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**TRANSFERRING TO GRI GUIDELINE IN A FINNISH
COMPANY**

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I declare that I have compiled the paper independently
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ABSTRACT

This thesis examines the corporate social responsibility (CSR) reporting. The thesis consists of theoretical part and a single case study, in which the transfer process of the case company towards the GRI (Global Reporting Initiative) guideline is being assessed from the perspective of the company.

The aim of the study is to find out the expectations of the GRI reporting among the company and the reasons behind transferring to one. Secondary objective was to find out the actions taken by the company towards sustainability and better corporate citizenship.

This study is conducted by using qualitative research methods. The theoretical part was constructed by thorough research of the literature on the topic. The main sources of information were the interviews conducted in the case company.

The findings of the study show that GRI guidelines set a good basis for the reporting, but still leave enough latitude for the companies to emphasize on the matters that they find the most relevant. In the case company the emphasis was set on corporate citizenship and the image of the company for the employees and the society.

Keywords: Corporate Social Responsibility, Global Reporting Initiative, Brand Value, Sustainability

INTRODUCTION

In the current situation of business, it is more and more common for public companies to initiate a reporting system for non-financial information. This includes environmental, social and ethical factors in the annual reporting system and gives more transparent data of the company and its numbers while reaching for economical success. This has not been purely voluntary process: European Union gave a directive 2014/95/EU to request companies with the average number of 500 or more employees during the financial year to mandate them to report non-financial key performance indicators on environmental, social and employee matters (European Union, 2014). The aim is to “enhance the consistency and comparability of non-financial indicators (NFI)” (European Union, 2014). This directive is an addition for a year older directive 2013/34/EU, which gives borderlines for unified reporting standards in financial indicators. Both of these directives have been set into force and thus transposed into Member States local laws.

As the law obliges companies to report certain items on the national level and the European Union on the other, the Global Reporting Initiative (GRI) aims to fill the gap and unify the data even further. In the current situation there is no compulsory reporting standard that would oblige the companies to follow one certain method, but GRI is widely used in several fields of business. It is a commonly accepted framework meant for large undertakings defined in directive 2014/95/EU. It attempts to give an all-in-one solution for all kinds of undertakings, such as companies, non-profit organizations and communities.

GRI is one of the possible tools for a company to practice Corporate Social Responsibility (CSR) reporting with a standardized model. It is scoped for all public and private organizations, and its objective scope is to report about organizational governance, human rights, labour practices, environmental factors, fair operating practices and community involvement and development issues.

This thesis focuses on examining the process of reporting of corporate responsibility and the choice of desired reporting system. The process of reporting is a built-in part of corporation to achieve

the desired level of information flow to the stakeholders outside of the company, such as owners, customers, partners, and potential investors. Additional information creates transparency, which is the core of responsibility, and it cannot be fulfilled unless the actions, achievements or consequences of their respective actions are not reported in public. Through corporate responsibility reports, these stakeholders and company itself can follow the evolution of economic, social and environmental issues.

The chosen methodology was to implement qualitative research methods, mainly interviews to gain the insight of the people inside the organization to answer questions such as what GRI does bring as an addition to the company's reporting and what kind of significant information it gives for the stakeholders. The aim is to get a perspective of the undertakings' reporting and how do they manage their CSR.

This thesis aims to provide the general knowledge for the reader regarding corporate social responsibility with the emphasis on the end of the GRI. It also tries to give a glimpse of the process of public companies transferring to one of the CSR reporting systems. Furthermore, the thesis attempts to bring up goals set by the company itself that they are trying to achieve by applying such a system to its own use. The Case Company itself publishes both financial and non-financial reports quarterly and also is committed to report voluntarily according to United Nations Global Compact (UNGC) which consists of 10 principles in the fields of human rights, labour, environment and anti-corruption. Each of the mentioned fields is also part of GRI report with wider coverage. This means that moving to the GRI reporting framework is a natural continuum for the company, especially when UNGC and GRI are collaborating frameworks which support each other.

The research questions chosen for the thesis are as follows.

- What are the main reasons for a company to implement sustainability reporting framework for its own use?
- What are the goals that are attempted to be achieved by transferring to such a system?
- What kinds of consequences are expected to follow the implementation?

The case company was chosen for this topic because of personal interest. Some companies in the business of healthcare, particularly in Finland, are currently experiencing criticism regarding their quality of service and responsibility. In that context, it is obvious why a healthcare equipment and

service company would attempt to enhance their image as a response for the public and outside stakeholders. The second criterion for the work was the willingness for co-operation to create valuable data for all parties involved as realistically as possible. The company consists of a group (mother company), which administrates branches in Finland and Sweden. The branches in question are very separate and work mainly in different fields of business. The Finnish branch is focused on transportation, sales and storage of the equipment, whereas the majority of the Swedish branch is in business to customer (B2C) pharmacy market. In this thesis, we will be concentrating on the group and its actions in general rather than going in depth in either one of the branches.

This thesis will focus on a few specific objectives. First of them is the general knowledge in the field of CSR, particularly, what are the options for reporting the data gained and which of the reporting framework is the most suitable for each organization in question. The second objective is to obtain deeper knowledge of the GRI framework, how it works and what kind of data it provides for the stakeholders, more importantly, what are the pros and cons of using this model. The third objective is to analyze where the case company is sitting in its current reporting methods and what there is to do to achieve the desired level of information required by the framework.

