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"GRI - Corporate Sustainability and Reporting for Competitive Business Programme in Peru"

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Executive summary

The effects of climate change are a growing concern, and identifying solutions is urgent for sustainable development. Most of the impacts on natural resources are found within the supply chain, which typically comprises small and medium-sized enterprises (SMEs). For these reasons, sustainability reporting is a crucial instrument for SME management, as it allows companies to identify and manage the social, environmental, and economic impacts of their activities. In recent years, initiatives such as the Corporate Sustainability and Reporting for Competitive Business (CSRCB) Programme implemented by the Global Reporting Initiative and funded by the Swiss Cooperation SECO aim to reduce supply chain impacts and increase SMEs' competitiveness through sustainability reporting. In this context, this document aims to present the case study on implementing this programme in Peru as an effective and impactful Leadership and Development (L&D) intervention among partner organisations. Since 2018, more than 1,100 SMEs have been sensitised and trained on how to do sustainability reporting regarding the program's overall results. 568 SMEs from 16 departments published more than 800 sustainability reports in the four years of program implementation. It has been revealed how SMEs adopt sustainability reporting as a management tool to improve competitiveness. CENTRUM PUCP also contributed to implementing workshops for 140 participants, seminars attended by 370 people, online courses for 500 participants, a conference for 800 people, and the sensitisation and training of 127 journalists through online courses. Another significant result was the involvement of professors and more than 100 MBA students in the program. The consultancy diagnosis result allowed the identification of SMEs' challenges and opportunities by linking them to the GRI standards and the Sustainable Development Goals (SDGs). In this way, the case study shows the contributions of a L&D intervention among partner organisations. At the same time, it reinforces that the GRI content is useful to improve the management of companies, and at the same time, contribute to the SDGs, also benefiting society.
1. Introduction

Environmental concerns with global warming and the effects of climate change are a growing concern, and it is becoming urgent to identify solutions for sustainable development (De la Vega Hernández and Barcellos de Paula 2020). Most of the impacts on natural resources are found within the supply chain, which typically comprises small and medium-sized enterprises (SMEs) (Bové and Swartz 2016). On the other hand, in 2018, SMEs contributed one-fifth of Peru's gross domestic product, while they also accounted for 94% of all exporting companies. Harnessing the economic potential of these companies is essential to ensure Peru's continued growth (Global Reporting Initiative 2020).

For these reasons, tools such as sustainability reports are critical instruments for SME management. They allow companies to identify and manage their activities' social, environmental, and economic impacts, reduce risk, and increase competitiveness. The reporting exercise enables the organisation to differentiate itself in the market and define a competitive strategy based on shared value, contributing to the Sustainable Development Goals (SDGs) achievement (United Nations 2018).

In this line, initiatives such as the Corporate Sustainability and Reporting for Competitive Business (CSRCB) Programme implemented by the Global Reporting Initiative (GRI) and financed by the Swiss State Secretariat for Economic Affairs (SECO) have been observed in recent years, which seek to reduce the impacts on the supply chain, and at the same time, increase the competitiveness of SMEs through sustainability reporting. The Programme is present in Colombia, Ghana, Indonesia, Peru, South Africa and Vietnam (Global Reporting Initiative (GRI) 2016) (see Figure 1).

The main focus is to include sustainable development in the management of SMEs through the GRI standards. As a result, SMEs apply management knowledge, increase productivity in the value chain, contribute to sustainable development, and report their progress through the GRI Guidelines. CENTRUM PUCP's intervention in the Programme was in the specific area of learning and development with workshops, data processing, research papers and case studies, work with MBA students, presentation of findings with the processed data, review of the implementation of the Programme in Peru, and sensitisation of journalists.
In this context, this paper aims to present the case study on the CSRCB Programme in Peru as an effective and impactful Leadership and Development (L&D) intervention among partner organisations. This document is organised into five parts. First, the challenges of the initiative are presented. Second, commitment is demonstrated. Third, the L&D Initiative is presented. Fourth, the impacts are shown. Finally, the conclusions are offered.

2. The Challenge

On the part of GRI, the Programme’s main challenges are increasing the productivity and competitiveness of participating companies, generating jobs, and contributing to better integration of SMEs in global value chains through sustainability reporting. In this sense, CENTRUM PUCP was invited by GRI in 2018 to contribute to the Programme and be aware of its social responsibility as a business school; the decision was made to collaborate to fulfil the challenges set out.

