

# **Sustainability benchmarking as an instrument for CSR governance?**

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# Introduction

- Range of new norm-setting activities in CSR
  - collaborative networks (negotiated agreements, NGO / business partnerships, codes of practice ...)
  - unilateral activities (NGO campaigns, ethical investment, green consumers...)

# Introduction (2)

- What do stakeholders need to know to engage in governance?
- Can CSR benchmarking support governance?

Governance: system of actors, rules and processes exercising power (in and outside government)

CSR benchmarking: comparisons of performance of individual companies on CSR criteria which use (semi-) quantitative methods

# Outline

- The CSR knowledge gap
- Trends in CSR benchmarking
- PERFORM initiative
  - approach and progress
  - supporting CSR governance?
- Can CSR benchmarking fill the knowledge gap?

# The CSR Knowledge Gap

- Actors involved in setting norms for CSR:

## *Knowledge*

- regulators much: databases, pollution inspectors
- NGOs some: media, own research
- investors some: own research, consultancy, media
- competitors some: market research
- companies some: experience, trade associations
- business customers some: market research, experience
- employees little: experience, company information
- final consumers little: labels, popular media
- local communities little: local media

# The CSR Knowledge Gap (2)

- Stakeholders have limited and unsystematic knowledge about the CSR record of companies and products
- Information sources are fragmented and often confidential

# Trends in CSR benchmarking

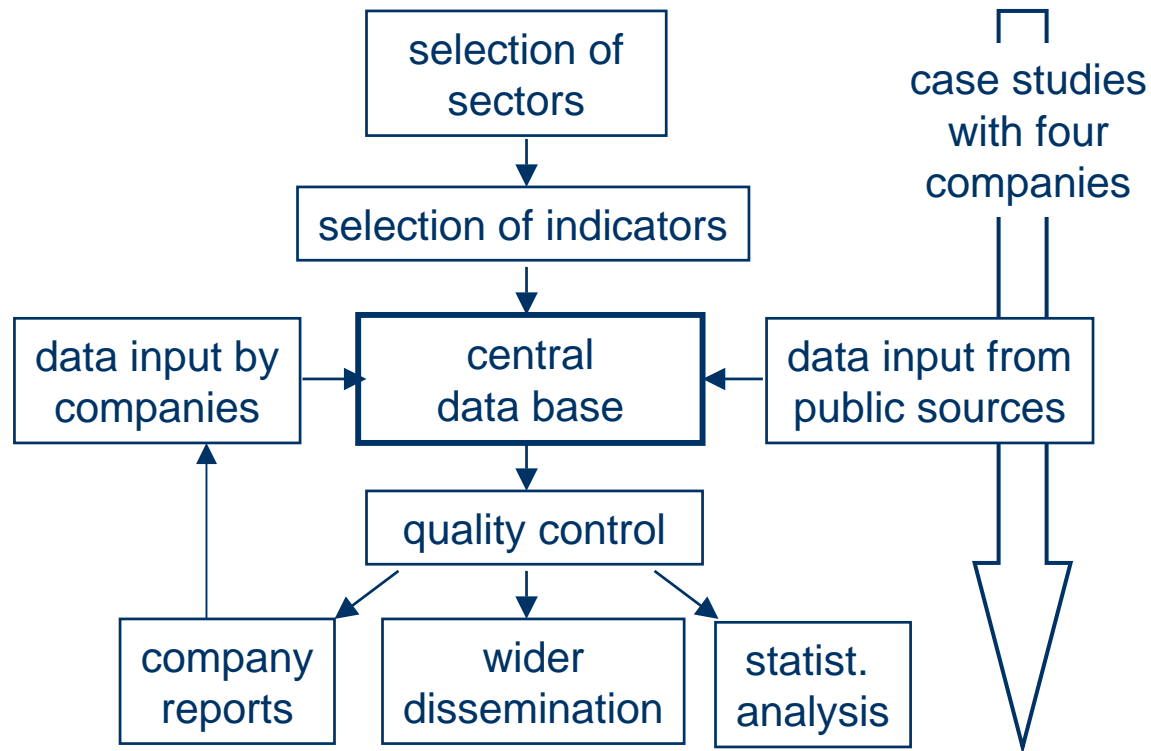
- Growth of CSR information services, especially for investors
  - Evaluatory CSR b/m: single score or rating for non-specialist audience
  - Diagnostic CSR b/m: detailed results for specialist audience
- Demand for more information, but ‘questionnaire fatigue’

# Perform approach

- Publicly funded, since 2002, UK focus
- CSR benchmarking in 14 industrial sectors on 30 SD indicators
- Performance-based diagnostic benchmarking
- Data collection 10/03-07/04: 130 companies, 49 business units, 299 sites (8800 data points)



# Perform process



# Perform and CSR governance

- Supporting CSR management by companies
  - interest, but not high on agenda
  - nervousness about systematic disclosure
  - difficulty of integrating information into management
- Supporting CSR governance by stakeholders
  - specialist audiences: researchers, regulators, ethical investors
  - little direct use for consumers, communities, etc.
  - feed into other information sources

# CSR b/m and governance

- Large potential but need to address problems:
  - Poor data availability, quality and consistency
    - cost of data collection prevents transparency
    - lack of credibility with stakeholders
    - risk of penalising leaders
  - Diversity of stakeholder needs
  - Combination of analysis and values

# CSR b/m and governance (2)

Ways forward:

- Mandatory reporting on selected key indicators
- Development of key databases (e.g. EPER) to become more relevant to stakeholders
- Promote integration of data sources
- Improve stakeholder involvement in developing CSR benchmarking methodologies