The organising of this thesis will be as follows: the first items will be objectives and the scope of the study will be explained. The second chapter of the thesis will consist of a theoretical background for the CSR reporting systems and their history, followed by a short introduction of the available mainstream systems and where the GRI stands among them. Also, an overlay of the current GRI reporting framework will be introduced as an example of a CSR reporting system. The third part will start with methodology and a brief introduction of the case company. This analysis paired with the interviews will lead to a conclusion that sums up the situation and the possible achieved benefits.

1. THEORETICAL BACKGROUND

1.1. Corporate Social Responsibility

Corporate Social Responsibility (CSR) in this modern formulation has been an important and progressing topic since the 1950s. Evidences of businesses seeking to improve the society, the community, or particular stakeholder groups may be traced back hundreds of years (Carroll, 2012). The most significant benchmarker for the term CSR or social responsibility, as it is often called, is Howard R. Bowen, who brought the term up in 1953 (Carroll, 2016). Bowen started with the concept of several hundred businesses in the United States being able to affect peoples everyday lives with their decision making in the matters of business that they were doing. He came up with the question that defines the basis for the CSR even today: “What responsibilities to society may businessmen reasonably be expected to assume?” (Bowen, 1953). After the concept of CSR was born, it became an important point of interest for several scholars and academics. Due to this, there have been several definitions, viewpoints and assumptions to the concept of CSR. Dahlsrud published an analysis over 37 different definitions by academics through different decades and it still did not cover all of the existing introspections on the subject (Dahlsrud, 2006). Even though the definition varies, the message stays the same: there is a business, company or entity, that in addition to its core business openly brings up issues in social or environmental front and attempts to find a solution to minimize the harm caused by the business itself.

In 1979, the CSR was divided into four areas of responsibility by Carroll. The original description was stated: “Corporate Social Responsibility encompasses the economic, legal, ethical, and discretionary (philanthropic) expectations that society has on organizations at a given point of time” (Carroll, 1979, 1991). The divination of four main fields helps an individual to characterize and understand the difference between the responsibilities and the unique features of those. The studies conducted in the early phase of existence for this theory found that experts were capable of distinguishing among the four components. Further, the factor analysis conducted concluded that there are four empirically interrelated, but conceptually independent components of CSR. (Carroll, 2016) (Figure 1).

Even though the subject itself seems to be hard to put into one solid sentence, there have been only few graphs that try to explain the phenomenon as it is. Carroll published a pyramid graph to visualize the levels of responsibility of a company in 1991. At this point, the four areas of CSR

were cast into the shape of a pyramid which attempted to explain the priority order of each responsibility.

To give a broader view of the Carroll's four categories of responsibilities, they shall be introduced in the following manner.

Economic responsibilities are the fundamental conditions and the main reason for the company to exist. It is stated that the primary purpose of a business is to maximize profits for the owners and stakeholders while maintaining corporate social responsibility. Without the profitability the company simply wouldn't exist for too long ever since there would be no sense in it's functions, if they did not bring up enough profits to justify themselves or their existence. Due to this, economic responsibilities are at the base of the pyramid representing the largest and most significant part of the responsibilities of the company.

Legal responsibilities are in the pyramid for good reasons. The laws and regulations for conducting business are minimal ground rules under which businesses are expected to operate and function. Businesses are expected and required to comply with these laws and regulations as a condition of operation. The law and regulatory system itself is not simple due to the multi-level regulations on different levels, e.g. EU, country, or local levels. These responsibilities also protect and bring additional value to other stakeholders than the society. Businesses are obliged to give public reports on their financials and even some non-financials, which are crucial for their investors and customers to gain some base information about the success of the businesses operations. Legal responsibilities also include some regulations regarding the production of good or service if the company is functioning in the field of regulatory business, such as healthcare, where there can be minimal legal requirements for production to cover the specific field of products. Due to these reasons, legal responsibilities find their place in the second lowest position in the pyramid figure.

Ethical responsibilities find themselves at the second highest spot in the pyramid. These are the normative expectations of most societies that laws are the essentials to function in correct manner but not sufficient as themselves. Society expects businesses to operate and conduct their affairs in an ethical fashion. If the society finds out that a contractor or the supplier of the given company abuses child labor or does illegal activities to maximize their profits, the consequences are commonly directed also to the company itself, whether they knew about it or not. In another aspect the society expects the business to conduct their affairs in an ethical, fair and objective fashion. Until this day, laws do not obligate the company to report about all of its harms and inconveniences

that it ends up against during its business making process. The ethical level of this communication requires the company to be transparent and open with its functions so that they can uphold honesty and a good reputation as a business maker.

Philanthropic responsibilities are at the peak of the pyramid. This represents the fact that everything else must be in a good shape for these to be taken care of. Corporate philanthropy is all forms of business giving forward to the society. It embraces the business's voluntary or discretionary activities. This may not be a responsibility in a literal sense, but it is to be expected in today's world. They are guided by business's desire to participate in social activities that are not mandated by legislation or generally expected by the business to contribute to an ethical sense. The aspect that makes this a responsibility is the fact that society expects business to be a good corporate citizen just as individuals are. To fulfill the philanthropic responsibilities, companies engage in a variety of giving forms, such as giving monetary resources for different, ethically correct causes, product and service donations, volunteering for the greater good of the society and any other discretionary contribution to the community or stakeholder groups that make up the surrounding community. The primary difference between ethical and philanthropic categories in the four-part model is that business giving is not necessarily expected in moral or ethical business sense. Society expects businesses to act ethically but do not judge the company "unethical" on their giving patterns or selected methods. As a consequence, the philanthropic responsibility is more discretionary or voluntary on business and less expected by the surrounding society. (Carroll, 2016)

