GLOBAL CORPORATE SOCIAL RESPONSIBILITY, SUSTAINABILITY AND PERFORMANCE MEASURE

Anne L. Maddox
Saint Leo University

Executive Summary

The purpose of this research paper will be to emphasize the vital importance, analyze and examine corporate social responsibility (CSR), sustainability, the current ways that performance is being measured and the need for a standardized reporting process. Current CSR and sustainability tracking and reporting organizations will be examined along with the issues and problems that are being faced in the measuring and reporting of organizational performance. Valid and accurate reporting is vitally important to reduce carbon emission and to reduce the effects of global warming to ensure future human existence on this planet. CSR and organizational behavior will be a major theme according to organizational leadership, cooperation and transparency of sustainability efforts. The measuring of CSR performance will also be discussed in depth in relationship to benchmarking, transparency along with current issues and remediation thereof. Current global reporting of the sustainability performance is currently being provided by hundreds of reporting businesses, however there is not a universal standard rating system. Certain companies are rating sustainability performance, while others’ rating are based on organizational self-disclosure or a combination of both. Global Reporting Initiative (GRI) will be analyzed as this company is currently a world leader in sustainability reporting. GRI’s vision, mission and leadership will be discussed in relationship to the niche that they have created in the reporting of sustainability. GRI has been able to implement and achieve very high standards in environmental sustainability and corporate social responsibility on multiple levels. Consumers and investors are using these indexes as research tools and although this is having a positive impact on CSR participation, due to increased organizational reputation and company worth, the information being provided may not be accurate or valid.
Literature Review

Corporate social responsibility (CSR) according to Jucan (2011) was introduced in the middle of the twentieth century by H.R. Bowen, who stated that corporations had a duty to implement policies and procedures that benefited society. Three principles that were identified that corporations must follow in order to be socially responsible are, to use their power responsibly, to minimize impact on the environment, and to act ethically and morally. Jucan (2011) further identified that there are two dimensions of CSR that are both internal and external. Internal dimensions consist of human resource management; safety; adaptation to changing environments; and environmental impact. External dimensions deal with local communities, civic functions, economic conditions, governmental regulations and legal affairs. The global economic crisis and recent recession has negatively impacted CSR participation as corporations globally have been forced to reduce operating costs whereby CSR initiatives were reduced or only minimally realized. Jucan (2011) stated that developing long-term strategies in order to overcome future crises would turn social challenges into strategic opportunities.

Moir (2001) discussed corporate social responsibility in relationship to management activities and how social responsibility has shifted to being a major function of business organizations versus society. Several theories were examined such as the stakeholder theory, social contracts theory, and the legitimacy theory. This paper also discussed assessing performance and the ongoing debate of how to measure CSR performance.

Shamir (2011) analyzed the “business case approach” whereby businesses are practicing self-regulation in adopting corporate social responsibility that is driven by the market alternatively to governmental mandates. CSR has been steadily shifting from the public sector to the private sector due to a new governance has taken hold due to pressure from consumer right
groups and activists that privatizes social responsibility. Corporations are benefiting from CSR and are realizing that being globally socially responsible contributes to overall corporate success and shareholder satisfaction and is promotion and improving a company’s reputation that is attracting consumers and investors. Shamir (2011) analyzed CSR initiatives as a strategic management tool in order to lesson corporate risk in association to social and environmental damages due to non-conformity and non-compliance.

Literature that was reviewed in relationship to the need for sustainability is as follows. Key, Thomsen and Smith (2010) discussed that formal and informal educational initiatives must be developed so that the issues of global warming and climate changes can be addressed. The magnitude and negative impact of global warming must be understood by everyone on this planet. The authors discussed that the dissemination of this information on a global level via a social diffusion will be vital to lessen the impact of global warming and the consequences thereof. The importance of strong leadership skills was examined in order to adopt reform and a strategic plan to deal with these environmental issues. The authors discussed the magnitude of the effects of global warming and that everyone on the planet must be accountable. The development of better educational initiatives in order to educate everyone on this planet regarding the effects of global warming must be implemented as current initiatives have not been successful as many stakeholders have not been reached. Disseminating this information through current leadership is critical to accomplish this goal. Public education is vital in order to “diffuse” this information globally so that interventions and plans may be developed to lessen effects of global warming.

