Una Mirada Crítica a la Responsabilidad Social de la Empresa en Iberoamérica

martes, 6 de septiembre de 2011

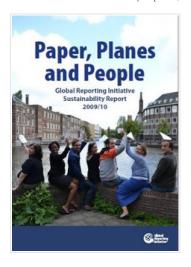
GRI Sustainability Report: "The cobbler's wife goes unshod"

Presumably, all of the readers of this article know what the Global Reporting Initiative (GRI) is, and what does it do. They might remember that it is a nonprofit institution which produces guidelines for the preparation of sustainability reports, promotes their acceptance around the world and verifies that the reports, that request it, meet those guidelines. To support its very own raison d'etre, it has just published its fifth Sustainability Report. Regrettably, the report ratifies the old popular saying: "The cobbler's wife goes unshod".

As for the great majority of companies, the publication of said report is absolutely voluntary, though one might think that many of the users of the guidelines believe that the GRI could give them an example with its very own report. It is a very praiseworthy initiative, but, is it effective? The answer to this question is the purpose of this article. I also offer some suggestions.

The report has been published under the title Paper, Planes and People. Sadly, the title evokes that comic movie "Planes, trains and automobiles", starring Steve Martin, which shows the difficulties to make it back home. They have this in common: the report illustrates the great difficulties it has to achieve its purpose, only in this case, it should be a very serious journey. Perhaps they wanted to remind us of "People, Planet and Profits", and I am just evil-minded.

With this title, they seem to be suggesting that their main impacts are limited to travels, paper production and their human resources. Obviously, the first question to ask is if this is the most important issue for the GRI. What is the importance of informing how much paper they consume, the offsetting of business travel emissions, their effort on communicating by teleconferences using Skype, and their use of bicycles (everybody rides bikes in Amsterdam)? Their total staff is 52 employees. All of these impacts seem to be very trivial for an institution such as the GRI. I thought that its impact in sustainability would include and focus on the advancement in the preparation and dissemination of sustainability reports, on a relatively comparable basis

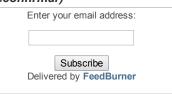


Mirada Crítica a la Responsabilidad Social en Iberoamérica, Volúmen II



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Mirada Crítica a la RSE en Iberoamérica

On this report, there have already been comments, amongst others, on Elaine Cohen's blog: blog CSR Reporting blog Blog (one of the best blogs on reporting), and on a very incisive commentator's blog, Mallen Baker. In this article, I will highlight only the aspects that, from my point of view, are the most relevant from

these two authors, (taken directly from their blogs), and adding my analysis to complement on what I think they have only covered in passing.

Major comments from Elaine Cohen and Mallen Baker

Among the most relevant comments from Elaine, are the following:

- "In the GRI Report, the material issues are listed as a set of 11 generic issues (such as 'materials', 'energy', 'transport', 'employment', etc.) which were developed for the GRI report covering the year 2007. Once again, the GRI writes "Following internal discussion, it was decided that the same issues remained material for GRI in this reporting period.". Ideally, one would expect some external stakeholder engagement in the determination of material issues".
- "... Between 2007 and 2010 the world, and the business world, as well as the GRI itself, has changed quite significantly".
- "...(A review of risks that the organization faces) is required by Reporting Indicator 1.2 and the GRI
 claims to report this in full. However, the word risk does not appear in the GRI report with the
 exception of the GRI Index".
- "... GRI doesn't assure its report due to 'budgetary constraints".
- "... This GRI report is published in August 2011 for a reporting period ending in June 2010. 14 months".
- "The GRI's Mission is "To make sustainability reporting standard practice by providing guidance and support to
 organizations." This doesn't refer to quality, so maybe quality of reports is not an acceptable measure for
 the GRI. But can GRI really have no interest in the way the framework is used?".

