



AN INTELLIGENCE SERVICE FROM FOREVER SUSTAINABLE | ISSUE #19

SUSTAIN ABILITY *BRIEFING*

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FOREVER

THIS IS
THE SIGN
YOU'VE BEEN
LOOKING FOR

Time to Rethink

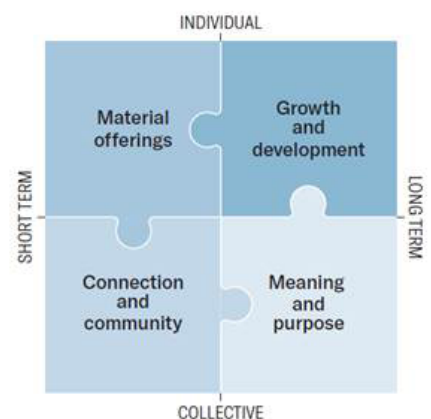
the Employee Value Proposition

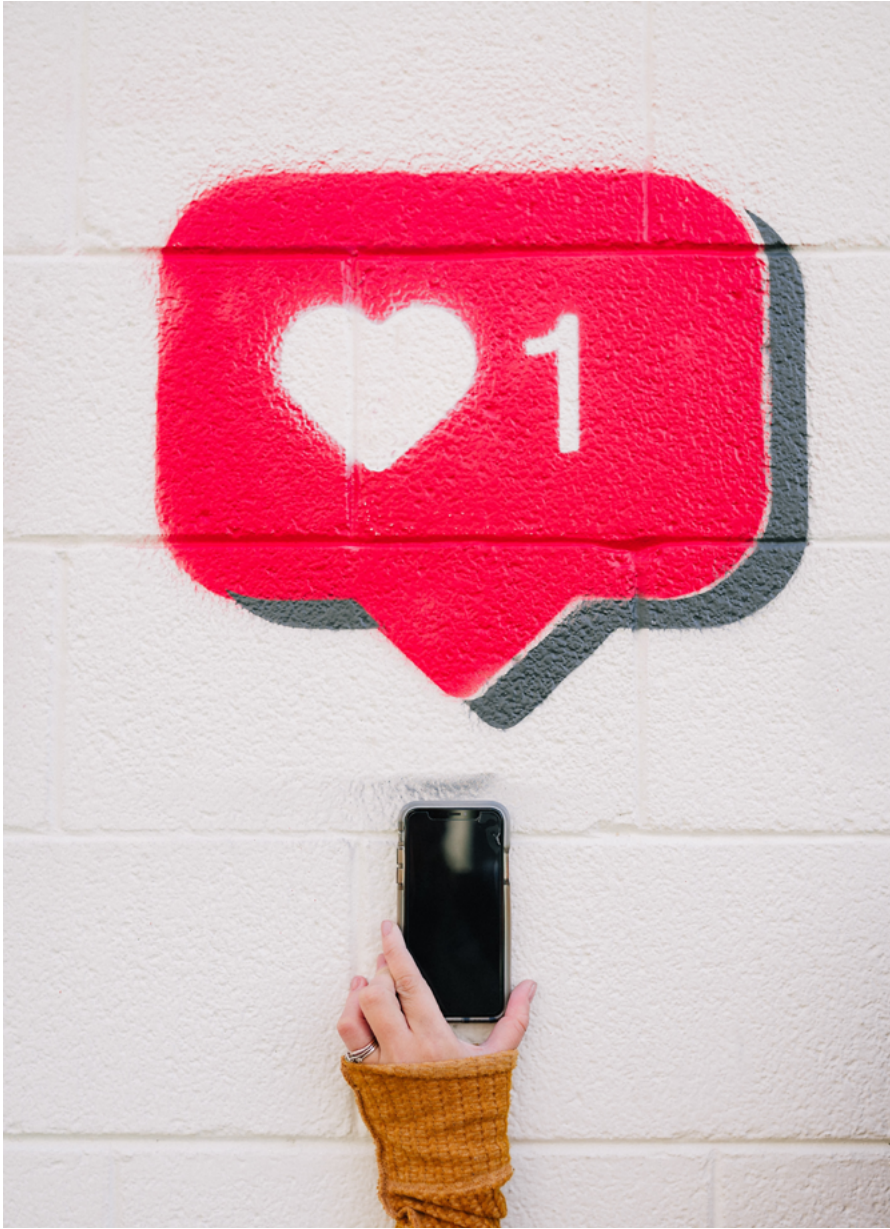
»» IN A COVER story in Harvard Business Review a new way to integrate sustainability into the Employer Brand is suggested. The Employee Value Proposition needs to be expanded beyond flexibility, pay and development opportunities. These are easy for other companies to imitate and will only have short term effect on employee retention. It is argued that a company also needs to be clear about the purpose and “the organizations aspirational reasons for being” which should be “aligned with the employees desire to improve local and global society”, the authors from Harvard Business School and Insead write. They present a model

