically different (Van Raaij, 1997).

Notwithstanding this, some authors have studied that in certain contexts, such as Spanish firms, which are operating in international levels, have seen successful results in the social environments in which they operate, together with their own corporate results (both financial and nonfinancial). In this context, Escudero (2014) reinforces that CSR in the particular case of Spanish international firms has been a significant factor in contributing to the improvement of risk management in the case of nonfinancial situations. The author thus supports that internationalization and CSR, in the case of Spanish companies, go hand in hand.

Recently, authors evaluated Spanish firms in the context of stakeholder theory and the impact of stakeholder involvement in knowledge creation (Mattera and Baena, 2015). Findings show that companies including their stakeholders' interests in the knowledge creation and innovation process are able to enhance their intangible assets and thus the capitalization of such knowledge. Similarly, firms with international presence have a large number of global stakeholders, which also evidences a positive relation with its intangible assets. By honoring the social contract, firms benefit from stakeholders while contributing to social welfare, creating a win-win situation.

Mattera and Baena (2015) identified there is a need for further studies that can contribute to academia and practice in having a greater understanding of the impact of CSR management and control models and the links with internationalization. Because of this, the first hypothesis of this study directly tackles this matter:

H1a. International firms' CSR policies are positively associated with the firms' UNGC model performance

H1b. The lack of internationalization is negatively associated with the firms' UNGC model performance

2.3 Impact of CSR in the corporate image

There have been several studies concerning the consistency between companies' policies and actions with their corporate image, which implies that firms cannot only mention their positive actions but their overall strategy must be committed to the social contract (Williams and Barrett, 2000; Werther and Chandler, 2005; Sacconi, 2007). Furthermore, Dowling (1993) recognized that the firm's vision, corporate strategy, culture, organizational design and marketing communications are to be coordinated and aligned with creating value and positively impacting society.

Additionally, Bigné-Alcañiz *et al.* (2012) identified that those companies who base their image on the social impact and strong commitment of the firm to honor the social contract have two core antecedents: credibility and altruistic contribution. These two factors are indispensable for firms to take into account if they wish to grow in a positive way, as well as gaining trust and support from society. Therefore, firms shall integrate CSR into its strategy, mission and culture, and in doing so, there should be a strong corporate identity, including all the organization's members and actions.

However, reporting has been under severe scrutiny as they can be viewed as a way of masking a firm's image and reputation, with no true substance or ethical values, commonly referred to as "greenwashing." This, together with "bluewashing" (i.e. masking a corporation's reputation through collaborations with the United Nations and its excellent social reputation), shows a lack of transparency and ethical values. This holds particularly true in the case of middle and lower management, as they are pressured to produce results independently of the means used for this purpose (Marquis and Toffel, 2012). In short, as Greer and Bruno (1996, p. 41) concluded: "Now they say they have changed. That they are spending money for the environment. That they will regulate and police themselves. That their technologies are safe. That their products help the poor. We urge you to look critically at their real world behavior. . ."

Assessing the veracity and commitment of firms is virtually impossible without rigorous reporting methods, standards and, especially if there is a lack of external, third-party verification and monitoring. Furthermore, Mattera and Baena (2015)'s study showed firms that include the stakeholders interest in knowledge-creation processes can increase their intangible assets. In this context, firms with international presence had to consider a large number of stakeholders from various backgrounds, and while catering to their needs, this contributed to a learning process that also increased the capitalization of knowledge in their intangible assets.

2.4 United Nations Global Compact and its management model

During the World Economic Forum celebrated in Davos in 1999, Kofi Annan, Secretary General of the United Nations (UN), started developing the idea, which became a reality in July 2000 (REPM, 2016). At this point, the UN Global Compact (UNGC or GC) was born, and throughout the years it gained relevance, being nowadays one of the most recognized initiatives in terms of CSR on a global scale (Arévalo *et al.*, 2013). Nowadays, there are over 14.000 entities that have adhered to it in over 160 countries, out of which more than 10.000 are firms (United Nations Global Compact (UNGC, 2020).

