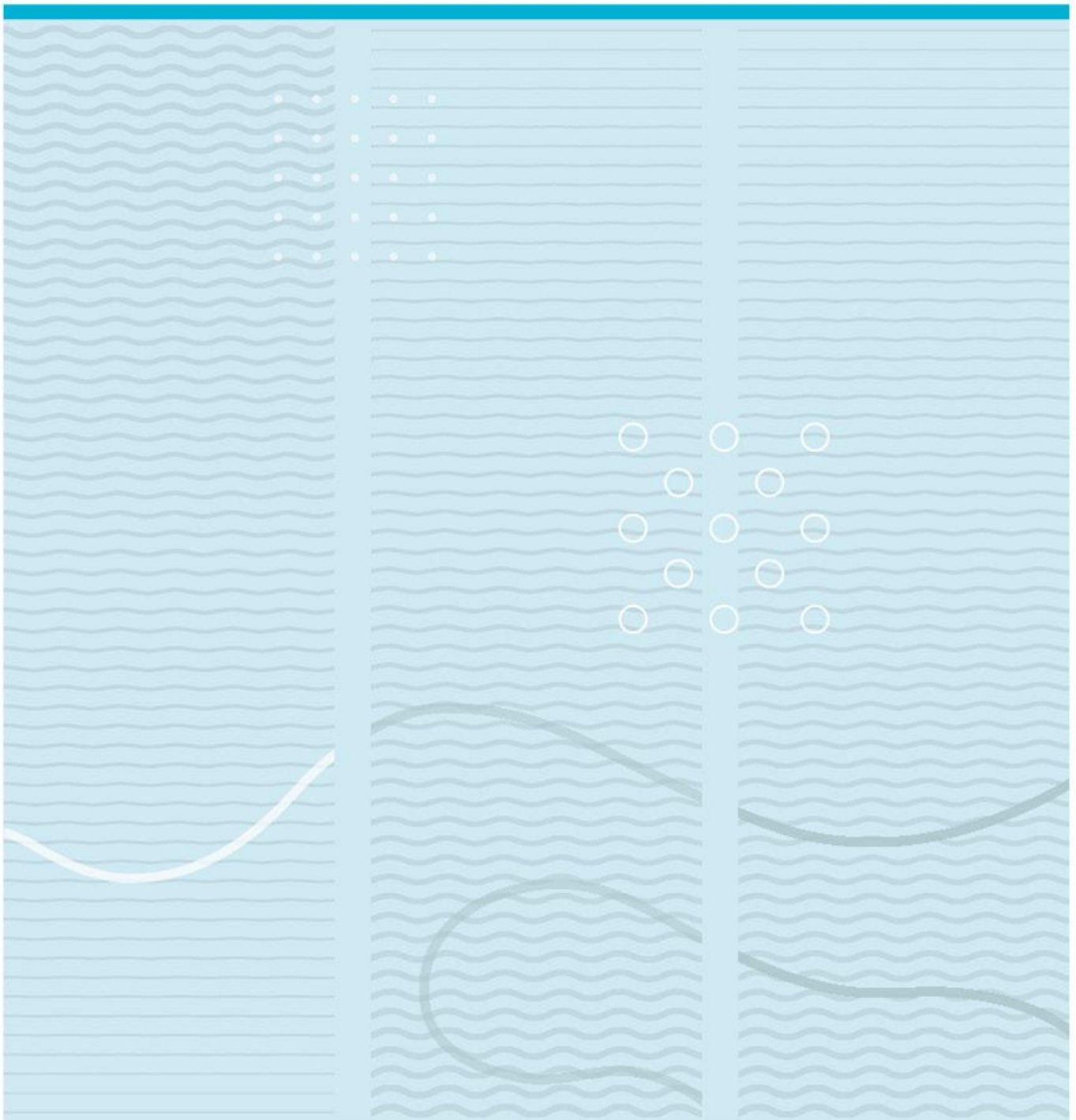


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The impact of Corruption on the withdrawal of companies from the United Nations Global Compact

A Cross-Continental Analysis



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This thesis is worth 30 study points.

Summary

Introduction

Corporate Social Responsibility (CSR) has become increasingly prominent as companies seek to balance economic performance with social and environmental concerns. However, despite the growing adoption of CSR initiatives, there remains a significant disengagement rate among participating companies. This thesis investigates the determinants of CSR disengagement, focusing on the effect of corruption and comparing the European Economic Region (EEA) and Latin American companies.

Methods

This study examines the influence of corruption levels, company size, and industry sector dynamics on the likelihood of withdrawal from CSR initiatives. Data originates from the United Nations Global Compact (UNGC) database merged with the Control of Corruption Index from the Worldwide Governance Indicators (WWGI) database and the Corruption Perception Index from Transparency International. A Cox proportional hazard model is used to estimate the relationships.

Results

The analysis reveals notable differences between the two regions, highlighting the nuanced relationship between institutional contexts and CSR engagement. In the EEA regions, perceived corruption levels emerge as a significant predictor of CSR disengagement, with companies operating in environments characterised by lower corruption levels exhibiting a reduced likelihood of withdrawal. Moreover, larger firms are found to be less likely to withdraw from CSR initiatives, underscoring the role of organisational size in sustaining CSR commitments. However, the manufacturing sector unexpectedly shows an increased likelihood of disengagement, challenging conventional assumptions about sectoral dynamics.

In contrast, the Latin American region presents challenges, with corruption levels failing to emerge as a significant determinant of CSR disengagement. Instead, the analysis reveals that company size plays a more prominent role, with small and medium-sized enterprises (SMEs) demonstrating a higher likelihood of withdrawal. Additionally, specific sectors, such as financial services and consumer goods, exhibit varying degrees of influence on CSR disengagement, suggesting the need for tailored interventions.

Conclusions and implications

Through the described findings, this research concludes that the institutional context significantly influences CSR behaviours, with corruption levels, company size, and industry sectors playing distinct roles in shaping disengagement patterns. Then, for future work, it is essential to consider assessing such predictor variables in their specific context and be aware of generalisations. These findings have important implications for policymakers, practitioners, and scholars alike. Policymakers are urged to prioritise initiatives aimed at reducing corruption and enhancing transparency. Furthermore, targeted interventions are needed to support SMEs in maintaining long-term CSR commitments, while sector-specific approaches can address different industries' unique challenges. Overall, this study contributes to our understanding of CSR disengagement and underscores the importance of considering regional contexts in shaping CSR behaviours and the impact of regional context on creating strategies to encourage organisations to move towards ethical and sustainable behaviours.

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1 Introduction

The United Nations Global Compact (UNGC) is a corporate sustainability initiative that encourages businesses to align their strategies and operations with ten fundamental principles encompassing human rights, labour, environment, and Anti-Corruption (United Nations Global Compact, n.d.a). Corporate participation in such initiatives has become increasingly important as businesses are called upon to address pressing global challenges beyond financial performance. Non-financial disclosure, facilitated by mechanisms like the UNGC's Communication on Progress (COP), has become vital for companies to communicate their sustainability efforts and adherence to these principles (Garayar & Calvo, 2012).

Corruption remains a global challenge, impacting societies, businesses, and economic development. It erodes trust, stifles innovation, and hampers sustainable growth (Malanski & Pova, 2021). The effects of corruption are particularly pronounced in regions like Latin America, where it can manifest as established behavioural patterns (Williams-Elegbe, 2018), potentially deterring companies from recognising Corporate Social Responsibility (CSR) reports as practical strategies to legitimise their activities (Cicchello et al., 2023). In contrast, Europe has made substantial progress in combating corruption and promoting transparency, driven by robust regulatory frameworks, such as those enforced by the European Union (Fard & Hassanpoir, 2016).

These regional differences in corruption levels and regulatory environments are central to this research, as they offer a unique vantage point for investigating how external factors influence behaviour and commitment within a global sustainability initiative like the UNGC. **The study aims to shed light on how the perceived level of corruption and company characteristics influence companies' withdrawal from the UNGC sustainability programme in Europe and Latin America.**

By examining the evolving landscape of corporate sustainability in different contexts, this research aims to contribute to the literature by providing insights into the institutional dynamics that drive and hinder the implementation of sustainability programmes and initiatives. While previous studies have extensively investigated the institutional factors that motivate companies to engage in sustainability practices, there is still a notable gap in understanding the institutional dynamics that lead to the abandonment of such initiatives. There are two notable studies in this area. Firstly,

Knudsen (2011) looked into the performance and trajectory of the UNGC initiative and the trend for corporations to disengage from this initiative. Secondly, Rasche et al. (2022) analysed the UNGC initiative to determine which companies abandon multi-stakeholder initiatives. Both studies contribute to the literature by examining the withdrawal phenomena from CSR initiatives and identifying the characteristics of companies that are more willing to make that decision.

This research seeks to address this gap by analysing the external factors influencing corporations' decision-making regarding participation in sustainability initiatives. More specifically, the influence of a corrupted environment on long-term commitment to CSR initiatives is analysed. The findings will provide valuable insights into the institutional factors that shape the implementation and abandonment of sustainability initiatives in corporations. Furthermore, the study will contribute to the literature on corporate sustainability by providing empirical evidence that can guide future research and policy-making efforts to promote sustainable development.

Existing literature in the field of CSR and sustainability predominantly focuses on large and publicly listed enterprises, driven by the substantial coercive, normative, and mimetic pressures these firms face from stakeholders and media scrutiny to adopt responsible practices (Baldini et al., 2018). However, there remains a significant gap in research about non-listed micro, small, and medium-sized enterprises (MSMEs), representing an untapped area for investigation (Ann, 2023). This study seeks to address this gap by encompassing companies of all sizes in our sample, providing a comprehensive understanding of organisational behaviour across diverse scales. Moreover, while CSR research has primarily concentrated on developed or global North countries, more studies need to focus on developing economies (Xu & Woo, 2023), such as those in Latin America. By extending our analysis to these regions, we aim to contribute a more inclusive and globally representative body of literature on CSR engagement and disclosure practices.

Additionally, the phenomenon of disengagement or withdrawal from CSR voluntary initiatives still needs to be explored in the literature. While previous studies have examined motivators for CSR engagement and the role of institutional factors in fostering participation, there is a dearth of research investigating factors influencing disengagement (Rasche et al., 2022). Our study seeks to fill this gap by exploring the

influence of corrupted environments on organisations' decisions to withdraw from CSR voluntary initiatives, thereby enriching our understanding of organisational behaviour concerning sustainability practices. Additionally, the period analysed extends from 2011 to 2021 and goes beyond previous studies focusing on the first ten years of the UNGC initiative (Knudsen, 2011; Rasche et al., 2022).

In addressing the research query, this investigation employs a quantitative methodology to assess the influence of the Perception of Corruption, employing survival analysis techniques. Specifically, the primary survival model utilised is the Cox Proportional Hazards model (Cox, 1972), designed to examine the factors influencing the duration of companies' involvement in the UNGC initiative. The variable of interest is the survival duration of companies within the programme until their withdrawal or cessation. The principal independent variable considered is the Corruption index, which measures the perceived level of corruption in the company's country of origin.

The study is structured as follows. The second chapter delves into the conceptual background and literature review. The third chapter outlines the empirical method, detailing the survival analysis and the complementary robustness checks reinforcing the findings. The fourth chapter describes the data collection process necessary to execute the model in Stata statistical software, including its processing. Lastly, the last chapters reveal the results and findings of the empirical model, followed by a discussion and conclusion.

2 Conceptual background

Corporate sustainability reporting and disclosure practices hold significant importance in today's business landscape. These practices help organisations convey their dedication to upholding environmental, social, and governance (ESG) principles. This section will explore a range of themes found in the literature, such as sustainability reporting and its evolution, corporate voluntary sustainability initiatives, the UNGC programme, the determinants for CSR practices and the differences between developing and developed countries, the determinants for withdrawal from CSR initiatives, and the impact of corruption on CSR.

2.1 Corporate Sustainability Reporting and Disclosure Practices

In response to the intricate dynamics of the contemporary market landscape, organisations increasingly acknowledge the necessity to divulge non-financial information about their ongoing operations, potential prospects, and efforts towards sustainable development (Albertini, 2019; Bhatia & Tuli, 2018). The growing emphasis on transparency in ESG practices has prompted companies to embrace sustainability, CSR, and ESG reporting to meet stakeholders' expectations. Sustainability reports serve as voluntary mechanisms through which companies communicate relevant non-financial data, offering a comprehensive overview of their economic, social, and environmental performance (Morsing & Schultz, 2006; Corbett et al., 2018). As companies navigate the complexities of ESG considerations, sustainability reports emerge as valuable voluntary mechanisms for transparently articulating their contributions to sustainable development.

The evolution of sustainability reporting is characterised by the emergence of frameworks such as the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), the Taskforce on Climate-Related Financial Disclosures (TCFD), the Taskforce on Nature-Related Financial Disclosures (TNFD), among others (KPMG Impact, 2020). Research contributions by Branco & Rodrigues (2008a) and Reverte (2009) shed light on the factors influencing the adoption and activism of sustainability disclosure practices among Portuguese- and Spanish-listed firms. These studies underscore the significance of industry characteristics, media exposure, and environmental sensitivity variables.

Sustainability reporting constitutes a continuously evolving field replete with both challenges and opportunities. Insights gleaned from research reveal the intricate interplay between ethical considerations and economic imperatives. Branco & Rodrigues' (2008a) findings indicate a noteworthy resemblance in reporting practices between Portugal and more developed countries, suggesting a convergence influenced by globalised stock markets. This highlights how global market dynamics affect sustainability reporting. Companies must align with international norms. Research emphasises the role of the globalised market as a catalyst driving this convergence, indicating that companies are incentivised to adhere to common reporting standards to sustain competitiveness (Branco & Rodrigues, 2008a; 2008b).

2.2 UNGC, Corporate Sustainability Voluntary Initiatives and Non-Financial Reporting

In today's world, where businesses are expanding their operations globally and facing increased scrutiny from regulators, organisations are taking proactive measures to mitigate potential risks (Amaeshi et al., 2016). One practical approach is to adopt voluntary corporate initiatives and codes of conduct that align with their values and goals. By doing so, businesses can uphold their reputation, safeguard their market opportunities, and ensure compliance with regulatory requirements. This proactive strategy not only helps organisations to thrive in today's competitive landscape but also enables them to build trust and loyalty among their stakeholders (Pearson et al., 2013).

