

# The Rise of Global Reporting Initiative: Institutional Entrepreneurship in the Age of Shared Governance

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# GRI is....

- Framework for reporting performance in three (non-financial) areas
  - Environmental
  - Social
  - Economic
- Qualitative and quantitative indicators
- GRI Guidelines: G1 – G2 – G3

- Brainchild of two individuals in 1997:  
Bob Massie, Ceres  
Allen White, Tellus Institute

# Key innovations

- Guidelines developed through collaboration of very wide coalition (multistakeholder process)
- Institutionalize process for future evolution of Guidelines
- GRI Organization: steward of Guidelines & evolution process

# Premise

Information is a fundamental good

Standardized, commodified, accessible  
information empowers societal actors

Public has Right to Know

# Assumptions Rooted in History

- 1960s - 70s: Capital allocation as instrument of social change
  - Civil rights, women, South Africa.....movements
  - Shareholder engagement: ICCR- IRRC -Coop America
  - Consumer guides: CEP 1973 "Shopping for the Better World"
  - SR Investment Funds: 1982 SIF – 1989 CERES
  - verifiable codes of conduct: 1977 Sullivan Principles
- 1990s: Corporate social responsibility (CSR)
  - Voluntary Codes of Conduct
  - Voluntary Reporting
  - Partnerships NGO-Companies
- Interest in new forms of engagement

# Lessons from this history

- SRI and shareholder activism can be effective
- Information is powerful instrument
- Multistakeholder consensus is achievable on expected norms of behavior
- Companies ready to specify social commitments
- Adherence to commitments can and should be ascertained and judged
- Information is necessary

# Widespread belief in 1990s...

- Societal actors want standardized **commodified** information about company performance
- Financial sector wants and will use it in investment decisions
- Civil society, NGOs, Labor will use it for political action
- Activist shareholders will use it to influence company actions

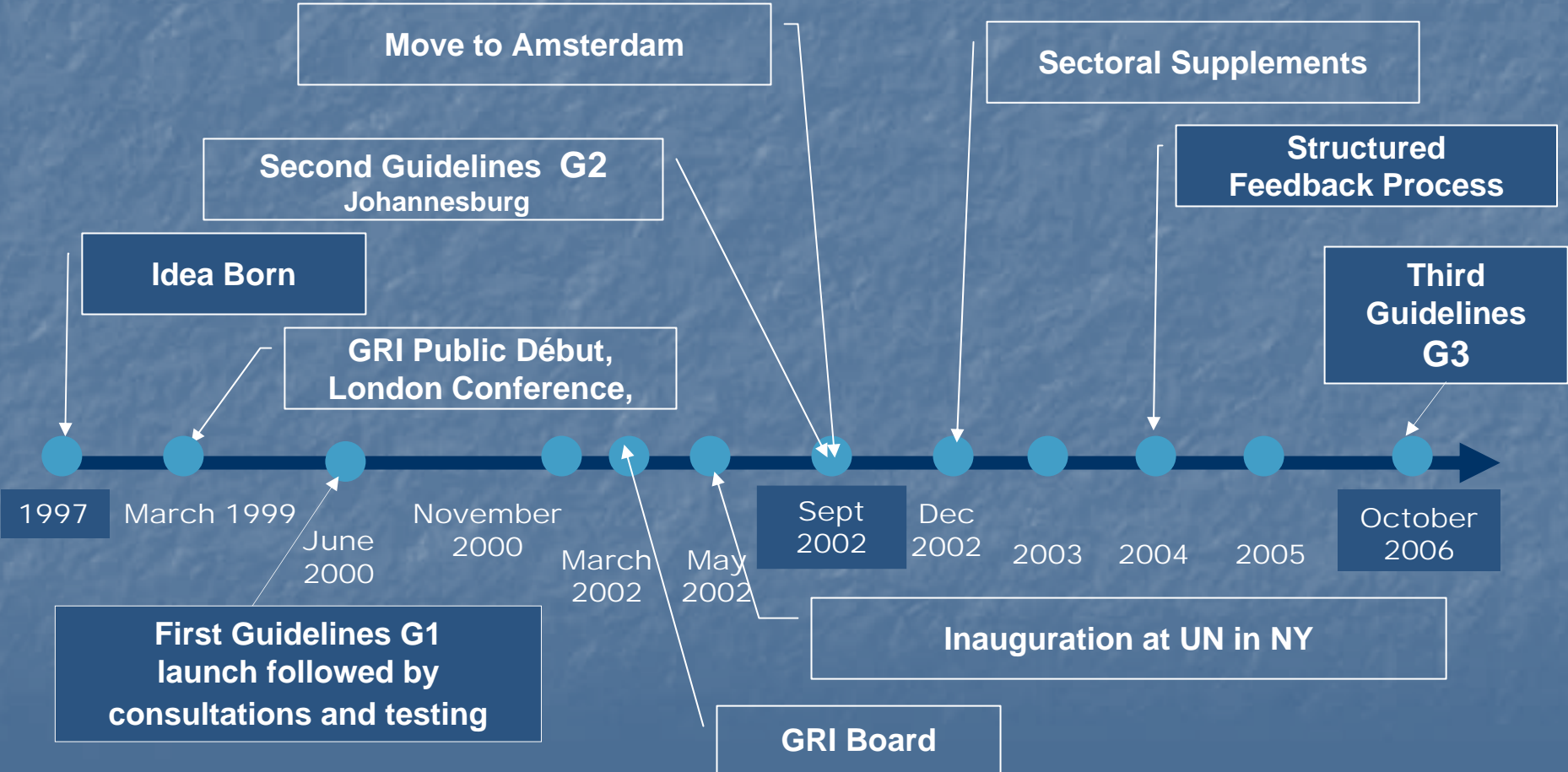
“democracy by disclosure”; “civil regulations”;  
“information-based regulations”; TRI