Ezra (1992) discussed the correlation between energy, politics and environment. The dependence upon the use of fossil fuels to provide energy has both political and environment ramifications. The instability in the Middle East, emerging energy use by third world countries
and the impact on our environment are of vital concern to all stakeholders on our planet. The continued emissions of carbon dioxide and other pollutants into our atmosphere is, in fact, causing global warming and a greenhouse effect that is causing damaging climate changes. This discussion was an informative view from a citizen of the United Kingdom and how energy is a central issue not only to world politics but also regarding environmental sustainability.

Stoughton (2012) discussed that companies are becoming aware that it is imperative that they implement social responsible directives into their corporate cultures and strategic plans however there is limited information on how to integrate CSR into an organization. Additional research into this area in relationship to how to develop and implement CSR would be beneficial due to the limited information that is available. This article also examined the history, purpose and value of corporate social responsibility and the impact that it has in relationship to the success of organization today.

The following peer reviewed articles are related to organizational ethical values and leadership which are both major factors in relationship to CSR development, implementation and performance. Valentine and Fleischman (2007) discussed the public’s expectations that corporations and their employees act ethically and be socially responsible. The purpose of this research was to measure whether or not perceptions, attitudes and beliefs of managers regarding their organizations ethical standards and participation in CSR led to their commitment to be ethical and to motivate employees to participate CSR. The research results indicated that employee’s perceptions that managers were acting ethically and practicing CSR was in fact correlated to employee motivation and involvement.

Mujtaba and Cavico (2013) discussed CSR on a moral, ethical and legal level. Corporations on a global scale are responding to the demands of government and society and are implementing and achieving CSR while remaining profitable. Many businesses around the world
have established programs to benefit society such as contributing to social causes, charities and
developing programs that assist citizens in their communities. Organizations on a global scale
are striving to honor the triple bottom line which is to save the people, the planet and to make a
profit.

Amaladdoss and Manohar (2013) discussed Reliance Industries Limited which is one of
India’s most transparent CSR companies and how important it is that organizations communicate
CSR activities to gain transparency and positive stakeholder perception. CSR is no longer an
option, but a requirement to organizational success that encompasses social, economic and
environmental features. CSR is now at the forefront of strategic initiatives due to social pressures
resulting from the exposure and indictment of major corporations such as Enron due to
fraudulent, unethical and unconscionable behavior. Voluntary disclosure of CSR initiatives via
corporate website are one avenue to gain CSR transparency. CSR can be incorporated into a
corporate mission statement and all CSR involvement and accomplishment can be listed.

Lv, Ma and Li (2010) examined the correlation between leadership endeavors regarding
CSR and that external pressures to achieve a low carbon economy involve the following business
segments that are financial, industrial, taxation and public image in relationship to consumption
reduction and environmental sustainability. External pressures were discussed as they will lead
to a transformation of the current economy into a low carbon economy that will further transcend
current industrialization to that of an ecological conscience society.

Ruddell (2008) discussed how transformational leadership is at the forefront of leadership
research and that there are four elements that he identified that are: a follower idealizes and trusts
the leader and strives to emulate their leaders behavior; a follower is motivated by a common
goal with the leader; a follower is inspired to think critically about their values, beliefs and
expectations; and that a followers individual needs are considered. Transformational leaders
have the ability to communicate mutual goals and vision and support and empower their followers. Transformational leaders play an important role in the development of both corporate responsibility and governance and are able to gain cooperation to achieve CSR.

