國際學碩士學位論文

# How to Measure Creating Shared Value (CSV): From Corporate Social Responsibility (CSR) Indices to CSV Index

어떻게 공유가치창출을 측정하는가?:

CSR 지수에서 CSV 지수로

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# How to Measure Creating Shared Value (CSV): From Corporate Social Responsibility (CSR) Indices to CSV Index

A thesis presented by

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A dissertation submitted in fulfillment of the requirements
for the degree of Master of International Studies
in the subject of International Commerce

Graduate School of International Studies
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Seoul, Korea

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**How to Measure Creating Shared Value (CSV):**
**From Corporate Social Responsibility (CSR) Indices to CSV Index**

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# Abstract

**How to Measure Creating Shared Value (CSV):**

**From Corporate Social Responsibility (CSR) Indices to CSV Index**

The purpose of this research is to improve the existing tools used to measure global companies' corporate social responsibility (CSR) by creating a new framework to measure CSV. The new framework consists of the two dimensions from Moon et al.'s (2011) typology of corporations: "ethics" and "strategy." The "ethics" dimension consists of: (1) Governance, (2) Workplace, (3) Society, and (4) Environment and climate change. The "strategy" dimensions comprises of Moon et al.'s (2011) extension of Porter and Kramer's Creating Shared Value: (1) Defining core competence, (2) redefining productivity in the value chain, (3) reconceiving comprehensive targets, and (4) enabling local or global cluster development. The research concludes with a case study analyzing the 2010 top 10 Fortune 500 U.S. companies' CSR and CSV activities against the new framework.

**Keywords:** Creating Shared Value (CSV), Corporate Social Responsibility (CSR), CSR Indices, ethics, strategy, smart corporation

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# 1. INTRODUCTION

The concept of corporate social responsibility (CSR) is widespread in today's business world. The World Council for Sustainable Development defines CSR as "the continuing commitment to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large" (World Business Council for Sustainable Development, 2008). CSR has gained particular interest among businesses because companies are increasingly perceived to make profit at the expense of the society or the environment, and therefore, are expected to make up for it.

Companies therefore have become gradually more interested in implementing CSR because of three major reasons. First of all, companies now face more pressure than ever by the government to be socially responsible. Starting from the 1970s, governments have been deregulating and privatizing large business sectors, such as telecommunications, electricity, water, oil, and banking (Boston College Center for Corporate Citizenship, 2010). As governments transfer their control over these sectors to private companies, they demand that these companies remain socially and environmentally responsible. Secondly, non-governmental organizations (NGOs), international organizations, customers, and even financial institutions, are attempting to ensure that private

companies tackle sustainability issues. Third, due to globalization, companies' actions have greater impacts on the society and people's daily lives.

As a result, CSR has become a "must do" in order for companies to survive and remain competitive. Due to an increasing interest in CSR, the number of sustainability reports has also increased. According to CorporateRegister.com, the number of CSR reports has increased from 26 reports in 1992 to more than 3,000 reports in 2008 (Boston College Center for Corporate Citizenship, 2010) and over 5,500 reports in 2011 (Forbes, 2012). This trend has continued, particularly with the aid of the Internet. Consumers, activists, and NGOs are not only more informed about the final products produced by the companies, but they are also more interested in the process of *how* the products are made. Job-seekers now prefer to work for companies that abide by ethical standards. Even the financial sector is taking into consideration non-financial data, such as sustainability and environmental impact, to determine the long-term performance of firms.

The increasing prevalence of CSR activities has led to the creation of CSR indices to measure and compare organizations' performance on CSR. More and more financial institutions are creating sustainability indices that serve as a benchmark for companies performing CSR activities and help inform investors on the companies' environment, social, and governance (ESG) aspects. For

instance, in 1999, Dow Jones launched the Dow Jones Global Sustainability Indexes, making it the first CSR index developed by a financial institution. Since then, the number of indices by financial institutions has increased globally.

The increase in CSR indices, however, has its limitations. One of the greatest limitations is the differing methodologies and variables assessed by each index as they provide the company's stakeholders with different rankings and reports. For example, Johnson & Johnson, a firm known for its sustainability efforts, ranks differently on five rankings when it comes to its CSR efforts. The Corporate Responsibility (CR) Magazine's 100 Best Corporate Citizens 2011 ranked Johnson & Johnson 20$^{th}$ out of 100 companies, Newsweek's Green Ranking for Global Companies ranked the company 26$^{th}$ out of 500 companies, Newsweek's Green Rankings for U.S. Companies ranked it 6$^{th}$ out of 500 companies, the Boston College Center for Corporate Citizenship's 2011 Corporate Social Responsibility Index (CSRI) ranked it 11$^{th}$ out of 50 U.S. companies and the ETHISPHERE's 2011 World's Most Ethical Companies did not even include it on its list. Table 1 shows the differences in the criteria used by each report. The differences in rankings show that existing CSR indices can be misleading due to the differences in methodologies and variables used. However, the greatest limitation of these CSR indices is their focus on

measuring how "good" corporations are, instead of measuring how "smart" corporations are[1], which leads to the question that this research will attempt to answer: *How can we improve the existing CSR indices to provide a better performance measure?*

[Table 1 goes about here]

[1] The concepts of "good" and "smart" corporation are from Moon, Parc, Yim, and Park's (2011) "typology of corporations." The four types of corporations are: (1) Stupid Corporation, (2) Selfish Corporation, (3) Good Corporation, and (4) Smart Corporation (Moon et al., 2011).

## 2. LITERATURE REVIEW

The concept of CSR is widespread and its meaning has evolved throughout the years. For instance, in 1970 Friedman stated that "the social responsibility of business is to increase its profits" and that only individuals and not businesses have social responsibilities. According the Friedman, 'there is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception of fraud" (Friedman, 1970). However, in recent years, as stated by the World Council for Sustainable Development, the definition of CSR has changed to one that emphasizes helping society and "doing good." In 2011, Porter and Kramer conceptualized the next evolution of capitalism: the concept of creating shared value (CSV). Shared value is defined as "corporate policies and practices that enhance the competitiveness of a company while simultaneously advancing social and economic conditions in the communities in which it operates" (Porter, 2011). In order to better understand the concept of CSV, it is important to review the key articles that demonstrate how CSV was developed.

The concept of creating value was first introduced in Porter and Kramer's (1999), "Philanthropy's New Agenda: Creating Value," where the authors

explained the importance for different foundations to work cooperatively and strategically to create value. In the philanthropy realm, foundations have the advantage over individual donors or governments to tackle social problems and develop expertise in their respective fields with a long term goal in mind. Nevertheless, despite the advantages that foundations have, they lack strategy. In order to address this issue, Porter and Kramer suggested four ways that foundations can create values: (1) select the best grantees, (2) signal other funders, (3) improve the performance of grant recipients, and (4) advance the state of knowledge and practice. All these mutually reinforce and provide cumulative benefits for corporations to achieve a greater impact on society.

As more and more companies engage in corporate philanthropy, the debate on whether corporate philanthropy is effective or not is growing as well. Companies have been trying to contribute to society through CSR, but their efforts have not been as productive as they could be due to following reasons. Firstly, because companies see CSR as additional costs and burdens, companies fail to see the interdependence between society and businesses. Secondly, companies see CSR in generic ways and fail to implement it into the company's overall strategy. Most of the CSR efforts of companies are cosmetic – they only aim to show customers the awards and publications to show that they care about

society's issues (Porter and Kramer, 2006).

According to Porter and Kramer (1999), companies can achieve the greatest social and economic impact with their corporate giving by finding the link between philanthropy and the competitive context[2]—knowing where to invest and understanding how their corporate philanthropy will create value. Additionally, in order to take advantage of the lost opportunities of CSR, it is essential for firms to recognize the interrelationship between businesses and societies. Businesses and society have two points of intersection: first, inside-out linkages which include how a company's value chain affects the communities where the firm operates; and second, outside-in linkages, which refer to the external social conditions that affect corporations (Porter and Kramer, 2006). Firms should focus on creating shared value—that is choosing a social issue that benefits both society and gives value to businesses (Porter and Kramer, 2006).

Porter and Kramer (2006) divide CSR into two types: Responsive CSR and Strategic CSR. The former refers to acting as a good corporate citizen and mitigating the harm caused from the value chain, which is what most companies involved in CSR are doing. The latter refers to working in both the

[2] Competitive context is defined as "the quality of the business environment in the location or locations where they operate" (Porter and Kramer, 2002) and consists of four elements: factor conditions; demand conditions; the context for strategy and rivalry; and related and supporting industries (Porter, 1990).

inside-out and outside-in dimensions to create shared values by choosing a unique position (Porter and Kramer, 2006). Strategic CSR is closer to the principle of creating shared value as it goes beyond simply "doing good," but also implements strategies that benefit society while improving a company's competitiveness.

Lastly in 2011, Porter and Kramer coined the concept of Creative Shared Value (CSV) as a "new way to achieve economic success," which is "about expanding the total pool to increase productivity and market expansion" (Porter and Kramer, 2011). Here, they defined three ways to create social value: (1) reconceiving products and markets, (2) redefining productivity in the value chain, and (3) enabling local cluster development (Porter and Kramer, 2011). Creating shared value is "not philanthropy but self-interested behavior to create economic value by creating societal value" (Porter and Kramer, 2011). Companies that successfully apply CSV will be able to have a unique positioning, meet new needs, offer new products, serve new customers, and configure the value chain in new ways.

