

Emergence of an Institution for Sustainable Development

A Cross-country Study of the Adoption of the Global Reporting Initiative

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What is GRI and what does it promote?

Global reporting Initiative is a Multi-Stakeholder Process and Independent Institution whose Mission it is to develop and disseminate globally Applicable Reporting Guidelines. These Guidelines are for Voluntary Use by Organisations for Reporting on Economic, Environmental and Social Dimensions of their Activities, Products and Services.

Background

- Ideas of Transparency and Accountability have taken Root in Discourse on Corporate Responsibility
- Reconfiguration between Business and Society: from Direct Regulations to Greater Reliance on Civil (Self) Regulation
- GRI aspires to become Leader among Worldwide Performance Reporting Programmes
- Affiliation with UNEP; ISO uses it as a Model
- Hundreds of Organisations Worldwide have adopted its Principles officially and many more are aware of them
- Recent Relocation of HQ from US to The Netherlands
- Can it indeed be a Global Standard? If so, how?

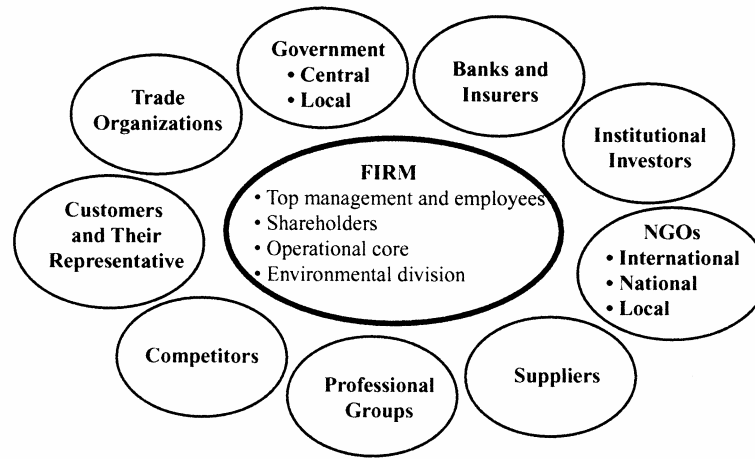
Objectives of this Study

1. Elucidate Mechanisms by which Practice of GRI becomes a Social Institution
2. Identify Country-specific Factors affecting the Institutionalisation of GRI Guidelines: its Adoption, Adaptation and Subsequent Workings in the New Context
3. Contribute to Theory Development on the Origin and Transplantation of Institutions
4. Identify Country-specific Policy Approaches for enhancing Corporate Transparency and Accountability with Respect to Environmental and Sustainability Performance

Key Assumptions of this Research

- Institutionalisation of the Practices of Transparency, Accountability and Disclosure is a Necessary Condition for their Success in improving Environmental Performance.
- Information Gathering Internal to a Firm may lead to uncovering New Opportunities for Cost-effective Innovations in Pollution Reduction and Management as well as impact on the Organisation's Operating Philosophy, Strategies and Norms.
- Institutions are Self-sustaining and highly Resilient Systems of Shared Values, Norms and Beliefs that Actors hold about 'how the Game is played'.
- Formal Institutions are officially stated Rules of the Game, Informal Institutions are Stable Social Practices, Understandings and Rituals.

Main Constituents for the GRI Reporting System



Description of the Organisational Field in which Institutions arise

- Organisational Field is a Power Centre where Multiple Constituencies compete over Definition Issues.
- It eventually provides the Impetus for the Emergence or Transformation of Institutions.
- No Real Social Meaning unless Various Actors take Notice of it and impart their own Meaning to it, incorporate it in their own Agenda, Mutual Interactions and Norms.
- Formation of an Active Organisational Field is First Step in GRI adoption as it is intended. 3 indicators:
 1. Increased Interactions among various Actors
 2. Increase on shared Information Load
 3. Mutual Awareness of being involved in Common Enterprise

Cross-country Comparison

- Many Countries are Interest as a Subject of Study: USA, Japan, Sweden, France, South Africa, Brazil
- Countries studied: USA, Netherlands and Hungary
- Different Political and Legal Context and Regulatory Approach
- Different Environmental Awareness, Trust in Technical Expertise and Activity of NGOs
- How do these Elements impact on Adoption among Individual Organisations: Embedded Case Study Design

Indicators on Political Culture for the three Countries

- Civil participation in policy making/implementation
- Transparency by government & business
- Accountability by government & business
- Attitudes towards open confrontation
- Prevalent modes for resolving disputes
- Relationship between industry and government
- Societal trust in benevolence of industrial motives
- Societal trust in government/respect for administrative action
- Visibility of NGOs

Indicators on Style of Business Regulation in three Countries

- Flexibility in Implementation
- Government and Industry Attitude with Regard to Access to Information
- Environmental Awareness in Society
- Public Participation in Policy making
- Corporatist and Pluralist Mode of making policy decisions
- Attitudes towards Social Responsibility of Industry
- Role of Technical Experts in Environmental Decisions
- Self-regulation by Industry
- Interest in Reporting from other Important Organisations

Hypotheses

1. Countries with Stronger Traditions of Civil Environmentalism, Citizen's Right to know and Transparency in Regulatory Decisions are more likely to develop a Vibrant Informal GRI Institutions than Countries weaker in such Traditions.
2. Rate of Uptake of Formal GRI Guidelines is a Weak Predictor of the Vibrancy of the Informal Institution.
3. Institutionalisation of an Organisational Field around GRI is more likely to enhance those Types of Practices and Social Relations that are already accepted Norms and less to create New Modes of Interaction, at least initially.