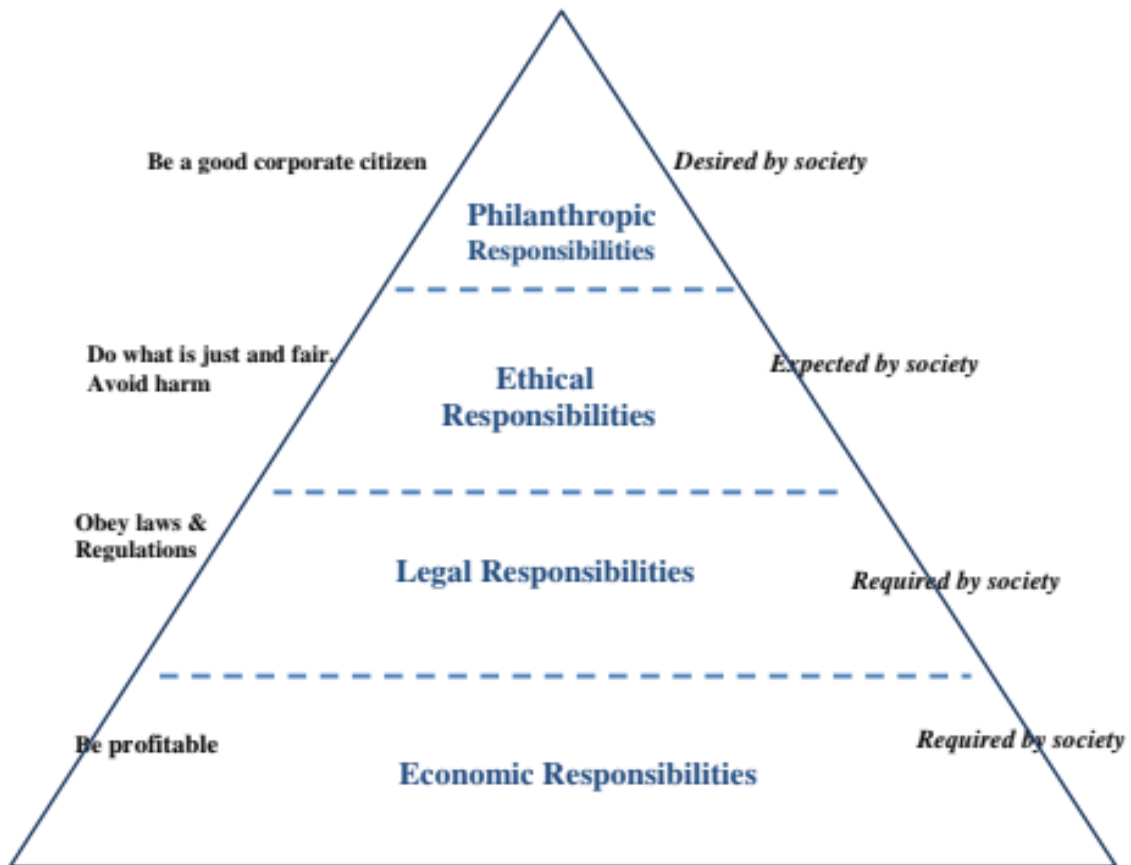


Figure 1: Carroll's CSR pyramid
Source: Carroll, (2016)

From the gained information of Carroll's pyramid model we can deduct that there are a lot of other responsibilities for corporations and businesses to follow in addition to the legislative and economical aspects, which tend to be more obvious than the other two levels of responsibilities. Following this will lead up to good corporate citizenship and assumably will lead up to valued reputation amongst the society. For several decades, researchers and academics have attempted to prove the correlation between well reported CSR and profitability. One of the most known, successful proofs was conducted by Waddock and Graves (1997) in their paper, "The Corporate Social Performance – Financial Performance Link". At that point a crucial finding was found: The companies that actively push their CSR are also prone to pursue a differentiation strategy in their business. This brings a strong correlation with CSR and research and development, and as an example it shows that the correlation would be hard to prove in any context. This was also mentioned by McWilliams and Siegel (2000) with words:

“...In these models, R&D is considered to be a form of investment in “technical” capital. Investment in technical capital results in knowledge enhancement, which leads to product and process innovation. This innovative activity enables firms to enhance their productivity. There is strong empirical evidence to support this hypothesis, using a wide variety of measures of long-run economic performance. These results are robust to different time periods and levels of aggregation.”

The literature on Corporate Social Responsibility (CSR) is mature, and we can build on the CSR findings to advance sustainability’s social responsibility benefits to brand value and profit. CSR is the belief “that modern businesses have responsibilities to society that extend beyond their obligations to the stockholders or investors in the firm” (Visser et al., 2007, p.122), including philanthropic efforts, employee volunteerism, support of non-profit organizations, and other attempts to foster improved relationships with various stakeholder groups (p. 125). The literature suggests that relationships between CSR and the social component of Sustainability (Ebner and Baumgartner, 2006) are nearly synonymous and conceptually aligned. A research conducted by Nastanski and Baglione (2014) proposes that Sustainability and its emphasis on a socially responsible orientation increases profitability and firm survivability through mutually beneficial exchanges with key stakeholders including employees, intermediaries, and its customers. This is achieved through improved employee commitment, intermediary alignment, and strong customer relationships as a result of increased trust, brand value, and purchases and the perceived Socially Responsible actions within the firm (Nastanski and Baglione, 2014) (Figure 2).