From its conception, the GC is a voluntary initiative, where transparency is based on the entity's own interest and the creation of reports is not mandatory nor audited (Arévalo *et al.*, 2013). The agreement specifically promotes the implementation of ten core principles, which have been universally accepted and rendered the baseline to promote CSR and ultimately a sustainable development. In addition, the UN has established 17 Sustainable Development Goals (SDGs) that are of interest for all members of society and can help in achieving and complying with the principles. These goals were discussed and agreed upon by UN Member states, and, since 2015, all nations within the UN have adopted them and incorporated into their national strategic plans. They are also known as the Global Goals, and they are "a call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030" (United Nations, 2015).

Due to the aforementioned, partners around the globe implement specific strategies and collaborate with each other in order to face worldwide problems such as hunger, education, poverty, economic growth, health and climate change. Each goal has specific targets that must be achieved by 2030 and they are all interconnected. The list of targets related to each goal are measured with indicators, which help to measure progress and effectively evaluate the degree to which each of the goals has been met.

In this context, firms must align their corporate strategy with the areas and principles, creating their own goals and working toward creating win-win situations where the corporation can grow while respecting the environment and promoting social well-being of the diverse communities with which it has an impact. Figure 1 depicts the linkages between UNGC principles and the SDG.

Thus, the UNGC created a management model, focusing on knowledge and tools and considering those would derive in the intended results. This management model was jointly designed with Deloitte, and according to the UNGC and this consulting firm, the model ensures that company's sustainability practices and strategy are aligned with the 10 UNGC principles and the 17 SDG. Figure 1 details the six steps included in the model, which are: commitment, evaluating, defining, implementing, measuring and communication.

(1) Commitment: abiding the principles and SDG in a transparent way, without incurring in greenwashing or bluewashing.

(2) Evaluating: assessment of the risks, opportunities and impact the business model, product, production process, service and all firm's activities have. This should be done under the scope and light of the SDG and UNGC, and consider all factors, including those that are not easily quantified or have a direct financial impact.

(3) Defining: the firm must set clear objectives, policies and strategies, based on the evaluation previously conducted. Furthermore, the company must have a specific plan toward successful implementation and establish key performance indicators (KPIs) to evaluate the degree of success and needs for improvement.

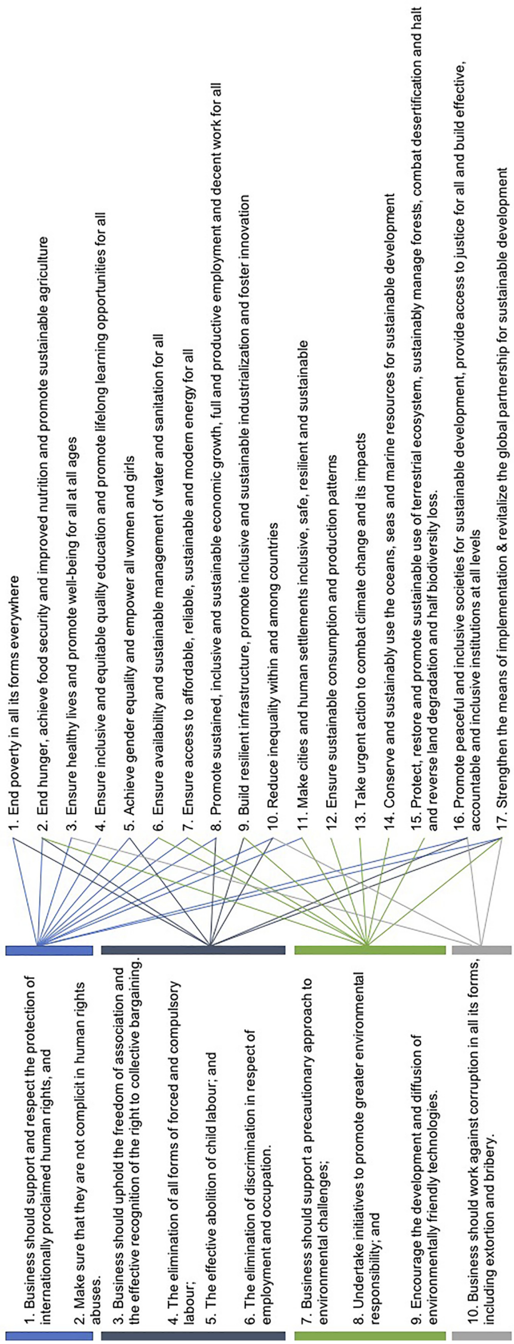
(4) Implementing: after considering the factors of influence, defining strategies, objectives and policies and creating a plan, the firm must implement their strategies, involving all its stakeholders, mainly its employees.