Among those initiatives, the UNGC stands out as a prominent example. The initiative was implemented by the United Nations in July 2000 after 1999's World Economic Forum in Davos pointed out the need for business leaders to initiate a global compact that, based on shared values and principles, guides their activities towards humanisation on the global market (Rasche, 2009). The global compact then sets goals at a macro and micro level. On the one hand, at a macro level, it seeks to ease collectivism and long-term learning between different stakeholders. On the other hand, at a micro level, it pursues an internalisation of the established principles into the strategy and operations of the signatories (Rasche, 2009).

Established as a corporate sustainability initiative, the UNGC aims to forge a global network encompassing various types of organisations, uniting their efforts to

implement ten specific principles across four critical environmental, social, and governance domains (Rasche et al., 2013). As described in Table 1, these areas encompass human rights, labour practices, environmental responsibility, and the fight against corruption.

Table 1 Ten Principles of the UNGC

Human Rights	Principle 1	“Businesses should support and respect the protection of internationally proclaimed human rights.”
	Principle 2	“Businesses should make sure that they are not complicit in human rights abuses.”
Labour	Principle 3	“Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.”
	Principle 4	“Businesses should uphold the elimination of all forms of forced and compulsory labour.”
	Principle 5	“Businesses should uphold the effective abolition of child labour.”
	Principle 6	“Businesses should uphold the elimination of discrimination in respect of employment and occupation.”
Environment	Principle 7	“Businesses should support a precautionary approach to environmental challenges.”
	Principle 8	“Businesses should undertake initiatives to promote greater environmental responsibility.”
	Principle 9	“Businesses should encourage the development and diffusion of environmentally friendly technologies.”
Corruption	Principle 10	“Businesses should work against corruption in all its forms, including extortion and bribery.”

Source: Own elaboration with information taken from (UNGC, n.d.a).

Different authors, such as Nolan (2005) and Deva (2006), have criticised the UNGC in the literature for its lack of specificity on its ten principles and non-accountability due to the absence of verification. Rasche (2009) examines these questions and concludes that the aim and nature of the UNGC needed clarification. To approach the criticism regarding non-specific principles, the author argues that the UNGC could not have too many specific principles because the participant organisations vary in size, sector, and country, and a set of very detailed principles would be counterproductive. Since the UNGC is a global initiative with no restrictions, the social and environmental challenges each participant should address can vary, and more specific principles would limit its adoption and participation. On the other hand, Rasche (2009) also responds to criticism regarding accountability, clarifying that the UNGC did not intend to be a certification or compliance-based mechanism that measures corporate behaviour. Instead, the initiative requires participants to report their progress in implementing the principles.

Answering the allegations, the author describes what the UNGC is not. Nevertheless, it also becomes essential to clarify the nature of the compact and examine what it is (Table 2). Rasche (2009) addresses this question, arguing that the compact has a learning-based approach and must be seen as a supplement to the current and rising local, regional, and international regulation. However, in terms of research, Rasche et al. (2013) also point out the need to categorise corporate responsibility initiatives into four groups due to the increasing number of voluntary initiatives that surge in the field. As mentioned above in the disclosure section, disclosure frameworks have risen from different institutions aimed to guide and homogenise the non-financial CSR reports. These frameworks, even when they are voluntary, are different from those of the UNGC. The first category is principle-based initiatives such as the UNGC, which promotes universally accepted principles. The second one is certification initiatives like the Social Accountability 8000, which provides a certification programme to help companies demonstrate their commitment to social accountability and labour practices. The third one is reporting initiatives such as the GRI, which provides a framework for companies to report on their sustainability performance and impact. Lastly, process-based initiatives, such as accountability

standards, aim to establish processes and procedures that companies can follow to ensure responsible practices throughout their operations (Rasche et al., 2013).

It is crucial to understand that the UNGC, despite not being a reporting or framework initiative to report on ESG issues due to its unique approach and nature, significantly impacts sustainability reporting practices. It plays an essential role in influencing such practices. While reporting is not the primary goal, through the annually required report on the progress made, the different organisations not only become familiar with the reporting activities around sustainability but also the information included in this report can be used on their integrated or non-financial annual report (Garayar & Calvo, 2012; Rasche et al., 2013).

Table 2 What is and What is not the UNGC?

What is the UNGC?	What the UNGC is not?
A mechanism to foster dialogue among diverse actors in a non-bureaucratic way.	A certification instrument.
A complement to regulations in a dialog-based approach.	A tool to regulate and sanction its participants.
A reference for companies to learn about managing ESG issues.	A substitute for national or international regulations.
A Supplement to existing and emerging regulatory frameworks.	An All-inclusive framework for global governance.
A Supportive framework motivating corporate behaviour change.	
A Long-term learning network for sharing innovative implementation ideas.	

Note: This table summarises the analysis explained in Rasche (2009) while describing the nature of the United Nations Global Compact due to some criticisms in media and academia.

This research places significant importance on the annual Communication on Progress (COP) report, a mandatory requirement for all business participants of the

programme. The COP report outlines the progress and actions taken by the signatories towards implementing the ten principles that govern the programme (UNGC, n.d.b; Garayar & Calvo, 2012). However, "New Joiners" are exempt from submitting the report until one year of joining the initiative has passed. If a participant fails to submit their COP report after the first year, it will be labelled a noncommunicating organisation. This status gives the company until the end of the second year to submit a late COP report. The company will be "Delisted" on the following year's registers if a late report is not submitted (UNGC, n.d.b). Therefore, all participants need to submit their COP reports on time to avoid any negative consequences (UNGC, n.d.b). For this specific study, the organisation's COP status is essential to the analysis in terms of a delisted company being considered as a company that has decided not to communicate its progress and, therefore, withdraw from the initiative.

2.3 Determinants for CSR and Disclosure Practices

While existing literature extensively explores the determinants that drive organisations to participate in CSR initiatives and disclose their sustainability practices, a noticeable gap exists in understanding the factors influencing companies' withdrawal from such commitments. By analysing the existing research on joining determinants, we can gain insights into the initial impetus for companies to embrace CSR initiatives. This sets the stage for understanding why some organisations may subsequently disengage. Therefore, while our primary focus is investigating the withdrawal determinants, a comprehensive review of the literature on joining determinants (Table 3) serves as a foundational step in understanding the dynamics of corporate sustainability engagement.

Existing literature on CSR initiatives and sustainability disclosure practices has extensively explored the determinants that drive organisations to participate in such programmes. Reverte's (2009) comprehensive analysis delves into the determinants of CSR disclosure by Spanish-listed firms, revealing a nuanced interplay of factors influencing the studied companies to engage in CSR practices. The author identifies firm size, media exposure, and environmental sensitivity as significant drivers of CSR adoption. Larger firms with greater media visibility and a heightened environmental consciousness tend to prioritise CSR practices, recognising the importance of aligning

their operations with broader societal environmental concerns. Similarly, Branco & Rodrigues' (2008a) study offers valuable insights into the factors influencing social responsibility disclosure by Portuguese companies. Their research underscores the multifaceted nature of CSR engagement, revealing how variables such as international experience, company size, and media exposure shape firms' disclosure strategies. By examining a sample of listed companies on Euronext-Lisbon, Branco & Rodrigues (2008b) shed light on the complex interplay between organisational characteristics and external pressures in Driving CSR disclosure practices.

Furthermore, Cetindamar's (2007) study comprehensively explores the impact of participation in the UNGC on corporate social responsibility practices. By surveying companies participating in the UNGC, the author identifies various reasons driving firms to adopt environmentally responsible behaviour. Ethical considerations and economic incentives intertwine as companies recognise the reputational and financial benefits of aligning their operations with sustainability principles. Additionally, Perez-Batres et al. (2012) delve into the stakeholder pressures influencing a firm's choices between symbolic and substantive self-regulatory codes of conduct, shedding light on the diverse motivations behind CSR strategies. The authors find that responses to stakeholder pressure vary significantly based on their unique organisational context and strategic orientations. While some companies may prioritise symbolic gestures to enhance their reputations and maintain legitimacy, others may adopt substantive CSR practices to drive long-term value creation and stakeholder engagement (Perez-Batres et al., 2012).

Moreover, Oliveira et al. (2019) delve into the institutional and economic determinants of CSR disclosure practices among banks. Their findings challenge traditional assumptions by highlighting the limited influence of economic factors on CSR disclosure while underscoring the significant role of institutional factors such as legal environments, industry self-regulation, and organisational commitments. Oliveira et al. (2019) contribute to a deeper understanding of CSR reporting decisions' complex dynamics by examining the regulatory landscape, industry norms, and stakeholder engagement strategies. Their research underscores the need for policymakers and regulators to address institutional barriers and promote transparency and accountability in CSR reporting.

In recent years, scholars have increasingly recognised the significance of national-specific social, cultural, legal, regulatory, and economic factors in shaping corporate environmental, social, and governance performance, particularly among companies committed to voluntary CSR initiatives. The study conducted by Baldini et al. (2018) provides a comprehensive analysis of these factors that influence ESG disclosure practices. Their findings reveal significant heterogeneity in the impact of country-level characteristics, such as political, labour, and cultural systems, on firms' ESG and disclosure practices. Moreover, firm-level variables related to visibility, including analyst coverage, cross-listing, and size, have a positive and homogeneous effect on ESG disclosure. Similarly, Ortas et al. (2015) explore how national-specific social, cultural, legal, regulatory, and economic differences influence the ESG performance of companies committed to voluntary CSR initiatives. The study identifies distinct clusters of companies exhibiting varying levels of sustainability performance, with differences influenced by country-specific institutional backgrounds. These findings underscore the importance of considering the unique institutional contexts of countries in shaping firms' ESG performance within the broader voluntary CSR initiatives. Together, these studies offer valuable insights into the determinants of ESG disclosure practices and performance, highlighting the need for a nuanced understanding of the institutional and social factors that influence corporate sustainability efforts.

Table 3 Determinants for CSR practices and disclosure: a literature review

Article	Methodology	Data Sample	Key Findings
Cetindamar (2007)	- 60 Questionnaire. - Qualitative and Quantitative Data Analysis - Frequency analysis on the survey answers	Survey to 29 companies participating on the UNGC	Companies have multiple reasons for adopting responsible behaviour. - Long-term participation in UNGC positively influences market performance.
(Branco & Rodrigues, 2008a)	- Multiple Regression Analysis: To analyse the relationship between SRD and the independent variables (International	Sample of 49 listed companies on Euronext-Lisbon for 2003. FTSE Global Classification System.	Portuguese companies' SRD practices are like those in more developed countries. - Globalised stock markets contribute to convergence in corporate practices.

	Experience, Size, Media Exposure, Consumer Proximity, Environmental Sensitivity).		
(Branco & Rodrigues, 2008b)	- Content Analysis	Sample of 12 Portuguese banks (Reports and websites from 2003 to 2005).	Public visibility and target audience influence SRD practices. - Legitimacy theory explains Social Responsibility Disclosure by Portuguese banks.
Reverte (2009)	- Linear Regression - T-Test - Correlation Analysis	Spanish listed firms. IBEX35 Index dataset (data from 2005 and 2006)	CSR disclosure varies across firms, industries, and time. - Firm and industry characteristics influence CSR practices. - Spanish firms' CSR practices are like those in other environments.
(Arevalo & Aravind, 2011)	- Qualitative approach for the survey and questions - Descriptive Statistics to analyse surveys' results	UNGC participants Dataset Survey that was designed in 6 parts Sample of 33 companies that responded the survey	Stakeholder approach favoured by Indian firms. - Ethical and profit motives drive CSR efforts.
(Perez-Batres et al., 2012)	- Panel Data Research. - Longitudinal Logistic Regression (Xlogit)	Sample of 1,145 large publicly traded American firms from 2001 to 2005	Firms are influenced by normative/cognitive pressures. - Relationship between stakeholders and firms' decision to join CSR codes.
(Ortas et al., 2015)	- Multidimensional HJ-Biplot technique	ESG data from ASSET4 (DataStream & Thomson Reuters)	Country-specific social, cultural, legal, regulatory, and economic differences influence companies' ESG performance within voluntary CSR initiatives.
(Baldini et al., 2018)	- Multivariate regression analysis to test the hypotheses. - Sensitivity analyses to draw stronger causal inferences between ESG	Worldwide sample of 14,174 firm-year observations during 2005-2012	Country-level characteristics significantly affect firms' ESG disclosure practices, while firm-level variables related to visibility have a positive impact.

disclosure and
Country- and Firm-
level variables.

(Oliveira et al., 2019)	- Content Analysis	Annual and CSR reports of banks	Economic factors do not influence CSR disclosure. - Institutional factors such as legal environment and stakeholder engagement are crucial.
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Note: This Table includes some of the most relevant and cited articles in the literature on the determinants of companies' engagement in CSR practices, initiatives, and disclosure.

Source: Own elaboration with information from Cetindamar (2007) (Branco & Rodrigues, 2008a) (Branco & Rodrigues, 2008b) (Reverte, 2009) (Arevalo & Aravind, 2011) (Perez-Batres et al., 2012) (Ortas et al., 2015) (Baldini et al., 2018) (Oliveira et al., 2019)

2.4 Differences between Developed and Developing Countries' CSR and Reporting determinants.

It is important to note that the literature on CSR disclosure has a vast array of studies that examine the factors that determine CSR disclosure. However, it is worth mentioning that most of the available studies in the literature focus on developed countries in Europe and North America (including some of the research already discussed in this study). While these studies are informative and provide valuable insights into the determinants of CSR disclosure in these regions, their conclusions may not be relevant to developing economies like South Africa or Latin America.

Due to their unique social, economic, and political contexts, regions are motivated by diverse factors to engage with or disengage from CSR initiatives and disclosure practices (Ali et al., 2017). These factors can vary significantly between different regions. Moreover, variables related to company characteristics, such as company size (Reverte, 2009; Monteiro & Aibar-Guzmán, 2010), industry sector

(Fjørtoft et al., 2020), and financial performance (Branco & Rodrigues, 2008a; Beck et al., 2018), have been identified as influential in determining CSR disclosure practices.