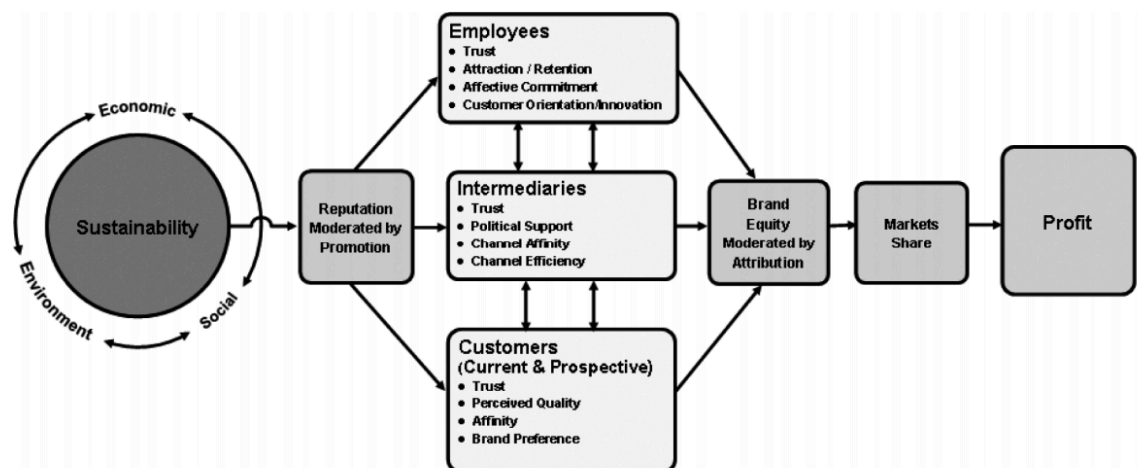


Figure 2: Sustainability, Profitability model
Source: Nastanski and Baglione, 2014

In addition to a straight forward market value, it is also suitable to take a look at other things added by CSR, such as brand value. It can be argued, that brand value as a single variable holds a variety of characteristics and components that are highly sensitive to CSR (Melo, 2011). By using brand value as a measure of corporate performance – with its integrative combination of economic earnings, driving consumer demand and brand strength (reputation, loyalty, market position). Melo (2011) successfully proved the connection between brand value and the quality of the CSR. This, in other words, means that the CSR can be proven to pay off and it provides value for the company more in terms of the brand value rather than straight forward market value added (Melo, 2011). The prediction of achieved brand value by applying the social responsibility framework is essential for the system to be valuable for the case company in this context.

In 2016, a case study was conducted with Royal Dutch Shell to once more prove the correlation between CSR and profitability. This took social, environmental and financial factors into account and successfully proved that there is a positive correlation between CSR and profitability, which acts as an enforcer for the previous research done by other researchers. (Ekatah et al, 2011). In this research, the researchers noted that CSR and profits may share common causes. For example, high levels of market concentration might cause both the CSR and profits. If CSR and profits are related to a third variable, then further insight into the relationship between CSR and profit might be gained by studying the third variable. The research also mentions that financially stable companies are naturally in a better situation to increase the inputs towards social performance domains, such as employee relations, environmental concerns, or society relations. Even if all this is taken into account, we have to keep in mind that negative correlation is a lot harder to prove, because legislation does not oblige the companies to disclose or report CSR in all of the available aspects, such as gender diversity of the company or some other factors, that might reveal some negative data for the company's reputation. This kind of 'cherry picking' is still relatively easy to do without any proper CSR reporting framework and thus brings us to the point where we ask, why are the frameworks and reporting systems so important? For this question to be answered, a deeper look into reporting frameworks themselves has to be taken.

1.2. Reporting Frameworks

Due to the development of the CSR as a concept, the requirements for non-financial reporting including environment, social, and ethic aspects have increased severely. Some of the factors are mandatory in the current legislation and some are more up to the desire of the company to decide whether or not to report about them. Financial reports were initially supplemented with non-financial information (NFI) on corporate governance and environmental information (Lament, 2015). Companies implementing the CSR ideas proceeded to publish NFI reports on corporate governance and environmental information based on varied standards or guidelines prevailing internationally or in particular markets. The issue with this kind of methodology is that efficiency suffers from upholding several, separate systems and thus the idea of integrated reporting system emerged with the principles published by IIRC – International Integrated Reporting Council, in 2013. CSR reporting constitutes a major information element of sustainable development solutions and, as such, it should be standardized to ensure comparability and transparency of information, in itself an essential element of CSR ideas (Lament, 2015).

To understand the need for such CSR reporting frameworks, a deeper look into EU Directive, 2014/95/EU, is to be taken. The directive aims to improve the transparency, significance, cohesion, and comparability of NFI published by the companies. According to the directive given, all member states of the EU should introduce legislative, executive and administrative measures necessary for its enforcement by the end of the year 2016. All the regulations mentioned in the directive apply to large entities of public interest with the average annual number of employees of 500 or more. Their reporting should include a statement of NFI to an extent required to understand evolution of results and position of an entity as well as its activities including social, environmental and labor issues, respect for the human rights and anti-corruption measures. This kind of report should include the following:

- A brief description of a business model
- A description of the company's policies concerning social, environmental and labor issues, respect for human rights and its anti-corruption measures,
- The effects of the previously mentioned measures,
- Major risks associated with the previously mentioned issues, as well as methods of managing these risks by the company,
- Key non-financial indicators connected to given activities.