In order to improve Porter and Kramer's CSV, an extension of Porter and Kramer's three strategies to create shared value was constructed in Moon et al. (2011). The extension consists of: (1) defining core competence, (2) reconceiving comprehensive targets, (3) redefining productivity in the value

chain, and (4) enabling local or global cluster development (Moon et al., 2011). Defining core competence, which was the newly added strategy, emphasizes the importance that companies should start their CSV activities in their core businesses. Redefining productivity in the value chain is divided into externality-driven CSV, which refers to the externalities that inflict internal costs on the firm, and internality-driven CSV. Porter and Kramer's reconceiving products and markets was extended into reconceiving comprehensive targets to include other areas besides demand conditions, where companies can take advantage of CSV. Lastly, Porter and Kramer's enabling local cluster development was extended to include global clusters based on the Cluster Stage Model developed by Moon and Jung (2010), which consists of four stages: regional cluster; regional linking cluster; international linking cluster; and global linking cluster.

Additionally, Moon et al. (2011) created a typology of corporations to better portray the concept of CSV. The four types of corporations are: (1) Stupid Corporation, (2) Selfish Corporation, (3) Good Corporation, and (4) Smart Corporation (Moon et al., 2011). All companies should eventually aim to become a smart corporation, where a business maximizes both corporate and social benefits. Selfish companies are those that achieve high corporate benefits, but are not interested in providing social benefits. Good corporations are what

many companies engaged in CSR are doing, which is focusing more on creating social benefits than corporate benefits. Finally, although there are stupid corporations in theory, they do not exist in reality since a company that has low social benefit and low corporate benefit will not be able to survive in the market place.

Although the extension created by Moon et al. (2011) addresses the limitations of Porter and Kramer's original CSV concept, there is still room for improvement. Porter and Kramer's focus mainly lies in the "strategy" dimension of CSV. For instance, their three key strategies show how companies can strategically create shared value opportunities. The academic paper by Moon et al. (2011) then extends the three dimensions into four more comprehensive strategies and more importantly, emphasizes the importance of an additional dimension "ethics," which is the current focus of CSR. Moon et al. (2011) explain that in order for a company to become a "Smart Corporation" it needs to be not only strategic, but also ethical. Moon et al. (2011) provide four strategic steps for creating shared value, which address the "strategy" dimension that a company should take into account, but do not classify the steps needed to address the "ethics" dimension in order to become a "Smart Corporation."

The purpose of this paper is to introduce a new framework to measure creating shared value by incorporating the methodology used in the current CSR indices with the existing CSV strategies. Although there are many CSR indices that measure and rank corporations' activities, they are limited. The two main limitations are that: (1) the differing methodologies and variables used in each index cause discrepancies between the results of each index and (2) the criteria used in CSR indices focus mainly on how ethical or "good" corporations are, instead of how "smart" they are. An explanation of the second limitation will be explained in detail later through an analysis of various global CSR indices. Finally, the two dimensions used in Moon et al.'s (2011) typology of corporations, "strategy" and "ethics" will serve as the basis of a new CSV index.

## 3. CRITICAL REVIEW OF GLOBAL CSR INDICES

Accurately measuring companies' CSR performance is a difficult and intricate task because of the differences between companies. The amount of environmental and social impacts varies depending on the industry sector and the country a business operates (Krut and Munis, 1998; Morhardt, Baird, Freeman, 2002; Palazzi and Starcher, 1997). The complexity of constructing a broadly accepted CSR performance measurement has resulted in the creation of a variety of CSR indexes worldwide, all which attempt to "homogenize the different aspects of CSR in each country and sector" (Giannarakis, Litinas, and Sariannidis, 2011).

This research paper makes a critical review of the methodology of different CSR performance measures to understand what the current CSR indices and initiatives are doing. These will be analyzed later to create a more comprehensive index. The six CSR indices chosen are globally recognized benchmarks; these consist of: (1) Dow Jones Sustainability Indexes (DJSI), (2) UN Global Compact (UNGC), (3) Calvert Social Index (CSI), (4) FTSE4Good Index Series, and (5) Johannesburg Stock Exchange Socially Responsible Investment (JSESRI) Index. This research will provide a brief introduction to each index below as well as its limitations.

### 3.1. Dow Jones Sustainability Index (DJSI)

The Dow Jones Sustainability Indexes (DJSI), which was first launched in September 1999 in cooperation with Sustainable Asset Management (SAM) Indexes and Dow Jones Indexes, is the first global sustainability benchmark. The DJSI consists of global and regional benchmarks, including Europe, Eurozone, Nordic, North America, United States, Asia Pacific, and Korea.

Every year, "the 2,500 largest companies in terms of float-adjusted market capitalization from all industries/sectors within the Dow Jones Global Total Stock Market Index are invited to participate in SAM's Corporate Sustainability Assessment" (DJSI website, 2011) and are then ranked within each DJSI sector based on their sustainability scores. The companies with the highest ranks within each sector are selected for the DJSI. The indices, however, exclude companies that generate revenue from alcohol, tobacco, gambling, armaments (including cluster bombs and landmines) & firearms, and/or adult entertainment (DJSI website, 2011).

The main objective of the DJSI is to "track the performance of the world's largest companies that lead the field in terms of corporate sustainability" (The DJSI World Index Guide Book, 2012) and these are assessed based on SAM's leading Corporate Sustainability Assessment (CSA) methodology. The indices analyze companies based on three main dimensions: the economy, environment,

and the society. Figure 1 shows a broad overview of the DJSI corporate sustainability criteria. Companies are reviewed using the annual SAM Questionnaire, which consists of about 100 in-depth analysis questions on economic, environmental and social dimensions. Table 2 shows an in-depth compilation of the criteria tested in the annual SAM Questionnaire.

[Figure 1 goes about here]

[Table 2 goes about here]

### 3.2. UN Global Compact (UNGC)

Although the UN Global Compact is not an index per se, as the world's largest voluntary corporate citizenship and sustainability initiative, it is relevant to this study. It was officially launched on July 26, 2000 and it has more than 8,700 participants today, including over 6,000 businesses in 135 countries worldwide (UNGC website, 2011). The UNGC states 10 universally accepted principles that cover the areas of human rights, labor, environment, and anti-corruption (see Figure 2). The UNCG aims to provide businesses with a framework to promote good corporate citizenship and encourage innovative initiatives and partnerships.

[Figure 2 goes about here]

Although the UNGC is a voluntary initiative, it has a mandatory disclosure framework, which consists of the Communication on Progress (COP). The COP requires business participants to annually communicate their progress to their stakeholders and post a copy of their report on the Global Compact's website. Companies that fail to report results in an annual basis are downgraded from an active to non-communicating participants and those that fail to report for two years in a row are de-listed and their names are published by the UNGC.

The Global Compact does not include micro enterprises—organizations with less than 10 employees—into the participant database due to administrative constraints. Additionally, tobacco companies are discouraged to participate in the initiative. Lastly, companies that are involved in industries related to anti-personnel landmines or cluster bombs, are subject to a UN sanction, or are in the UN Procurement's blacklist for ethical reasons are excluded in this initiative.

### 3.3. Calvert Social Index (CSI)

Calvert Investments, one of the largest companies in sustainable and responsible investing, created the Calvert Social Index in 2000 to measure the

performance of sustainable and responsible companies based in the United States. As in 30 June 2011, there were 656 companies in the CSI (Calvert Investments website, 2011).

The largest 1,000 companies in the U.S. included in the Dow Jones Total Market Index are selected based on total market capitalization to calculate the CSI. In order to be included in the index, companies must meet Calvert's criteria in seven areas: governance and ethics, environment, workplace, product safety and impact, community relations, international operations and human rights, and indigenous people's rights. The Calvert's Social Research Department then conducts a social audit based on the dimensions of Products, Environment, Workplace, and Integrity (see Table 3). Only the companies that meet Calvert's social criteria are included in the CSI (Calvert Investments website, 2011).

[Table 3 goes about here]

### 3.4. FTSE4Good Index Series

The FTSE Group, an independent company of the Financial Times and the London Stock Exchange, is a world leader in the creation and management of global indices and solutions and serves as one of UNICEF's corporate

partnerships. The FTSE4Good Index series was launched in July 2001 to provide investors with an objective benchmark index to measure the performance of businesses that meet global corporate responsibility standards. The index consists of 12 indices representing Global, U.S. Europe, Japan, U.K., and Italy (see Figure 3) and these are reviewed semiannually in September and March by the FTSE4Good Policy Committees. The FTSE works with the Experts in Responsible Investment Solutions (EIRIS) to research and analyze companies' CSR.

[Figure 3 goes about here]

The key objectives of the FTSE4Good Index Series are to: (1) provide responsible investors with a tool to identify and invest in companies that meet globally recognized corporate responsibility standards, (2) supply asset managers with a responsible investment standards and a means for responsible investment products, and (3) contribute to the development of global responsible business practices (FTSE4Good Inclusion Criteria, 2010).

The FTSE4Good ESG Ratings include the following criteria: (1) Climate Change, (2) Environmental Management, (3) Human & Labor Rights, (4) Supply Chain Labor Standards, (5) Corporate Governance), and (6) Countering

Bribery (see Figure 4). Tobacco producers, companies involved in the manufacturing of either whole, strategic, or platforms for nuclear weapon systems, and companies manufacturing whole weapons systems are excluded from the FTSE4Good Index Series (FTSE4Good Inclusion Criteria, 2010).

[Figure 4 goes about here]

### 3.5. Johannesburg Stock Exchange Socially Responsible Investment (JSE SRI) Index

The JSE SRI Index, launched in 2004 by the Johannesburg Stock Exchange in conjunction with EIRIS and FTSE4Good and advisory services by KPMG Sustainability Services, is the first initiative by a stock exchange in an emerging market. The key objectives consist of: (1) identifying responsible companies listed on the JSE that incorporate the triple bottom line principles into their business activities, (2) providing a benchmark to analyze and compare company policies and practices against global and local corporate responsibility standards, (3) facilitating investing decisions for those looking for non-financial risk variables, and (4) assisting the development of responsible business practices in South Africa and beyond.