The contributions as an academic institution were in the specific area of learning and development, and two challenges were identified. The first challenge relates to the transfer of knowledge and its application by SMEs in implementing sustainability reporting effectively. These challenges lie mainly in the group’s heterogeneity and geographical location, as the participants have quite different educational backgrounds and are located in other provinces of Peru. Several teaching tools were used to reach the desired achievements and overcome the challenges, such as face-to-face workshops, materials
development, online courses, and consultancies. As learning methodologies, group dynamics, case studies, and practical exercises were used. As a result, SMEs actively participated in the courses and applied the learnings appropriately, as attested in sustainability reports.

The second challenge was to get teachers and students involved in the Programme. The first awareness-raising strategies were to invite some professors to attend the first GRI workshops, bring GRI Peru's director to meet them at CENTRUM PUCP, and ask them to participate in the activities. Concerning MBA students, meetings were held to present the Programme and invite them to participate. As a result, the involvement of seven professors and more than 100 MBA students was achieved.

Regarding the implementation process, it all starts when implementing partners and anchor companies invite their suppliers (SMEs), which belong to a local cluster, to participate in the Programme. In 2018, the Programme started in Peru with 72 SMEs, and by 2020, there are almost 1,000 SMEs and more than 30 anchor companies. As indicated by (Global Reporting Initiative 2020), "The implementation of the programme in Peru has led sustainability reporting to move from being a niche practice among large companies to a critical practice adopted by companies of different sizes and sectors around our country". In the same vein, it is verified that SMEs' immense adherence to the Programme has strengthened the importance of reporting and transparency among various stakeholders, such as government agencies, companies, international organisations, and society.

The Programme is structured through various training and capacity building activities such as workshops, seminars, consultancies and online courses. The Programme also creates spaces between different actors in society to formulate private or public policies that encourage sustainability reporting as a transparency practice. Also, the Programme promotes the use of sustainability reports for decision-making by key actors in society. The two primary target users of the Programme were university students and journalists. In that sense, significant efforts have been made to raise awareness among university students and journalists by working with programme partners such as the International Finance Corporation (IFC) and CENTRUM PUCP, as attested by GRI Peru (Global Reporting Initiative 2020).

In summary, the challenges were overcome by an adequate commitment and involvement of stakeholders, in this case, representatives of SMEs and GRI, professors, and
students of CENTRUM PUCP. This cohesion is also due to the transparency in communication which was always open and participatory.

3. The Commitment

The success of the L&D initiative in supporting the CSRCB Programme has been the commitment of all parties involved, such as GRI and SECO, SMEs, anchor companies, professors and students. In 2018, CENTRUM PUCP signed a collaboration and engagement agreement with GRI to support the Programme.

Considering the complexity of working initially with 72 SMEs, with heterogeneous groups and in different geographical locations, the parties involved' commitment was essential for the Programme's success. For the SMEs, this commitment can be seen in their attendance at events, implementation and improvements in management, and the elaboration of sustainability reports.

Finally, as we deal with consolidated organisations such as GRI and SECO, this alliance is guaranteed from the beginning of the partnership's sustainability and balance. The Programme continues in full force even in the pandemic period.

4. The L&D Initiative

CENTRUM PUCP’s intervention in the Programme was learning with workshops, data processing, research papers and case studies. Also, work was carried out with MBA students, exposition of findings with the processed data, review of the Programme's implementation in Peru, and sensitisation of journalists. Progress indicators for these initiatives were the number of events held, people trained, MBA theses and companies assisted by the students, professors and students involved. The measurement of learning was captured by implementing the SMEs' actions and the number of reports made annually. The main R&D initiatives are presented below.

The first R&D initiative was the development and conduct of the practical workshops; the main objective was to train SMEs on sustainability management. Three training workshops were conducted on sustainability and economic performance, stakeholder management, and a consolidated seminar on the whole Programme in 2018.
Various learning methods were used, such as case studies and the “World Café” dynamic (Brown and Isaacs 2005).

The World Café methodology is a tool for structuring a discussion around pre-prepared questions to allow for the most meaningful interactions between participants and facilitate conclusions. In a World Café, the focus is on issue exploration and innovation rather than problem-solving. The format is primarily designed to serve as a forum for creative and open-ended thinking and is not suitable for scenarios with a predetermined answer or solution.