To supply this information, companies or entities are allowed to use standardized, internationally accepted guidelines, such as UNGC (United Nations Global Compact), ISO 26000 (International Organization for Standardization), OECD (Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones), or GRI (Global Reporting Initiative). The most common of these to be used is the latest, GRI framework. Out of all currently popular systems, the GRI guidelines are the most popularly followed. Its guidelines were developed by CERES (Coalition for Environmentally Responsible Economies) for sustainable development and by UNEP (United Nations Environmental Programme) for environment protection (Table 1).

Name of standard/ guidelines	Subjective scope	Objective scope			community involvement and development
Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (2006, 2013)	All public and private organizations	Organizational governance, human rights, labour practices, the environment, fair operating practices, consumer issues, community involvement and development	International Organization for Standardization ISO 26000 (2010)	All types of organizations	Organizational governance, human rights, labour practices, the environment, fair operating practices, consumer issues, community involvement and development
Account Ability: The AA1000 Series of Standards (2008, 2012)	Financial services, pharmaceuticals, energy and extractives, telecommunications, consumer goods, food & beverages	Organizational governance, human rights, labour practices, the environment, fair operating practices, consumer issues, community involvement and development	OECD: Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones (2003)	Multinational enterprises, professional associations, trade unions, civil society, organizations and international financial institutions	Organizational governance, human rights, labour practices, fair operating practices, community involvement and development
Carbon Disclosure Project (CDP) tool and framework (2000)	Firms from all types industries report to CDP	The environment	United Nations Global Compact Ten Principles (1999)	Any company, business association, labour or civil society, government organization, NGO or academic institution	Labour practices, the environment, consumer issues, community involvement and development
International Integrated Reporting Council (IIRC) International Framework (2013)	All types of organizations	Organizational governance, human rights, labour practices, the environment, fair operating practices, consumer issues,			

Table 1: The current main trends of the CSR and their objective scopes and focus points. Source: Lament, (2015)

As we can see from the table above, there are several trending frameworks that companies and entities around the world can report according to. The sheer amount of the possibilities can be overwhelming and the purpose of Table 1 is to divide them and give each of the given standards some kind of specified purpose and user group so that it would be clearer to follow. Due to the Case Company working in Europe and in the business of healthcare and expertise services, the most convenient options would be to report according to UNGC, ISO 26000 and GRI. For the sake of giving a better picture of how these systems differ from one another, a deeper look into each is reasonable.

United Nations Global Compact (UNGC) is a reporting standard that is one of the lightest options for a company to follow. It was founded in 2000 and is currently the world's largest corporate sustainability initiative. It is built to surround the Ten Principles set by United Nations in the fields of human rights, labor, environment and anti-corruption. The entity that follows UNGC terms gives out an annual Communication of Progress, or CoP, to provide valuable information to their stakeholders. The overall format of CoP is flexible and the framework is multilingual, so it is not bound to any specific language. UNGC is also collaborating with frameworks, such as GRI, so reporting according to them also enables the company to report simultaneously according to both of the standards. The CoP consists of three minimum requirements that the entity has to follow to be accepted into the UNGC reporting entities. The CoP has to include:

- A statement by the Chief Executive expressing continued support for the UN Global Compact and renewing the participant's ongoing commitment to the initiative
- A description of practical actions the company has taken or plans to take to implement the Ten Principles in each of the four areas (human rights, labor, environment, and anti-corruption)
- A measurement of outcomes.

The UNGC is a community of almost 10,000 businesses to take part in chasing 17 sustainable goals set by United Nations. This makes UNGC more of a society rather than a reporting guideline due to its lack of frame for the reporting. It provides education on CSR and gives the keys for an entity to reach sustainability objectives in the long run. To fulfill the informative requirements mentioned in the Ten Principles, the entity has to fill the CSR report according to some framework accepted by the UN Global Compact.

The ISO reporting systems are widely acknowledged. There are several different standards for multiple uses, which companies can use to receive a certificate that it follows set goals in, for example, quality management and assurance, environmental responsibilities, or social responsibilities. The set of standards, launched in 2010, that is focused on the social responsibility is ISO 26000, and it attempts to provide general guidance for corporations of all sizes and across all industries, including organizations operating in the not-for profit sector (Sethi et al. 2017). It works around seven key principles of social responsibility and it covers seven core subjects while reporting according to it. It has been criticized as being too broad and generic, so it may not bring out all of the underlying issues. The ISO 26000 standard was put together by a broad range of diverse groups of stakeholders so it was built on consensus logic. When stakeholders develop compromises and finally agree on a common standard, it tends to represent the lowest common denominator (Sethi, et al. 2017). Organizations will be motivated to meet these rather minimal CSR standards but not necessarily exceed them. Moreover, from the beginning, there was concern that management consultants and certification firms could be overly influential in creating a guidance system suited to their needs, from which they could make money.

The Global Reporting Initiative (GRI) was created during the late 1990's by Robert Massie and Dr. Allen White, while they were working at CERES, a non-governmental organization dedicated to mobilizing a network of investors, companies, and public interest groups which would encourage the adoption of sustainable business practices and solutions throughout the global economy (GRI, 2012a). The original scope and the purpose of the initiative, developed in conjunction with the Tellus Institute and the United Nations Environment Programme (UNEP) in 1997, was to create a global framework that would act as an accountability mechanism to determine whether corporations were engaged in environmentally responsible conduct. In 1998, a multi-stakeholder Steering Committee was formed and it advised GRI to address more than just environmental concerns by broadening the framework's scope to include Environmental, Social and Governance (ESG) issues. As a result, the GRI guidelines became a Sustainability Reporting Framework (Sethi et al. 2017).