The philosophy of the index is based on the principles of the three pillars—environment, society, and economy—as well as governance, forming the triple bottom line principles. Companies are evaluated based on policy, management/performance, and reporting within each area of measurement. The Index Indicators are structured based on three broad categories—Environment, Society, and Governance and related sustainability concerns—and a specific category—climate change (see Figure 5). Only companies included in the FTSE/JSE All Share Index are eligible for assessment and no exclusions are made on any specific sectors.

[Figure 5 goes about here]

### 3.6. Limitations of the Global CSR Indices

As seen in the overview of the various global CSR indices and their respective methodologies used, as shown in Figures 1, 2, 4, 5 and Tables 2, 3, and 4, the criteria used mainly focus on being ethical and "good." The categories within each dimensioned assessed serve to evaluate whether a company is complying with the established ethical norms from society, which broadly speaking address at least one of the issues of environment, society, and governance (ESG). However, it is important to note that all of the indices fail to

assess how strategic a company is regarding its duty to fulfill its own interests and those of society.

## 4. NEW FRAMEWORK FOR MEASURING CSV: HOW TO BECOME A "SMART CORPORATION[3]"

After a critical review of the existing literature and a rigorous analysis of the variables and methodologies used by various CRS indices and CSR rankings, this paper demonstrates how companies can become "Smart Corporations" through the development of a new model. As mentioned in the literature review, Porter and Kramer emphasized the importance of strategy in a corporate philanthropy, focusing on the need to create value. Moon et al. (2011) then improved the concept of CSV to highlight the importance of corporations to engage in both good business strategy and business ethics in order to become a "Smart Corporation." They also extended Porter and Kramer's three CSV strategies into four more comprehensive ways for companies to improve their business strategy. Although Moon et al. (2011) stress the need for companies to be ethical, they do not classify the variables within the ethical dimension that corporations should engage in order to become "smart."

The new framework for measuring CSV consists of two dimensions: strategy and ethics, each with four different variables (see Figure 5). The two dimensions are based on the two categorizations in Moon et al.'s (2011). Typology of Corporations while the four determinants of Porter's diamond

[3] The term "Smart Corporation," is part of the typology of corporations from Moon, Parc, Yim, and Park's (2011) "typology of corporations."

model[4] were used as the base to determine and show the interrelatedness of the variables used within each dimension. The "strategy" dimension consists of the four strategies extended by Moon et al. (2011): (1) defining core competence, (2) redefining productivity in the value chain, (3) reconceiving comprehensive targets, and (4) enabling local or global cluster development. The "ethics" dimension is based on the compilation of the variables measured by the CSR indices and rankings analyzed previously (see Figure 6). These consist of: (1) governance, (2) workplace, (3) society, and (4) environment and climate change (see Table 4).

[Figure 6 goes about here]

[Figure 7 goes about here]

[Table 4 goes about here]

[4] The diamond model was introduced in Porter's (1990) *The Competitive Advantage of Nations* to explain a nation's competitive advantage. The diamond model consists of four interrelated determinants: (1) factor conditions, (2) demand conditions, (3) related and supporting industries, and (4) firm strategy, structure, and rivalry.

### 4.1. Ethics

Before explaining the components of the "ethics" dimension, it is important to explain that the "ethics" dimension goes beyond performing the basic ethical social expectations. Companies are expected to go beyond the basic and passive responses to society's expectations and adopt more advanced and active actions that take into account the question of "how can companies be ethical, while creating and building up a competitive edge in their business strategy?"

*4.1.1. Factor conditions—workplace.* Porter describes the factor conditions as the factors of production, such as human resources, capital, infrastructure, etc. (Porter, 1990). Workplace was selected to represent factor conditions since it involves human resources involved in the production or delivery of products or and services. The workplace criteria covers five narrower aspects which include: (1) a diverse, non-discriminating working environment that provides equal opportunities for employees, (2) devoting resources to hire, retain, train, and develop employee skills, (3) providing a healthy and safe working environment, (4) supporting and respect globally recognized human and labor rights, and (5) encouraging sustainable business practices in the supply chain and forming mutually reinforcing partnerships and alliances with suppliers.

*4.1.2. Demand conditions—society*. The demand conditions reflect what society expects from businesses. As Porter and Kramer mentioned, capitalism is under siege as businesses are increasingly viewed as "a major cause of social, environmental, and economic problems" (Porter and Kramer, 2011). The society criteria defines five different ways in which corporations can meet society's expectations: (1) forming close community relations, (2) engage in corporate citizenship and strategic philanthropy, (3) abide and respect globally established human rights, (4) engage in social reporting to inform stakeholders about a company's performance in sustainability issues, and (5) engage with stakeholders to create mutually reinforcing partnerships and alliances.

*4.1.3. Related & supporting industries—environment*. The determinant of related and supporting industries, according to Porter, refers to the presence or absence in the nation of supplier industries and other related industries that are internationally competitive" (Porter, 1990). For this report, the related and supporting industries refers mainly to a company's impact on the environment and climate change. The criteria can be divided into five different sub-criteria: (1) company's effects and response to the challenges of climate change, (2) compliance with government regulations, (3) transparent and up to date reporting on environmental performance and activities, (4) businesses'

initiatives to promote environmental sustainability, and (5) environmental impacts of company's value chain operations.

*4.1.4. Firm strategy, structure, and rivalry—governance*. The dimension of firm strategy, structure, and rivalry reflects how companies are "created, organized, and managed" (Porter, 1990). Although a corporation's external ethical behavior is important, in order to promote a sustainable ethical business, actions should start from within the organization, which refers to a company's governance. The governance criteria consists of five sub-criteria which include: (1) a stable and set board structure and practice, (2) focus and compliance on corporate codes of conducts, particularly with efforts to reduce corruption and bribery, (3) establish corporate governance policy and transparency on business decisions, (4) set ethical standards for doing business, and (5) maintenance of an efficient risk and crisis management.

## 4.2. Strategy

As mentioned earlier, the "strategy" dimension of the new framework consists of the extension of Porter and Kramer (2011) created by Moon et al (2011). Although the "strategy" dimension is of great importance, it has been

largely overlooked in the CSR business realm. The variables within this dimension are essential in achieving a successful CSV strategy to improve the competitiveness of social and economic conditions where a company operates.

*4.2.1. Factor conditions—redefining productivity in the value chain.* Redefining productivity in the value chain refers to the opportunities to create value that arise when a company corrects or enhances the activities in the value chain to reduce internal costs. Several areas in the value chain can be transformed by applying CSV: energy use and logistics, resource use, procurement, distribution, employee productivity, and location (Porter and Kramer, 2011). Moon et al. (2011) describe these as externality-driven CSV. They propose that there are also cases of internality-driven CSV, which refer to the opportunities that can be found from internalities or weaknesses found inside the organization. Regularly checking and evaluating its business activities within the value chain allows a company to solve the problem, achieve a new competitive advantage, and voluntarily participate in CSV activities (Moon et al., 2011).

*4.2.2. Demand conditions—reconceiving products and markets.* Porter and Kramer suggest businesses should engage in reconceiving products and markets,

explaining that society's needs are huge and companies can benefit from targeting these untapped societal needs. By doing so, companies have the opportunity for economic development, innovation, and creation of shared value. Moon et al. (2011) extended the criteria to reconceiving comprehensive targets, arguing that Porter and Kramer's (2011) classification only emphasizes markets and products. They demonstrate through various case studies that there are other areas besides demand conditions where companies can participate and take advantage of CSV, such as factor conditions, related and supporting sectors, and business context.

*4.2.3. Related and supporting industries—enabling local or global cluster development.* Porter and Kramer mentioned that enabling local cluster development is important for a company to drive productivity, competitiveness and innovation. Developing local clusters is a great way to engage in CSV activities as it helps improve a firm's productivity through greater logistical efficiency, ease of collaboration, and the securing of reliable suppliers, which helps address the gaps or failures in the cluster and improves the incomes and purchasing power of local citizens (Porter and Kramer, 2011). While Porter and Kramer emphasize the importance of developing *local* clusters, Moon et al. (2011) argue that "the effective locus of competitive advantage may sometimes

encompass regions that cross national borders" (Moon et al., 2011). Moon et al. (2011) modify Porter and Kramer's (2011) "enabling local cluster development" to "enabling local or global cluster development" based on the cluster stage created by Moon and Jung (2010), which encompasses four stages: (1) regional cluster, which is the cluster development mentioned by Porter, (2) regional linking cluster, (3) international linking cluster, and (3) global linking cluster (Moon and Jung, 2010).

*4.2.4. Firm strategy, structure, and rivalry—defining core competence.* Defining core competence is the fourth dimensioned coined by Moon et al. (2011), which explains "what" kind of CSV or CSR activity a company should do. A company that does CSV activities directly related to its core competence is able to "produce an equivalent value at a lower cost or a greater value for a comparable cost than its rivals" (Moon et al., 2011). Defining core competency is the first steps business should take in order to successfully and strategically engage in CSV activities.

## 5. CASE STUDY: 2012 TOP 10 FORTUNE 500 U.S. COMPANIES

A case study of the Fortune 500 top 10 U.S. companies (see Table 5) was made to test the new framework for measuring CSV. The CSR activities of each company were analyzed based on the two dimensions of the new framework using the most up-to-date CSR reports published by companies or the company's websites for those companies that did not have a published CSR report[5] (See the appendix for an overview of the CSR activities of the 2012 Fortune 500 Top 10 U.S. Firms). Each of the company's CSR efforts were compiled and organized into the two dimensions of "ethics" and "strategy."