Wright (2003) discussed the importance of positive organizational behavior (POB) which he defined as “the study and application of positively oriented human resource strengths and psychological capacities that can be measured, developed, and effectively managed for performance improvement in today’s workplace” (p. 437). This research based paper focused on the importance of creating a positive work environment and the positive aspects of human nature versus focusing on the negative aspects. Wright (2003) discussed the importance of shifting from a utilitarian management approach that he discussed as committed-to-management (CMR) which theoretically was focused on employee performance and a cost-benefit approach of human resources. The theory of POB was discussed in order to demonstrate how positive emotions, such as joy and happiness are catalyst to one being able to flourish, be proactive, be creative, increase value to the organization and have more meaningful lives.

Glenn (2001) discussed that strategic leadership skills are essential to the long-term success of an organization where the decisions that are made on a daily basis are catalyst and affect profits, achievement and the attainment of long term goals. Strategic leaders are able to gain the cooperation from their followers and to empower them to make the right decisions to ensure financial stability on a short and long term basis. Glenn (2001) further stated that “strategic leadership presumes that visionary leadership and managerial leadership can coexist, and that strategic leadership synergistically combines the two” (p. 83).

Organizational motivation is vital to the development, implementation and performance standards of CSR. Ditlev-Simonsen and Midttun (2011) researched motivational factors relating to CSR. Leaders pursue CSR in order to increase profits; create stakeholder value; build strong
relationships; increase reputation; develop new products; increase competition; fulfill managerial preferences and interests; and maximize sustainability. The results of this research indicated that managers were firstly motivated by branding and marketing advantages, and secondly by value and profit maximization, and lastly by ethical and sustainability. Further research in this area was also identified in relationship to a global cross cultural perspective.

The following scholars have identified issues and challenges that organizations are facing regarding corporate social responsibility such as development, cost, cooperation, support, and measuring performance.

Sherman (2011) conducted research in order to ascertain which automobile company on a global scale was the most socially responsible and sustainable in relationship to environmental impact. Sherman (2011) reported that there is a discrepancy and a variation of the standards of measuring and reporting CSR and sustainability performance in the automotive industry. The automotive industry is responsible for contributing to carbon emissions on a global scale. The production of vehicles continues to increase as human mobility increases and the quality of life. Sherman (2011) discussed “sustainable mobility” and that there is confusion between sustainability during the manufacturing process and also vehicle carbon emission performance. Sherman (2011) stated that sustainability in the automotive industry does not only encompass the vehicles that are produced but also the company’s organizational behavior and business strategies.

Yang, Colvin and Wong (2013) studied the challenges and obstacles that are faced regarding international human resource management (IHR) in relationship to corporate social responsibility. The main obstacles are the costs involved, the difficulty in measuring and tracking performance, lack of support from management, and the lack of “strategic guidance” to implement, align and achieve social responsibility. Global corporations are being faced with
pressures from society to behave ethically, morally and are being held accountable to meet these standards. The researcher’s further discussed two reasons for CSR failure. The first reason is that businesses and society are “interdependent” and businesses in an effort to initiative CSR are not aligning their goals with corporate strategies and, therefore, are failing to benefit society. This research paper provided an in depth analysis of strategic theories regarding the implementation of CSR.

Shauki (2011) examined the disclosure of CSR performance and the perceptions and expectations of stakeholders in relationship to demographics, such as age, gender, job function and career longevity. The researcher’s methodology for gathering information regarding CSR in correlations to investments, reporting, reputation, and stakeholder confidence was through surveys. The information was portrayed using a multivariate hierarchical regression model that depicted nine CSR disclosure factors with “Impact on Investment Decisions” rating the highest score at “.936” and “Media of CSR Reporting” at the lowest scoring a “.758” (p. 204).

The following peer reviewed articles address another very important factor that is CSR awareness and education. College and university business schools are including the importance of CSR into the curriculum that will benefit society. Unfortunately, this information is not reaching all geographical and demographic areas, and the gravity of these social issues can only be addressed if all stakeholders are involved globally.