In this sense, the author was invited by GRI Peru to conduct this dynamic with the 72 SMEs (see Figure 2). At the beginning of the workshop, the professor reviewed the main topics presented in previous training conducted by other specialists. Issues such as corporate governance (GRI 102-18), economic performance (GRI 201) and anti-corruption (GRI 205) were reviewed. Specific environmental content such as energy (GRI 302) and materials (GRI 301) were also explained. Finally, specific social contents such as employment (GRI 401), occupational health and safety (GRI 403), training and education (GRI 404) and diversity and equal opportunities (GRI 405) were addressed. After the theoretical part, the lecturer used three guiding questions to gauge the SME representatives’ perception: i) Why is it important for SMEs in Peru to manage this issue? ii) How can an SME address this issue? Moreover, iii) How does the report help in this process?

Figure 2. Workshop with SMEs in Peru. Source: Luciano Barcellos de Paula (2018).
The exercise aimed to find out the participants' views and experiences in preparing their company's sustainability report and, in particular, the impacts of the process on the specific SME in which they were working. A representative of GRI Peru and another teacher took down all the participants' opinions during the exercise. Recorded interviews were also conducted with some SME representatives. GRI Peru conducted these evaluations between September and October 2018, and the data were shared for this case study. For the analysis of the evaluation data, the texts were grouped with three similar themes and assigned a category name (or code) to identify the general themes and sub-themes related to SMEs' experiences and impacts.

The workshop's qualitative results indicate that, firstly, the sustainability reporting process enabled SMEs to improve their strategic vision by facilitating a deeper understanding of the company's internal and external context (including strengths, weaknesses, opportunities and threats). Secondly, sustainability reporting strengthened the relationship between the SME and its respective lead companies, facilitating closer communication between them and helping the SME to develop a reputation with the lead companies as a sustainable supplier. Finally, the Programme helped SMEs to generate greater competitiveness and access to new markets.

The second R&D initiative was the development of learning materials for sustainability reporting conducted in 2019. These learning materials supported SME representatives to improve their understanding and report their sustainability performance and impact. The materials address topics such as the sustainability context, the technical part of the GRI Standards, and practical tips and examples on how best to report.

Another R&D initiative was the Conference “The road to a more competitive Peru” held on 4 June 2019 at CENTRUM PUCP's premises (see Appendices A1 and A2). Several topics related to sustainability and reporting were addressed. Also, the 300 SMEs were recognised for preparing their reports. The event was attended by the Executive Director of GRI and was attended by 800 people. In the same vein, a press conference was held at Diario Gestión on 28 June 2019 on the topic “Sustainability: the new challenge for large companies and their suppliers”. The press conference was attended by representatives of GRI, SECO, CENTRUM PUCP, and anchor companies (see Appendix A3).

The production of five online courses was another R&D initiative developed in 2019. Each class lasted approximately 90 minutes linked to GRI standards such as Governance
Structure (102-18), Anti-Corruption (205), Human Resources (102-8-Employee and Other Workers Information, 401-Employment, 404-Training and Education), Occupational Safety and Health (403), Optimal Resource Management (301-Materials, 302-Energy, 306-Sources and waste). Five professors from CENTRUM PUCP participated in this work, which indicates the teaching staff's involvement in the Programme. These courses were recorded and attended by 500 SME representatives.

Of particular note was the sixth R&D initiative with the implementation of a planning and engagement workshop held on 13 September 2019 in the CENTRUM PUCP auditorium. Two professors led the event and were attended by 300 SME entrepreneurs participating in the GRI Competitive Business Programme in Peru. The main objective of the initiative was to guide SMEs in planning their actions for 2020. The event included two awareness-raising and orientation presentations, followed by electronic questionnaires to establish the activities' commitment and timeline. The results were sent to GRI Peru and then reviewed by each participating SME (see Appendix A4).

The R&D initiatives also involved MBA students in 2019 and 2020. In this case, students carry out research projects linked to the Programme through their master's theses, generating new knowledge that can benefit both the SMEs participating in the Programme and society. The theses include specialised management consultancy services and are carried out under the academic supervision of the professors. As an indicator of the quality and reliability of the data analysed, the theses go through a rigorous quality process. They are presented in a public event so that the juries can deliberate their decision. So far, 27 groups, represented by 108 MBA students, have participated in this initiative, and 15 theses have already been accepted (see Appendix A5).

The main results of the consultancy diagnoses were the lack of implementation of procedures and policies in various areas, concentration of power in decision-making, low inclusion of sustainability in management, insufficient capacity to innovate, the need to diversify and increase the number of clients, and to improve staff training and capacity building. The diagnoses also indicate the problems and possible solutions linked to the GRI standards. The proposed actions, once implemented, will contribute to the achievement of the Sustainable Development Goals.