As seen in Table 6, eight of the top 10 companies complied to a certain degree with all the four criteria in both the "ethics" and "strategy" dimensions. These results show that top corporations are starting to realize the importance of

[5] The most up-to-date report for Exxon Mobil was its Corporate Citizenship Report published in 2011. Wal-Mart Stores, in turn, already had its 2012 Global Responsibility published. For Chevron, the company's website "global issues" section was used for this study to provide a broader view of the company's CSR activities since Chevron's 2011 Corporate Responsibility Report focused more on specific CSR cases. Data for ConocoPhillips was gathered through the website due to the lack of a company-wide CSR report (there are only regional sustainable development reports). Data for General Motors was gathered through the company's 2011 Sustainability Report. For General Electric, the most recent report was their 2011 Citizenship Report, but GE's Citizenship website was also used to see a more comprehensive view of the company's CSR focus In the case of Berkshire Hathaway, there was no CSR report or sustainability section in the website; the only criterion found in the website was "governance." Fannie Mae did not have a CSR report or CSR section on its website so Fannie Mae's May 2012 Mission Activities Report was used to gather data relevant to this study. Data for Ford Motor was gathered through its 2011/12 Sustainability Report. Finally, data for Hewlett-Packard was gathered using the company's 2011 Global Citizenship Report.

being strategic in their current sustainability efforts and that in order for companies to be profitable, simply doing “good” is not enough. Companies have to become “Smart Corporations” and participate in CSV activities that encompass both the “ethics” and “strategy” dimensions. A detailed overview of the criteria that each company evaluates respectively for their sustainability activities can be seen in Table 7.

[Table 5 goes about here]

[Table 6 goes about here]

[Table 7 goes about here]

## 6. CONCLUSION

The main purpose of this paper was to introduce a new framework to measure CSV by analyzing current CSR indices and incorporating the most up-to-date CSV strategies into the new model. The new framework consists of two dimensions "ethics" and "strategy," based on Moon et al.'s (2011) typology of corporations. The "ethics" dimension consists of four strategies, which include: (1) governance, (2) workplace, (3) society, and (4) environment and climate change. The "strategy" dimension consists of the Moon et al.'s (2011) extension to Porter and Kramer's (2011) creating shared value: (1) defining core competence, (2) redefining productivity in the value chain, (3) reconceiving comprehensive targets, and (4) enabling local or global cluster development.

A case study of the 2012 top 10 Fortune 500 companies was also made using the new framework. The results prove that in order for a company to be successful, it has to go beyond simply doing "good" or being "selfish." Eight of the top 10 companies' activities addressed the eight dimensions of the new framework, which shows that companies are increasingly moving from "Good or Selfish Corporations" to "Smart Corporations," which indicates the need for companies to be both ethical and strategic in order to succeed.

A limitation to this paper is the scope of the research. Due to the large number of CSR indices and rankings, this paper analyzed the methodology of

five global CSR indices and four CSR rankings. Additionally, although the case study shows that top companies are realizing the importance of being ethical and strategic in their CSV activities, it does not show the *degree* to which each company is incorporating the eight criteria and simply shows whether the companies are following the new framework or not. An interesting topic for further study would be to make an extension and/or case study that can determine the *degree* to which companies' CSR and CSV activities comply with this new framework to measure CSV.

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## FIGURES

**Figure 1: DJSI Corporate Sustainability Assessment Criteria**

**Economic Dimension**

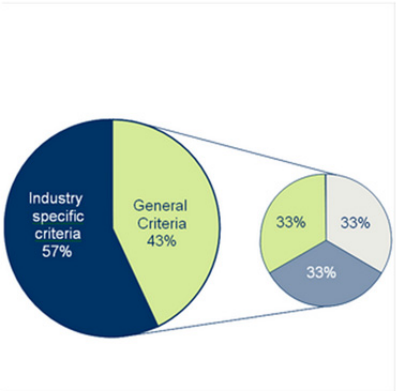
- Corporate Governance
- Code of Conduct Compliance
- Risk & Crisis Management
- Customer Relationship Management
- Innovation Management

**Environmental Dimension**

- Environmental Management System
- Environmental Performance
- Climate Strategy
- Product Stewardship
- Biodiversity

**Social Dimension**

- Human Capital Development
- Talent Attraction & Retention
- Occupational Health & Safety
- Stakeholder Engagement
- Social Reporting




Note: The criteria were compiled using the diagrams available in the Dow Jones Sustainability Indexes website (http://www.sustainability-indexes.com/index.jsp)

**Figure 2: the UN Global Compact's 10 Principles**

**Human Rights**

- **Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and
- **Principle 2:** make sure that they are not complicit in human rights abuses

**Labour**

- **Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- **Principle 4:** the elimination of all forms of forced and compulsory labour;
- **Principle 5:** the effective abolition of child labour; and
- **Principle 6:** the elimination of discrimination in respect of employment and occupation.

**Environment**

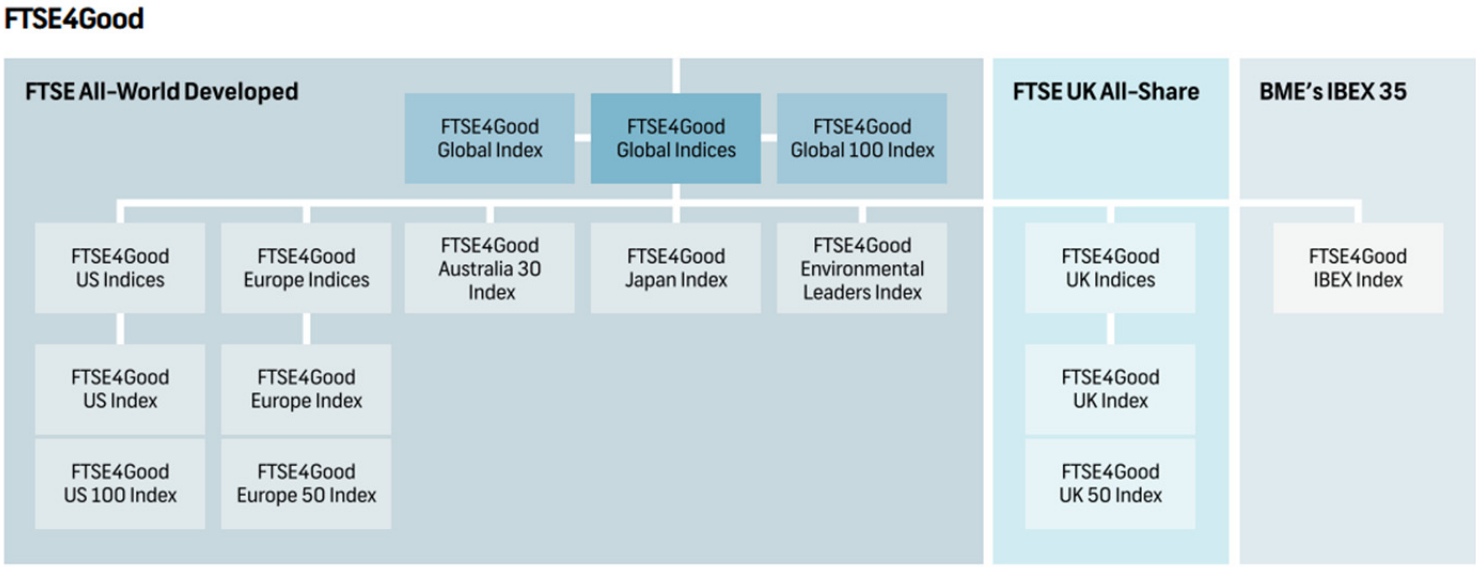
- **Principle 7:** Businesses should support a precautionary approach to environmental challenges;
- **Principle 8:** undertake initiatives to promote greater environmental responsibility; and
- **Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

**Anti-Corruption**

- **Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

Note: The figure was compiled using the information in the UN Global Compact Website.
(http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html)

**Figure 3: FTSE4Good Index Series**

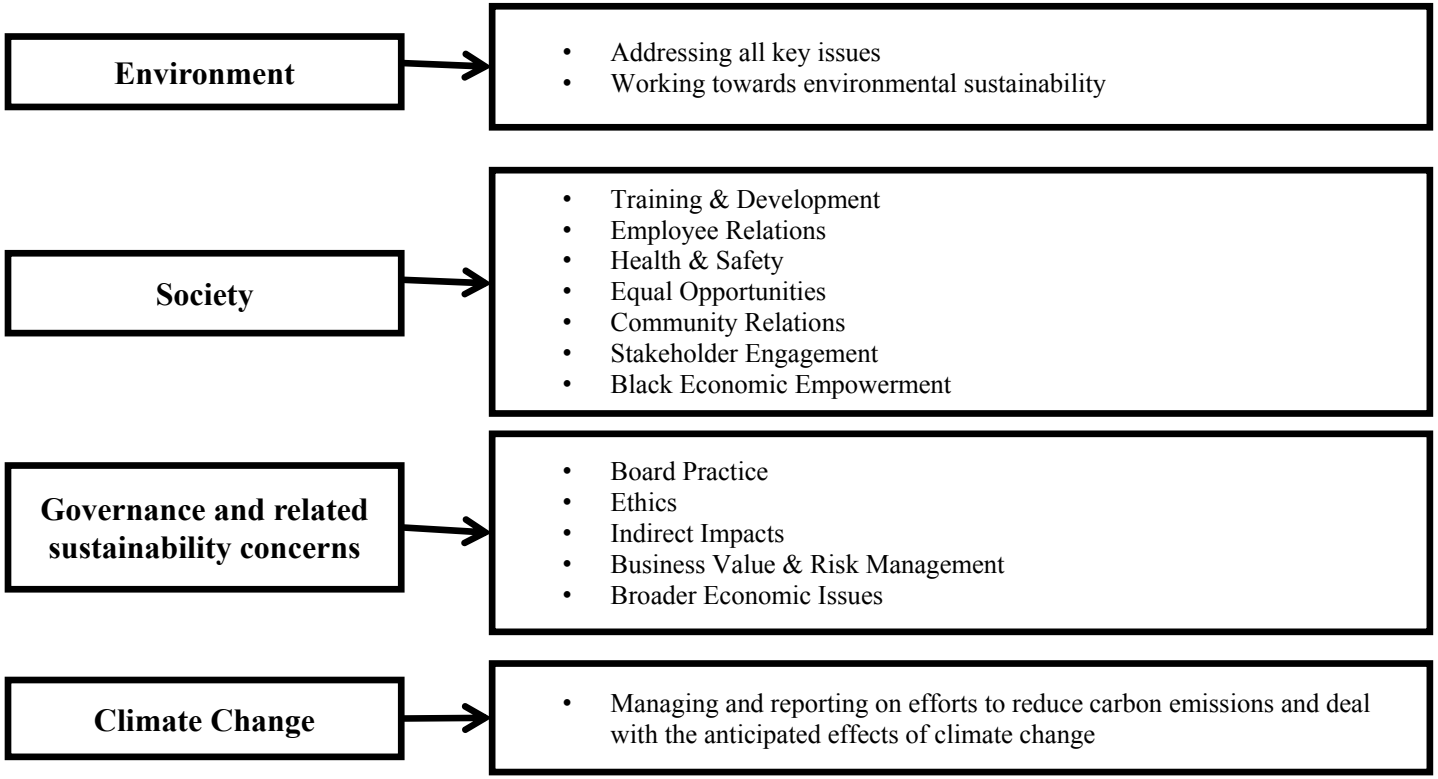



Source: FTSE Responsible Investment Brochure (2012)