Moving into the differences, on the one hand, in the case of developed countries, the national contextual factors influence the companies' CSR disclosure (Ali et al., 2017). In developed countries, various stakeholders exert pressure on the nation's policies, regulations, and decision-making processes. These stakeholders include media, who shape public opinion and hold those in power accountable; creditors and investors, who fund various economic activities and expect returns on their investments; environmentalists, who advocate for sustainable practices and conservation of natural resources; and regulators, who oversee compliance with laws and regulations (Ali et al., 2017). The complex interplay between these groups can significantly impact a country's economic, social, and environmental outcomes (Wilmshurst & Frost, 2000; Chih et al., 2010; Oh et al., 2011; Thorne et al., 2014). Several research studies have highlighted the significance of the community concerning CSR disclosure (Ali et al., 2017). These studies suggest that community pressure can be crucial in influencing companies to be transparent about their CSR initiatives. Companies operating in a locality are expected to be mindful of their activities' social and environmental impact on the community. If the community perceives that a company is not fulfilling its CSR obligations, it may raise concerns and pressure the company to disclose its CSR practices. Such pressure can come from various sources, including community meetings, social media campaigns, and petitions. Therefore, companies should be aware of the potential impact of community pressure and strive to maintain harmonious relationships with the community by being transparent and accountable about their CSR practices (Belkaoui & Karpik, 1989; Patten, 1991; Cormier & Magnan, 2003).

On the other hand, in developing countries, CSR reporting is primarily driven by external factors, which are heavily influenced by stakeholder pressure. These stakeholders mainly comprise international buyers, investors, and regulators who wield significant influence over companies operating in these countries (Belal & Owen, 2007; Khan et al., 2013; Rahaman et al., 2004). Ali et al. (2017) highlight that these stakeholders exert substantial pressure on companies to report on their CSR activities. However, unlike in developed countries, the public in developing countries does not

exert significant pressure on companies to disclose their CSR activities (Belal & Cooper, 2011; Momin & Parker, 2013). This could be attributed to a lack of awareness and understanding of CSR among the public in these countries. It is worth noting that while the public in developing countries may exert slight pressure on companies to report on CSR, stakeholder pressure from international buyers, investors, and regulators still plays a crucial role in driving CSR reporting in these countries.

2.5 Determinants of withdrawal from CSR initiatives

Companies are increasingly expected to prioritise social responsibility and sustainability. Voluntary CSR initiatives are crucial for promoting ethical business practices. Therefore, adopting a proactive stance towards CSR and sustainability is imperative for organisations to safeguard their reputation and contribute positively to societal and environmental well-being. There is significant interest in investigating why organisations withdraw from voluntary CSR programs like the UNGC.

Exploring the literature that has studied the more specific scope of this study before, some articles stand out. On the one hand, Knudsen (2011) investigates the reasons behind company delisting from the UNGC and aims to understand the firm-level and country-level characteristics of this phenomenon. The study, considering the perspective of the delisting or withdrawal, shows a relevant point of view in the field of CSR and sustainability due to the current agenda in the corporate environment to move towards more responsible and sustainable behaviour, which can be led by the participation in such voluntary CSR initiatives.

In her study, Knudsen (2011) utilises a dataset comprising 630 delisted firms from a total pool of 1701 firms across 57 countries. The data encompass firm-level characteristics such as geography, size, sector, and country-level characteristics, including governance institutions and international economic interdependence. The analysis employs multivariate regression techniques to examine the relationships between these factors and the likelihood of companies being delisted from the UNGC.

Regarding firm-level characteristics, Knudsen (2011) finds that the company's size is an important determinant factor for withdrawing from the UNGC initiative. Small firms were more likely to be delisted compared to larger firms. Sector characteristics also play a pivotal role, with sectors exposed to high CSR demands, such as consumer

goods and extractive industries, potentially facing higher pressures to participate in sustainability initiatives actively. On the other hand, the author's findings suggest that good domestic governance institutions and a high degree of international interdependence are associated with a lower share of delisted firms from the UNGC. In contrast, companies operating in countries with higher governance complexities may face challenges in upholding ethical standards and fulfilling their CSR commitments, potentially leading to a higher likelihood of delisting from the UNGC due to governance failures and ethical lapses (Knudsen, 2011).

Andreas Rasche, one recognised researcher on the UNGC programme, provides valuable insights into the delisting behaviour of organisations from voluntary CSR initiatives, focusing on the UNGC. In their study, Rasche et al. (2022) delve deep into the intricate interplay between institutional factors and organisational behaviour, shedding light on the complex mechanisms that drive participation and withdrawal within such frameworks. Rasche et al. (2022) use a rich dataset comprising 15,853 records from the UNGC database to analyse the delisting patterns of participating firms over a specified period (2000 to 2015). The sample includes various organisations from diverse industries and geographic locations. The researchers employ a multilevel mixed-effects parametric survival model (MESTREG) to disentangle the effects of early versus late adoption of UNGC from the mere exposure effect while accounting for the nested structure of the data with country and firm levels. The study's findings underscore the critical importance of the timing of a firm's adoption of the UNGC, revealing that early adopters exhibit greater resilience and are less likely to be delisted compared to late adopters (Rasche et al., 2022). Furthermore, Rasche et al. (2022) highlight the pivotal role of local networks in mitigating the likelihood of firms leaving the UNGC. The authors emphasise positive legitimacy spillover effects, whereby firms benefit from the perceived association with organisations operating under the United Nations umbrella.

2.6 Corruption and its impact on CSR initiatives

As this study aims to shed light on the impact of corruption on organisations' withdrawal from CSR initiatives such as the UNGC, it is relevant to explore and define corruption in the literature and for this particular study. Then, in this section, we discuss the impact of corruption on organisations' engagement in CSR initiatives.

The term corruption, as explored in the literature, exhibits variability and can be defined from diverse perspectives depending on factors such as culture, region, or the scope of the study (Kurer, 2014). As a result, there is no widely accepted definition for this phenomenon. Kurer (2014) posits that corruption entails failing to meet specific standards related to objects, society and culture, or individual behaviour. Brooks (1909, p4) characterises corruption as “the intentional misperformance or neglect of a recognised duty, or unwarranted exercise of power with the motive of gaining some advantage more or less directly personal”. Transparency International (n.d.) offers a recognised definition of corruption as “the misuse of entrusted power for private gain”. Lambsdorff (2007, p16) adopts a broader definition that describes it as the “misuse of public power for private benefit”.

Scholarly research often focuses on definitions pertaining to the public sector due to the significant impact of corruption within this sector on the general public (Lambsdorff, 2007; Kurer, 2014). When corruption infiltrates the public sector, it can have a direct impact and damaging consequences on the interest and well-being of the public at large. However, Transparency International’s broader definition also encompasses corruption in the private sector, recognising that corruption can occur in daily private sector activities (Keig et al., 2015).

Although the literature standardises definitions emphasising individual behaviour, it is crucial to consider the definition accepted by the World Bank for this study, which defines corruption as the “Abuse of public office for private gain” (World Bank, 2020). As detailed in the subsequent chapter, this definition will be relevant to the empirical model’s corruption measurement index.

Having clarified the definition of corruption to guide this study, what has the literature found about the impact of this phenomenon on organisations’ performance and engagement in CSR initiatives and reporting? As mentioned in a previous section, limited literature considers the counter side of this problem—in other words, the effect of corruption on disengagement or withdrawal from such practices.

Corruption is a multifaceted issue with widespread implications for social, economic, and governance structures (Cicchello et al., 2023). It encompasses unethical behaviours that distort market competition, increase business costs, and erode public trust (Urbina, 2020; Cicchello et al., 2023). Within the realm of CSR and ESG initiatives,

corruption poses significant barriers to organisational transparency and accountability. Studies have shown that compliance with mandatory disclosure requirements tends to decrease as corruption levels rise, leading to poor-quality financial reporting and increased earnings opacity (Mazzi et al., 2018). Moreover, political corruption has been found to deter firms from voluntarily disclosing their ESG performance, particularly in industries with significant environmental impacts (Hoang, 2022).

Institutional factors play a crucial role in shaping corporate engagement in CSR and anti-corruption efforts (Oliveira et al., 2019). Legal environments, industry self-regulation, and organisational commitment influence CSR reporting practices. Additionally, the level of corruption within an institutional environment can significantly impact corporate sustainability reporting initiatives. Studies have demonstrated a negative correlation between perceived corruption and sustainability reporting, mainly where corrupt practices are normalised (Cicchello et al., 2023). In such environments, companies may be less inclined to engage in sustainability reporting to signal their commitment to stakeholders and gain legitimacy.

As an emerging region, Latin America faces significant corruption-related challenges, profoundly influencing corporate behaviour and reporting decisions (Cicchello et al., 2015). Weak institutional frameworks plagued by high levels of corruption are prevalent in the region (Hauk et al., 2022), leading to endemic corruption that permeates various levels of society, from high-ranking politicians to low-level public officials (López-Cazar et al., 2021). The Latinobarómetro surveys underscore corruption as a paramount concern in the region, ranking third in importance after poverty and crime. Countries like Colombia regard it as their most pressing issue (Corporación Latinobarómetro, 2018). The Global Corruption Barometer for Latin America and the Caribbean (2019) underscores the rising levels of corruption in the region, accompanied by a sense of governmental inadequacy in addressing the issue. Additionally, abusive tactics such as vote-buying and spreading false information on social media have weakened political and public institutions, fostered widespread distrust and fuelling demands for anti-corruption measures (Global Corruption Barometer for Latin America and the Caribbean, 2019).

In contrast to Latin America, European countries typically exhibit lower levels of corruption, particularly in wealthier nations with stable democratic institutions, as

noted in Serra's (2006) research. Countries with established democratic systems and longer-standing governance structures tend to experience less corruption, whereas regions with political volatility and colonial legacies often face higher levels of corruption. Furthermore, the European Union (EU) has been proactive in combating corruption through various conventions, regulations, and monitoring mechanisms, such as the Group of States Against Corruption (GRECO), as Fard & Hassanpour (2016) highlight. The EU's efforts positioned it as a leader in anti-corruption by initiatives, with measures implemented at both executive and legislative levels. These efforts include regular reports analysing corruption trends and providing recommendations for enhancing anti-corruption measures, as outlined in Bosco's (2016) study on EU anti-corruption legislation and initiatives.

2.7 Institutional Theory in CSR initiatives, reporting and corruption.

In the context of CSR and sustainability reporting, Institutional Theory plays a significant role in understanding how external institutions influence organisations' behaviour, practices, and responses towards societal expectations (Reverte, 2009; Baldini et al., 2018). It provides a comprehensive approach to investigating the complex interactions between organisations and their institutional environments.

The institutional theory states that organisations are influenced by social, cultural, and regulatory contexts (Meyer & Rowan, 1977; DiMaggio & Powell, 1991). Normative, regulative, and cognitive institutions shape their strategic choices and responses to environmental challenges. Normative regulations guide organisations in conforming to socially accepted behaviours, while regulative institutions involve formal rules and laws organisations must comply with. Cognitive institutions encompass shared beliefs and mental models shaping organisations' perceptions of reality (DiMaggio & Powell, 1991).

In examining organisations' motives to mimic and imitate each other, DiMaggio and Powell's (1991) study delves into the concept of isomorphisms, a central theme in their work. In institutional theory, isomorphism explains how organisations within a particular field tend to converge towards similar structures, practices, and behaviours due to the external pressures caused by the institutional environment. Meyer (1979),

Fennel (1980), and DiMaggio and Powell (1991) categorise isomorphism into two main types: competitive and institutional. Competitive isomorphism is associated with rationality and highlights market competition as the driving force behind organisations mimicking each other's structures and behaviours to gain competitive advantage (DiMaggio & Powell, 1991; Hannan & Freeman, 1977). On the other hand, institutional isomorphism refers to the process by which organisations become similar and mimic each other due to pressures from their institutional environment. These pressures can be classified into coercive, mimetic, and normative forces (DiMaggio & Powell, 1991). Coercive forces are related to regulations and political influence, mimetic forces involve organisations responding to uncertainty, and normative forces are associated with establishing occupational norms and standards (DiMaggio & Powell, 1991; Larson, 2017).

The three institutional isomorphisms can be seen in the context of CSR and sustainability reporting initiatives. First, coercive isomorphism can be seen as legal requirements or pressure from stakeholders such as investors, customers, or NGOs to disclose information about the company's environmental and social impacts. In this sense, companies may engage in such initiatives to avoid legal sanctions or reputational damage (Larrinaga-González, 2007). On the other hand, mimetic isomorphism arises from imitating successful models or practices; it can be seen in adopting reporting frameworks or standards that are widely accepted or recognised as the best practices. In other words, organisations may engage in sustainability reporting to emulate the practices of their peers or to signal their commitment to sustainability stakeholders (Larrinaga-González, 2007). Finally, normative isomorphism can be seen in adopting reporting practices that align with the company's values or mission. In this case, organisations may engage in sustainability reporting initiatives or practices to demonstrate commitment to sustainability as a core value (Larrinaga-González, 2007).

A significant body of literature has applied institutional theory to investigate the determinants of organisations' participation in voluntary CSR initiatives and their disclosure practices (Reverte, 2009; Baldini et al., 2018). CSR has become an increasingly important aspect of business operations. Researchers have conducted extensive studies to identify the factors that influence a company's decision to engage in CSR activities and report on them (Perez-Batres et al., 2011; Keig et al., 2015; Ortas et

al., 2015; Mazzi et al., 2018; Rasche et al., 2022; Hoang, 2022). These studies have examined the role of both formal and informal institutions, including government regulations, industry standards, social norms, the institutional context in which the firm operates, and normative pressures.

In the context of normative pressures and CSR initiatives, institutions significantly influence corporate behaviour and decision-making processes. Normative pressures emanate from societal expectations, cultural values, and ethical norms that shape organisations' perceptions of socially responsible behaviour (DiMaggio & Powell, 1983). Within the institutional theory framework, normative pressures are crucial in driving firms to engage in CSR initiatives and adhere to ethical standards. Several studies, such as Perez-Batres et al. (2011) and Branco & Rodrigues (2008a), highlight the influence of normative mechanisms in institutionalising sustainability practices within organisations. These studies demonstrate how normative pressures from institutional environments encourage firms to adopt CSR initiatives like the UNGC and integrate sustainability business practices into their operations.

On the other hand, the phenomena of corruption have also been explored through the lenses of institutional theory. Keig et al. (2015) portrayed corruption as a multifaceted institutional phenomenon encompassing both formal and informal dimensions. These dimensions are taken from the institutional perspective presented by North (1990), which explains that formal institutions comprise governing structures, economic rules, and regulations, while informal institutions refer to individuals' everyday interactions and customs and that both can shape organisational behaviour. Through this conceptual framework, the authors argue that in the study of the impact and effects of corruption on Corporate Social Irresponsibility, both formal corruption environments (that encompass legal frameworks, bureaucratic procedures, and regulatory mechanisms) and informal corruption environments (that encompass social norms, cultural values, and interpersonal networks) influence attitudes and behaviours toward corruption in organisational contexts (Keig et al., 2015).