To ensure that GRI standards are trusted and unbiased, the GRI has developed a dual governance structure in 2014, where a separation of power was established between its standard setting activities and its other organizational activities. This ensures that the governance of the standards is separated from the supervision, so that the conflict of interest could be avoided and the reliability of the reporting would be maximized (Picture 2).

CATEGORIES AND ASPECTS IN THE GUIDELINES				
Category	Economic		Environmental	
Aspects ^{II}	<ul style="list-style-type: none"> • Economic Performance • Market Presence • Indirect Economic Impacts • Procurement Practices 		<ul style="list-style-type: none"> • Materials • Energy • Water • Biodiversity • Emissions • Effluents and Waste • Products and Services • Compliance • Transport • Overall • Supplier Environmental Assessment • Environmental Grievance Mechanisms 	
Category	Social			
Sub-Categories	Labor Practices and Decent Work	Human Rights	Society	Product Responsibility
Aspects ^{III}	<ul style="list-style-type: none"> • Employment • Labor/Management Relations • Occupational Health and Safety • Training and Education • Diversity and Equal Opportunity • Equal Remuneration for Women and Men • Supplier Assessment for Labor Practices • Labor Practices Grievance Mechanisms 	<ul style="list-style-type: none"> • Investment • Non-discrimination • Freedom of Association and Collective Bargaining • Child Labor • Forced or Compulsory Labor • Security Practices • Indigenous Rights • Assessment • Supplier Human Rights Assessment • Human Rights Grievance Mechanisms 	<ul style="list-style-type: none"> • Local Communities • Anti-corruption • Public Policy • Anti-competitive Behavior • Compliance • Supplier Assessment for Impacts on Society • Grievance Mechanisms for Impacts on Society 	<ul style="list-style-type: none"> • Customer Health and Safety • Product and Service Labeling • Marketing Communications • Customer Privacy • Compliance

Picture 2: the contents of a GRI report
Source: Global Reporting Initiative, 2013

Due to the years of developing and the full focus on this one specific set of standards, GRI has been considered a more robust and rigorous system to report according to the ISO 26000. It has managed to create a more clear and evolving system that manages to work based on the desire of the reporting party to add on the minimal information required by the standards themselves. Consequently, the GRI has acquired a strategic partnership Organization for Economic Co-operation and Development, the United Nations Environment Programme and the United Nations Global Compact. Its framework enjoys synergies with the guidance of the International Finance Corporation, the International Organization for Standardization’s ISO 26000, the United Nations Conference on Trade and Development, and the Earth Charter Initiative.

2. CASE: TRANSFERRING TO THE GRI

2.1. Methodology

This thesis aims to give the best possible image of the goals, expectations and foreseen assumptions of applying GRI guideline to company's use. To reach this visualization, we apply qualitative research methods. This is an umbrella term that consists of several interpretative methods which seek to describe, decode, translate and otherwise come to terms with the meaning of some certain phenomena (Van Maanen, 1979: cited in Ghauri and Grønhaug, 2005). Qualitative research methods can be described as flexible and unstructured set of information seeking techniques that usually include a low number of observations, which makes it more convenient to analyze multiple aspects of the research problem. Therefore, qualitative methodology is more convenient on behalf of subjects that require more in-depth insight into a phenomenon (Ghauri and Grønhaug, 2005).

Research will be conducted as a single case study. It will provide a clearer view of the whole process and understandable thinking process of the company in question. The process of moving to the desired standard is unique due to the backgrounds of already existing reporting models and the attitudes towards the importance of the reporting standard in the minds of the people behind the process. Due to this subjectiveness the research conducted will be more exploratory and the data it provides attempts to explain the reasons to the main research questions.

To conduct this study, an exploratory approach was chosen to investigate and study the situation, where a company has already decided on moving toward a certain reporting framework. Five interviews were conducted to gain the perspective of the people working inside of the organization to achieve an understanding of their motives and assumed benefits of transferring to such a reporting framework. The interviews had an average length of around 10 minutes and they were conducted through arranged meetings either at the office of the company or through phone.

Furthermore, to achieve the broadest possible perspective inside the whole group, the people chosen to be interviewed were handpicked from different roles in group level and also in the more independent Swedish B2C pharmacy branch. The interview itself was then scripted and all the questions were sent to the participants in the form of an invitation to the interview with integrated introduction of the topic and motive of the study. The questions used on the interview can be found in Appendix 1.

As was requested by the case company, the name of the company and the persons responding to this questionnaire were kept anonymous, but it was agreed upon that the titles of the responders were allowed to be used to simplify the process and to give the understanding about which kind of roles do the respondents fill in the company. For this thesis, we interviewed the head of Retail in the Swedish Branch, Chief of Corporate Responsibility, CEO of the Group, Communications Director for the Group and the Sustainability Manager of the Swedish Branch.

The questions were planned under three main fields: social responsibility and reporting, the current public image of the company and the brand image. The fields were introduced to each of the participants before moving on to them to ensure that no unnecessary confusion or connection between the upcoming and previous questions would be made.

