

Impact Measurement and Performance Analysis of CSR



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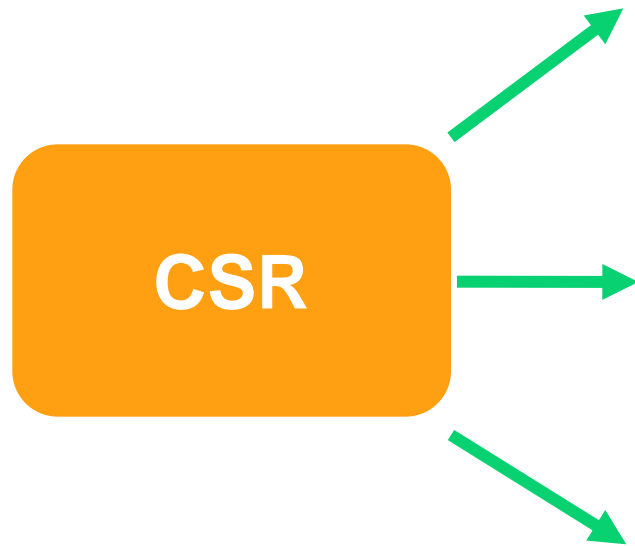


Basic features of IMPACT

- EU FP7 Project, „Socio-Economic Sciences and Humanities“ theme, DG Research
- Duration from March 2010 - 2013
- Main features of the EU Call:
 - Measure and explain CSR impact in EU27 in three impact areas
 - New research focus beyond effects within companies
 - NEW: „Impact“ refers to „societal impact“ from CSR
 - NEW: Measure and explain effects from CSR on society and environment



Three Impact areas that we focus on:



Competitiveness and growth

Firm level and macro level (e.g. Market Share, Profitability, Innovativeness)



Environmental objectives

Mitigate climate change, Protect natural resources from pollution, Conserve natural resources




Quality of jobs objectives

e.g. lifelong learning, work-life balance, equal opportunities, re-skilling



CSR and public sustainability policies

What role can CSR play in systems of sustainable governance?

	Type of governance	Function of CSR	Stimulation of sustainability through CSR	
	Voluntary	Procedural regulation & societal self-regulation (e.g. EMAS, labels, voluntary agreements)	CSR as a „beyond compliance strategy“	Competitive advantages, wider learning effects, including changes in product portfolio
	Flexible Mandatory	Economic incentive instruments (e.g. taxes, tradable permits)	CSR as means of increasing the social or environmental steering effects of public policy	Technological or organisational innovation
	Mandatory Minimum	Command and control regulation (e.g. emission limits, standards)	CSR as means to enhance compliance with public policy	Improvement of policy implementation, guaranteeing defined minimum standards

Basic research questions of IMPACT (1/2)

○ **Assessing societal impacts from CSR**

- **Understand relation** between CSR performance in companies and selected societal impacts through CSR.
- **Develop tools** to understand societal impacts through CSR and to distinguish CSR impacts from other impacts.

○ **Explaining societal impacts from CSR**

- What are factors that drive **CSR performance?**, i.e. lead to changes in the company.
- What are factors that drive **CSR impact?**, i.e. resulting in societal/environmental effects in selected areas

Basic research questions of IMPACT (2/2)