**Figure 4: FTSE4Good Index ESG Ratings Model**


Source: FTSE4Good ESG Ratings Brochure (2011)

**Figure 5: Johannesburg Stock Exchange Socially Responsible Investment (JSE SRI) Index Criteria**




Note: The index criteria were compiled from the JSE SRI Index Background and Selection Criteria (2011).

**Figure 6: New Framework for measuring CSV**

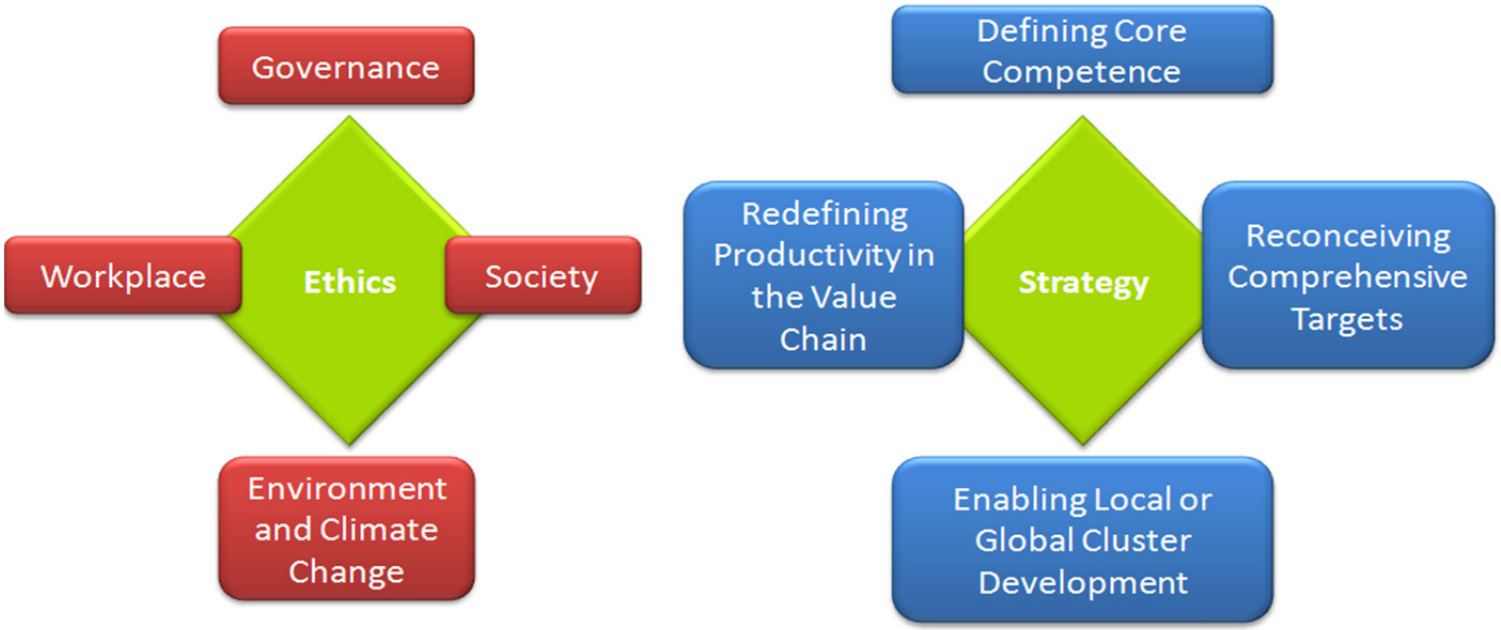


**Figure 7: Overview of Variables Measured in Selected CSR Indices and Rankings**

| | |
|---|---|
| **Dow Jones Sustainability Index** | •Economic, environmental, social |
| **UN Global Compact** | •Human rights, labor, environment, anti-corruption |
| **Calvert Social Index** | •Product, environment, workplace, integrity |
| **Johannesburg Stock Exchange Socially Responsible Investment Index** | •Environmental sustainability, climate change, bribery, human and labor rights, supply chain labor standards |
| **FTSE4GOOD Index Series** | •Environment, society, governance and related sustainability concerns, climate change |
| **CSR Index by the BCCCC** | •Citizenship, governance, workplace |
| **Newsweek's Green Rankings** | •Environmental impact score, environmental management score, environmental disclosure score |
| **ETHISPHERE World's Most Ethical Companies** | •Ethics and compliance programs, reputation, leadership, and innovation, governance, corporate citizenship and responsibility, culture of ethics |
| **Corporate Responsibility Magazine's 100 Best Corporate Citizens List** | •Climate change, employee relations, environmental, financial, governance, human rights, philanthropy |

Note: This figure is a compilation of the criteria in Figure 1, Figure 2, Figure 4, Figure 7, and Table 3.

**TABLES**

**Table 1: Differences in Criteria Used for Sustainability Rankings**

Table 1-a. Corporate Responsibility (CR) Magazine 100 Best Corporate Citizens List

| **Category** | **Subcategory** |
|---|---|
| **Climate change** | Climate change disclosure |
| | Climate change policy |
| | Climate change performance |
| **Employee relations** | Diversity disclosure |
| | Diversity performance |
| | Employee benefits disclosure |
| **Environmental** | Environmental disclosure |
| | Environmental policy disclosure |
| | Environmental performance |
| **Financial** | Performance |
| **Governance** | Performance |
| **Human rights** | Disclosure |
| **Philanthropy** | Disclosure |
| | Giving |

Note: The criteria for the CR Magazine's 100 Best Corporate Citizens 2011 List were compiled from "the CR Magazine corporate citizenship lists methodology" on the website (http://www.thecro.com/content/cr-magazine-corporate-citizenship-lists-methodology)

Table 1-b. CSR Index by the Reputation Institute in Conjunction with the Boston College Center for Corporate Citizenship (BCCCC)

| **Category** | **Subcategory** | **Sub-subcategory** |
|---|---|---|
| **Citizenship** | Good corporate citizen | Supports good causes |
| | | Protects the environment |
| **Governance** | Responsibly-run company | High ethical business standards |
| | | Open & transparent in its business dealings |
| **Workplace** | Appealing place to work | Employees treated fairly |
| | | Employees paid decent wage |
| | | Investment in developing employee skill sets and career opportunities |

Note: The criteria for BCCCC were compiled from "The 2011 CRI 50."

Table 1-c. Newsweek's Green Rankings: U.S. Companies

| **Category** | **Subcategory** |
|---|---|
| **Environmental impact score (45%)** | Measurement of overall environmental impact of a company's global operations |
| **Environmental management score (45%)** | Assessment of how a company manages its environmental performance through policies, programs, targets, certifications, and the like. |
| **Environmental disclosure score (10%)** | |

Note: The criteria for the Newsweek's Green Rankings: U.S. Companies was compiled from "the Newsweek 2011 green rankings full methodology" (http://www.thedailybeast.com/newsweek/2011/10/16/newsweek-green-rankings-2011-full-methodology.html)

Table 1-d. ETHISPHERE World's Most Ethical Companies: Ethics Quotient (EQ)

| **Category** | **Subcategory** |
|---|---|
| **Ethics and Compliance Programs (25%)** | Program structure, responsibility and resources |
| | Program oversight and the tone at the top |
| | Written standards |
| | Training and communication |
| | Due care |
| | Detection, monitoring and auditing |
| | Enforcement and discipline |
| **Reputation, leadership and innovation (20%)** | Measures a company's legal compliance, litigation and ethical track record, along with the strength of the company's reputation in the market place |
| **Governance (10%)** | Availability and quality of systems designed to ensure strong corporate governance. |
| **Corporate Citizenship and Responsibility (25%)** | Review of company's performance indicators associated with sustainability, citizenship and social responsibility, specifically including such areas as environmental stewardship, community involvement, corporate philanthropy, workplace impact and well-being and supply chain engagement and oversight. |
| **Culture of Ethics (20%)** | Organization's culture of ethics concerning widely accepted or unaccepted norms as it pertains to ethical conduct. |

Note: The criteria for ETHISPHERE World's Most Ethical Companies was compiled from the "World's most ethical companies' methodology" on the website (http://ethisphere.com/worlds-most-ethical-companies-methodology/)