James and Schmitz (2011) discussed the important role that education plays in relationship to sustainability, ethics, leadership and social responsibility. It is vital that leaders be educated in the area of corporate social responsibility and environmental sustainability as these issues impact local and global communities. The education of theories, philosophy and ethics in the areas of social responsibility, environmental sustainability, and social justice is vital to the success of CSR and environmental sustainability at the corporate level. Formal education
however is only reaching a segment of our society and additional educational initiatives are vital to invoke both evolutionary and revolutionary changes to save the planet and to ensure a quality life for future generations.

The following peer reviewed research papers address how organizations, stakeholders and consumers can measure and track performance of CSR and sustainability efforts. This is an area of research that has been identified to be in the developing stages and is of vital importance. Valentine and Fleischman (2008) discussed that measuring performance would be important to determine the validity and compliance of CSR. Consumers are researching companies in relationship to performance and prefer to do business with organizations that ethical and socially responsible, whereby a high CSR rating can impact organizational value and lead to a competitive advantage. Consumers are interested in tracking corporate involvement relating to environmental, social and economic performance. Valentine and Fleischman (2008) stated that social responsibility is the “economic, legal, ethical and discretionary expectancies that society has of organization” (p. 657).

Corporations are cognizant of the importance of CSR transparency, however tracking, measuring and disseminating performance information is a challenge. Graafland, Eijffinger and Smid (2004) discussed how benchmarking will provide businesses with vital information so they can assess CSR efforts and performance. Businesses can review the following to assist them with measuring performance. “Transparency,” “accountability,” “company comparison,” “information,” “simplicity,” and a “systematic approach” (p. 139).

Another way that an organization can measure CSR according to Robinson, Kleffner and Bertels (2011) is to examine the company’s reputation and its value. Several companies have started to track CSR transparency and performance and have published indexes. The Dow Jones Sustainability World Index; Kinder, Lyndenberg, Domini (KDL); The Dow Jones and Financial
Times, and London Stock Exchange provide useful information on sustainability efforts. Consumers and investors are using these indexes as research tools that are having a positive impact on socially responsible organizations and is adding to organizational reputation and company worth.

Safety and risk management is another issue that organizations are facing as tracking the performance of suppliers, especially when different levels are involved is daunting. Beske, Koplin and Seuring (2008) discussed problematic issues regarding social responsibility in the German automotive industry relating to the different tiers of suppliers. The purpose of this research paper was to determine the level of corporate social responsibility along the different tiers of the supply chain as this information is not readily available. Organizations that are behaving ethically and socially responsible may in fact be doing business with companies that are not. The authors provided Volkswagen as an example, and although this company is very socially responsible, unethical or inhumane acts by suppliers may impact Volkswagen’s reputation, create risk and liability issues. This is an area where future research may be beneficial and recommendations for standards so that corporations can determine the ethical standards of companies that they are doing business with. Although there are industry standards in place Koplin and Seuring (2008) stated that these standards in most cases are not being adopted into the purchasing process.
Global Corporate Social Responsibility, Sustainability and Performance Measure

The purpose of this research paper will be to analyze and examine corporate social responsibility (CSR), sustainability, and the current ways that performance is being measured and the need for a universally accepted standard reporting process. Current CSR and sustainability tracking and reporting organizations will be examined along with the issues and problems that are being faced in the measuring and reporting of organizational performance as this is vitally important to future human existence on this planet.

Ezra (2011) discussed that the continued dependence on fossil fuels and carbon emissions is causing global warming and greenhouse effects that is contributing to catastrophic climate changes, such as flooding, hurricanes, tornadoes, and wildfires. Organizations are learning that CSR is no longer an option but a requirement and are developing strategic plans and leadership initiatives to motivate employees and to create positive organizational behavior (POB). Leaders that strive to achieve and accomplish POB will have an advantage when implementing CSR as the decisions that are made daily impact organizational success (Wright, 2003).