# By mid 1990s...

- Reporting by companies grows
- Requests for information grow
- Information is not comparable, not systematic, not normalized

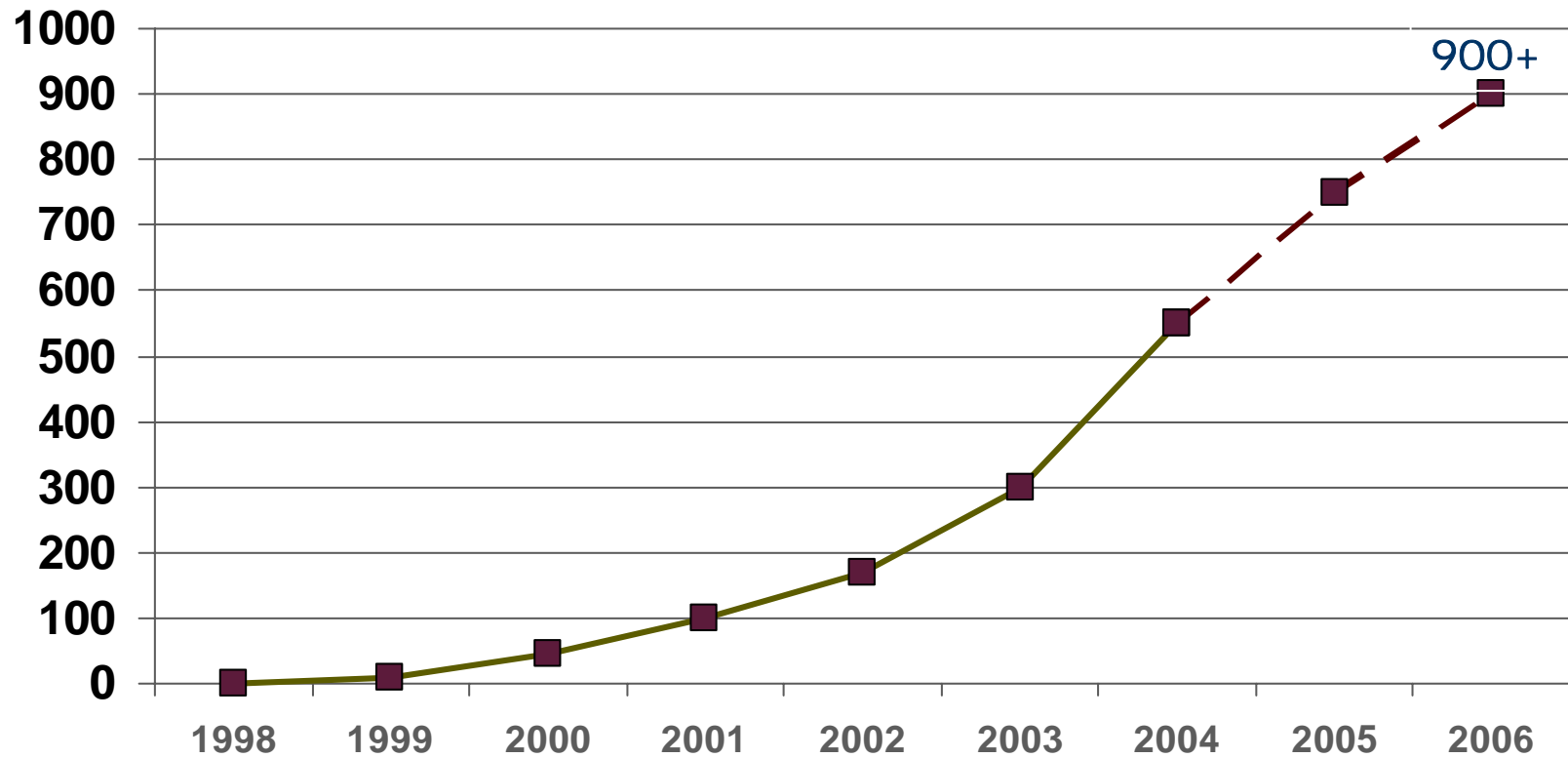
.....Ripe for GRI

# GRI Timeline



# GRI Uptake

Today: 900+ officially registered reporters  
from 60+ countries



# Research questions

- How did they accomplish so much?
- What framings and other tactics?
- Lessons about creating new institutions based on multistakeholder consultation?
- Part 2: Institutional characteristics
- Part 3: Cross-country comparisons

# Founders' Vision 1: **the product**

- "Assure access for all stakeholders to standardized, comparable, consistent information akin to corporate financial reporting"... on three areas of impacts
- Harmonize-clarify concept of "triple bottom line"

# Founders' Vision 2: **the process**

- “Living” Guidelines for the users, of the users, by the users
- Put in place Self sustaining multistakeholder process for
  - Evolving the Guidelines G1.....Gn
  - Preparing reports
- Create mechanism for:
  - Institutionalizing discourse
  - Enlisting-acculturating new participants
  - Building consensus on norms of conduct and rules of accountability
  - Creating societal expectations

**De facto, create a new institution and facilitate social learning**

# Formidable Challenges

- Business participation
- Bring everybody to table
- Work within existing system
- Get funding
- Access to intellectual-organizational resources
- Build for the future
- Stay ideologically independent
- Specify social performance indicators

# Institutional entrepreneurs

Levy and Scully 2007; Maguire and Hardy 2006; Fligstein 1997/2001;  
Etzion/Ferraro 2006; others

- Spot instabilities in existing institutional field
- Frame individual problems as widely shared
- Offer solutions which serve all interests
- Reduce uncertainty
- Mobilize resources from existing field actors

# Three dimensions of tactics

- Discursive: framing
- Material: tapping into material/intellectual resources
- Charismatic: articulating vision and mission

# Framing

- **Problem framed instrumentally**
  - Overload of unusable information
  - Excessive demands for information