This set of questions was chosen to get the broadest, yet fitting the amount of data out of the interviews with the scarce time that was given for each interview. The chosen language for the interviews was English due to the fact that both Swedish and Finnish people were interviewed for the subject and to standardize the questions to match for everyone attending. Each of the questions was planned to fit the purpose of finding the attitudes toward the CSR reporting, the knowledge about the subject and the current opinion about the communication of the company towards stakeholders, all of which are under the field of social responsibility. Also, as an addition it was relevant to ask questions about the motives of applying such reporting framework, to find out why the company would find it to be so useful that it has to be implemented. Why now, and why hasn't it been transferred to earlier on?

2.2. Case Company

This study attempts to follow and analyse the last steps in the process of transferring to the reporting standard set by the Global Reporting Initiative (GRI). One of the main drivers for reporting in sustainability and in any kind of non-financial indicators (NFI) has been the legislation driven in EU level, especially EU Directive 2014/95/EU, which obliges the member states to set up a legislation on reporting the NFI at basic level. The second main motivator for such a company would be the demand on behalf of stakeholders, such as society, possible investors or the desire to track the progress of the company's social sustainability.

The case company gives a brief introduction about themselves on the website with the following words:

“...is a Finnish publicly listed company with a strong position in the Swedish and Finnish health and wellbeing market. We connect the field from pharmaceutical companies to pharmacies and consumers. We promote wellbeing by ensuring that medicines as well as health and wellbeing products are delivered in a safe and customer friendly manner. Our wide range of services help pharmaceutical companies, pharmacies and other operators in the healthcare field to succeed. In Sweden, we own the third largest pharmacy chain, (The name of the Swedish branch), with over 320 pharmacies that offer expert guidance in health and wellbeing and a large range of products for consumers.”

The company works in several fields and has three main customer segments, which it serves on the field of healthcare and wellbeing. In addition to the groups pharmacy business in Sweden, it also serves consumers through webshop serving speciality items, such as nutrition products, gluten free items for people with celiac's disease. The group also creates services for businesses, such as pharmacies, hospitals and veterinaries in Finland and Sweden by covering the logistics needed for the delivery of the medicine from the manufacturer all the way to the consumers via pharmacy. It also provides marketing and sales services to the use of the customers in e.g., dietary supplements, pharmaceutical cosmetics and other items that are considered to be proper to be sold in pharmacy rather than in regular markets.

For the pharmaceutical companies, the case company provides a vast pool of expertise services, such as quality assurance services, business intelligence, sales and marketing, translation and language services and pharmacovigilance. As a logistics expert in a highly regulated business

environment of medicine logistics, the case company also produces supply chain and logistics services for those in demand. Its network currently covers Finland and Sweden and they promise to take care of each order placed in the next 24 hours. All in all, the company works in a wide variety of the market and helps several segments in the field of medicine.

The case company can be considered to be midsized. It employed approximately 2700 people by the end of 2018 and accrued net sales of 1.55 billion euros. Although the annual profit decreased from 2017 to 2018 from 26.3 to 12.7 million euros, we are still talking about a healthy, future sighted company.

2.3. Data Review

All of the respondents were unanimous about the CC being a socially responsible company. The most common opinion was that it would be natural for the company itself due to the business it works on, which is delivering healthcare services, pharmaceuticals and other health products. The common nominator among the answers that was brought up was that people who had been with the company for a longer period of time mentioned that during the last years the reporting on CSR related subjects had improved. One opinion worth mentioning is the question that was arised about the capabilities of reporting and measuring of the CSR, which indicates that inside the company there is a desire for such a system to be implemented. Also, the CEO of the company mentioned that the business of the company has some special features that prevent companies from acting irresponsibly due to the supervision of various regulators and government agencies.

For the second question, only one of the respondents was not previously familiar with the GRI standard before the interviews were booked. One of the main motivators that was commonly noted was the legislation and the demand of stakeholders for such things to be reported on. The logical deduction of the attendants was that reporting according to GRI or such a framework is a question of image and structure. Furthermore, the persons attending the interviews mentioned the concern that the company would not have had the reporting in the field of sustainability too seriously, but were happy to announce that it is on its way to be done.

In the next question, we asked why does the CC report on its sustainability. The answer was that it was started because of the NFI, the non-financial directive that initiated the need for the reporting

in the company, but further it has been showing to be beneficial on strategic level for the company. It is not enough to be compliant, the company has to be able to prove it to the stakeholders. One of the answerers also saw it as an opportunity to tell what CC is doing for the society in addition to its business, such as projects directed to the environment or to give an idea of the big picture.

After these questions, it was told to the attendants that the first field was over and that we would be moving on to the next field of questions covering the field of the current public image of the company.

One of the main concerns that the attendants had about the public image of the company was that it seems to have several images depending on which market we are talking about. The group as a whole was commonly said to have slightly negative public image due to recent project failures. The Swedish pharmacy branch works under a different name from the group itself. Possibly due to this, it might have been spared from the image stains caused by the project failures. Even though this question had a negative sound to it in general, the attendants seemed to be in good spirits about the opportunity of image rebuilding, which had already improved.

In the next question we asked that does the company report enough about negative subjects. All of the attendants agreed that in the current situation the answer is no. Although, they did mention that in the current situation, the negative things that they report about are mostly obligated by the law for them to report on since they are a public company. The common nominator for the answers was the fact that everybody saw an opportunity to improve on the field and several answerers mentioned environmental subjects to be focused on, while improving the reporting, such as carbon footprint. It can be deduced from this question that on a group level the company seems to aim towards better transparency as a whole.

After this question, the interview moved on to the last field, which was dedicated to the brand image. In this field there was only one question, which was about the possibility of sustainability reporting improving the brand image of the company.