Ditlev-Simonsen and Midttun (2011) discussed that their research determined that organization motivational factors that contribute to CSR in order of importance are: branding and marketing, profit maximization and ethical sustainability. These results although not surprising are disturbing as organizational leaders are still more interested in profits instead of environmental impact which leads one to conclude that CSR involvement is primarily driven by reputation and net worth. Shauki (2011) researched CSR stakeholder expectations in relationship to investments, reporting, reputation, and stakeholder confidence. The research disclosed that
“Impact on Investment Decisions” rated the highest and “Media of CSR Reporting” scored the lowest (p. 204).

CSR and Sustainability Performance Measures

Corporations are becoming aware of the importance of CSR transparency and a universal reporting agency with standard rating system would be very beneficial. Graafland, Eijffinger and Smid (2004) discussed that businesses can measure their performance in the following areas: “Transparency,” “accountability,” “company comparison,” “information,” “simplicity,” and a “systematic approach” (p. 139). Organizational self-assessment in these areas would be beneficial however measuring performance may be difficult to determine. How would an organization be able to measure its level of transparency, accountability and how it compares to other organizations? What would be the criteria and standards used to measure this performance? If an organization was able to develop a system to measure performance in these areas, where would they get the information regarding the others companies to make a comparison.

Social responsibility over the last several decades has taken a pronounced shift whereby CSR is becoming a major organizational function in addition to societal contributions (Moir, 2001). Moir (2011) examined the stakeholder theory, the social contract theory and the legitimacy theory in relationship to CSR. The stakeholder theory is when an organization determines what individuals or groups will be affected by organizational behavior and whom they are responsible. The social contract theory is when organizational leaders take societal expectations into consideration when making decisions and implementing processes and procedures that are ethical and benefit society. The legitimacy theory is bases upon desirable organizational behavior that is in accordance to societal expectations of normality, values, and beliefs. These theories explain how and why organizations, are adopting CSR.
Currently the global reporting of sustainability performance is being provided by hundreds of organizations; however, they are not following the same rating criteria, system or standards. Some companies are rating sustainability performance, while others are rating organizational self-disclosure or a combination of both. One company may be listed as an A+ according to one index and a B- according to another, as a set of global rating standards, and benchmarking does not currently exist.

Global Reporting Initiative (GRI) will be analyzed as this company is currently a world leader in sustainability reporting, has created a niche, and has been able to implement and achieve very high standards in environmental sustainability and corporate social responsibility on multiple levels. The top sustainability reporting agencies currently are Global Reporting Initiative (GRI); Carbon Disclosure Project (CDP); Sustainable Asset Management (SAM); Bloomberg’s ESG Factor; Pacific Sustainability Index (PSI); Dow Jones Sustainability Index; Corporate Average Fuel Efficiency (CAFÉ); World and European Sustainability Indices; and Kinder, Lyndenberg, Domini (KDL). Consumers and investors are using these indexes as research tools. Although this is having a positive impact on organizational motivation and social responsibility that is mainly due to increased organizational reputation and company worth the information being provided may not be valid.

Sherman (2011) provided examples of scores and rankings that were generated by several different reporting agencies such as: Sustainable Asset Management (SAM); Corporate Average Fuel Efficiency (CAFÉ); Carbon Disclosure Project (CDP); Bloomberg (ESG); Roberts Environmental Center and Global Reporting Initiative (GRI). The following table reflects organizational ranking and scores of Volkswagen AG in the automotive industry which depicts that there is deviation and discrepancy with the reported findings.

<table>
<thead>
<tr>
<th>Company</th>
<th>SAM</th>
<th>CAFÉ</th>
<th>CDP</th>
<th>Bloomberg</th>
<th>Roberts</th>
<th>GRI</th>
</tr>
</thead>
<tbody>
<tr>
<td>VW</td>
<td>6</td>
<td>10</td>
<td>6</td>
<td>13</td>
<td>A</td>
<td>A+</td>
</tr>
</tbody>
</table>
A review of the reporting agencies’ websites that are listed above revealed that the same criteria is not being reported and that the information that was being sought was not readily available, i.e. a company search box on the home page was not provided in most instances nor was an identifiable link provided. Finding the information required navigating through various screens of the websites and was not easily accessible, user friendly or able to be located efficiently.