(5) Measuring: in order to evaluate the degree of successfulness of the strategies, the firm must use the KPIs and consider the degree of progress in the implementation.

(6) Communication: the last step is to communicate the progress and the strategies' results, and it should involve diverse stakeholders in identifying different ways to improve the performance.

According to UNGC (2010), those firms that complete all the steps consider it an iterative process, which should have a positive impact and create a virtuous cycle in creating a sustainable business. In this context, the linkage between UNGC principles and the UN SDG creates a framework for companies to create shared value, which would be the starting point for a sustainable virtuous cycle for business growth and society's well-being.

In spite of this, the management model and the firms' usage of it have not been sufficiently evaluated and whether it is effective in its intent or not. It is of strategic significance for academia and practice to evaluate the accuracy of the model in order to assess whether firms



Source(s): UNGC (2017)

Figure 1.
The UN global compact ten principles and the sustainable development goals

implementing it can obtain the intended benefits, as well as society. The intention of the management model is to enable firms to accurately know what their stakeholders perceive and in the last phase, obtain feedback to continue improving the areas that need to be further developed or tackled.

Because of this, the second hypothesis directly tackles this matter as follows:

H2. Firms' usage of the UNGC management model is positively associated with an accurate perception of their CSR performance.

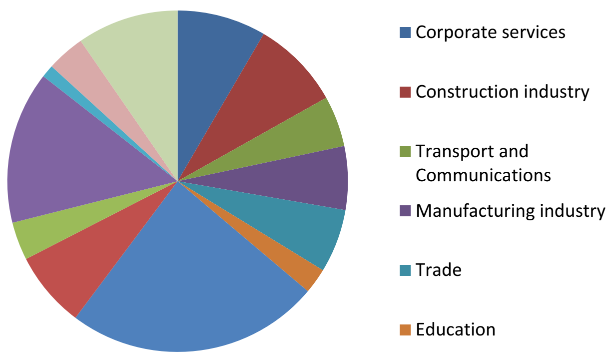
3. Methodology

With commemoration of the tenth anniversary of the UNGC Spanish network, the organization wished to understand better the impact the model and guidelines had had on Spanish firms throughout the first decade. Due to this, the chapter organized an in-depth analysis, in which one of the authors of this paper participated, by surveying the firms and organizations that had adhered to the UNGC principles and the SDGs.

Considering Spanish firms have a strong influence in the Latin American region, whether through investing in firms, collaborating in CSR projects or having international presence in that area, as well as leading some of the world's sectors such as construction or fintech, it was deemed relevant to study their performance. This paper conducts an exploratory study based on the results from the firms' self-perception, together with internationalization data, the results from their management model, social impact of their CSR actions and corporate reputation.

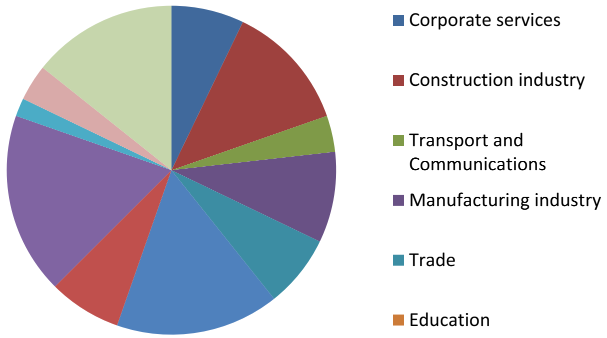
The enterprises studied comprise two distinct groups: those that operate on a national level and those who operate on an international level. In order to be considered as a firm operating beyond the Spanish border, it had to meet one of the following criteria: importing, exporting, productive investment or investing in commercial activities. Firms were evaluated according to their self-disclosure in the survey.

Because firsthand data was deemed essential and evaluating the firm's self-perception is key to understanding the value added by the management model, only firms that had responded the survey were considered. In sum, the companies analyzed in this study represent nearly 70% of firms that conduct international activities according to the criteria aforementioned. In addition, noninternationalized businesses were also studied, in order to compare the results and influence of operating transnationally in the impact on the CSR activities and the virtuous cycle. Figure 2 shows the total firms distributed by industry while Figure 3 shows the international firms distributed by industry.