○ **Synthesis**

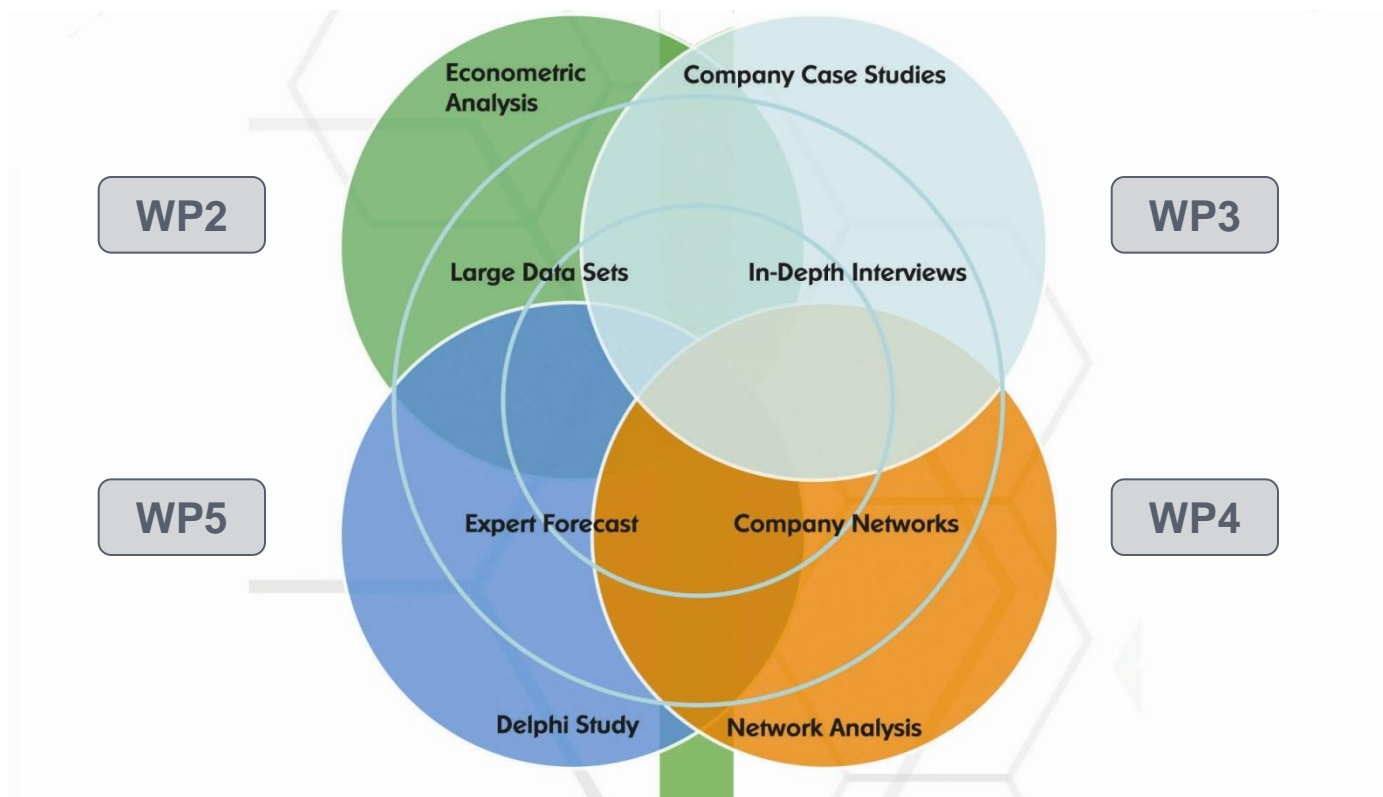
- What types of CSR implementation create what types of societal impact?
- What CSR impacts can be found on sector, regional, issue or company level?
- What could be future societal impacts of CSR performances?

○ **Recommendations**

- Whether and how can CSR contribute to the achievement of EU policy goals?
- How can EU and national public policies support companies' societal impact through an active CSR policy?
- How should tools to assess impacts be improved and which institutional settings are needed?

IMPACT research framework

WP1: Conceptual & Empirical Framework



WP6: Synthesis

WP7: Policy Recommendations

Introduction to the Work Packages

WP1 Conceptual Framework led by Nottingham University Business School ICCSR (Jeremy Moon/Wendy Chapple)