Shamir (2011) discussed that businesses are adopting CSR that is being driven by the market due to societal demand versus governmental intervention. Organizations are realizing that contributing to CSR is not only improving the firm’s reputation by attracting consumers and investors but also increasing organizational value. Organizations that are participating in CSR and sustainability initiatives are also reporting these activities in order to gain CSR transparency.

Sherman (2011) identified a need for one set of global standards and procedures for measuring and reporting corporate sustainability as currently there is an inconsistency in not only measuring sustainability efforts but also in the information that is being reported. Sherman (2011) stated that Global Reporting Initiative is a company that is striving to achieve just that and has established guidelines and an avenue of reporting that is being widely recognized. Sherman (2011) further identified that although GRI is currently able to measure and report organizational operations and manufacturing performance regarding CSR and sustainability it has not yet incorporated standards for reporting the performance of the product that is being developed, i.e. an automobile. Sherman (2011) stated that his research did not provide the results that he was trying to ascertain that was which automobile company is the most sustainable. Additional measures of sustainability would need to be developed so that performance and carbon emissions would be accurately reported that Sherman (2011) called a “carbon footprint” disclosure.
Yang, Colvin and Wong (2013) studied the challenges and obstacles that organizations are facing in relationship to CSR and the two most prominent obstacles are the costs involved and the difficulty in measuring and tracking performance. Another reason for CSR failure was that organizations and society are “interdependent” and organizational CSR initiatives are not aligned with society’s aspirations therefore they are not benefiting society. GRI has developed an educational platform so that these types of failures can be avoided and offers outreach services that include coaching and training that include the reporting process and reporting guidelines. GRI also provides research and development publications that are “often in collaboration with academic institutions, global centers of excellence and other standard-setting bodies (https://www.globalreporting.org).

Organizational Leadership

Global Reporting Initiative (GRI) is a non-profit organization that is located in The Netherlands. Their corporate objective is to standardize CSR and sustainability reporting and to become the leader in global organizational sustainability reporting. GRI is a top strategic organization and is currently a leader in the reporting and tracking of CSR and sustainability compliance and performance. Glenn (2001) discussed that strategic leadership is essential to the long-term success of an organization that leads to profits, achievement and the attainment of long term goals. Strategic leaders are able to gain the cooperation from their followers and to empower them to make the right decisions to ensure financial stability on a short and long term basis. GRI has become a very successful company and may be chosen to be a universal reporting agency.

One of GRI’s key initiatives is to create public awareness of both the importance of sustainability and also reporting. GRI’s founders Dr. Robert Massie and Dr. Allen White had a vision, and that was to develop a framework for global CSR and environmental reporting. Dr.
Massie and Dr. White were aware of the pressures that corporations were facing from consumers and stakeholders for them to act ethically and socially responsible, however, in 1997 there was not an avenue to track or measure performance (Valentine & Fleischman, 2008). Furthermore, Dr. Massie and Dr. White were aware that global corporations were responding to the demands of government and society to behave socially responsible and to limit environmental impact in order to achieve the triple bottom line, people, planet and profit (Mujtaba & Cavico 2013).

Dr. Massie and Dr. White both meet the definition of transformational leaders that Ruddell (2008) discussed. Ruddell (2008) examined four elements of transformational leadership that are: to gain a follower’s trust; motivate followers towards achieving a common goal; inspire followers to think critically and examine their values; and consider a follower’s needs. Transformational leaders have the skills and ability to communicate mutual goals and vision and are able to support and empower their followers.