This research focuses on the organisational field, which consists of companies that have signed up for the UNGC programme. By examining this field, we can use institutional theory and an isomorphism approach to understand better the policies, conditions, and pressures that shape these organisations' daily operations and

decisions, more specifically, how the corruption perception and control in their countries impact the decision of a company not to continue reporting the Communication in Progress required by the UNGC to be part of the sustainability initiative.

In this study, where corruption is a focal point of investigation, we adopt Keig et al.'s (2015) perspective. We view corruption as an integral part of the institutional environment within organisations, shaping their practices and decision-making regarding CSR behaviour. When formal structures, such as governance and regulatory frameworks within a country, are robust and effectively combat corruption, companies are less likely to be influenced by their institutional environment to disengage from CSR initiatives and disclosure. Conversely, in environments where informal structures, such as a country's social norms and values, prioritise transparency, and corruption has not profoundly penetrated individual behaviours, companies are less inclined to withdraw from CSR initiatives.

From an institutional isomorphism perspective, in this study, as DiMaggio & Powell (1991) emphasised, normative, coercive, and mimetic pressures shape organisations' behaviour regarding their engagement in voluntary CSR initiatives and disclosure practices. Specifically, building on the previous perspective, we posit that organisations operating in countries with robust formal and informal structures against corruption are less likely to abandon CSR initiatives and disclosure practices. This is attributed to the isomorphic effect, wherein companies that consistently demonstrate responsible behaviour and long-term commitment to such initiatives tend to serve as models for emulation within their organisational field.

2.8 Hypotheses formulation

Based on the literature reviewed, which highlights the detrimental effects of corruption on organisations' engagement in CSR initiatives and disclosure practices, it is imperative to formulate hypotheses that elucidate the relationship between corruption levels and the withdrawal of companies from such initiatives. Drawing upon insights from studies by Mazzi et al. (2018), Hoang (2022), Oliviera et al. (2019), and Cicchiello et al. (2023), among others, we propose hypotheses that explore the influence of corruption on CSR disengagement. Specifically, we hypothesise that higher levels of

corruption in a country will be associated with a greater likelihood of companies withdrawing from CSR initiatives, as evidenced by decreased engagement in sustainability reporting practices and lower levels of voluntary disclosure of ESG performance. Moreover, we anticipate that the impact of corruption on CSR disengagement will vary across industries and the geographical regions studied, reflecting the complex interplay between institutional factors, organisational practices, and socio-economic context. As such, our primary hypothesis (H1) posits:

H1: There is a positive relationship between a country's perceived level of corruption and organisations' withdrawal from voluntary CSR initiatives like the UNGC.

Furthermore, considering the results of previous research about the determinants for CSR and disclosure practices, in this study, we expect that firm-level characteristics will also be part of the variables that explain the determinants of withdrawal. In other words, characteristics such as firm size (Knudsen, 2011; Baldini et al., 2018) and industry sector (Oliveira et al., 2019; Rasche et al., 2022) are expected to impact the withdrawal from CSR initiatives. Thus, our second hypothesis (H2) proposes:

H2: Larger organisations and those from highly exposed sectors, such as Manufacturing and Mining, are less likely to withdraw from CSR initiatives like the UNGC.

Building on the institutional theory framework, institutional isomorphism emerges as a pivotal lens to examine organisational behaviour in response to prevailing institutional pressures (DiMaggio & Powell, 1983). Thus, our third hypothesis (H3) asserts:

H3: Organisations in regions with higher levels of corruption exhibit a heightened propensity to withdraw from CSR initiatives compared to areas with lower corruption levels.

The foundation of this hypothesis lies in the intricate interplay between formal regulatory framework, cultural norms, and organisational practices within different institutional environments. As the preceding section explains, institutional theory posits that organisations are deeply embedded within broader social, cultural, and regulatory contexts (Meyer & Rowan, 1991; DiMaggio & Powell, 1991). The prevalence of corruption in Latin American countries, both in the form of regulatory deficiencies and

culturally ingrained informal practices, exerts coercive, mimetic, and normative pressures on organisations operating within this environment.

3 Empirical Model

This study employs a quantitative methodology to investigate the influence of corruption levels on organisations' commitment to corporate sustainability initiatives, focusing specifically on the UNGC programme. More specifically, survival analysis methodologies are used. In this study, the Cox Proportional Hazards model (Cox, 1972) is applied to analyse the duration of companies' participation in the UNGC programme before withdrawal or cessation. The model allows the examination of how corruption levels and other independent variables influence the hazard of withdrawal over time.

The model employed in this study has proven to be highly pertinent and beneficial for several reasons. One of the most notable advantages is its ability to comprehensively analyse time-to-event data (Therneau & Grambsch, 2000). This feature is especially crucial when examining the duration of companies' participation in the UNGC initiative. Since the majority of the firms are still active in the programme, the data is censored at the end of the sample; the Cox model handles censored data¹ effectively. As a result, all observations are considered, even in cases where the follow-up period is incomplete (Lin, 1994). This ensures that the analysis is thorough and accurate.

Second, the model is particularly well-suited for assessing the withdrawal hazard's multi-faceted nature. It provides a framework that can incorporate various factors simultaneously (Kleinbaum & Klein, 1997), enabling a comprehensive analysis of the determinants of a company's commitment to CSR initiatives and disclosure practices. The factors considered in this study include the perceived corruption levels from the company's country, company characteristics, and regional differences. This approach allows for a detailed examination of each variable's impact and complex interplay, enabling the identification of significant predictors and their relative importance. In contrast, examining company characteristics can reveal how the organisation's structure impacts its CSR initiatives. Similarly, studying regional

¹ In survival analysis, censored data refers to observations where the event of interest (e.g., withdrawal from the UNGC programme) has not occurred by the study's or observation period's end. These observations contribute valuable information to the analysis, representing cases where the event has not yet happened or occurred after the study's conclusion.

differences can shed light on the unique challenges and opportunities faced by companies operating in different regions.

To model the impact of corruption on the withdrawal of companies from the UNGC programme using the Cox Proportional Hazards survival model, the following formula is considered:

$$h(t|X) = h_0(t)e^{(\beta_1 X_1 + \beta_2 X_2 \dots + \beta_p X_p)}$$

In the formula $h(t|X)$ will represent the hazard function at time t given the values of the independent variables X . $h_0(t)$, which is the baseline hazard function, which represents the hazard rate when all independent variables are equal to zero. The coefficients associated with the independent variables are represented in the formula as $\beta_1, \beta_2 \dots \beta_p$. Finally, the independent variables are shown as $X_1, X_2 \dots X_p$.

As mentioned before, the primary variable in this study is the corruption level index, which measures the perceived level of corruption in the company's country of origin. Other independent variables include company size (measured by the number of employees), industry sector, and the geographical region from which the companies are. On the other hand, the duration of companies' participation in the UNGC programme before withdrawal or cessation is known as the dependent variable. This variable is measured in years and calculated from the year of joining to the last year of participation; however, since not all companies in the sample joined the initiative in 2011, when the studied period of this research started, the survival time of different organisations in the UNGC until their delisting is calculated as the delisting year minus the joining year.

$$h(t|X) = h_0(t)e^{(\beta_1 \text{Corruption Index}_1 + \beta_2 \text{Company Size}_2 + \beta_3 \text{Industry Sector}_3 + \beta_4 \text{Region}_4)}$$

The duration of companies' participation serves as a critical indicator of their commitment to CSR initiatives and disclosure practices within the UNGC framework (Caroll & Shabana, 2010). By analysing the duration of engagement, we gain valuable insights into companies' sustainability trajectory and the factors influencing their decision to sustain or terminate their involvement in the programme. In investigating the influence of corruption, the duration variable allows us to assess the extent to which perceived levels of corruption and control in companies' countries of origin affect their CSR commitments. Companies operating environments characterised by high levels of corruption may face increased challenges in adhering to ethical business

practices and sustaining long-term engagement with initiatives like the UNGC. As such, a longer duration of participation may indicate a company's resilience against corruptive forces, demonstrating its persistent commitment to corporate integrity and responsibility.

We can quantify the hazard or risk of companies withdrawing from the UNGC programme over time, considering the varying degrees of corruption present in their respective operative environments through the Cox Proportional Hazards model. This statistical approach allows for the estimation of hazard ratios (Cox, 1972), providing valuable insights into the relative impact of corruption on the likelihood of programme withdrawal while controlling other relevant factors such as company size and industry sector.

This study implements clustering in the regression model to address several key considerations. Firstly, clustering by country is essential to account for the violation of the independence assumption among individual observations within the same country (Abadie et al., 2023), particularly in the context of shared characteristics and contextual factors such as corruption levels. Secondly, by clustering at the country level, the precision of the estimates is enhanced, leading to more reliable and robust results (Nichols & Schaffer, 2007). This approach improves the statistical efficiency of the analysis by reducing standard errors and providing more accurate inference, especially when dealing with hierarchical data structures (McKenzie, 2017).

In addition to the primary empirical model, we aim to enhance our findings' robustness through rigorous robustness checks. One fundamental assumption of the Cox proportional hazards model is that the hazard ratios for the covariates remain constant over time (Kaplan & Meier, 1958). It is essential to verify this assumption to ensure the validity of the regression results, as violations can lead to erroneous interpretations (Minard & Guffey, 2022). We employ the Schoenfeld residuals method to assess the proportional hazards assumption as a robustness check in our study. This method offers a commonly used non-graphical approach for testing the proportionality of hazards (Xue et al., 2015), ensuring the reliability of our findings in investigating the dynamics of CSR disengagement. Additional robustness checks involve varying key model specifications, such as the choice of corruption index and the treatment of time-varying covariates, to assess the consistency and stability of our results. By subjecting

our empirical model to these comprehensive robustness checks, we seek to ensure the reliability and robustness of our conclusions, thereby enhancing the credibility and validity of our research outcomes.

3.1 Dependent Variable

In this study, as mentioned before, the dependent variable is the duration of companies' participation in the UNGC programme before withdrawal or cessation (delisting). This variable serves as a critical indicator of companies' commitment to CSR initiatives and disclosure practices within the UNGC framework. The survival time is calculated from the year of joining the UNGC to the last year of participation. However, since not all companies joined the initiative in 2011 when this studied period started, the survival time of different organisations in the UNGC until their delisting is calculated as the delisting year minus the joining year. This approach accounts for variations in the timing of companies' entry into the programme and provides a standardised measure of their engagement duration.

The calculation of survival times is particularly valuable for this research for several reasons. Firstly, it allows for assessing the temporal dimension of companies' commitment to CSR initiatives, offering insights into the longevity of their engagement with the UNGC. Longer participation durations may indicate a more substantial organisational commitment to ethical business practices and sustainability principles, while shorter durations may suggest challenges or barriers to sustained engagement. Secondly, by incorporating survival analysis methodologies, such as the Cox Proportional Hazards model, this study can examine how various factors, including the perceived corruption levels and other independent variables, influence the hazard of withdrawal over time. This approach enables the identification of significant predictors and their relative impact on companies' decisions to sustain or terminate their involvement in the UNGC programme.

3.2 Independent variables

3.2.1 Corruption variable

This research initially measures corruption using the Control of Corruption (CC) Index from the Worldwide Governance Indicators. This index comprehensively assesses corruption perceptions and governance quality (Worldwide Governance Indicators, n.d.). However, it may overlook the subjective perceptions of corruption prevalence among various stakeholders. The Corruption Perception Index (CPI) from Transparency International is employed as a robustness check. The CPI offers valuable insights based on expert opinions and business perceptions (Transparency International, 2023). While the CC and the CPI have their strengths and limitations, using both measures to validate the results allows for a more comprehensive understanding of corruption dynamics. Table 4 describes and compares the characteristics of both indexes. This approach enhances the accuracy and reliability of the findings by providing complementary perspectives on corruption dynamics. Consequently, the study contributes to the academic literature by offering a nuanced understanding of how different corruption levels impact CSR practices, thereby informing practical policymaking efforts in the realm of corporate sustainability and governance.

Table 4 Comparison of Corruption Perception and Control of Corruption Indexes

Aspect	Corruption Perception Index (CPI)	Control of Corruption Index (WWGI)
Institution	Transparency International	World Bank
Purpose	Measures perceived public sector corruption	Measures perceived and actual corruption, as well as governance quality
Measurement Approach	Gathers perceptions from experts and businesspeople	Utilises surveys, assessments, and expert evaluations

Focus	Primarily focuses on public sector corruption	Focuses on corruption within broader governance context
Data Sources	Surveys, assessments, and expert opinions	Surveys, expert evaluations, and objective data
Transparency and Accountability	Considers transparency and accountability factors within the public sector	Considers transparency, accountability, and enforcement mechanisms
Corruption Indicators	Considers various corruption indicators such as bribery, embezzlement, nepotism, and abuse of power	Considers a range of corruption indicators including bribery, embezzlement, and nepotism
Governance Context	Indirectly reflects the quality of governance in a country	Directly evaluates governance quality and corruption control mechanisms
International Comparisons	Ranks countries based on perceived corruption levels	Ranks countries based on control of corruption and governance quality
Strengths	Widely recognised and used for international comparisons	Provides comprehensive assessment of corruption and governance

Note: This table presents various aspects of the main characteristics of each of the most used indexes to capture perceived levels of corruption at a country level.

Source: Own elaboration with information from Transparency International (2023), the Worldwide Governance Indicators' (n.d.) methodology, and the comparison provided in Spyromitros and Panagiotidis (2022) appendixes.

3.2.2 Company Size

The importance of the size of a company cannot be overstated when researching determinants of CSR, and it is no different for this study. As mentioned in the previous chapter, the size of a company is one of the relevant variables that need to be considered, and it plays a significant part in the second hypothesis that needs to be tested. To accurately assess the size of a company, we have used the European Commission's definition of SME and Big Enterprise, which is based on the number of employees (Table 5) (European Commission, 2020). This has allowed us to categorise the companies being studied into four distinct categories: micro, small, medium, or big enterprises, giving us a clearer picture of the organisation's size and how it relates to the research being conducted. Our model treats the Company size variables as dummy variables representing the four previously explained categories.

Table 5 Company size category by the European Commission

European Commission Category	Number of employees
Micro	0 to 9
Small	10 to 49
Medium	50 to 249
Big	> 250

Note: This table shows the methodology implemented by the European Commission to categorise the company size using headcount as the mean to calculate it. In our case, the dataset from the UNGC includes information about the number of employees, and then we create the categorical variable based on this standard.