  - Ill defined “triple bottom line” concept
- **Solution framed instrumentally**
  - Efficiency gains for all
  - Win-win solution for all
  - Familiar (financial) language reduced uncertainty
  - Achievable objectives
- **Avoided discussions of core values**

# Individually tailored messages

- Companies: communicate to outside
- NGOs: empowered by information
- Accountants: improved tool
- Financial markets: improved tool for risk assessment
- Labor: opportunity for agenda setting
- Foundations: social change agent

# Resources: material & intellectual

- Inclusive multistakeholder participative process
- Internet based
- Diverse working groups: international producers and users

# Charismatic

- Nurtured sense of historic moment
- UNEP's participation
- Social movement toward new form of mutual engagement...new form of accountability
- Guidelines as widely shared public good

# The balancing act in nutshell

- Individual vs. collective interests
- Bold vision vs. attainable instrumental goals
- Building new vs. not challenging old
- Ideological independence vs. resource-driven dependency
- Comprehensiveness vs. efficiency

# Trade-offs and their consequences

- Tailored promises to participants  
Unrealistic expectations...Efficiency gains slow to materialize
- No discussion of core values  
Unresolved tensions.....No deep learning...Weak shared vision...Weak sense of common enterprise among all key stakeholders (NGOs, labor)
- Instrumental framing - Vision partially articulated  
GRI judged only on product...Not on process....Platform for discourse not valued
- Universal access and public good ...No financial stability...Efforts to market the brand threatens openness

# That said...GRI Legacy so far..

- Created language for communicating sustainability performance
- Clarified concepts (social impact)
- Demonstrated that multistakeholder consensus can be reached on sustainability performance
- Institutionalized discourse around G3-G4...-G10
- Made multistakeholder process the norm (ISO 26,000)

This case exposes...  
...the fundamental dilemma of  
entrepreneurs who seek to develop  
institutions based on multistakeholder  
consultation

Question:  
Can we have public good without public  
funding?