Dr. Massie and Dr. White have turned their vision into a reality and have achieved goals and have been able to gain the support and empower their followers and stakeholders towards CSR and sustainability. Transformational leaders play an important role in the development of both corporate responsibility and governance as they are able to gain cooperation and achieve CSR. Dr. Massie and Dr. White have been able to foster shared values, goals and ethical behavior as they have established a set of ethical behavioral standards that they are measuring in order to encourage organizations to behave ethically and to be socially responsible (Ferrell, Fraedrich & Ferrell, 2013). Moir (2001) discussed that active proponents of CSR initiatives are able to connect with their stakeholders that enables them to understand their needs and wants. Although tracking performance measures is difficult and challenging, new reporting methods and standards are being developed and implemented, however selecting a universal set of standards and guidelines is currently being debated.
Amaladdoss and Manohar (2013) discussed that in India CSR is no longer an option but a requirement and organizations must comply with governmental regulations regarding social, economic and environmental mandates. Developing CSR into an organization’s culture and strategic plan is vital to organizational survival mainly due to social pressures that have resulted from the exposure and indictment of fraudulent and unethical behavior of numerous corporations such as Enron. Amaladdoss and Manohar (2013) further stated that voluntary disclosure on a corporate website helps to gain transparency as CSR initiatives can be incorporated into their mission statement and all CSR activity that is reported. Although the authors make a valid point, this would be considered self-reporting whereby consumers would have to rely upon these statements to be accurate and valid verses information being reported by an unbiased, independent third party.

Universal Reporting Standards

Having one universal avenue for CSR and sustainability reporting would ensure that the information that was being collected was valid. Organizations would be evaluated for compliance under the same criteria and standards in relationship to CSR and environmental impact. This is especially important in light of the external pressures that organizations are facing to achieve a low carbon economy. Valid statistical data both quantitative and qualitative regarding organizational carbon emissions would provide valid and accurate information that would be catalyst in changing the current industrialized economy into a more socially conscience low carbon economy that would lessen the impact on advanced global warming and climate changes (Lv, Ma & Li, 2010). One standardized reporting agency that was able to accurately track CSR and sustainability performance would provide the necessary information required to be able to hold businesses accountable and would lead to a competitive advantage for high performing organizations. Stoughton (2012) discussed that companies are aware that CSR is
imperative, however, there is limited information on how to integrate CSR into an organization. A central CSR global reporting agency would be extremely beneficial for companies struggling with implementing CSR initiatives as this would provide organizations with a set of standards and guidelines that would define CSR and sustainability that would be a valuable tool in the planning and implementation process.

GRI’s vision and mission statements are as follows: “A sustainable global economy where organizations manage their economic, environmental, social and governance performance and impacts responsibly, and report transparently” and “To make sustainability reporting standard practice by providing guidance and support to organizations” (https://www.globalreporting.org).

**Effects of Global Warming**

Keys, Thomsen and Smith (2010) researched the magnitude of the effects of global warming and that everyone on the planet must be accountable. GRI stated that during the last reporting period of 2012 to 2013 the company witnessed the extreme effects of global warming, environmental impact and “a planet living beyond its means” (https://www.globalreporting.org). The effects of global warming is responsible for extreme weather conditions from catastrophic flooding to raging fires. GRI also discussed the factory collapse of April 2013, in Bangladesh, where over a 1,000 lives were lost and stated that this can happen “when businesses fail to understand how critical their supply chains decisions are, and fail to value their most important resource of all: their workforce” (https://www.globalreporting.org).

**Supply Chain Risks**

Beske, Koplin and Seuring (2008) discussed that although organizations are behaving ethically and socially responsible they may not be aware that the companies that they are doing business with are not. Koplin and Seuring (2008) stated that although an organization has a set of
industry standards these standards are not being incorporated into purchasing and supply processes. This can have negative repercussions such as a decrease of a company’s reputation, create risk and liability issues. The tracking of CSR and sustainability of other businesses that a company is doing business with is problematic especially when these businesses are in third world countries, performance is not transparent and these companies are not reporting CSR and sustainability performance. Organizational tracking to determine where the material and resources that an organization is using came from may seem like a daunting task however this would be important to organizations that value CSR, ethics and sustainability. Doing business with companies that are not socially responsible or ethical may not only be portrayed as condoning the behavior, but might also lead to risk management issues and lawsuits. This is an area where additional research would be beneficial so that companies have the tools, resources and information available in order to close this gap.