**Table 2: DJSI Corporate Sustainability Assessment Criteria based on 2012 SAM Questionnaire**

| Category | Subcategory | Sub-subcategory |
|---|---|---|
| **Economic Dimension** | Corporate Governance | Checks & Balances: Board Structure |
| | | Checks & Balances: Non-executive Chairman/Lead Director |
| | | Checks & Balances: Responsibilities and Committees |
| | | Transparency & Accountability: Corporate Governance Policy |
| | | Checks & Balances: Diversity: Gender |
| | | Checks & Balances: Board Effectiveness |
| | | Checks & Balances: Audit Conflict of Interest |
| | | Transparency of Senior Management Remuneration |
| | | Disclosure of Median Compensation of All Employees & CEO Compensation |
| | | Media and Stakeholder Analysis (MSA) Corporate Governance |
| | Risk & Crisis Management | Responsibility Risk & Crisis Management |
| | | Analysis of Risks |
| | | Sensitivity Analysis and Stress Testing |
| | | Risk Response Strategy |
| | | MSA Risk & Crisis Management |
| | Codes of Conduct/ Compliance/ Corruption & Bribery | Codes of Conduct: Focus |
| | | Codes of Conduct: Systems/Procedures |
| | | Corruption & Bribery: Scope of Policy |
| | | Codes of Conduct/Anti-Corruption & Bribery: Business Relationships |

| | | |
|---|---|---|
| **Economic Dimension (cont'd)** | | Codes of Conduct/Corruption & Bribery: Reporting on breaches |
| | | MSA Codes of Conduct/Corruption |
| | Customer Relationship Management | Satisfaction Measurement |
| | | Customer Feedback Process |
| | | Availability of Data to the Customer Center |
| | | Analysis of Customer Value |
| | | MSA CRM |
| | Brand Management | Total Brand-Related Expense |
| | | Branding Strategies |
| | | Brand Metrics Used |
| | | Stakeholder Perception Analysis |
| | | MSA Brand Management |
| | Supply Chain Management | Awareness |
| | | Risk Exposure |
| | | Risk Management Measures |
| | | ESG Integration in SCM Strategy |
| | | Opportunities |
| | | Measuring Performance |
| | | Transparency |
| | | MSA Supply Chain Management |
| | Privacy Protection | Privacy Policy |
| | | Privacy Policy: Coverage |
| | | Privacy Policy: Systems/Procedures |
| | | Responsibility for Data Privacy |
| | | Customers' Information |
| | | System Vulnerability |
| | | MSA Privacy Protection |
| **Environmental Dimension** | Environmental Reporting | Quality of Environmental Reporting |
| | | Environmental Reporting - Materiality |
| | | Environmental Reporting - Coverage |
| | | Environmental Reporting - Assurance |

| | | |
|---|---|---|
| **Environmental Dimension (cont'd)** | | Environmental Reporting - Qualitative Data |
| | | Environmental Reporting - Quantitative Data |
| | Environmental Policy/ Management System | Corporate Environmental Policy |
| | | Corporate Environmental Policy, Areas |
| | | EMS: Certification/Audit/Verification |
| | | EMS: Coverage of Certification |
| | | MSA Environmental Management |
| | Operational Eco-Efficiency | Denominator - Revenues |
| | | EP - Direct Greenhouse Gas Emissions |
| | | EP - Indirect Greenhouse Gas Emissions |
| | | Energy Consumption |
| | | EP - Water |
| | | EP - Waste Generation |
| **Social Dimension** | Social Reporting | Quality of Social Reporting |
| | | Social Reporting - Materiality |
| | | Social Reporting - Coverage |
| | | Social Reporting - Assurance |
| | | Social Reporting - Qualitative Data |
| | | Social Reporting - Quantitative Data |
| | Labor Practice Indicators and Human Rights | Labor KPIs |
| | | Grievance Resolution |
| | | Business and Human Rights |
| | | MSA Labor Practices Indicators |
| | Human Capital Development | Human Resource Skill Mapping and Developing Process |
| | | Human Capital Performance Indicators |
| | | Personal and Organizational Learning and Development |

| | | |
|---|---|---|
| **Social Dimension (cont'd)** | Talent Attraction & Retention | Coverage of Employees through Predefined Performance Appraisal Process |
| | | Percentage of Performance Related Compensation for each Employee Category |
| | | Balance of Variable Compensation Based on Corporate and Individual Performance |
| | | Corporate Indicators for Performance-Related Compensation |
| | | Payout Type of Total Performance-Related Compensation |
| | | Trend of Employee Satisfaction |
| | | MSA Talent Attraction & Retention |
| | Corporate Citizenship and Philanthropy | Group-wide Strategy |
| | | Type of Philanthropic Activities |
| | | Input |
| | | Measuring Benefits |
| | Stakeholder Engagement | Process Engagement with External Stakeholders |
| | | MSA External Engagement |

Note: The DJSI Corporate Sustainability Assessment Criteria were compiled from the SAM Research Corporate Sustainability Assessment Questionnaire (2012)

**Table 3: Calvert Social Index Criteria**

| Category | Subcategory |
|---|---|
| **Products** | Safety |
| | Usefulness |
| | Beneficial |
| **Environment** | Compliance with government regulations |
| | Reduction of impacts on environment |
| **Workplace** | Labor relations |
| | Fair employee treatment |
| | Offer reasonable benefits |
| | Provision of a safe workplace |
| **Integrity** | Good community relations |

Note: The Calvert Social Index was compiled using "The Calvert Social Index" website (http://www.calvert.com/sri-index.html)

**Table 4: Compilation of Variables from CSR Indices and Rankings**

| Category | Subcategory |
|---|---|
| Governance | Board structure/practice |
| | Codes of conduct/compliance/corruption & bribery |
| | Corporate governance policy and transparency |
| | Ethical business standards |
| | Risk & crisis management |
| Workplace | Diversity and equal opportunity |
| | Employee training and development |
| | Health & safety |
| | Human rights/labor rights |
| | Supply chain |
| Society | Community relations |
| | Corporate citizenship and philanthropy |
| | Human rights/labor rights |
| | Social reporting |
| | Stakeholder engagement |
| Environment and Climate Change | Climate change |
| | Compliance with government regulations |
| | Environmental reporting |
| | Environmental sustainability |
| | Impact of company's operations/value chain |

Note: Indices and rankings used to compile this table include: Corporate Responsibility Magazine's 100 Best Corporate Citizens 2011 List, Newsweek's 2011 Green Rankings, CSR Index by the Reputation Institute in Conjunction with the Boston College Center for Corporate Citizenship (BCCCC), ETHISPHERE World's Most Ethical Companies 2012 Ethics Quotient, Dow Jones Sustainability Index, UN Global Compact's 10 Principles, Calvert Social Index, FTSE4Good Index Series, Johannesburg Stock Exchange Socially Responsible Investment Index,

**Table 5: Fortune 500 Top 10 U.S. Companies, 2012**

| |
|---|
| 1. Exxon Mobil |
| 2. Wal-Mart Stores |
| 3. Chevron |
| 4. ConocoPhillips |
| 5. General Motors |
| 6. General Electric |
| 7. Berkshire Hathaway |
| 8. Fannie Mae |
| 9. Ford Motor |
| 10. Hewlett-Packard |

Note: The list was compiled from Fortune magazine's Fortune 500 U.S. companies (2012)

**Table 6: Compilation of CSR Activities of 2012 Fortune 500 Top 10 U.S. Firms into the "Ethics" and "Strategies" Framework**

| Ethics | | | | |
|---|---|---|---|---|
| | Workplace | Society | Environment and Climate Change | Governance |
| 1. Exxon Mobil | • | • | • | • |
| 2. Wal-Mart Stores | • | • | • | • |
| 3. Chevron | • | • | • | • |
| 4. ConocoPhillips | • | • | • | • |
| 5. General Motors | • | • | • | • |
| 6. General Electric | • | • | • | • |
| 7. Berkshire Hathaway | X | X | X | X |
| 8. Fannie Mae | • | • | X | X |
| 9. Ford Motor | • | • | • | • |
| 10. Hewlett-Packard | • | • | • | • |

**Table 6: Compilation of CSR Activities of 2012 Fortune 500 Top 10 U.S. Firms into the "Ethics" and "Strategies" Framework (cont'd)**

| Strategy | | | | |
|---|---|---|---|---|
| | Defining Core Competence | Redefining Productivity in the Value Chain | Reconceiving Comprehensive Targets | Enabling Local or Global Cluster Development |
| 1. Exxon Mobil | • | • | • | • |
| 2. Wal-Mart Stores | • | • | • | • |
| 3. Chevron | • | • | • | • |
| 4. ConocoPhillips | • | • | • | X |
| 5. General Motors | • | • | • | • |
| 6. General Electric | • | • | • | • |
| 7. Berkshire Hathaway | X | X | X | X |
| 8. Fannie Mae | X | X | X | X |
| 9. Ford Motor | • | • | • | • |
| 10. Hewlett-Packard | • | • | • | • |