Source: own elaboration with information from the European Commission (2020).

3.2.3 Industry Sector

Sustainability research is an essential area of study that focuses on how organisations can adopt more sustainable practices. In this context, the industry sector is crucial in analysing organisations' behaviour, responsibilities, and actions. This is because companies in carbon- or labour-intensive industries face more regulations, requirements, and expectations from different interest groups than service-oriented businesses. Therefore, the industry sector becomes essential to consider as a factor

that may influence decisions to withdraw from CSR and sustainability initiatives. The industry sector variable in this study is divided into seven categories, each representing a group of industry sectors with similar characteristics. These seven categories are (1) Consumer goods and services, (2) Energy, mining, and utilities, (3) Financial services and consulting, (4) Healthcare and pharmaceuticals, (5) Manufacturing and construction, (6) Others, and (7) Technology and telecommunications.

3.2.4 Geographical Region

In this study, geographical location is an essential variable in the analysis. On the one hand, the variable region groups the participant organisations from the Economic European Area, composed primarily of countries part of the European Union and Scandinavian countries, which, as described in the conceptual background, are more advanced in regulations and controls against corruption. On the other hand, the second group covered in this category are companies participating in the UNGC from countries from Latin America and the Caribbean. This second group was chosen first due to the gap in the field of studies on CSR and disclosure practices in developing economies, secondly, due to the challenges in the region regarding the corruption phenomena and the integrity of their institutions. Thus, by including this variable in our analysis, we aim to assess the significance of the region's characteristics and challenges in shaping corporate sustainability practices and non-financial reporting behaviours within the context of the UNGC.

4 Data and descriptive statistics

4.1 Dataset Description

Data used in this study comes from multiple sources. The first source is the UNGC dataset, which provides information on organisations participating in the initiative between 2011 and 2021. This information includes records on the date the company joined the initiative, their current COP status (whether active, non-communicating, or delisted), expelled date for the delisted cases, the number of employees, their country, their industrial sector, and their geographical region. This timeframe offers a comprehensive view of the evolution of the CSR programme and its interactions with corruption dynamics. Additionally, by including the last years of the programme, we can capture the most recent developments and societal changes in regions affected by corruption. These later years provide valuable insights into how organisations navigate evolving regulatory landscapes, societal expectations, and governance structures.

The second dataset corresponds to the Control of Corruption index, taken from the worldwide governance indicators dataset (Kaufman & Kraay, 2023). The worldwide governance indicators are six composite indicators that assess the governance of around 200 countries (Kaufman et al., 2010). For our research from those indicators, we have taken the Control of Corruption dimension, which captures the “perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as “capture” of the state by elites and private interests.” (Kaufman et al., 2010, p4). The Control of Corruption index employs a standardised scale ranging from -2.5 to +2.5, with higher values indicating more robust control of corruption and lower indicating more significant perceived corruption. On this scale, scores closer to +2.5 suggest a robust legal framework, effective anti-corruption measures, and high transparency and accountability in governance practices. Conversely, scores close to -2.5 signal systemic corruption mechanisms within the public sector.

Finally, the third dataset used in this study is the Corruption Perception Index from Transparency International (Transparency International, 2021). This index uses 13 independent sources to score and rank 180 countries and territories based on how

corrupt a country’s public sector is perceived (Transparency International, 2023). The CPI uses a scale ranging from 0 to 100, where higher scores indicate lower perceived levels of corruption within a country’s public sector. A score of 100 represents an absence of perceived corruption, signalling strong adherence to the rule of law and anti-corruption measures. In contrast, lower scores suggest higher levels of perceived corruption, indicating a lack of transparency, integrity, and trust in government institutions.

4.2 Data processing

The original UNGC dataset contains records of over 36,000 organisations from seven different regions worldwide (Table 6) that have historically participated in the programme. However, for this study, we focus on analysing companies' participation and withdrawal primarily from “Latin America and the Caribbean” and “Europe”. In the European context, we specifically narrow our scope to countries within the European Economic Area (EEA), including the United Kingdom and Switzerland. This selection allows for a sample representing a region characterised by stringent standards, regulations, and corruption controls. While the dataset includes the United Kingdom and Switzerland, we refer to the region collectively as the EEA in this study. This choice enables an examination of the distinct influences of corruption on withdrawal behaviours from CSR initiatives among organisations from countries in the global south compared to those in more developed regions. Additionally, the dataset undergoes filtration to retain exclusively non-listed business organisations, addressing a gap in the field for studies focusing on companies that are not publicly listed. As a result, our final sample comprises 12,366 enterprises, with 8,582 originating from Europe and 3,784 from Latin America and the Caribbean.

Table 6 UNGC Original regions and participant organisations 2000 - 2021

UNGC Region	Number of Organisations
Africa	2,335
Asia	5,698
Europe	17,050
Latin America and the Caribbean	8,003
MENA	1,060
Northern America	1,919

Oceania	470
Total	36,535

Source: *Global Compact Programme database*

The Control of Corruption index dataset was rescaled to a more intuitive scale from 0 to 5. This adjustment was made for ease of analysis, and 2.5 units were added to each country's original value in each assessed year. This is due to the minimum and maximum values for the Control of Corruption Index ranging from -2.5 to 2.5. The interpretation of the index remains consistent, with 0 representing the highest perception of corruption and 5 indicating the lowest. Similarly, the Corruption Perception Index was rescaled to a 0 to 5 scale. The original corruption perception values were divided by 100 and multiplied by 5 for each country and year assessed. This is because its original scale was from 0 to 100.

After this data processing, the values in the Country variable were standardised across all datasets to ensure consistency and prevent discrepancies when merging them. Given that the datasets were compiled by three different organisations (UNGC, World Bank, and Transparency International), there were variations in country names across sources. One of the variations was the case of “Czechia”, which was different in the Control of Corruption dataset (Czech Republic), then the name was modified to Czechia to harmonised values. As such, harmonising the country names across datasets was essential to create a cohesive final dataset.

The three databases were combined into a single dataset to execute our empirical model. The Country and Join Year variables were used as references to fit each corruption perception value within the participant organisation's row. New variables named CC and CPI were created for "Control of Corruption" and "Corruption Perception Index," respectively. Finally, as a result of these processes, the sample for this study was composed of 12,366 organisations, 8,582 from Europe and 3,784 from Latin America and the Caribbean. In the following subsection, the descriptive statistics are presented (Table 7).

4.3 Descriptive Statistics

The final dataset consists of 12,366 observations representing companies' characteristics, including the voluntary CSR initiative's engagement time.

In our dataset, the Control of Corruption index (CC) has a mean of 3.32, indicating a moderate level of perceived corruption across the observed countries. The level of corruption varies widely across countries, with a higher level in Latin America. The standard deviation of 0.98 indicates high variability in perceived corruption levels among the countries studied. This is supported by the minimum and maximum values, which represent 0.89 and 4.89, respectively. Countries with lower scores may indicate significant challenges in their national institutions in controlling corruption, potentially impacting their economic and social development. In contrast, countries with higher scores may have stronger institutions and governance frameworks that contribute to lower levels of corruption and greater transparency.

The Join Year variable reflects our dataset's observations span from 2011 to 2021. Notably, 33.2% of the observed companies opted to withdraw from the initiative by the study period's end, as indicated by the Delisted variable. The range of years in which organisations chose to withdraw (Last Year) extends from 2011, as evidenced by the minimum and maximum values. This means that some organisations that had joined the initiative at the beginning of the study period in 2011 also withdrew from the initiative in the same year. Given the longitudinal nature of our analysis, it is noteworthy that the standard deviations for the Join Year and Last Year are relatively high (3.41 and 2.15, respectively), indicating considerable variability in the timing of organisations' participation and withdrawal from the UNGC.

Table 7 Descriptive Statistics of the Dataset: UNGC programme participants and perceived level of corruption

Variable	Observations	Mean	Std. Dev	Min	Max
CC	12,366	3.267	0.981	0.894	4.899
JoinYear	12,366	2017	3.415	2011	2021
LastYear	12,366	2020	2.150	2011	2021
Survival	12,366	3.260	2.512	0	10
Delisted	12,366	0.332		0	1
Company Size					
Micro enterprise	12,366	0.063		0	1
Small enterprise	12,366	0.381		0	1
Medium-sized enterprise	12,366	0.276		0	1
Big enterprise	12,366	0.280		0	1
Industry Sector					

Consumer goods	12,366	0.104	0	1
Energy, mining, & utilities	12,366	0.068	0	1
Financial services	12,366	0.226	0	1
Healthcare & Pharmaceuticals	12,366	0.039	0	1
Manufacturing & Construction	12,366	0.251	0	1
Others	12,366	0.145	0	1
Technology and Telecommunications	12,366	0.166	0	1
Geographical Region				
Region1 (EEA)	12,366	0.694	0	1
Region2 (LATAM)	12,366	0.306	0	1

Note: (CC) corresponds to the Control of Corruption Index. The observations represent the number of organisations that joined the programme from 2011 to 2021.

Source: Global Compact programme linked with the Worldwide Governance database.

Furthermore, the average duration of companies' engagement with the initiative (Survival) is 3.26 years. However, the wide range of survival periods, from 0 to 10 years, is reflected in the standard deviation 2.51, signifying substantial variability. This variability highlights the diverse experiences and duration of companies' involvement with the UNGC initiative within our dataset.

In terms of geographic distribution, 69.4% (n=8,582) of companies are in the European Economic Area (Region 1), while the remaining 30.6% (n=3,784) are in Latin America and the Caribbean (Region 2).

The dataset includes information on company characteristics, including size and industry sectors. Company Size is categorised into four groups: 6.3% (n=779) are classified as micro-enterprises, 38.1% (n=4,706) as small enterprises, 27.6% (n=3,413) as medium-sized enterprises, and 28.0% (n=3,465) as big enterprises.

Industry sectors are represented by seven categories, with varying proportions of companies in each sector. The most prevalent industry in the dataset is Manufacturing and construction, with a proportion of 25.1% (n=3,109) of observed companies falling into this category. This is followed by financial services and consulting, representing 22.6% (n=2,769) of the dataset. Meanwhile, technology and telecommunications comprise 16.6% (n=2,051), Others 14.5% (n=1,795), Consumer goods and services 10.4% (n=1,284), energy, mining, and utilities 6.8% (n=844), and healthcare and pharmaceuticals 3.9% (n=487) of the dataset.

Table 8 Descriptive Statistics by Country group: UNGC programme participants and perceived level of corruption

Variable	Region 1 European Economic Area					Region 2 Latin America and the Caribbean				
	Obs	Mean	Std. Dev	Min	Max	Obs	Mean	Std. Dev	Min	Max
CC	8,582	3.805	0.601	2.12	4.90	3,784	2.047	0.427	0.89	4.12
JoinYear	8,582	2017	3.467	2011	2021	3,784	2017	3.294	2011	2021
LastYear	8,582	2020	2.191	2011	2021	3,784	2020	2.054	2012	2021
Survival	8,582	3.259	2.542	0	10	3,784	3.262	2.443	0	10
Delisted	8,582	0.317		0	1	3,784	0.367		0	1
Company Size										
Micro enterprise	8,582	0.070		0	1	3,784	0.047		0	1
Small enterprise	8,582	0.383		0	1	3,784	0.376		0	1
Medium-Sized enterprise	8,582	0.285		0	1	3,784	0.255		0	1
Big enterprise	8,582	0.262		0	1	3,784	0.322		0	1
Industry Sector										
Consumer goods	8,582	0.098		0	1	3,784	0.117		0	1
Energy, mining & utilities	8,582	0.055		0	1	3,784	0.097		0	1
Financial Services	8,582	0.228		0	1	3,784	0.221		0	1
Healthcare & Pharma.	8,582	0.034		0	1	3,784	0.052		0	1
Manufacturing & Const.	8,582	0.258		0	1	3,784	0.238		0	1
Others	8,582	0.139		0	1	3,784	0.160		0	1
Technology & Telecomm.	8,582	0.188		0	1	3,784	0.115		0	1

Note: (CC) corresponds to the Control of Corruption Index. The observations represent the number of organisations that joined the programme in each region from 2011 to 2021.

Source: Global Compact programme linked with the Worldwide Governance database.

By examining the descriptive statistics by each region (Table 8) (European Economic Region, and Latin America and the Caribbean), insights about the specific characteristics of the companies operating in these geographical regions may help further in the analysis.

Regarding corruption perceptions, the European region exhibits a moderate level of corruption, with an average CC score of 3.81. This contrasts with the Latin America and the Caribbean region, with a lower average CC score of 2.05. Regarding engagement with CSR initiatives, European companies tend to remain engaged in CSR initiatives for a slightly shorter period, with an average survival of 3.25 years, compared with 3.26 years for companies from Latin America and the Caribbean. Despite this, more companies in Latin America and the Caribbean were delisted from the initiative (36.7%) compared to those in the European Economic Area (31.7%).

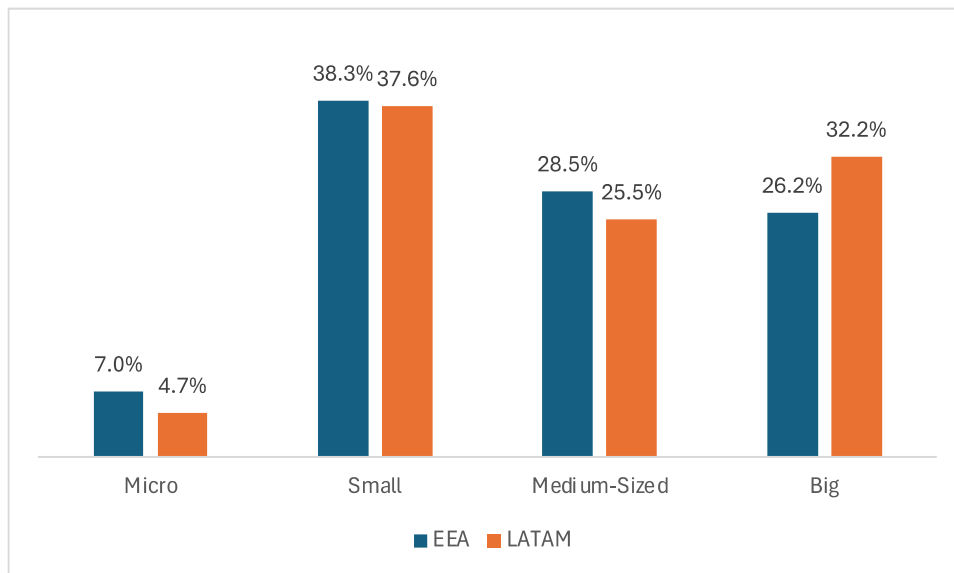


Figure 1 Percentage of companies participating in the UNGC programme by Size category: EEA vs. Latin America.