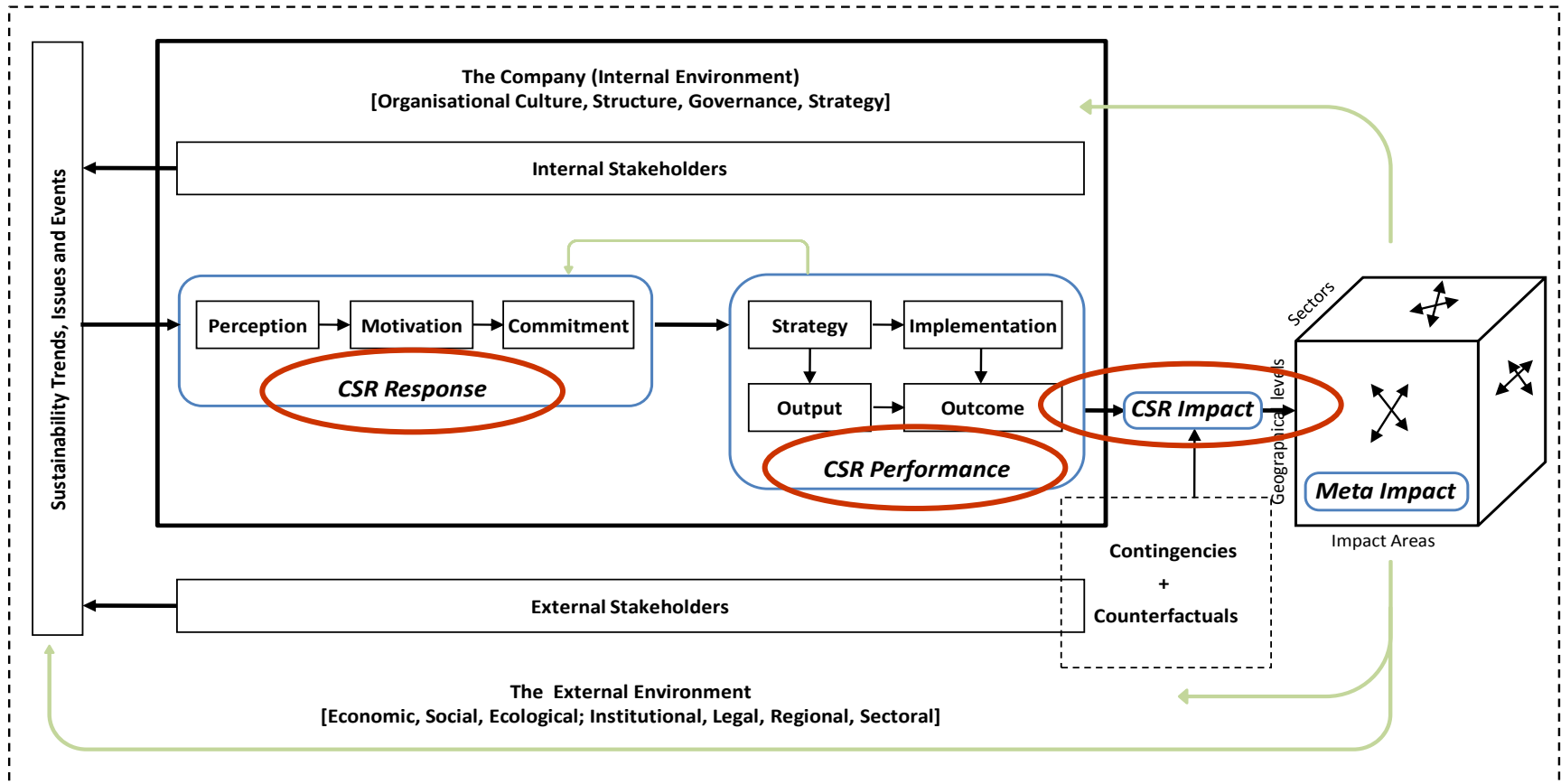
○ Main objectives:

- To prepare a conceptual and empirical framework that guides the IMPACT project and constitutes the main understanding of CSR and other core terms

○ Some facts & figures:

- Essence of the project and its theoretical & empirical approach
- Going beyond the state-of-the-art
 - focus on developing impact indicators and understanding sector specificities
- Streamlining empirical phases
- To be finished by spring 2011

WP1 Conceptual Framework



WP1 Conceptual Framework – key terms

○ CSR

- '[...] is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with stakeholders on a voluntary basis.' (EU COM 2001)

○ CSR Response:

- Refers to the way in which Sustainability TIEs - trends, issues and events - are understood, particularly in terms of their salience and centrality to the business (IMPACT 2010)

○ CSR Performance:

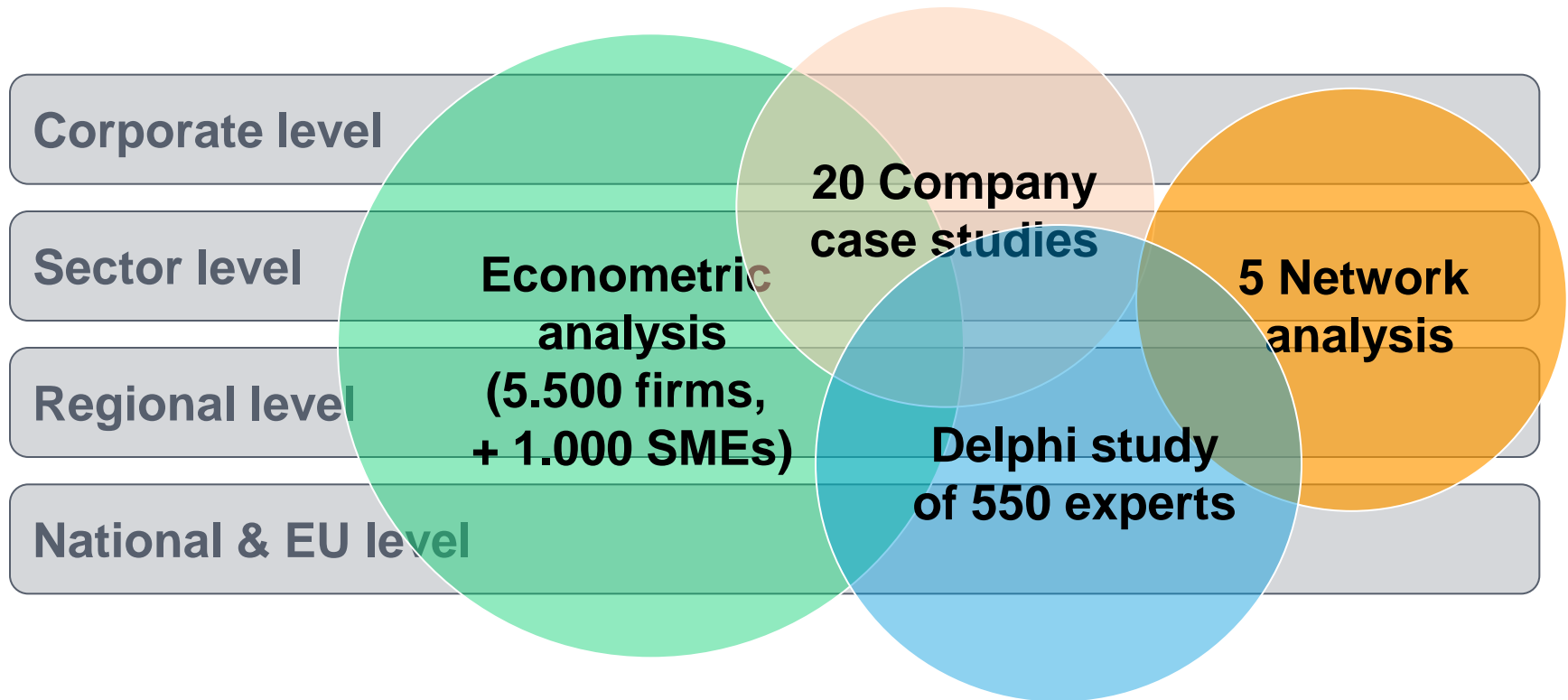
- Refers to the all kinds of corporate activities 'between' the Response and the Impact. It includes strategy development, resources and instruments dedicated to CSR, and changes in corporate practices.

○ CSR Impact

- Is the extent to which CSR contributes to economic, social and environmental welfare. Impact is conceptualised as external to the company (IMPACT 2010)

WPs 2-5: Empirical phase

Collecting & measuring data on different levels



WP2: Econometric Analysis led by Tilburg University (Johan Graafland)

○ Main objective:

- Analyse large data sets and portray patterns in the complex relationship between motivations, CSR implementation, CSR performance and CSR impact.
- Collect data on CSR response, performance and impact

○ Some facts & figures:

- Two-fold approach:
 - Survey ca. 1.000 SMEs
 - Set up a new SME data base on CSR and innovation
 - Supplement and analyse existing panel data of 5.500 firms (SIRI/Systainalytics, Vigeo, Innovest) and select data from CCRS data bank covering 10.000 firms world-wide
- Perform econometric analysis using data sets from above
- Roll-out in 2011

WP3: Company Case Studies led by Aalto University (Minna Halme)

○ Main objectives:

- Provide in-depth insights and explanations of companies' societal impact through CSR and the driving force of internal and external actors for those impacts
- Collect data on CSR response, performance and impact

○ Some facts & figures:

- 20 company cases, various interviewees per case
 - Automotive covering 4 cases, carmakers and suppliers from Austria, Germany, Italy
 - Construction: 4 cases from Germany, Hungary, Netherlands, Poland
 - ICT: 5 cases from Denmark, Finland, Hungary, Spain
 - Retail: 4 cases from Belgium, France/Poland, United Kingdom
 - Textile: 3 cases from Finland, Spain, Sweden

- Roll-out in spring/summer 2011

WP4: Network Analysis led by Vlerick Leuven Gent Management School (Nigel Roome)

○ Main objectives:

- Reveal structure and interactions in networks and understand their influence on the creation of CSR impact

○ Some facts & figures:

- 5 networks, using the snow-ball method to gain multiple interviewees per network
 - Automotive: Network around Italian car-manufacturer
 - Construction: Eco-construction cluster in Poland
 - ICT: Technology network in Finland
 - Retail: European sustainable textiles network
 - Textile: Supply-chain and responsibility initiative in Spain
- Roll-out: summer of 2011

WP5: Delphi Study led by Vienna University of Economics and Business (André Martinuzzi)

○ Main objectives:

- Investigate current and future challenges of CSR impact assessment in 5 sectors by surveying expert opinion

○ Some facts & figures:

- 5 parallel sector specific Delphi studies - enquiring 1200 companies and 1000 experts science/NGO/sector associations
- Conducted on supra-national / regional level
- Autumn 2011: first round - 500 experts per sector
50% from companies, 50% from academia, business associations, trade unions and NGOs
- Spring 2012: second round
Experts re-think and re-evaluate their responses on the basis of collective assessments from first round

WP6: Synthesis led by ÖKO Institute (Katharina Schmitt)

○ Main objectives:

- Compile, interpret and evaluate the empirical findings gained on CSR impact. Use findings to develop tool for an ex-ante CSR impact assessment

○ Some facts & figures:

- Triangulate empirical findings and methods used
- What are the core finding from IMPACT
 - From the 3 impact areas
 - From the 5 sectors
 - From the different territorial units
- Analyse potential climate change impacts from the retails sector
- Roll-out of triangulation throughout 2012

WP7: Policy Recommendations led by Copenhagen Business School (Jette Steen Knudsen)

○ Main objectives:

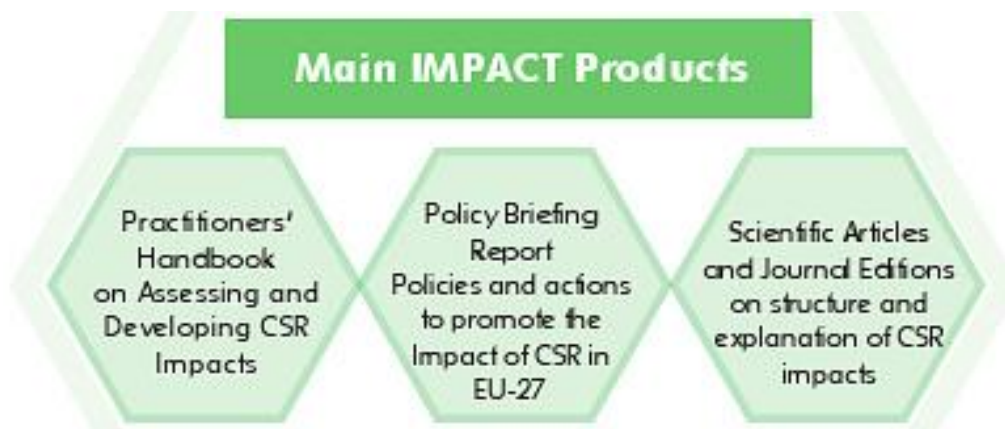
- Formulate policy recommendations on how EU and national public policies can support companies' societal impact through an active CSR policy