Mallen Baker most relevant comments:

- "Any small company that looked at this report as the model it should follow would throw up its hands in horror. The huge quantity of resource that goes into producing something like this totally disproportionate for an organization of that size".
- "The second the issues dealt with in this report were mostly dealing with impacts that were trivial in their scale because, after all, we are talking about a small office-based company".
- "...I would want to see it engage with this core marketplace 'how well we achieve our mission' focus within its sustainability report.
 - Because if its main impacts really are 'paper, planes and people' then it's not doing its job properly" My
 analysis

Besides agreeing with Elaine Cohen and Mallen Baker, I believe that the deficiencies of the report are vastly more strategic, more macro. The following comments attempt to expand and complement on both of their last bullets.

What would we say about a sustainability report from a cigarette company, or a distillery, that does not inform about the negative impacts of cigarettes or alcohol on people, and limits itself to inform about activities in support of the community, and the educating of youngsters about the dangers of consuming their products?

What would we think about an oil company, which ignores and fails to inform about the impact of its products on the emissions of greenhouse gases? Regrettably, that is the case of many of these companies.

But, what should be expected from the GRI is leadership. What are GRI's products? Guidelines, their promotion and the verification of the fulfillment of these guidelines by the companies committed to it. None of these aspects are covered in this year's GRI's report.

As for the guidelines, they could say that these are not their problem, but their use is. They could even plead that it is a problem of the user. Same thing as the cigarettes factories, distilleries, and fast food companies used to say. Although we hear it less as time goes on,

Regarding the promotion of the adoption of the guidelines, I believe they are doing a good job, even when they are moving towards commercialization and notoriety. I have already published three articles addressing this



Volúmen I

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subject, about the problems derived from the design of the awards to the best sustainability report, and the conflict of interests that it represents. You may find them in my blog: www.cumpetere.blogspot.com

I'm hoping that GRI's report does not compete for the next award edition. With this voting system, it is very possible that it may win. Actually, I really do wish and expect that there will not be a next award edition.

They also promote the adoption of guidelines through training, which other specialized institutions run, under the sponsorship of the GRI. In these so called training courses, I've had the opportunity of seeing how they sell the idea of reporting to any company, with the purpose of having more trainees. They stimulate these companies, which have very low impact or capabilities, to produce a sustainability report, obviously, under GRI guidelines. They promote that "you must do a little bit of everything", without measuring the effectiveness, only to prepare the report as required by the guidelines. This is a product with a high potential of irresponsibility. Perhaps, the truly irresponsible ones are those who give courses, but in any case they have been authorized by the GRI, and are using its name (in vain?).

The GRI report itself very clearly demonstrates that not all institutions must prepare a sustainability report and, much less under the "expensive" GRI guidelines [i].

The very system of A, B, and C grading of the reports, put pressure on companies to cover every one of the indicators, with the clear objective of improving to the next category. This incentive might be a positive one, but it can also become a perverse one. What if some of the indicators are irrelevant? What must be done to pass from C to B? Reporting irrelevant actions, or even worse, doing them. The strategy and the actions might both be determined by the guidelines, instead of being the result of the overall company strategy. This is not GRI's fault either, but the company's fault. Is the GRI, under these circumstances, exempt of any responsibility regarding the use of its product?

Grading might also come with the sign "+", indicating that the reported actions have been verified and assured by external auditors. This is a very valuable part of the product and the only problem could be that the companies look for less rigorous external assurers. The very GRI report DOES NOT have the assurance of any external assurer.

Furthermore, if compliance with the indicators is verified by GRI, it awards the companies with the "GRI Checked" logo. In this GRI offers the valuable service of verifying the fulfillment of the reports based on the guidelines. In other words, they make sure that they have followed the procedure to be self-qualified as A, B or C. Even if the verification is not complete, at least this logo gives the reader the confidence that the report has followed and fulfilled every GRI guideline. We must remember that the level of application, A, B, or C, is determined by the company itself. This verification by the GRI, gives it more credibility and prods the company to be more conscious about the presentation of the information in its report (even though it does not guarantee the relevance or trustworthiness of the information, only that it complies with GRI's guidelines).