Source: Global Compact programme linked with the Worldwide Governance database.

When considering company characteristics, Figure 1 shows the relative distribution of organisations by size that have joined the UNGC initiative across the EEA and Latin America. Within the EEA, a relatively higher percentage of organisations fall under the Medium-Sized category at 28.5% (n=2,449), closely followed by Big enterprises at 26.2% (n=2,247). In contrast, Small enterprises constitute the most significant portion at 38.3% (n=3,286). This distribution suggests a relatively balanced representation of medium to large-scale companies alongside smaller entities within the UNGC initiative. On the other hand, Latin America and the Caribbean region have a similar distribution, with small enterprises being the most representative with 37.6% (n=1,423). However, it is followed by the big enterprises with 32.2% (1,218). This indicates a relatively higher relative presence of larger organisations from Latin America and the Caribbean participating in the UNGC initiative than the proportion of large enterprises from the European Economic Area.

The Kaplan-Meier curves in Figure 2 represent the probability of organisations maintaining engagement in the CSR initiative over time, with each curve corresponding to a specific perceived corruption level. Organisations operating in environments with lower corruption levels demonstrate higher survival probabilities, indicating a greater

likelihood of sustained engagement in the UNGC programme. For instance, in the case of organisations operating in a context categorised as having “Very Low corruption” (CC scores higher than 4.0), the survival probability remains relatively high over the ten years, with a probability exceeding 45% even at the end of the observation period. Conversely, organisations operating in environments with a “high” perceived level of corruption exhibit lower survival probabilities, reflecting a heightened propensity for disengagement from the UNGC programme over time (26% survival by the tenth year). This observation is evident from the significantly lower survival probabilities observed across each time interval, indicating a more pronounced decline in engagement among organisations facing higher levels of perceived corruption.

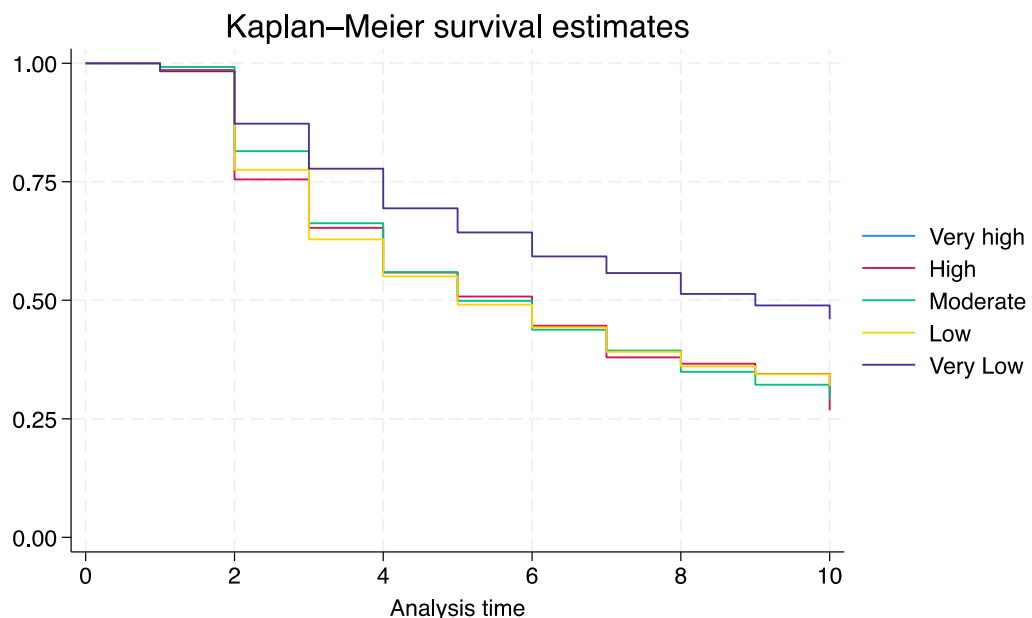


Figure 2 Kaplan Meier Survival estimates by perceived level of corruption

Note: This Kaplan-Meier survival curves show the time-to-event dynamics of companies’ disengagement from the CSR initiative by each perceived level of corruption group. The perceived level of corruption was categorised based on the CC index into five groups. “Very high” for values lower than 1 (CC 0 to 1), “high” for values between 1 and 2 ($1 < CC \leq 2$), “Moderate” for the CC scores ranging between 2 and 3 ($2 < CC \leq 3$), “Low” for CC values between 3 and 4 ($3 < CC \leq 4$), and finally, “Very Low” for values higher than 4 ($CC > 4$). The analysis includes data from 12,366 observations spanning ten years (2011 to 2021). Each curve represents the estimated survival probability over

time, with the x-axis denoting the duration of participation in the CSR initiative and the Y-axis representing the probability of maintaining engagement.

Source: Global Compact programme linked with the Worldwide Governance database.

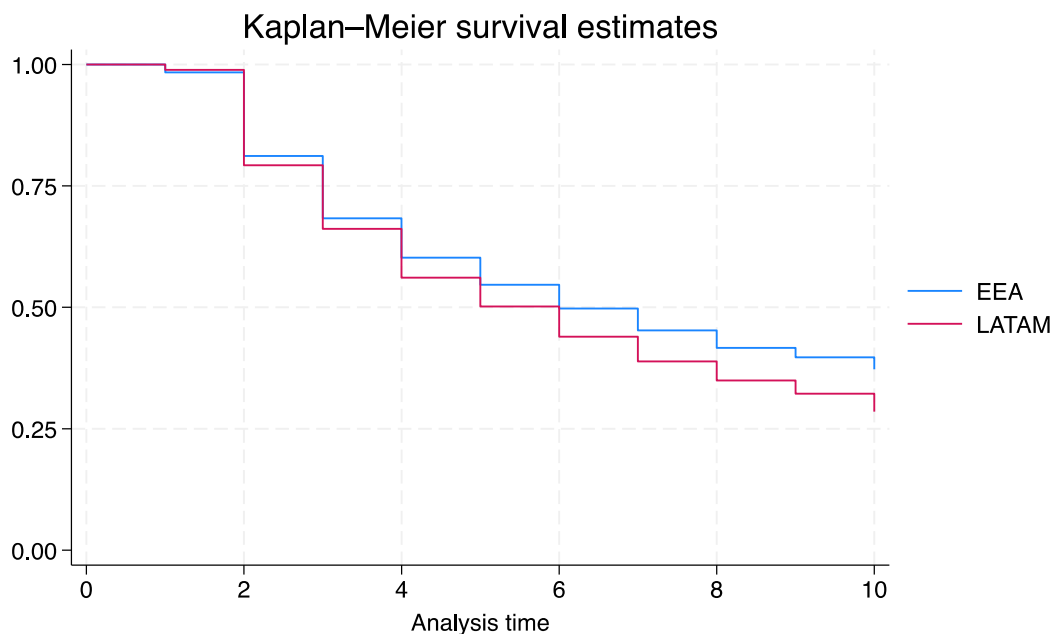


Figure 3 Kaplan Meier Survival estimates by country group

Note: These Kaplan-Meier survival curves show the time-to-event dynamics of companies' disengagement from the CSR initiative by each country group (Region). The analysis includes data from 12,366 observations spanning ten years (2011 to 2021). Each curve represents the estimated survival probability over time, with the x-axis denoting the duration of participation in the CSR initiative and the Y-axis representing the probability of maintaining engagement.

Source: Global Compact programme linked with the Worldwide Governance database.

Figure 3 shows the Kaplan-Meier curves that depict the time-to-event dynamics of companies' disengagement from the CSR initiative in the two analysed regions. In the EEA, at the onset of the observation period, the probability of staying in the programme is relatively high, with 98.4% of companies maintaining engagement in the first year. However, this probability steadily decreases over subsequent years, with notable drops observed at each time point. For instance, by the fifth year, the survival probability

declines to 56.4%, indicating a substantial proportion of companies disengaging from the CSR initiative. Conversely, the survival curve in the Latin American region displays a more pronounced decline in survival probability compared to the EEA. Despite starting with a high survival probability of 98.9% in the first year, the curve exhibits steep drops in subsequent years. By the fifth year, the survival probability decreases to 51.4%, indicating a significant proportion of companies discontinuing their CSR engagement.

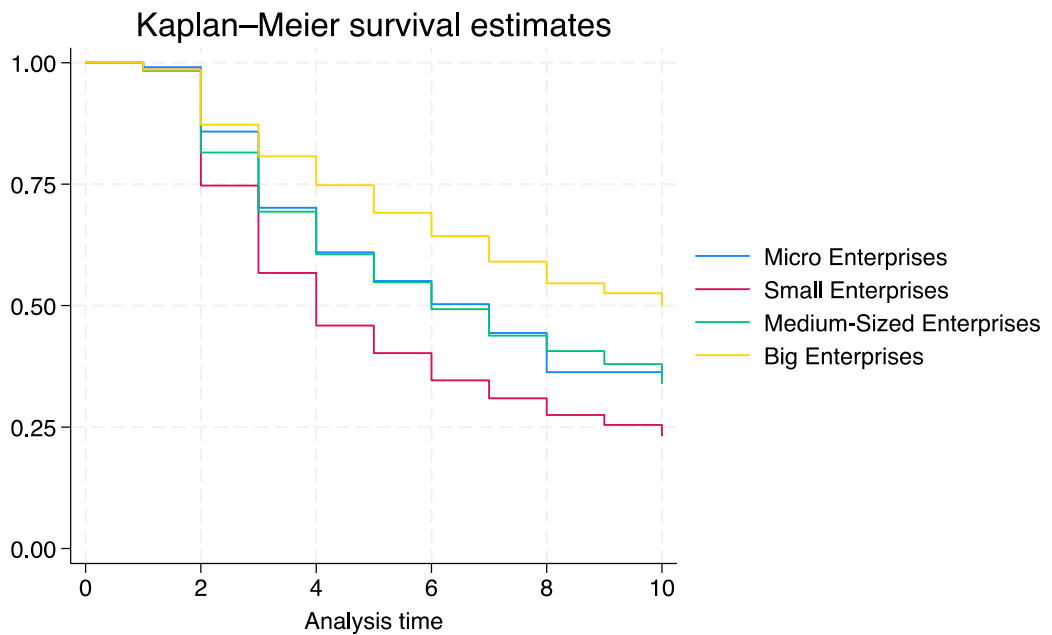


Figure 4 Kaplan Meier Survival estimates by Company Size classification

Note: These Kaplan-Meier survival curves show the time-to-event dynamics of companies' disengagement from the CSR initiative by each company size category group (CompanySize). The analysis includes data from 12,366 observations spanning ten years (2011 to 2021). Each curve represents the estimated survival probability over time, with the x-axis denoting the duration of participation in the CSR initiative and the Y-axis representing the probability of maintaining engagement.

Source: Global Compact programme linked with the Worldwide Governance database.

Figure 4 shows the survival curves illustrating the duration of companies' engagement with the CSR initiative based on their size classification. Micro enterprises exhibit a promising start, with a high initial engagement of 99.1% in the first year, gradually declining to 36.3% by the tenth year. Small companies also start with a

stringent commitment (98.5%) in the first year, which falls to 23.2% by the tenth year. Medium-sized and large enterprises show similar trends, starting with high engagement (98.3% and 98.6%, respectively) but declining to 33.9% and 49.9%, respectively, by the tenth year. These findings emphasise the influence of company size on long-term commitment. These curves suggest that big enterprises, compared with smaller-size organisations, engage longer in CRS voluntary initiatives.

5 Results

5.1 Cox Proportional Hazards model regression

We ran the empirical model with the Cox proportional hazards model to assess our hypotheses. We included all explanatory variables in this first model, clustering by country. Assessing the Company Size variables considers big enterprises as the reference group; for the industry sector, the reference group used is Technology and Telecommunications. Table 9 shows the empirical model's results.

Table 9 Determinants of withdrawal from the UNGC programme

	Coefficient	Robust Std. Error	P> z
CC	-0.279***	0.077	0.000
Company Size			
Micro enterprise	0.403**	0.122	0.001
Small enterprise	0.766***	0.051	0.000
Medium-sized enterprise	0.409***	0.058	0.000
Industry Sector			
Consumer goods	0.018	0.049	0.720
Energy, mining, & Utilities	-0.043	0.075	0.567
Financial Services	0.004	0.075	0.961
Healthcare & Pharma.	0.004	0.079	0.958
Manufacturing & Const.	0.124***	0.025	0.000
Others	-0.505***	0.053	0.000
Geographical Region			
Region2 (LATAM)	-0.294	0.168	0.080
Observations:	12,339		
Failure events:	4,078		

* $P < 0.05$; ** $P < 0.01$; *** $P < 0.001$

Note: (CC) corresponds to the Control of Corruption Index. Calculations for the Cox Proportional Hazards model consider cluster effects by Country. The analysis includes observations spanning ten years (2011 to 2021).

Source: Global Compact programme linked with the Worldwide Governance database.

For our first hypothesis, the main predictor is the corruption level, measured by the Control of Corruption Index (CC). The results show a significant negative association

between the changes in the CC and the hazard of disengagement from the initiatives (Coeff. = -0.279, p-value < 0.001). This result suggests that a lower perception of corruption (measured with higher CC scores) is associated with a lower likelihood of organisations withdrawing from CSR initiatives. Suppose a company in Colombia joined the UNGC in 2021 with a CC score of 2.16. If the same company were in a country like Czechia (with a CC score of 3.16), its likelihood of disengaging from the CSR programme would decrease by approximately 27.9%.

On the other hand, in the second hypothesis (H2), the main concern is about the role of the company size and industry sector in the withdrawal of companies from the CSR initiative. The results presented in Table 9 show that big enterprises are significantly less likely to abandon the UNGC initiative. Using the group of big enterprises as the reference group to compare coefficients while interpreting the results, we can assert that micro, small, and medium-sized companies exhibit a higher likelihood of disengagement, with coefficients of 0.40, 0.77, and 0.41, respectively. To illustrate this, consider the case of two companies: Company X, a large company, and Company Y, a small business. Company X, categorised as a big enterprise, has a hazard ratio 1. This means that it serves as the reference point for comparison. On the other hand, Company Y, categorised as small with a coefficient of 0.76, indicates that it has a 76.4% higher likelihood of delisting than Company X.