○ Some facts & figures:

- Produce 3 briefing papers:
 - Recommendations on public policy tools
 - Recommendations for SMEs and MNEs
 - Recommendations for new tools and techniques on CSR impact measurement
- Inform policy makers, annual IMPACT EU briefings in Brussels, and final IMPACT conference

Main IMPACT results:

- **Enabling** the measurement of CSR practices
- **Measuring:** Does CSR matter?
 - Does CSR foster the protection of the environment?
 - Does CSR improve the Quality of Jobs?
 - Does CSR contribute to the economic performance of companies? And to the competitiveness of sectors, regions and the EU 27?
- **3 main outcomes**



Details on the approach in the empirical phase

Challenges in the empirical phase

- Find evidence on „societal impacts“ from CSR
 - need for **concrete** quantitative data
- Distinguish between changes in company behaviour that derive from CSR or result out of legal compliance or other motivations
 - need to „dig deep“
- Companies - if at all - only measure their ‘CSR performance’, not the resulting ‘impact’
 - need to develop/use CSR performance indicators as well as CSR impact indicators
- Limited questionnaire and interview time
 - need to limit the covered issues and concentrate on a few

Boundaries in the empirical phase

- Quantitative measurement of impacts within EU, where possible qualitative estimations outside EU, e.g. supply chain issues
- Supply chain management addressed as CSR activity, but no gathering of empirical data outside EU
- Focus on the issue areas addressed in the EU call, specific issues on human rights, education, fight against bribery are addressed as far as they can be attributed to quality of jobs and competitiveness/growth

Five sectors that we focus on:

Non-specialised and specialised retail

Including mixed retailing portfolios (e.g. Hypermarkets) as well as specialised stores for food, ICT and textile



Automotive Production Industry

Includes the manufacturing of motor vehicles, trailers and semi-trailers



Information and Communication Technologies (ICT)

Includes telecommunications, computer programming & consultancy, Information services



Construction and property development

Includes e.g. the development of building projects, site preparation, installation activities, building completion



Garment Industry

Includes the manufacturing of wearing apparel, but excludes e.g. industrial textiles, leather manufacturing, accessories



Steps how to structure the task to develop the empirical framework

1 Issues: A list of chosen **priority issues** for environmental and social impact areas.

2 Activities: Description of **CSR-activities** and **instruments** that might be implemented in companies to address the chosen priority issues.

3 Indicators: Proposal for **specific indicators** to measure actual CSR performance and impact for each of the chosen priority issues.

4 Methods: Ways **to investigate** the above assumptions & indicators within questionnaires, through interviews, by consulting company reports, media coverage or other.

Linking impact areas to sector specificities

Non-specialised and specialised retail

Including mixed retailing portfolios (e.g. Hypermarkets) as well as specialised stores for food, ICT and textile



Environmental objectives

(taken from EU policy documents)

1. Mitigate climate change
2. Protect natural resources from pollution
3. Conserve natural resources

CSR activities

- Use efficient refrigeration and heating systems
- Change of lightening systems
- Improve logistics management
- Purchase lorries with limited fuel consumption
- Train lorry drivers
- Reduce food waste
- Donate food refuse to community groups
- Ensure accessibility of markets with public transport
- Abstain from Greenfield development
- Decrease availability of environmentally unfriendly products

Indicators

- Performance:** CO₂e per square meter (in t)
- Impact:** total amount of CO₂e emissions from operations (in t)
- Performance:** % food unsold from overall food sales
- Impact:** total amount of food unsold (in t)
- Performance:** square meter of land used per square meter of sales floor
- Impact:** total amount of land used for buildings and parking

Linking impact areas to sector specificities

Non-specialised and specialised retail

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Quality of jobs objectives

(taken from EU policy documents)

1. Equal opportunities
2. Work-life balance
3. Wages
4. Lifelong learning
5. etc.

CSR activities

In progress...
In progress...
In progress...

Indicators

Performance: in progress...
Impact: in progress...

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