of four parts. Except for Material offerings and Opportunities to grow also Connection & Community and Meaning and Purpose should be part of the EVP. The first one is the importance of a culture that nurtures social relationship, joint accountability and belonging. The second is about answering the question of “why employees do the work they do”. ■



SOURCE: Rethink Your Employee Value Proposition (hbr.org)
<https://hbr.org/2023/01/rethink-your-employee-value-proposition>





CSR

equals financial value creation

»»» RESEARCHERS IN A STUDY

provide another confirmation that Corporate Social Responsibility drives financial value. In a review study of another 50 studies from 1984 to 2021 of the correlation they found support for this thesis. They claim that CSR directly impacts a company's financial performance. But not only that, the correlation become more significant as the ESG scores improve. ■



SOURCE: The impact of social responsibility on corporate financial performance: A systematic literature review - Coelho - Corporate Social Responsibility and Environmental Management - Wiley Online Library (oru.se) <https://onlinelibrary.wiley.com/doi/10.1002/csr.2446?af=R>



DIDER WEEMAELS

Attract Generation Z via Sustainability

»»» A COMPANY'S ACTIONS

connected to sustainable development increases the motivation of candidates from Generation Z to apply for a job there. It is even more so for female candidates and especially when it comes ecological sustainability. This was the result of a study covering 290 students at Polish universities, where these correlations were statistically found. The authors argue that companies must consider more

factors within sustainability when it comes to the Employee Value Proposition (EVP), especially if they want to attract female talents. ■



SOURCE: Sustainability | Free Full-Text | Employer Branding in the Context of the Company's Sustainable Development Strategy from the Perspective of Gender Diversity of Generation Z (mdpi.com) <https://www.mdpi.com/2071-1050/13/2/828>



Advantages with B-corp

»» COMPANIES WITH A B-corp certification can easier hold on to the corporate mission over time. The certification also helps the implementation of the mission in the organization. It supports human resource management in recruitment and employee engagement processes. This prevents mission drift, where competing internal logics make the mission unclear. The certification also helps finding investors that relate

with the mission of the company. These are findings of an interview study of 13 certified Belgian and Dutch companies. B-Corp is a certification for companies that demonstrate high social and environmental performance. The movement advocates legal forms for companies with dual missions, which give increased importance to many stakeholders and not only the shareholders. ■



SOURCE: Mission alignment with employees and financiers: Probing into the workings of B Corp certification - Paelman - Corporate Social Responsibility and Environmental Management - Wiley Online Library (oru.se)
<https://login.db.ub.oru.se/login?url=https://onlinelibrary.wiley.com/doi/10.1002%2fcsr.2440>

ESG champions left Russia quickly

»» COMPANIES THAT SCORE high on ESG rankings were fast to leave the Russian market when Russia attacked Ukraine. While companies with lower ESG scores had an increased likelihood of keeping the Russian operations unchanged. Also, these companies that had the higher ESG scores had a less negative stock market reaction following their complete exits, compared to other companies. This is the result of a study of firms' decisions to stay or leave

the Russian market amid the invasion of Ukraine. Researchers used the Yale SOM list of companies that had left or not left Russia due to the war during the spring of 2022 covering in total over 500 firms decisions. ■



SOURCE: <https://www.sciencedirect.com/science/article/pii/S0165176522002026>

Double value destruction at toxic companies

>>> COMPANIES THAT ARE known for having a history of sexual harassment accusations perform worse in the stock market, according to a study. Researchers have studied online employee job reviews to identify low-profile harassment incidents as indicators of a toxic working environment. This was correlated to stock market performance of the companies relative peers. The study confirms earlier claims that that workplace sexual harassment has significant negative psychological and personal consequences, also making employees facing harassment suffer reduc-

tions in productivity and also affecting the company performance negatively. Not only do individuals suffer, but also the financial value creation itself. Hence, companies have every argument to invest in fighting harassment. ■



SOURCE: How Much Does Workplace Sexual Harassment Hurt Firm Value? | SpringerLink
<https://link.springer.com/article/10.1007/s10551-023-05335-x>

How much DEI do you have?