Regarding the industry sector, it is hypothesised that organisations from highly exposed and supervised industries such as manufacturing and mining are less likely to disengage and maintain a longer commitment to CSR initiatives. The results show that while comparing with companies in the reference group, that is, Technology and Telecommunications, the enterprises within the Energy, Mining, and Utilities sector have a 4.3% reduced likelihood of withdrawal from the UNGC initiative. However, this result is not statistically significant, with a p-value >0.05. In contrast, the manufacturing and construction sector demonstrates a significant positive association with disengagement (Coeff. = 0.12, p-value < 0.01), indicating that companies operating in this sector have a 12.4% higher likelihood of withdrawing from CSR initiatives than the reference group.

We included a variable called "Region2" in the empirical model to test our third hypothesis. This variable was intended to capture organisations from Latin America and

the Caribbean. In the model, we used "Region1," which captures organisations from the European Economic Area, as the reference group to compare the hazard and coefficients.

The results showed that organisations from the Latin American region have a 29.4% reduced likelihood of abandoning the UNGC initiative compared to organisations from the Economic European Area. However, the results are not statistically significant at conventional levels, with a p-value of 0.08. In other words, this suggests that the region from which an organisation is located does not significantly predict or affect the decision of organisations to withdraw from CSR voluntary initiatives.

5.2 Proportional hazards assumption as robustness check

We tested the proportional hazards assumption for these initial results as a robustness check. The proportional hazards assumption test based on Schoenfeld residuals was conducted to assess whether the covariates in the Cox proportional hazards model violate the assumption of proportional hazards over time (Machin et al., 2006). This assumption is crucial for interpreting the model's coefficients accurately. The results of the test are presented in Table 10.

The results indicate that several covariates exhibit proportional hazards across time intervals, with p-values exceeding the significant level of 0.05. Notably, the perceived corruption level (CC) (ChiSq = 0.26, p-value = 0.61), along with micro enterprises (ChiSq = 1.39, p-value = 0.24), small enterprises (ChiSq = 1.01, p-value = 0.32), and medium-sized enterprises (ChiSq = 0.01, p-value = 0.93), demonstrate no significant violations of the proportional hazard assumption. In other words, we can assert that these are time-independent covariates. The only sector variable that violates the proportional hazards assumption from the industry sectors is Consumer Goods and Services with a p-value <0.05 and ChiSq = 9.70. For the other sector variables, there was no evidence of violating the proportional hazard assumption (p-value > 0.05).

Table 10 Proportional hazards assumption test based on Schoenfeld residuals

	ChiSq	df	p-value
CC	0.259	1	0.611
Company Size			
Micro enterprise	1.387	1	0.239

Small enterprise	1.006	1	0.316
Medium-sized enterprise	0.007	1	0.934
Industry Sector			
Consumer goods	9.704**	1	0.002
Energy, mining, & Utilities	2.110	1	0.146
Financial Services	1.920	1	0.166
Healthcare & Pharma.	0.802	1	0.371
Manufacturing & Const.	0.792	1	0.373
Others	0.291	1	0.590
Geographical Region			
Region2 (LATAM)	6.837**	1	0.009
GLOBAL	36.304	11	0.000
Observations:		12,339	

* $P < 0.05$; ** $P < 0.01$; *** $P < 0.001$

Note: Calculations for the Proportional hazards assumption consider cluster effects by Country.

Source: Own calculations with information from the Global Compact programme linked with the Worldwide Governance database.

To illustrate the previous results, consider the variable representing small-sized enterprises in our analysis's context. The p-value associated with this variable's proportional hazards assumption test was 0.405, indicating no significant violation of the assumption. This suggests that the hazard ratio associated with small-sized enterprises remains relatively stable over time, implying that the effect of being a small-sized company on the likelihood of withdrawing from the UNGC initiative does not change appreciably as time progresses. In contrast, the case of a company that is part of the Consumer goods and services sector in our dataset, with a p-value of 0.002 in the proportional hazard assumption test, indicates a significant violation of the assumption. In other words, the hazard ratio for companies in the consumer goods and services sector may not remain constant, implying that their propensity to disengage from CSR initiatives could vary as time progresses.

On the other hand, the results show significant deviations from proportionality (ChiSq= 6.837, p-value = 0.009) for the regional variable representing the organisations that have joined the initiative from countries in Latin America and the Caribbean (Region2). This suggests that the hazard ratios associated with Latin American organisations may vary over time, potentially influencing their likelihood of disengaging

from CSR initiatives differently than organisations in other regions (for this study, the European Economic Area).

The global test results, which assess the overall proportional hazards assumption for all covariates collectively, generated a significant result due to these predictor variables that violate the assumption (ChiSq= 36.304, p-value < 0.001). This suggests that the covariates in the model collectively violate the proportional hazards assumption. Therefore, we must be cautious while interpreting the Cox proportional hazards model results and adjust the model to address these violations.

5.3 Augmented Cox regression model with time-varying covariates

A new Cox regression was done with some adjustments to address the violation of the proportionality assumption. The new regression kept the Corruption Perception variable (CC), Company size variables and all industry sectors except for the Consumer Goods and Services as covariates constant over time. However, the regional variable (Region2) and the Consumer Goods variable are declared as time-dependent variables using the time-varying effects option in the Stata commands as a solution for the Proportional hazards assumption violation (Ruhe, 2016). The results of the new Cox model with time-varying effect in the Region2 and Consumer Goods sector variables are shown in Table 11.

Table 11 Determinants of withdrawal from the UNGC programme with time-varying effects

	Coefficient	Robust Std. Error	P> z
Main			
CC	-0.181**	0.053	0.001
Company Size			
Micro enterprise	0.448**	0.137	0.001
Small enterprise	0.773***	0.049	0.000
Medium-sized enterprise	0.418***	0.058	0.000
Industry Sector			
Energy, mining, & Utilities	-0.088	0.073	0.228
Financial Services	-0.032	0.077	0.675
Healthcare & Pharma.	-0.041	0.075	0.582

Manufacturing & Const.	0.089***	0.025	0.000
Others	-0.538***	0.056	0.000
Time Varying Covariates			
Consumer Goods	-0.022	0.014	0.108
Region2 (LATAM)	-0.015	0.027	0.585
Observations:	12,339		
Failure events	4,078		

* $P < 0.05$; ** $P < 0.01$; *** $P < 0.001$

Note: Calculations for the Cox regression model with time-varying consider cluster effects by Country. (CC) corresponds to the Control of Corruption Index. The analysis includes observations spanning ten years (2011 to 2021).

Source: Own calculations with information from the Global Compact programme linked with the Worldwide Governance database.

In this augmented Cox regression model, the coefficients represent the effect of each covariate on the hazard of disengagement from CSR initiatives. The covariates are categorised as either time-independent or time-varying.

For our first hypothesis (H1), we can confirm that with an increase in one unit on the CC score (meaning a lower perceived corruption), the likelihood of withdrawing from the initiative decreased by 18.1%. To illustrate this, suppose a company in Bulgaria joined the UNGC in 2021 with a CC score of 2.26. If the same company were in a country like Portugal with a CC score of 3.36, its likelihood of disengaging from the CSR programme would decrease by approximately 18.1%. This suggests with a high significance (p-value = 0.001) that lower levels of corruption, reflected by higher CC scores, are associated with a decreased likelihood of disengagement from CSR voluntary initiatives over time.

On the other hand, based on the findings for the second hypothesis (H2), it is evident that the company size variables are significant at conventional significance levels when considered as time-independent covariates in the revised model. Notably, the three variables demonstrated high significance (p-value < 0.001) with positive coefficients (0.45, 0.77, and 0.42, respectively), thus supporting the notion that larger enterprises are less likely to disengage from CSR voluntary initiatives.

In terms of the industry sector, the interested sector variables (Energy, mining and utilities, and Manufacturing and construction) while modelling with Region2

(LATAM) and Consumer Goods sector as time-dependent covariates, the previous results are confirmed. In the case of the Energy, Mining, and Utilities sector, the negative coefficient of -0.03 suggests that the companies in this sector have a 3.3% lower likelihood of disengaging from the UNGC compared with the Technology and Telecommunications sector (used as a reference in the regression). However, this result did not have statistical significance (p-value >0.05). On the other hand, in the manufacturing and construction sector, the initial results are confirmed. While comparing with the reference group, companies in this sector have a significantly higher likelihood of withdrawing from CSR initiatives (Coeff. = 0.09, p-value <0.001). Then, the second hypothesis is partially confirmed. While large companies have a lower likelihood of withdrawing from CSR voluntary initiatives than SMEs, the industry sector dynamics are more complex.

Upon conducting the analysis, it was discovered that the adjusted time-varying effect of the Region2 variable resulted in a reduced coefficient of 1.5% on the likelihood of disengagement from CSR initiatives for Latin American companies compared with the European counterparts. However, it is essential to note that even when the time-varying effects were considered, the results did not show a statistically significant p-value of 0.58 as per the initial regression. Thus, our study's third hypothesis cannot be confirmed as the geographical region was not a significant predictor variable for the delisted event, representing the withdrawal from the CSR initiative.

5.4 Effects of the explanatory variables in each region

To delve into the dynamics of each region and compare how the studied factors may change in different contexts, we executed the augmented Cox regression model from the previous section in the subset of each region. We found distinct patterns in the explanatory variables across the European Economic Area and the Latin America samples.

The analysis in the European Area sample revealed consistent findings with previous results (Table 12). The corruption index (CC) remains a significant factor, indicating that a one-unit increase in the corruption index (less corruption perceived) corresponds to a 34% reduction in the likelihood of withdrawal from the UNGC programme. Moreover, the influence of company size is apparent, with larger

enterprises demonstrating a lower likelihood of withdrawal. Specifically, the coefficients for micro, small, and medium-sized enterprises indicate respective decreases in withdrawal likelihood of 44.6%, 77.2%, and 46.5%. Additionally, sectoral analysis highlights the Manufacturing and Construction sector’s notable impact, with companies in this sector showing a 9.9% higher likelihood of withdrawal than the technology and telecommunications sector, which serves as the reference group.

Table 12 Determinants of withdrawal from the UNGC in the EEA

Variables	Coefficient	Robust Std. Dev	P> z
Time-Independent Variables			
CC	-0.340***	0.079	0.000
Company Size			
Micro enterprise	0.446***	0.097	0.000
Small enterprise	0.772***	0.071	0.000
Medium-sized enterprise	0.467***	0.061	0.000
Industry Sector			
Energy, mining, & Utilities	-0.054	0.102	0.597
Financial Services	0.020	0.081	0.802
Healthcare & Pharma.	-0.078	0.142	0.583
Manufacturing & Const.	0.099**	0.033	0.003
Others	-0.472***	0.055	0.000
Time-Varying Variables			
Consumer Goods	-0.011	0.012	0.368
Observations	8,567		
Failure Events	2,703		
Countries	31		

* $P < 0.05$; ** $P < 0.01$; *** $P < 0.001$

Note: (CC) corresponds to the Control of Corruption Index. Calculations for the Cox Proportional Hazards model consider cluster effects by Country. The analysis includes observations spanning ten years (2011 to 2021).

Source: Own calculations with information from the Global Compact programme linked with the Worldwide Governance database.

In contrast, the Latin American organisations’ sample presented distinct patterns in the explanatory variables (Table 13). Notably, the corruption index (CC) did not emerge as a significant factor influencing the withdrawal decisions, as indicated by its non-significant p-value of 0.97. Regarding company size characteristics, small and

medium-sized enterprises exhibited an increased likelihood of abandoning the UNGC programme compared to large enterprises. Specifically, small and medium-sized enterprises showed a respective increase in withdrawal likelihood of 78.0% and 30.6%. Analysis of the industry sector revealed that neither the Mining, Energy, and Utilities sector nor the Manufacturing and Construction sector significantly affect withdrawal decisions compared to the Technology and Telecommunications sector, which served as the reference group.

Table 13 Determinants of withdrawal from the UNGC in Latin America

Variables	Coefficient	Robust Std. Error	P> z
Time Independent Variables			
CC	0.003	0.082	0.972
Company Size			
Micro enterprise	0.074	0.277	0.789
Small enterprise	0.780***	0.065	0.000
Medium-sized enterprise	0.306**	0.111	0.006
Industry Sector			
Energy, mining, & Utilities	-0.180	0.110	0.100
Financial Services	-0.167*	0.074	0.023
Healthcare & Pharma.	-0.072	0.051	0.159
Manufacturing & Const.	0.040	0.035	0.249
Others	-0.689***	0.107	0.000
Time Varying Covariates			
Consumer Goods	-0.048*	0.021	0.025
Observations	3,772		
Failure Events	1,375		
Countries	23		

* $P < 0.05$; ** $P < 0.01$; *** $P < 0.001$

Note: (CC) corresponds to the Control of Corruption Index. Calculations for the Cox Proportional Hazards model consider cluster effects by Country. The analysis includes observations spanning ten years (2011 to 2021).

Source: Own calculations with information from the Global Compact programme linked with the Worldwide Governance database.

These findings suggest contextual variability in the determinants shaping companies' decisions regarding CSR initiatives and disclosure practices. The observed

impact of corruption perception, company size, and industry sectors highlights the nuanced nature of organisational behaviour within different institutional contexts.

In order to ensure the reliability of the augmented Cox regression model, a robustness check was performed. The Corruption Perception Index was used as an alternative measure of corruption to assess the robustness of the model. The findings of this test, along with the detailed analysis, are included in Appendix A for reference.

6 Conclusion and Discussion

6.1 Discussion

In analysing the results of our study, a notable finding that emerged is the unexpectedly high delisting rate observed within the UNGC programme over the past decade. In our European sample, which included 8,582 non-listed business participants, around 31.7% abandoned the initiative (Global Compact database, own calculations). Similarly, in the Latin American context, out of 3,784 non-listed business participants, the delisting rate was 36.7% (Global Compact database, own calculations). These figures are particularly noteworthy since various institutions, including governments, the United Nations, and non-governmental organisations, emphasise sustainability and responsible corporate behaviour. The UNGC programme, designed to encourage companies to adopt and promote sustainable practices, operates within this discourse, making the high withdrawal rate somewhat counterintuitive. While our findings shed light on the prevalence of delisting from CSR initiatives, further exploration is needed to understand the underlying reasons driving this trend from different approaches within different contexts.