Broadly, the GRI's report is very readable and attractive, but it suffers from a myopic vision on what the function of a sustainability report should be. It's a great irony. It focuses on trivial matters, and leaves aside the important issues. It concentrates on the bug, forgetting the elephant. It ignores the responsibility of its product, and talks about actions, as many other companies do, taking as a given that its products are what they are and that's what there is to it.

Itself seems to be guided by the indicators and not by the institutional strategy. It is not a good example of a sustainability report.

My suggestions for the GRI

This is not the first time I criticize the activities of the GRI, and as in previous cases, I offer solutions

The GRI must ponder if it's worth to prepare a report such as this last one, with the high production costs, graphic design and information compilation, which clearly has a very low impact over the improvement of its practices. I don't think GRI needs to gather and reproduce the information to learn about something that it already knows. I don't believe that any of the GRI's stakeholders might find much value from the information presented. Neither do I think that this report has any sort of impact on the main purpose of GRI. The fact that the GRI produces a sustainability report will not be seen, or should not be seen as an example or something to imitate by any other company. The GRI is a very special institution and does not need to make an example with its sustainability report.



Datos personales





Socio Principal de Cumpetere. Profesor Consultor, Stanford University. Miembro del Consejo Asesor de Sostenibilidad de CEMEX y de Abengoa, y ex-miembro de la Comisión Asesora en Infraestructura del estado de California y de la Global Initiative on Sustainability Ratings. Ex-Gerente de Desarrollo Sostenible del Banco Interamericano de Desarrollo. Creador de las Conferencias Interamericanas sobre RSE. Autor de numerosos articulos y libros sobre RSE.

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In my opinion, it would be much preferable to use the limited resources in determine the impact of the guidelines in the preparation and dissemination of the information about sustainability and on the companies' strategies and actions. Is not obvious that the mere existence of these guidelines, makes an improvement on the information and its dissemination. Some of the companies that should be reporting are not because they don't think they can ever achieve a good rating based on GRP's criteria. Others that are reporting, focus more on the production of the report than on the very same practices that could make them achieve these qualifications. Form is more important than the substance. For others, guidelines might affect the actions taken and practices adopted, even if these are counterproductive or not effective for the company. The guidelines impact on these important issues has not been investigated.

Instead of spending money on producing this kind of report, it would be much better to invest in the research of the impact of guidelines in the achievement on GRI's main objectives, improving information and practices, and use the results to improve their own strategy and products.

Please, do read GRI's report, and judge it by yourselves.

[i] It must pointed out that GRI is in the process of producing guidelines for SMEs

[ii] For the sake of transparency I must report that I have tried to influence GRI policy and strategy from within, but have not been successful. I tried to be elected as a member of the Stakeholder Council representing civil society in Latin America, but did not the necessary votes. This does not mean I have a grudge against GRI, but that these articles are my only way to express my opinion on what I think are important issues.

Posted by ANTONIO VIVES at 14:06

2 comentarios:

Mariolein Baghuis diio...

The online discussion about GRI's most recent sustainability report has been extremely interesting and informative. GRI's mission is to mainstream sustainability reporting and, as Antonio Vives rightly points out, others would expect GRI's own reports to set an example.

Work is already under way on the 2010/11 report, and processes are in place to achieve the goals set out in this year's report. GRI has conducted a robust stakeholder engagement in 2011 and this will drive the themes for next year's report. GRI will also use the new G3.1 Guidelines and the NGO Sector Supplement released late last year. The Supplement focuses on specific issues for non-governmental organizations such as program effectiveness, public awareness and advocacy. As highlighted by reviewers, GRI's biggest sustainability impact is its guidance. The next report will therefore emphasize program effectiveness, as GRI examines how well it achieves its mission. Finally GRI aims to have the next sustainability report externally assured.

GRI is grateful to those who take the time to read its reports and welcomes feedback, which is used to improve future reports as GRI strives for better, more engaging reporting.

Marjolein Baghuis, Global Reporting Initiative

10 de octubre de 2011, 9:32

Chassidy dijo...

This is great!

4 de septiembre de 2013, 2:30

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