**APPENDIX**

**Overview of CSR Activities of 2012 Fortune 500 Top 10 U.S. Firms**

**a. Exxon Mobil**

| Category | Subcategory | Sub-Subcategory |
|---|---|---|
| **Environmental Performance** | Environmental stewardship | Assessing our surroundings |
| | | Environmental standards |
| | | Data management |
| | Biodiversity and ecosystem services | |
| | Freshwater management | |
| | Spill performance | Marine vessel spill performance |
| | | Technological innovation in oil spill response |
| | Emissions and waste | Air emissions |
| | | Waste management |
| | | Compliance record |
| | Site remediation | Land conservation |
| **Managing Climate Change Risks** | Mitigating GHG emissions in our operations | Greenhouse gas emissions in our operations |
| | | Flaring |
| | | Cogeneration |
| | Energy efficiency | |
| | Cutting-edge technology | Supporting long-term scientific research |
| | Responsible product use | Improving product efficiency |
| | Public policy debate | Global engagement on climate change |
| | | Funding of advocacy groups and research |

| | | |
|---|---|---|
| **Safety, Health, and the Workplace** | Personal safety | Personnel safety study |
| | | Contractor safety |
| | Process safety | |
| | Product stewardship and safety | Life cycle assessments |
| | Workplace security | |
| | Employee health | Culture of health |
| | | Malaria control program |
| | | StopAIDS |
| | Employment policies and practices | Diversity |
| | | Policies against discrimination and harassment |
| | | Employee benefits and programs |
| | | Flexible work environment |
| | | Performance review process |
| | | Employee engagement |
| **Corporate Governance** | Board of directors | Board leadership structure |
| | | Board appointment process |
| | | Board committees |
| | | Executive compensation and strategic advantage |
| | | Communicating with directors |
| | Shareholder relations | |
| | Ethics | Standards of business conduct |
| | | Internal audits |
| | | Bribery and corruption |
| | | Training |
| | | Systems and practices for reporting violations |
| | Global management standards | Operations Integrity Management System |
| | | Control systems |
| | Political advocacy and contributions | |

| | | |
|---|---|---|
| **Economic Development** | Contributing to economic growth | |
| | Transparency | |
| | National content development | |
| | Workforce development | Local hiring |
| | | Training and development |
| | Supplier development | |
| | Strategic community investments | |
| | Employee volunteerism and giving | |
| **Human Rights and Managing Community Impacts** | Community impacts and relationships | |
| | Respecting human rights | Providing human rights training |
| | Policies and labor practices | |
| | Addressing security concerns | Framework on security and human rights |
| | Consultation with stakeholders | Indigenous people |
| | | Land use and resettlement |

Note: The Exxon Mobil criteria was compiled from Exxon's Corporate Citizenship Report (2011)

## b. Wal-Mart Stores

| 2. Wal-Mart Stores (2012 Global Responsibility Report) | | |
|---|---|---|
| **Category** | **Subcategory** | **Sub-Subcategory** |
| **Women's economic empowerment initiative** | | |
| **Healthier food** | Reformulate thousands of everyday packaged food items by the end of 2015 | |
| | Make healthier choices more affordable | |
| | Develop stronger criteria for a simple front-of-package icon | |
| | Provide solutions to address food deserts | |
| | Increase charitable support for nutrition programs | |
| **Communities** | Disaster relief | |
| | Giving | Creating opportunities for people to live better, one community at a time |
| | | Making a difference locally |
| | | Fighting hunger statewide |
| | | Connecting veterans with skills and opportunities |
| | | Changing lives through literacy |
| | | International giving |
| | Neighbors | Today's students. Tomorrow's leaders. |
| | | Serving our neighbors |
| | Compliance | U.S. corporate compliance |
| | | Food safety |
| | | Product safety |
| | | Financial services |
| | | Environmental compliance |
| | Safety | Maintaining a safe work environment |
| | | Sam's club |
| | | Walmart U.S. Logistics |

| | | |
|---|---|---|
| | Supply chain | Taking ethical sourcing beyond compliance |
| | | Supplier development program |
| | | Women in factories |
| | | Strengthening worker families and communities |
| | | Partnerships |
| | | Other initiatives |
| | | The audit program |
| | | Ethical sourcing around the world |
| **Associates** | Diversity | Opportunities for women, people of color |
| | | Nurturing an inclusive culture |
| | | Associate resource groups |
| | | Executive champion |
| | | My future |
| | Benefits | U.S. health plans |
| | Recruiting | New career site launches |
| | | Recruiting process goes green |
| | | Supporting veterans and military families |
| | Talent development | Walmart U.S. Lifelong learning program |
| | | ASDA Skills Academy |
| | | Listening to our associates |
| | | Mywalmart.com |
| | | Building global talent |
| | | Mentor Me |
| | | Reaching out |
| | Ethics | Celebrating a tradition of integrity |
| | Volunteerism | Volunteerism always pays |
| | | My sustainability plan carries positive momentum into 2012 |
| **Environment** | Energy | Walmart's renewable energy approach |
| | | Adding it all up |
| | | Getting to 100 percent |

| | | |
|---|---|---|
| | | Global renewable energy efforts |
| | | Sustainable facilities |
| | | Greenhouse gas |
| | | Successes and challenges of building a model for change in Chinese factories |
| | | Focus on GHG |
| | | Supplier development program |
| | | Fleet improvements |
| | | International fleet improvements |
| | Waste | Utilizing our scale to reduce waste globally |
| | | Cutting plastic bag waste globally |
| | | Packaging |
| | Water | Protecting our waters |
| | Products | Bringing sustainable products to the forefront |
| | | Sustainable agriculture |
| | | Supporting farmers and their communities |
| | | Producing more food with fewer resources and less waste |
| | | Sustainably sourcing key agricultural products |
| | | Global direct farm |
| | | Building the Sustainability Index into our business |
| | | Sustainable seafood |
| **Our company** | Governance | |
| | Public policy | |
| | Stakeholder engagement | Associates |
| | | Customers |
| | | NGOs |
| | | Shareholders |
| | | Suppliers |

Note: The Wal-Mart Stores criteria was compiled from Wal-Mart's 2012 Global Responsibility Report (2012)

**c. Chevron**

| Category | Subcategory | Sub-Subcategory |
|---|---|---|
| **Energy Supply & Demand** | Finding more oil and gas | |
| | Using energy wisely | |
| | Developing alternative energy | |
| | Meeting the demand | |
| **Energy Policy** | Creating a sound energy strategy | |
| | Adopting a new framework | Open markets |
| | | Sound policies |
| | | Robust, scientifically sound technology |
| | | Increased energy efficiency |
| | | Responsible development |
| **Energy efficiency and conservation** | Helping others to save | |
| | Lowering our energy costs | |
| | Generating electricity more efficiently | |
| **Emerging energy** | Geothermal energy | |
| | Energy efficiency business | |
| | Advanced solar technologies | |
| | Biofuels | |
| | Looking to the future | |
| **Environment** | Protecting the environment | |
| | Respecting biodiversity | |
| | Conserving freshwater resources | |
| **Climate change** | Reducing emissions and improving efficiency | |
| | Reducing in flaring | |
| | Carbon sequestration | |
| | Efficiency gains through cogeneration | |
| | 7 Principles for addressing climate change | Global Engagement |
| | | Energy security |
| | | Maximize conservation |
| | | Measured and flexible approach |

| | | |
|---|---|---|
| | | Broad, equitable treatment |
| | | Enable technology |
| | | Transparency |
| **Social investment** | Economic Development | Promoting small enterprise |
| | | Empowering women |
| | Health | Supporting the Global Fund to fight AIDS, Tuberculosis and Malaria |
| | | Creating healthier communities |
| | Education | Improving education |
| | | Providing job training |
| | Learning centers | |
| | University partnership program | |
| **Health & Safety** | | |
| **Human rights** | Implementing our human rights policy | |
| | Promoting respect for human rights | |
| **Diversity** | Fostering a key value | |
| | Recognized by others for our inclusion | |
| **Business Ethics** | Operational excellence management system | |
| | Business ethics | |
| | Governance | |
| | Extractive industries transparency initiative | |
| | Lobbying | |
| | Political contributions | |
| **Corporate Responsibility** | | |

Note: The Chevron criteria was compiled from Chevron's Global Issues Website (2012)

**d. ConocoPhillips**

| Category | Subcategory | Sub-Subcategory |
|---|---|---|
| **Governance & Ethics** | Corporate governance | |
| | Accountability for sustainability issues | |
| | Integration of sustainability commitments into business processes | |
| | Business ethics | |
| | Public policy | |
| | Economic transparency & reporting | |
| | Human rights | |
| **Transparency & Accountability** | Stakeholder Engagement | |
| **People** | Promoting a positive work environment | |
| | Employee dialogue | |
| | Diversity and inclusion | |
| | Work force development | |
| | Compensation and benefits | |
| | Encouraging good health | |
| **Safety & Occupational Health** | Safety performance | |
| | Implementing our safety commitment | |
| | Asset and operations integrity | |
| | Emergency response and crisis management | |
| | Offshore incident prevention and response capabilities | |
| | Occupational health and industrial hygiene | |

| | | |
|---|---|---|
| | REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) | |
| | Pandemic awareness and planning | |
| | Security | |
| | MSDS (Material Safety Data Sheets) | |
| **Environment** | Health, safety and environment policy, management system and audits | |
| | Climate change | |
| | Energy efficiency | |
| | Ever-cleaner energy | |
| | Clean air | |
| | Clean water | |
| | Biodiversity | |
| | Material efficiency | |
| | Remediation | |
| | Programs | |
| **Communities** | Positively impacting global communities | |
| | Local content | |
| | Supplier diversity | |
| | Indigenous communities | |
| | Community investment | |
| | SPIRIT of conservation | |

Note: The ConocoPhilips criteria was compiled from the ConocoPhilips website (http://www.conocophillips.com/EN/susdev/Pages/index.aspx)

## e. General Motors

| Category | Subcategory | Sub-Subcategory |
|---|---|---|
| Design | Challenges to personal mobility | |
| | Mobile emissions & fuel economy | |
| | The future of urban mobility | |
| | R&D innovation | |
| | Propulsion for every purpose | Strategy |
| | | Fuel cell |
| | | Electric |
| | | Hybrid technology |
| | | FlexFuel |
| | | CNG & LPG |
| | | Diesel |
| | | Internal Combustion Engines |
| | Advanced Materials Technology | |
| | Advanced Safety Technology | |
| | Recycled Vehicle Content | |
| Build | 2020 Manufacturing commitments | Reduce energy intensity from facilities by 20% |
| | | Promote global renewable energy use to utilize 125 MW of renewable energy by 2020 |
| | | Reduce carbon intensity from facilities by 20% |
| | | Reduce VOC emissions from assembly painting operations by 10% |
| | | Protect water quality and reduce water intensity by 15% |
| | | Reduce total waste from facilities by 10% |
| | | promote landfill-free facilities to achieve 100 landfill-free manufacturing sites and 25 nonmanufacturing sites |
| | | Promote and engage community outreach on environmental and energy issues by completing one outreach activity per plant on an annual basis |
| | | Improve wildlife habitats by having a Wildlife Habitat Certification (or equivalent) at each GM manufacturing site where feasible by 2020 |

| | | |
|---|---|---|
| | Environmental performance, policy & management | |
| | Resource conservation | Energy & emissions reduction |
| | | Renewable energy |
| | | Water reduction |
| | | Habitat preservation |
| | Green facilities | |
| | Supply Chain | |
| **Sell** | Fuel-efficiency solutions | |
| | Alternative-fuel solutions | |
| | Advanced technology solutions | |
| | Enhanced safety solutions | |
| | Vehicle affordability | |
| | Sales & Service | Project outreach |
| | | Solar canopies |
| | Chevy carbon reduction initiative | |
| **Reinvest** | Our business | Competing globally |
| | | Sustaining profitability |
| | | Putting the world to work |
| | Our people | Commitment |
| | | Teamwork |
| | | Trust |
| | | Personal & professional growth |
| | | Recognition |
| | | Fairness |
| | | Health & well-being |
| | Our communities | Activities around the world |
| | | Education |
| | | Health & human services |
| | | Environment & energy |
| | | Community development |
| | Employee volunteerism | |

Note: The General Motors criteria were compiled from the General Motors Sustainability Report 2011.