Source(s): Author compiled

Figure 2.
Firms distributed by industry

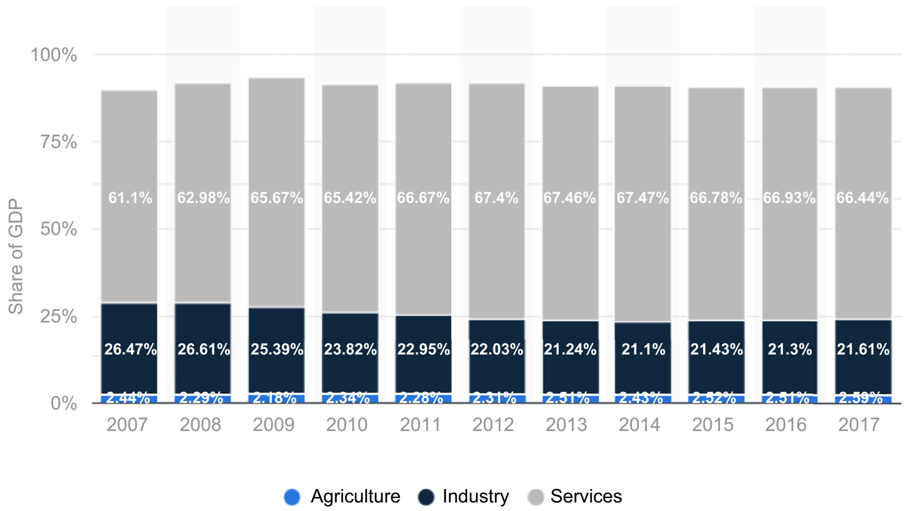


Source(s): Author compiled

Figure 3.
International firms distributed by industry

Within the sectors, it is evidenced that the two main economic areas of activity of Spanish firms herein studied are services and energy. Figure 4 shows the distribution of the Spanish GDP per economic sector. This is highly representative as the country's economic structure is based mainly on services, and industry, out of which energy (both renewable and nonrenewable) plays a significant role. For instance, one of the top energy companies in Spain and on a global level is Endesa, who has committed to UNGC and was part of this study.

In order to test the advancement and commitment based on the UNGC management model, companies were asked which of the steps they had completed and to what degree. The UNGC tool enables measurement of the degree of completion; however, during the survey, these degrees were established in terms of three main quantifiable values: 1) when the degree of achievement is zero, 2) when the degree of achievement is intermediate and 3) when the degree of achievement is maximum (i.e. meets the intention). Based on this information, an



Source(s): Statista (2018)

Figure 4.
Distribution of the Spanish GDP per economic sector

index was constructed to consolidate the data, linking the UNGC principles and SDG with each of the management model steps, as follows:

(1) Evolution in the definition of risks

(2) Evolution in the definition of CSR policies

(3) Evolution in the definition of objectives

(4) Evolution in the implementation of actions

(5) Evolution in the measurement of results

(6) Evolution in the communication of results obtained

Values were transferred to a 0–10 scale in order to include various degrees of fulfillment according to qualitative information disclosed in the reports and following the UNGC management model. In addition, focus groups were carried out in different stages, in order to obtain direct qualitative feedback from firms to better interpret the data obtained.

Information was then evaluated and portrayed according to the spider chart format in order to view differences and relevant areas. The spider chart methodology is considered to be one of the best methods to evaluate the quality of the performance of a specific element (Basu, 2004), in this case the UNGC management model.

4. Results and discussion

Stakeholder theory is based upon the involvement of firms with their communities to align their corporate objectives and strategy with the needs, wants and demands of its citizens. The present study evaluates the relationship between internationalization or lack of it and the results of their CSR policies, according to the UNGC management model. It was first analyzed how firms perceive the four main areas (human rights, labor rights, environment and anticorruption) as low, medium or high relevance in their policies. Figure 5 shows the

Source(s): Author compiled

Figure 5.
Management assessment of global compact areas for internationalized large companies

perception and performance respectively, showing most companies consider highly relevant all four areas; however, labor rights and anticorruption are the two with greater interest.