Public Awareness

GRI has implemented coordinated efforts to raise public awareness and advocacy of what it calls “Mission-critical aspects” that consists of “Affected Stakeholder Engagement,” “Public Policy,” “Public Awareness and Advocacy” “Coordination,” and “Feedback” (https://www.globalreporting.org). These are integral aspects of GRI’s mission whereby, stakeholders are engaged at every level of corporate and product development. GRI stakeholders are “persons or groups who are directly or indirectly influenced by GRI’s operations, as well as those who may influence GRI’s operations, especially its performance and goals” (https://www.globalreporting.org).

GRI clearly values the important role that both communication and education play regarding the dissemination of information. This is vital not only for CSR and sustainability efforts but also in reporting compliance so that performance can be accurately measured. James
and Schmitz (2011) discussed that leaders must be educated in the area of CSR and sustainability as these issues impact local and global communities and that dissemination through formal education is only reaching a segment of our society. Although formal education may be considered an evolutionary process to educate all stakeholders on this planet, GRI has implemented revolutionary methods in order to improve and influence organizational compliance. GRI through two aspects of the company’s “Mission-critical aspects,” that are “Coordination” and “Feedback,” are in fact reaching and educating external stakeholders through external educational programs. GRI’s main objective is to not only save the planet but to increase global CSR and sustainability on multiple levels.

Jucan (2011) stated that there are two dimensions of CSR that are internal and external. Internal dimensions would consist of leadership, human resources, and environmental impact which dimensions include ethics, diversity and sustainability. External dimensions are interaction with stakeholders outside of the organization including other global corporations, governmental agencies and numerous partnerships. GRI stated that the “greatest potential for making the world more sustainable is primarily via external programs and its ability to influence improved sustainability of other organizations” (https://www.globalreporting.org).

Conclusion

The purpose of this research paper was to stress the vital importance of how CSR and sustainability initiatives and performance are benefiting society that will lead to the reduction of the use of fossil fuels to lessen carbon emission in order to reduce the effects of global warming and environmental impact. CSR and sustainability directly correlate to saving our planet’s natural resources so that the quality of lives of future generations is not compromised. Due to the fact that CSR and sustainability have such a major impact on not only environmental issues and but also social issues accurate performance measures is of vital importance.
This research has identified various issues that need to be remediated so that a valid and accurate assessment of these performances can be measured as only then will we be able to really gain an accurate understanding of both the positive and negative impact that global organizations are having on a social and environmental level.

As previously stated there are numerous reporting agencies and the information that is available is not adequate and in some cases accurate or valid. Until a universal set of standards and measures is developed and recognized this information will not be easily ascertained. Organizations are cognizant that transparency of CSR and sustainability efforts have a positive effect on organizational reputation and value as stakeholders and society are not only pressuring organizational compliance but are requiring it. Although organizations according to this research are being motivated by these positive organizational effects versus the actual benefit that is being provided to society they are in fact incorporating these organizational behaviors into their day to day activities. It is clear that one universal rating method needs to be developed and implemented and exactly how this should be done and by whom would be another area of research, although GRI definitely is on the right path to assuring that this becomes a reality.

References


https://www.globalreporting.org

---

**AN EXAMINATION OF THE INTERSECTION OF LEADERSHIP SKILLS AND MANAGEMENT SKILLS: WHY SOME EXCELLENT MANAGERS ARE SUCH POOR LEADERS**

Valerie Greenwood

Barry A. Hoy, Ph.D.