»» IN WHAT STAGE is your work with Diversity, Equity and Inclusion? This is something a piece in Harvard Business Review tries to answer by providing a 5 step scale of DEI. It is in the wording of the article: Aware, Compliant, Tactical, Integrated, and Sustainable. The author, professor Ella F Washington from Georgetown University emphasize that working with DEI is a long term process and warns against jumping to quickly in her model. She writes: *“making big moves before it has the right culture and structures in place is likely to fail, leaving marginalized employees and customers no better off and giving companies a reputation for hollow promises”*. ■

Which of the following statements best describes your company's approach to diversity, equity, and inclusion?



HBR



SOURCE: The Five Stages of DEI Maturity (hbr.org)
<https://hbr.org/2022/11/the-five-stages-of-dei-maturity>



Sell-side analysts believe in ESG

»» IN A MAJOR study of sell -side analysts (at brokerage firms) their view on ESG is analyzed. An important finding is that the analysts do recognize a premium in valuation for firms more engaged in ESG transparency. Also, after the Paris agreement this premium is driven by Environmental disclosure, in addition to Governance disclosure that were the main value driver earlier. Hence, companies that align with the road to net zero seems to be rewarded by the finan-

cial markets. “ESG disclosure is a strategic tool for firms to create value.”, the authors write. The study was covering the largest 3000 US listed firms between 2012 and 2020. ■



SOURCE: The impact of the ESG disclosure on sell-side analysts' target prices: The new era post Paris agreements - ScienceDirect
<https://www.sciencedirect.com/science/article/abs/pii/S0275531922002136>



Transparency and Sustainability Reports in focus

»»» **IN A SPECIAL SECTION** in California Management Review transparency and sustainability reports are being discussed. Here a more expansive approach is argued for, including other channels except for the report itself. This includes for example "data visualization and placement, stakeholder-driven interactive content, and multi-media and immersive content". This to increase trust and authenticity. Today "few organizations reap the transparency benefits they promise", authors argue. In another article the materiality analysis is discussed, and the subjective character is stressed. Different definitions of materiality is given and a model of six steps to follow when doing a materiality analysis is presented. Authors are urging companies not "only focus on selecting win-win scenarios, but also on tensioned topics, which indicate material societal impact but lack a business case". ■



SOURCE: Materiality Assessment Is an Art, Not a Science: Selecting ESG Topics for Sustainability Reports | California Management Review (berkeley.edu)
Do Not Forget the "How" along with the "What": Improving the Transparency of Sustainability Reports - Samuel Tang, Colin Higgins, 2022 (sagepub.com)
<https://cmr.berkeley.edu/2022/11/65-1-materiality-assessment-is-an-art-not-a-science-selecting-esg-topics-for-sustainability-reports/>

Diverse and engaged companies publish GRI reports

»»» **IN A LARGE STUDY** of European and American companies, factors influencing GRI-reporting was studied. It was shown that some companies were more likely to publish a GRI report. It was those with gender diverse boards and companies that engaged a lot in CSR networks like UN Global Compact and with standardizing organizations like ISO. On the opposite, companies with many dependent directors in the board (belonging to management or controlling owner)

and companies with CEO duality (being both CEO and Chairman at the same time) were less likely to publish a GRI-report. The sample covered about 1000 companies in the two indices during 2019. ■



SOURCE: Determinants of Global Reporting Initiative report: A comparative study between USA and European companies - ScienceDirect
<https://www.sciencedirect.com/science/article/pii/S2352550922003104>

ABOUT US

FOREVER SUSTAINABLE

We are a Scandinavian hybrid consultancy and think tank focusing on sustainable business and Shared Value.

SUSTAINABLE BUSINESS QUARTERLY REPORT

An intelligence service for executives engaged in sustainability, CSR and the future of business.

IN COOPERATION WITH:

Center for Sustainable Business, CSB, Örebro University.

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