**f. General Electric**

*Citizenship Report 2011*

| **Category** | **Subcategory** |
|---|---|
| **People** | Customers |
| | Employees |
| | Communities |
| | Shareholders |
| **Planet** | Water |
| | Energy & climate |
| | Environment and resource management |
| **Economy** | Public policy |
| | Sustainable systems |
| | Governance & compliance |

Note: The General Electric criteria were compiled from the General Electric Citizenship Report 2011.

**f. General Electric (cont'd)**

*Citizenship Website*

| Category | Subcategory | Sub-Subcategory |
|---|---|---|
| **People** | Helping our customers succeed | Partnerships on sustainability |
| | Keeping our employees confident and productive | Health & safety |
| | | Soliciting opinions |
| | | Diversity |
| | | Integrity & privacy |
| | | Labor relations |
| | | Learning and development |
| | Building enduring communities | Volunteerism |
| | | Education |
| | | Health |
| | Creating shareholder value | |
| **Planet** | Water scarcity | Management |
| | | Footprint |
| | | Products |
| | Energy consumption | Management |
| | | Footprint |
| | | Products |
| | Environment and resource management | EHS program |
| | | Management |
| | | Supply chain |
| | | Resource optimization |

| | | |
|---|---|---|
| **Economy** | Public policy | Rule of Law |
| | | Human rights |
| | | Conflict minerals |
| | | Political activities |
| | | Climate & energy |
| | | Healthcare |
| | | Strengthening global economy |
| | | Countries of concern |
| | Governance & compliance | Compliance |
| | | Controllership |
| | | Government business |
| | Sustainable systems | Water, energy & climate |
| | | Transportation |
| | | Responsible lending |
| | | Accessible healthcare |
| | Job creation | |

Note: The General Electric criteria were compiled from the General Electric's Citizenship website (http://www.gecitizenship.com/focus-areas/).

**g. Berkshire Hathaway**

| Category | Subcategory |
|---|---|
| Corporate Governance | Corporate governance guidelines |
| | Code of business conduct and ethics |

Note: The Berkshire Hathaway criteria were compiled from the Berkshire Hathaway's website (http://www.berkshirehathaway.com/govern/govern.html).

**h. Fannie Mae**

| 8. Fannie Mae (Report on Fannie Mae's Mission Activities, May 2012) |
|---|
| **Category** |
| Employee Volunteerism |
| Diversity and Inclusion |
| Community Investments |

Note: The Fannie Mae criteria were compiled from the Report on Fannie Mae's Mission Activities (2012).

## i. Ford Motors

| Category | Subcategory | Sub-Subcategory |
|---|---|---|
| Financial Health | Current financial health | Product competitiveness |
| | | Regional performance highlights |
| | | 2011 sales and highlights |
| | Customer satisfaction and quality | Global and regional quality improvements |
| | Ford future competitiveness | Focus on Asia |
| | Ford Motor Credit Company | |
| | Mobility solutions | Our blueprint for mobility |
| | | New models of mobility |
| | | SUMURR project |
| | | Mobility challenges and opportunities |
| | | Key partners |
| | | Mega-cities: the icon of personal mobility challenges |
| Climate change and the environment | Design for lifecycle sustainability | Quantifying our environmental impacts |
| | | Product sustainability index |
| | Climate change | The issue |
| | | Ford's greenhouse gas emissions |
| | | Climate change risks and opportunities |
| | | Ford's climate change strategy |
| | | Progress and performance |
| | | Climate change policy and partnerships |
| | Greening our products | Sustainable technologies and alternative fuels plan |
| | | Non-CO2 Tailpipe Emissions |
| | | Sustainable materials |
| | | Electrification: a closer look |
| | Greening our operations | Operational energy and greenhouse gas emissions |
| | | Non-CO2, Facility-Related Emissions |
| | | Water use |
| | | Waste management |
| | | Sustainable land use and biodiversity |
| | | Green buildings |
| | | Compliance |
| | | Remediation |

| | | |
|---|---|---|
| **Water** | Progress in reducing water use | Investing in new technologies |
| | Water impacts, risks and opportunities | |
| | Operating in water-stressed regions | |
| | Water strategy approach | Water as a community issue |
| | Water consumption in the vehicle lifecycle | |
| **Vehicle safety** | How we manage vehicle safety | |
| | Encouraging safer driving | |
| | Safety and driver assist technologies | Accident avoidance and driver assist technologies |
| | | Occupant protection technologies |
| | | Post-crash/injury mitigation technologies |
| | Collaborative efforts | |
| **Supply Chain** | Creating a sustainable supply chain | Setting expectations for our suppliers |
| | | Supply chain profile |
| | Industry collaboration | |
| | Human rights in the supply chain | Expanding human rights impact on supply chain |
| | | Building supplier capability through localized training and collaboration |
| | | Assessing suppliers |
| | Sustainable raw materials | Conflict minerals |
| | | Forced labor and human trafficking in supply chains |
| | Supply chain environmental management | Supplier environmental management |
| | | Supplier greenhouse gas emissions |
| | | Materials management |
| | | Logistics |
| | Supplier diversity development | |
| **People** | Workplace | Employees |
| | | Workplace health and safety |
| | Dealers | Salute to dealers |
| | Communities | Engaging with communities |
| | | Investing in communities |
| | Customers | Engaging customers |
| | | Understanding customer needs |
| | | Building customer awareness |

Note: The Ford Motors criteria were compiled from the Sustainability report 2011/12.

**j. Hewlett-Packard**

| Category | Subcategory | Sub-Subcategory |
|---|---|---|
| Environment | Environmental sustainability | Collaboration |
| | | Employee engagement |
| | | Energy and climate |
| | | Paper |
| | Products and solutions | Life cycle assessment |
| | | Research and development |
| | | Design |
| | | Materials |
| | | Manufacturing |
| | | Packaging |
| | | Transport |
| | | Use |
| | Product reuse and recycling | Programs |
| | | Performance |
| | | Vendor audits |
| | HP operations | Management and compliance |
| | | Energy and GHG emissions |
| | | Waste and recycling |
| | | Water |
| | | Sustainable building design |
| | | Toxics release inventory |
| | | Ozone-depleting substances |
| | | Remediation |
| | | HP list of major operations |
| | Tech gallery: environment | |
| | Data dashboard: environment | |
| | Goals: environment | |

| | | |
|---|---|---|
| **Society** | Ethics and human rights | Ethics and compliance |
| | | Human rights |
| | | Conflict minerals |
| | Supply chain responsibility | Our approach |
| | | Performance |
| | | Detailed audit findings |
| | | Collaboration |
| | | Capability building |
| | | Perspective: So Sheung |
| | | Supplier diversity |
| | Privacy | Approach |
| | HP people | Engaging our people |
| | | Building careers |
| | | Diversity and inclusion |
| | | Rewards and benefits |
| | | Wellness |
| | | Health and safety |
| | | Employee gallery |
| | Social innovation | Education |
| | | Entrepreneurship |
| | | Health |
| | | Employee volunteerism and giving |
| | | Performance |
| | Tech gallery: social innovation | |
| | Public policy | |
| | Economic impacts | |
| | Data dashboard: society | |
| | Goals: society | |

Note: The Hewlett-Packard criteria were compiled from the Global Citizenship Report (2010)

# 국문초록

본 연구의 목적은 '공유가치창출'을 측정하는 새로운 틀을 제시함으로써, 현존하는 '기업의 사회적 책임'의 정도를 측정하는 지수를 발전 및 개발 시키는 것이다. 본 논문에서 제시하는 새로운 틀은 기업을 분류하는 명칭 하에 크게 두 단계: '도덕'과 '전략'으로 나누어진다. '도덕'으로 분류되는 명칭 하에는 (1) 거버넌스, (2) 회사환경, (3) 사회, 그리고 (4) 환경 및 기후변화로 구성된다. '전략'으로 분류되는 명칭 하에는 Porter and Kramer (2011)의 공유가치창출의 연장으로 (1) 기업의 핵심역량 파악, (2) 가치사슬 내에서의 생산성 재정의, (3) 종합적인 목표의 향유, 및 (4) 지역적 세계적 클러스터 개발 등으로 구성된다. 본 연구는 미국의 Fortune 500에 속하는 기업의 '기업의 사회적 책임' 및 '공유 가치 창출' 지수를 새로운 틀에 맞추어 분석하는 사례분석으로 결론 짓는다.

**주요어:** 공유가치창출, 기업의 사회적 책임, CSR 지수, 윤리, 전략, 스마트 기업

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