There are several possible reasons why companies may disengage from the United Nations Global Compact (UNGC) over time. One of the reasons is the lack of adequate feedback mechanisms and monitoring of progress reports (Sethi & Schepers, 2014). Companies may only see the value in participating with adequate feedback, leading to disengagement. Moreover, the absence of enforcement mechanisms within the UNGC framework raises concerns about its effectiveness in promoting sustained commitment to corporate social responsibility (CSR) practices (Sethi & Schepers, 2014). Additionally, imposing participation fees without corresponding benefits may discourage long-term engagement, especially for smaller enterprises with limited resources. Other factors contributing to disengagement may include shifting organisational priorities, difficulties in implementing sustainability disclosure practices, and varying interpretations of CSR among companies based on their national context or geographical region. These findings have significant implications for the effectiveness of voluntary sustainability frameworks and the broader landscape of corporate sustainability.

On the other hand, the literature suggests that organisations' engagement in CSR initiatives is significantly influenced by the level of corruption within their institutional environment (Keig et al., 2015). Then, it was expected to find that in environments where regulatory frameworks and societal norms prioritise transparency and accountability (meaning lower levels of corruption), organisations are less likely to withdraw from CSR initiatives and vice versa. Our findings indicate that while the perceived level of corruption significantly impacts withdrawal from CSR initiatives in regions with solid regulations and low corruption levels, such as the European Economic Area, it does not have a significant effect in regions with weaker institutional frameworks and endemic corruption, like Latin America and the Caribbean. This suggests that the influence of corruption on CSR disengagement varies across different institutional contexts, highlighting the need for tailored approaches to CSR management.

The lack of significant impact of corruption on the withdrawal from the UNGC in certain regions, particularly Latin America and the Caribbean, may be attributed to various contextual factors. Firstly, the normalisation of corruption within societal structures may lead organisations to perceive corrupt practices as commonplace, diminishing the perceived deterrent effect of corruption on CSR engagement. Additionally, the effectiveness of regulatory frameworks and enforcement mechanisms may vary, with limited resources or political will hindering the enforcement of anti-corruption measures. Consequently, organisations may perceive minimal risk associated with engaging in corrupt practices or withdrawing from CSR initiatives. Moreover, survival imperatives may take precedence over ethical consideration or CSR in environments where businesses face substantial economic and operational challenges.

Moreover, previous studies support our finding on the role of company size in influencing CSR engagement and disclosure practices (Knudsen, 2011; Baldini et al., 2018; Rasche et al., 2022). Knudsen (2011), for example, asserts that larger firms with higher visibility and potential higher CSR demands and impacts on their operations tend to be more motivated to engage and disclose information about their CSR practices. Then, such company characteristics are expected to present a lower likelihood of disengaging from CSR programmes like the UNGC. Our findings across the regions could confirm this. In both cases, the regression results showed a higher likelihood of

withdrawal from micro and SMEs using the big enterprises as the reference group to compare. As stated by Rasche et al. (2022), constrained by limited resources, smaller enterprises may need help producing comprehensive non-financial reports detailing their CSR impacts, leading to the abandonment of the initiative.

However, while SMEs may face resource constraints that hinder their ability to sustain engagement in CSR initiatives, it is essential to recognise the unique contributions that they can make to sustainable development. SMEs play a pivotal role in driving economic growth, creating jobs, and fostering innovation, especially in emerging economies where they are often responsible for the economy's strength. SMEs represent 73% of the non-listed businesses in the EEA and 67% of the participants in Latin America (Global Compact database, own calculations), highlighting their significant representation in the UNGC participant base. Therefore, efforts to promote long-term SME engagement in CSR initiatives like the UNGC are crucial for achieving the programme's objectives and advancing sustainable development goals.

Industry sector dynamics also play a crucial role in shaping CSR engagement and withdrawal behaviours. In the literature, Knudsen (2011) examined the first eight years of the UNGC participation dynamics and found that companies from sectors characterised by high CSR requirements and stakeholder pressure, such as manufacturing and extractive industries, were less likely to abandon the programme. Our results, however, indicate that neither the manufacturing sector nor the extractive industries demonstrate significant differences in withdrawal likelihood compared to sectors with lower CSR demands, such as technology and telecommunications in the Latin American region. However, in the EEA region, the manufacturing sector emerged as a significant determinant of withdrawal, with companies in this sector demonstrating an increased likelihood of disengagement. This contrasts with the previous assumption about sector-specific dynamics and underscores the need for more context-specific analyses when examining CSR behaviours.

These results can be attributed to two main factors. Firstly, our approach of analysing determinants by each region, rather than treating industry sector variables uniformly across the entire program, reveals distinct trends and dynamics that may explain the withdrawal from CSR initiatives. Analysing industry sector behaviour within the context of the entire program may introduce bias, given that most participant

organisations hail from highly developed regions such as Europe. Consequently, these organisations may exhibit similar behaviours due to institutional isomorphism. In contrast, dynamics in developing regions may vary significantly due to unique societal and economic challenges inherent in their institutional environments. On the other hand, the premisses considered to explore specifically the manufacturing and extractive industries were based on the previous findings in the field, which also mentioned that most of the studies in this area come from primarily developed regions or individual countries.

Certain sector variables have been found to be significant, particularly in the Latin American region, when compared to the technology and telecommunications sectors. The financial services sector in Latin America showed significant results, indicating a decreased likelihood of companies in this sector withdrawing from the initiative compared to the reference group. Similarly, the consumer goods and services sector in the same region also significantly impacted withdrawal decisions, suggesting a decreased likelihood of abandonment. However, there are industries categorised as "other" by the UNGC database, which also displayed notable significance compared to the reference group. The lack of specificity within this group poses challenges in thoroughly understanding its impact on CSR withdrawal decisions.

Table 14 Summary of Hypothesis Testing Results

Hypothesis	Results
H1: There is a positive relationship between a country's perceived level of corruption and organisations' withdrawal from voluntary CSR initiatives like the UNGC	Partly Fulfilled*. Cannot be rejected when assessing the programme as a whole. Supported in the EEA region subset but rejected in the Latin American Region subset.
H2: Larger organisations and those from highly exposed sectors, such as Manufacturing and Mining, are less likely to withdraw from CSR initiatives like the UNGC.	Partly fulfilled. Larger organisations are less likely to withdraw from the UNGC programme. However, the expected industry sector dynamics are not verified.
H3: Organisations in regions with higher levels of corruption exhibit a heightened propensity to withdraw from CSR initiatives compared to areas with lower corruption levels.	Rejected. The geographical region was found non-significant as a factor that influence the withdrawal from the UNGC. In the Latin American sample, the corruption levels variable was found a non-significant predictor.

*Note: *For the first hypothesis (H1), initially, the influence of the perceived levels of corruption was assessed for the complete sample and then tested by each region to identify differences and enrich the comparison between the dynamics of the determinants of withdrawal across different institutional contexts.*

The results of the hypotheses testing are summarised in Table 14, which provides an overview of the relationships between corruption levels, firm characteristics, institutional factors, and the likelihood of withdrawal from CSR voluntary initiatives like the UNGC.

6.2 Conclusions

Several key insights emerge through an empirical examination of factors influencing withdrawal from CSR initiatives, highlighting the significance of corruption, organisational characteristics, and industry dynamics in sustaining CSR engagement.

The study reveals the critical role of perceived corruption levels in shaping organisations' decisions to disengage from CSR commitments. Lower levels of perceived corruption are associated with a reduced likelihood of withdrawal, suggesting that ethical business environments foster sustained CSR engagement. Addressing systemic corruption through anti-corruption measures and regulatory reforms is essential to create a conducive climate for CSR initiatives. Additionally, organisational size emerges as a significant factor, with larger enterprises demonstrating a lower propensity to withdraw from CSR initiatives than smaller firms. Policymakers need to recognise the unique challenges faced by small and medium-sized enterprises and implement targeted support programmes to enhance their capacity for CSR engagement.

Furthermore, industry sector dynamics are crucial in CSR engagement and withdrawal behaviour, although the findings challenge some assumptions. Understanding sector-specific nuances is crucial for designing tailored CSR strategies that effectively address challenges and opportunities within each industry. Collaborative efforts between governments, industries, and civil society organisations can drive sector-specific initiatives to promote responsible business practices and mitigate withdrawal risks.

The conclusions drawn from this research contribute to the theoretical understanding of CSR engagement and withdrawal dynamics in several ways. Firstly, the

study highlights the importance of perceived corruption levels in influencing organisations' decisions to disengage from CSR initiatives in specific contexts, adding to the literature on institutional theory and CSR engagement. By elucidating how corruption perception serves as an institutional signal that influences CSR engagement decisions, the study contributes to a deeper understanding of the interplay between institutional factors and CSR practices. Additionally, the findings underscore the significance of organisational size in shaping CSR engagement dynamics, contributing to literature on organisational behaviour and CSR management. The study reveals the role of organisational resources and capabilities in sustaining CSR commitments.

Furthermore, the study challenges some assumptions regarding sector-specific dynamics in influencing CSR engagement, contributing to the literature on industry sector analysis and CSR behaviour. The study enriches our understanding of the complexities of sector-specific CSR strategies by uncovering unexpected findings regarding the impact of industry sectors on CSR withdrawal likelihood. Moreover, examining and comparing regions revealed distinct trends and dynamics in CSR engagement and withdrawal, suggesting the need for context-specific analyses and interventions. These original variations contribute to a nuanced understanding of CSR management practices across diverse institutional contexts.

6.3 Policy Implications

The findings of this study have significant implications for various stakeholders involved in promoting CSR and combating corruption.

For firms, especially SMEs:

Considering the substantial participation of SMEs within the UNGC, the UNGC team must devise incentives to encourage these companies to engage and maintain their long-term commitments to the CSR initiative. These incentives could include recognitions or awards for exemplary performance in reporting the annual Communication on Progress (COP) report required to stay an active programme member. Additionally, given both human and economic resource limitations faced by SMEs, the UNGC programme should consider reducing or exempting annual fees for smaller firms that struggle to disclose their non-financial information. Furthermore, a more flexible approach to COP reporting requirements, particularly for SMEs in their

initial years of participation, coupled with training and guidance, can help enhance disclosure quality over time. Finally, collaborating with industry associations, chambers of commerce, and development agencies can facilitate disseminating best practices and foster a culture of responsible business conduct among SMEs. The private sector can promote inclusive and sustainable economic development by empowering SMEs to integrate CSR into their operations.

For the UNGC team:

The UNGC team should actively promote companies' participation and explore creative strategies to increase engagement in CSR initiatives based on universal principles. This could involve intensifying marketing efforts to showcase the benefits of UNGC membership and leveraging the UN platform to promote ethical corporate behaviour. Highlighting the alignment of UNGC principles with the Sustainable Development Goals (SDGs) and emphasising the role of companies in achieving these goals can enhance the initiative's appeal to a broader range of enterprises across different contexts.

For governments and Society:

First and foremost, national and international policymakers should prioritise initiatives to reduce corruption and enhance transparency and accountability in business environments. This could involve implementing anti-corruption laws and regulations, strengthening regulatory frameworks, and promoting transparency measures such as stricter financial disclosure requirements in developing economies where challenges on these matters may be more pronounced. In regions with high corruption levels, the UNGC program and governments should collaborate to incentivise companies to disclose information, particularly in this area. Governments can play a crucial role in motivating companies to engage in ethical practices by highlighting the benefits of transparency and integrity through various media channels. By promoting a less corrupt culture and encouraging ethical behaviour, governments and society can create an environment conducive to responsible business practices, ultimately contributing to sustainable development. Additionally, providing guidance and training to organisations on navigating ethical dilemmas and maintaining CSR commitments in challenging environments could be a mechanism to address the issue.

Policymakers need to recognise that different industry sectors face unique challenges and opportunities. Therefore, it is necessary to adopt sector-specific approaches to promote responsible business practices. This involves engaging stakeholders from various sectors, including government, business, academia, and civil society, to develop tailored interventions and initiatives that address sector-specific sustainability issues. For instance, in sectors with high environmental impact, such as manufacturing and extractive industries, policymakers can promote the adoption of cleaner technologies and sustainable supply chain practices. Similarly, promoting transparency and responsible investment practices can enhance trust and credibility in service-oriented sectors like finance and technology.

6.4 Limitations and further research

One limitation of this study is related to the classification of companies into the industry sector within the Global Compact database. Approximately 13% of companies fall under broad categories such as "other" or "diversified", making it challenging to identify their sector-specific characteristics accurately (Global Compact database, own calculations). Although our regression analysis found some significance in the sector variable that groups this classification, the lack of specific details about the kind of activities made by companies in these categories makes it difficult to understand the impact of such industries on CSR engagement and withdrawal behaviour in greater depth. Future research could benefit from a refined classification system that provides greater granularity in categorising companies based on their industry affiliation. Additionally, the Global Compact team should consider leveraging external databases, such as Dun and Bradstreet (Dun & Bradstreet, n.d.), to improve the accuracy of sectoral assignments and get more variables to use and expand the scope of future empirical research.

Despite significant efforts to address the proportional hazards assumption through adjustments in the Cox regression models, residual violations may still exist. These violations could be attributed to factors such as the non-linear relationship between the covariates and the hazard function or unobserved heterogeneity. Despite these residual violations, it is encouraging that robustness checks have been conducted to ensure that the analysis results are robust to potential violations of the proportional

hazards assumption. However, further methodological refinements may be necessary to improve the accuracy of the results. One potential area for future research could be exploring alternative modelling techniques better to capture the complexities of CSR engagement and withdrawal dynamics. Another area for future research could be considering additional covariates to improve the model's accuracy, such as interaction terms between covariates to assess how the relationship between certain variables and CSR outcomes may vary depending on contextual factors or organisational characteristics. Additionally, firm-level characteristics, such as years of experience in the industry (Age) and financial performance metrics, should be considered to account for variations in organisational capacity, resources, and strategic orientation towards CSR.

It is also essential to recognise that the study focused on a specific context and sample of organisations participating in the UNGC programme. While the findings offer valuable insights into the determinants of withdrawal from CSR initiatives within this context, caution should be taken in generalising these findings to broader populations or different kinds of CSR initiatives. Future research could explore the applicability of these findings across diverse organisational contexts and examine how contextual factors influence CSR behaviours in various settings.

Complementing quantitative analyses with qualitative research methods, such as interviews, content analysis from the COP reports, focus groups, and case studies, can offer rich insights into the underlying motivations and decision-making processes driving CSR engagement and withdrawal. Qualitative research can capture the nuances or organisational behaviour that may not be fully captured by quantitative methods alone, providing a more holistic understanding of CSR practices.

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