All in all, everybody agreed that it would be ‘a facelift’ for the image to report more thoroughly about sustainability. It was said that it would affect the attitudes of every possible stakeholder group, both inside and outside, of the company. It was also mentioned to be one of the core targets to be achieved with this new reporting framework. The head of retail in Swedish branch also said that the reporting and the openness of it could act as a perk while headhunting for new talents to

the company. The answers were also taking into account the fact that the consumers are getting more aware about issues in sustainability of the company and their decisions to consume might transfer towards the competitors if the company itself does not act sustainably. The CEO of the company mentioned that the reporting itself would not be enough to improve the brand image. After that, it was added that it could act as a framework for the plans towards the future and “to build something on top of that”. This enforces the common theme of transparency and open communication that everyone in the interviews agreed upon to be important for the future of the company.

2.4. Discussion

For further analysis, it would be useful to analyze the outcomes after the framework has been set both in short run and long run. Furthermore, satisfaction and the effects of the reporting frameworks and goals set around it should be investigated among the organization.

One thing that was mentioned in the interview is the comment by the CEO of the company, that by reporting about the sustainability related issues and improvements is not enough as it is. It is important to learn from what has been reported and what is needed to act on to actually cause positive changes in the eyes of the stakeholders and society. In further studies, it would be beneficial to study the effects of GRI reporting to the actions of the company and how has it helped to initialize certain social or environmental sustainability related projects. This would give the needed empirical proof for the systems to be mandatory on an even broader scale and in that way make the responsible companies even more desirable for the investors by making the transparency more mandatory.

CONCLUSION

All in all, the interviews were quite similar to one another, without significant differences among one another. The participants seemed to have a similar vision about the questions with different kinds of approach, respectful to their field of work.

During the interviews there were also a few mentions of the difference between Swedish and Finnish market differences and how the Swedish market as a whole seems to be more modern and consumers on the respective market seem to act more demandingly. This does not have any empirical evidence to lean on to, however, it seems to play a significant role in the participant's opinions.

The GRI could act as an framework for the whole group so that the branches and the main office could work as a large unit towards commonly set goals and by that way they could be seen as socially sustainable entity that fulfills the demands of the stakeholders and acts according to the expectations of the stakeholders and society.

	Target 2021	Performance 2018
Employee Net Promoter Score (eNPS)	+ 5	-13
Electricity from renewable sources	100 %	
Recycling rate*	> 70 %	
Coverage of Business Partner Code of Conduct (direct product suppliers)	> 90 %	77 %
Coverage of Code of Conduct training (personnel)	> 95 %**	

* Non-pharmaceutical waste
** Target 2019

Table 3: Current NFI goals set by Case Company

Source: Case Company's NFI Data

In the table above we can see the goals set by the company prior to the adaptation of GRI to its use. From this we can deduce the need for the corporation to have an operating reporting system to follow these goals and their progress. In the current process, the Case Company has actually managed to apply a Code of Conduct to its partners and is on the process of training its personnel for it. Furthermore, it is shown that the desire of the company to increase its alarmingly low eNPS (employee Net Promoter Score), a metric that measures employee satisfaction, is raised to high priority, among the other goals, such as environmental or responsibility items.

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APPENDICES

Appendix 1: The invitation for the interview

To:

██████████, CEO of the Group
██████████, Head of Communications for the Group
██████████, Head of Sustainability for the Group
██████████, Head of Sustainability, ██████████
██████████, Head of Retail, ██████████

Subject: Sustainability / Request for interview

Dear all,

Our target for 2019 in Sustainability area is to move towards GRI (Global Reporting Initiative) reporting. GRI's reporting framework is the most used worldwide due to its credibility, flexibility and adaptability and is considered global best practice today. We are now analysing the requirements and our maturity to move to GRI reporting.

Mikko Salusjärvi is a bachelor student from TalTech University of Tallinn and he will conduct his bachelor's thesis for ██████████ with the subject "Transferring to GRI reporting in a Finnish company".

I will book a short 30 mins interview for you and Mikko for week 14. The interview will focus on the following topics:

1. Social responsibility

- Would you say that [REDACTED] is a socially responsible company?
- What are the reasons for the company to implement sustainability reporting frameworks, e.g GRI to its own use?
- Why does [REDACTED] report on the sustainability?

2. The current public image of the company

- In your words, what kind of public image does [REDACTED] have?
- Does [REDACTED] report enough about negative subjects?

3. Brand image

- Could sustainability reporting improve the brand image of [REDACTED]?

There is no need for preparations for the interview.

Below shortly about GRI and Sustainability reporting:

Sustainability reporting will help the company to create transparency and enable your organization to make better decisions that create social, environmental and economic benefits for all your stakeholders.

When a company discloses non-financial information using the GRI Standards, the business will benefit in many ways. The reporting process allows you to gain a comprehensive understanding of the risks and opportunities facing your business. Sharing information about policies and performance on environmental, social and governance issues helps you build trust with your customers and partners, monitor and mitigate risk, and find ways to improve efficiency, resulting in a positive impact on your financial results.

By reporting with the GRI Standards, you will also fulfil the compliance requirements of regulations from governments, financial markets and international organizations. The GRI framework is referenced in over a hundred policy instruments and dozens of stock exchanges or market regulator across the world.

Appendix 2: Transcription of the interview

Available electronically at: https://docs.google.com/document/d/1D31_BZyczCriURJHFIq6a-FFQhKGyuQrdOZAUR47qFo/edit?usp=sharing