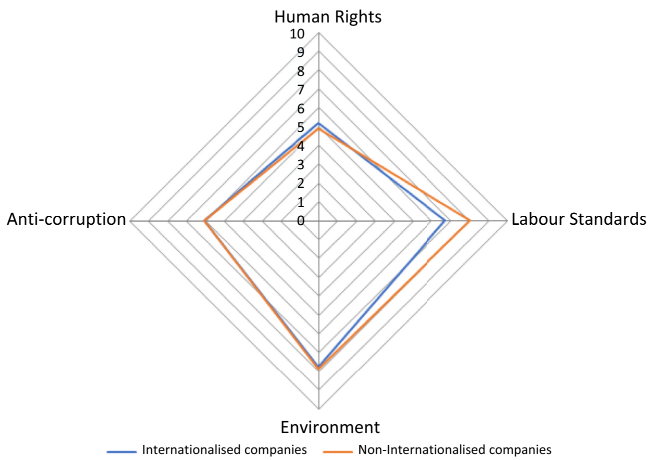
Considering the four main areas, international firms were asked to self-evaluate their progress. Based on the information obtained, international companies consider themselves quite advanced in their strategic approach and results within labor rights area. The second area where most companies consider they are significantly advanced is actually a twofold: anticorruption and environment. Lastly, human rights is the area where less companies consider they are advanced, although the number of firms that self-declared in this category is over half of the total businesses evaluated.

The self-perception in the case of human rights as less advanced as in other areas could be explained by the country of origin of these firms. As Spain is a developed nation, the fulfillment of human rights is at the core of cultural values; however, there may be differences in developed nations where the advancement in the respect of human rights could not be the same. This creates a situation of uncertainty for some firms, who are unfamiliar with those contexts and need to adapt, create strategies and then develop specific CSR policies to advance in the respect and compliance with human rights.

Regarding the management model, results were evaluated according to the aggregated data and with respect to each of the areas of the UNGC, which are inherently linked to SDG. Figure 6 shows the advancement in each area, differentiating between international firms and companies that do not operate beyond the Spanish border.

The results show that there are similar levels of achievement in national and international firms with regard to anticorruption, as well as human rights. In this last case, the data evidences there is a lower degree of advancement, which can be explained by the fact that many of the companies operate in contexts where there is a high regard for human rights, and there are other areas, such as the environment or labor rights, which still need further development. Hence, the focus of their strategy is posed in those aspects. In addition, the environmental aspect is significantly high, and this may be due to the high presence of the energy sector.

Furthermore, the results evidence that firms with international exposure have a lower advancement in labor rights goals. This may be explained by the fact that they must learn and consider a variety of regulations and differences between countries. Even within the



Source(s): Author compiled

Figure 6.
Progress per areas according to Global Compact Management Model for large companies

European Union, each country has its own regulations, and at times, regions within a nation can present differences. Because of this, an international firm may have greater challenges in adapting; therefore, hypothesis 1a and 1b are rejected, as the data does not support that internationalization positively affects UNGC results, nor that lack of internationalization affects them negatively.

Following the analysis and concerning the impact of the UNGC management model, the results from the aggregated data display the relevance firms allocate to each of the four areas. The spider chart shows there is an alignment between all elements evaluated; however, there is a significant difference between the perception and the UNGC management model. This gap is greater between the global areas of human rights, labor rights and anticorruption, with the environment being the only area in which the relevance, perception and results according to the model are similar.

This shows that in the environment area, the specific SDG and UNGC principles have a clear structure and the management model contributes to firms' understanding of their results, actions and proper feedback from the stakeholders, which can help in designing more efficient policies. However, the data does not show that during the first decade of the implementation of the UNGC management model, this tool can sufficiently help firms in understanding their results and obtain a perception that is similar or equal to those results in all four main areas.

Considering this sample includes a greater proportion of service and energy firms due to the Spanish economic structure, it is coherent that the environmental area is the one where all three analyzed elements are aligned. In addition, UNGC principles and SDG in the environment area have a significant number of international standards and protocols, such as ISO 14,000, which serve as guidelines and basis for the type of objectives, strategies and policies that should be implemented.

The human rights, labor rights and anticorruption aspects are the areas in which there is a greater difference between UNGC management model and the perceived results. Because of this, the second hypothesis is only partially accepted for the area of the environment, being rejected for the remaining three areas.