Regarding the workshop to raise awareness and train 127 journalists in Social Responsibility and Sustainability, it was an R&D initiative with the following objectives: (i) To
train on the concepts of social responsibility and sustainability, as well as on various tools that enable their implementation and business management, including sustainability reporting. (ii) To raise awareness of social responsibility's relevance and performance in companies and organisations as useful business management tools. (iii) To train in the basic principles of narrative journalism with new tools such as storytelling. Generate a positive impact on the brand of both partner organisations. The five courses were taught voluntarily by five CENTRUM PUCP professors from 1 August to 5 September 2020 through the digital platform.

Finally, the last R&D initiative highlighted was participation in elaborating the publication “GOOD PRACTICES FOR SUSTAINABILITY IN PERUVIAN MSMEs. Case study: The Competitive Business Programme”. The document was published and elaborated by GRI, with the support of SECO, in alliance with CENTRUM PUCP, Ernst & Young, Grupo RPP, Libélula, Metropolitan Municipality of Lima, Peru 2021, and Promperu (Global Reporting Initiative 2020). The publication was launched on 3 December 2020 and shares more than thirty cases from SMEs (see Appendices A6 and A7).

These cases are related to improvements in approach, measurement, organisational management and communication of results. It is an important document that shows Peru's Programme's development and the results achieved in different sustainability contents such as anti-corruption, materials, waste, occupational health and safety, diversity and equal opportunities, and local communities. Furthermore, the document serves as a source of consultation and guidance for acceptable practices. At the same time, it motivates the inclusion of new SMEs and the Peru programme's continuity.

5. The Impact

To measure the impact of L&D initiatives, quantitative and qualitative indicators were used, such as the number of events held, reports produced, people trained, number of MBA theses and companies assisted by the students, teachers and students involved. At the qualitative level, it was possible to know the participants' perception in the workshops, the implementation of the actions by the SMEs, and the consultancies' diagnoses.

According to GRI, in four years of programme implementation, more than 1,100 SMEs have been sensitised and trained on sustainability reporting since 2018. 568 SMEs
from 16 departments published more than 800 sustainability reports. In 2020 alone, Peru experienced a 25% growth in the number of published reports with 408 reports, despite more than 100 days of mandatory quarantine during a global pandemic (Global Reporting Initiative 2020).

The Programme's success was the constant adaptation of the Programme to stakeholders and beneficiary companies' needs, and this led to the design of the Continuous Improvement Cycle. A process that started with the approach and measurement of impacts up to the sustainability report's publication. Subsequently, all companies that met the requirements joined the Programme's community of graduates, where the management and communication of results were worked hand in hand with partner organisations. All this took place over a year and was repeated year after year.

On a practical level, the Competitive Business Programme enabled the development and strengthening of local clusters, product improvement, access to new markets, and redefined productivity in the value chain. CENTRUM PUCP also contributed with two workshops for 140 participants, two seminars attended by 370 people, five online courses for 500 participants, one conference for 800 people, and the sensitisation and training of 127 journalists through five online courses. Another important outcome was the involvement of seven professors and more than 100 MBA students with the Programme.

The workshop's perceived impacts indicate that the sustainability reporting process enabled SMEs to improve their strategic vision, strengthened the relationship between the SME and their respective anchor companies, and helped SMEs become more competitive and access new markets.

The consultancy diagnostics outcome identified SMEs' challenges and opportunities by linking each of the solutions to the GRI and SDG standards. In this way, the case study reinforces that the GRI contents are useful to improve the management of companies, and at the same time, contribute to the SDGs, also benefiting society.

6. Conclusions

As opportunities and challenges, it can be highlighted that SMEs are receiving support and training to strengthen management and respond to the problems identified. On the other hand, sustainability reports serve as a critical management tool. They allow to
identify and manage the social, environmental and economic impacts of activities, reduce risk and increase competitiveness. Also, the reporting exercise enables the organisation to define a competitive strategy based on shared value and the ability to innovate, contributing to the SDGs' achievement.

The success of the L&D initiative in supporting the Competitive Business Programme has been the commitment of all parties involved, such as GRI and SECO, SMEs, anchor companies, professors and students.

In synergy with the GRI, CENTRUM PUCP, through the L&D initiative, promotes and contributes to the achievement of sustainable development in Peru to foster better integration of SMEs in global value chains the development of more detailed and sector-specific sustainability reports.

References


Appendices


Appendix A2. “The road to a more competitive Peru” (2019).

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Appendix A5. Examples of MBA’s thesis.