# Preview of Part 2

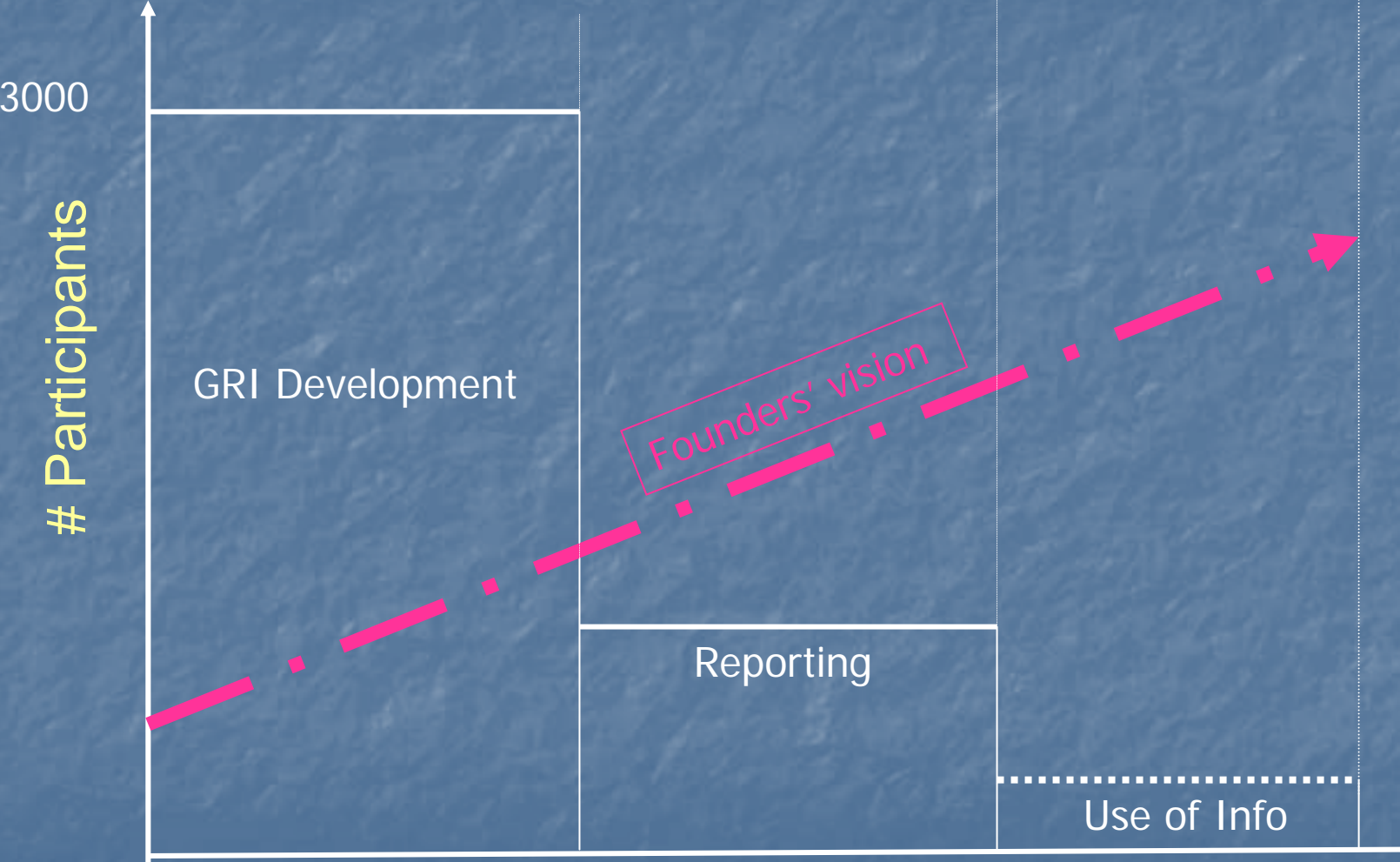
# Indicators of Institutionalization

- System of shared beliefs in how to play the game
- Validated widely shared standards of behavior
- Discipline -- responsibilities – rewards -- sanctions
- Mutual awareness of common enterprise
- **Common language**
- **Increased interactions among participants**
- **Uptake of GRI by companies**
- **New practices in existing organizations**
- **New firms, organizations emerge**
- **New professions emerge**
- Visible on public agenda
- **Influential supporters and critics**
- New competitive pressures around participation and performance

# The GRI Cycle



# Intensity of Participation in the GRI Cycle



# Initial beliefs revisited

- Societal actors want standardized commodified information about company performance
- They will use it to pursue their agenda