5. Conclusions and future lines of research

Stakeholder theory is based upon the premise that there is an inherent social contract between members of said society and the firm, and in this context stakeholders are the basic element that drives the creation of value and business success (Donaldson, 1982; Freeman, 1984; McWilliams and Siegel, 2001; Bronn and Vrinoni, 2011; among others). As a result, there is no trade-off between investing in business efficiency and investing in CSR (McGuire *et al.*, 1988; Quazi and O'Brien, 2000; Jones *et al.*, 2007). Those firms that choose to expand their business to developing countries, the impact on job creation, well-being, infrastructure, among others, is greater (Fernandez, 2013).

Additionally, Bigné-Alcáñiz *et al.* (2012) identified that those companies who base their image on the social impact and strong commitment of the firm to honor the social contract have two core antecedents: credibility and altruistic contribution. These two factors are indispensable for firms to take into account if they wish to grow in a positive way, as well as gaining trust and support from society. Moreover, Mattera and Baena (2015) identified there is a need for further studies that can contribute to academia and practice in having a greater understanding of the impact of CSR management and control models and the links with internationalization.

The present study tackled the research gap identified by Mattera and Baena (2015) by analyzing the implementation of the UNGC management model in Spanish firms following the tenth anniversary of the creation of the Spanish chapter of the UNGC. The findings in this study show there is not a sufficient adaptation to cultural differences. In addition, as it was evidenced earlier, the weight of energy firms may turn the environmental area into a priority, thus as Borin de Oliveira Claro *et al.* (2008) determined, the shift in the perception of manager's concept of sustainability is changed.

Because of these facts, practitioners must take into consideration that sustainability is an all-encompassing concept and CSR actions should tackle all four areas: labor and human rights, environment and anticorruption. Furthermore, while internationalization can contribute to business diversification and greater growth possibilities for the firm, the inclusion of stakeholders and proper implementation of CSR policies require further attention to create a win-win situation and long-term sustainable business development.

While discussing the matter with the board of directors of the Spanish UNGC chapter, they suggested as additional factors that could contribute to this deviation from expected results, that the international markets may not always be ready for certain CSR policies. In addition, there is a high cost to controlling the implementation of the strategies, together with a lack of human capital to properly execute or control the initiatives designed by the firm.

While results show the management model as a set of guidelines can aid firms in implementing CSR policies and being more transparent, confirming the study from Mattera and Baena (2015), the results are not consistent across areas. Human rights, labor rights and anticorruption require greater attention for national and international firms as the perception is different from the UNGC management model results.

The UNGC management model does not consider as one of the main steps the controlling and strategic-redesign process. It is inherently included, however, as there is no specific step, firms may carry out these procedures in a variety of ways and at different stages, significantly influencing the outcomes. If a company does not modify the approach when issues arise, and in turn waits until the last step, there is a loss of time and resources that could have been better applied, with better results for society and each of the stakeholders involved.

This may explain why it was evidenced that there is a significant difference between the management results according to the UNGC model and the firm's self-perception. Moreover, the firms may consider their actions are equally effective yet not within the initiatives that the UNGC shares to solve the different issues and achieve the SDG. This may be due to a lack of alignment between the management model and firm's actual initiatives that are significantly diverse between industries and sectors.

The present study evaluated the case of Spanish firms in the context of the UNGC management model, which consists in a limitation to the results and conclusions. Future lines of research should focus on replicating this analysis in other contexts as well as comparing results with those of the Spanish case. This can contribute to greater understanding, considering the success of the UNGC management model.

Regarding the model design, it would be of interest for academia and practice to establish alternative theoretical models and test them in their implementation that would include additional steps in the areas of control and strategic redesign. Since this is a relatively novel tool, it can be further improved to meet the needs of businesses in order to effectively aid in CSR implementation and creating virtuous cycles for firms around the world. It would also be of interest for each UNGC chapter to evaluate if there are peculiarities of the socioeconomic, environmental and cultural contexts that can help firms when expanding to each region.

Lastly, it would be of interest for both academia and practice to evaluate the results in the second decade of the implementation of the UNGC management model. Considering there is a learning curve and period of adaptation, together with constant improvements of the tools used for CSR, strategic implementation and corporate policy development, the results can be different. This could also lead to a time-series analysis considering further elements, such as financial performance or corporate reputation, in relation with the UNGC management model implementation.

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