Corporate Social Responsibility in Nonprofit Organizations: How Nonprofits Leverage CSR and Sustainability Reporting

by

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Abstract
Considering that sustainability and corporate social responsibility (CSR) are now being seen as a necessary part of business, increasing pressure is being applied to for-profit businesses to report and disclose all of their material risks and impacts. Nonprofit organizations have generally avoided that same pressure. As a result, nonprofit organizations are not adopting the practice of sustainability reporting as quickly as for-profit organizations. This may be having a negative effect on nonprofit organizations by contributing to inaccurate social impact analysis of the organizations. This could further result in inaccurate risk assessments and missed opportunities that could affect the ongoing viability of the organizations. Further studies are needed to determine the actual usage of sustainability reporting by nonprofit organizations, and more analysis needs to be done on the implications of performing, and not performing, sustainability reporting by nonprofit organizations.
Acknowledgments

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Section 1. Introduction

The practice of sustainable development and corporate social responsibility is an existential reality for organizations of all types, and its importance cannot be understated. The main objective of sustainable development for an organization is to ensure the long-term viability of the organization. For the public sector, viability includes the long-term existence and health of a territory and its citizens. For the nonprofit and for-profit sectors, viability hinges upon the long-term profitability and stability of the company, which in turn is reliant upon having the appropriate labor force and having an environment, physical and economic, that is conducive for the business, among other things.

As the importance for organizations to act in a responsible manner is becoming more urgent, sustainability reporting is on the rise throughout the world, and reporting and disclosure are largely seen as a necessary part of business. In regard to for-profit organizations, investors are demanding more transparency in their environmental and social impacts as well as the governance issues that affect the risk of organizational viability. Furthermore, governments around the world are adding new regulations regarding environmental, social and governance disclosure.

This pressure for reporting is primarily being exerted on for-profit companies and, in some countries, public agencies. Nonprofit organizations and nongovernmental organizations (NGOs) have generally been exempt from the need to publish
This paper aims to analyze the understanding of sustainability and corporate social responsibility in nonprofit organizations and to explore the state of sustainability reporting in these organizations. This paper hypothesizes that nonprofit organizations are not adopting the practice of sustainability reporting as quickly as for-profit and public organizations. It will then explore the theory that nonprofit organizations generally see themselves as exempt from sustainability reporting, beyond requirements defined by law and their funders, and their reasons for having this viewpoint.

This project will also explore the theory that nonprofit organizations in the United States view their role in corporate social responsibility in three general areas: as beneficiaries (receiving donations from corporations addressing their CSR goals), as participants or partners in solving sustainability-related problems, or as practitioners of sustainability reporting.

This paper begins with a literature review to establish the current state of Corporate Social Responsibility (CSR) and sustainability reporting in nonprofit organizations. Because of the various contexts in which the word sustainability is used, sustainable development and corporate social responsibility are also defined. The prevalence of sustainability reporting in general, and nonprofit sustainability reporting specifically, is then reviewed, and the various reporting frameworks available to
nonprofit organizations are explored. The literature review concludes with a brief exploration of the risks and benefits of sustainability reporting of nonprofit organizations, and the CSR-based relationships between nonprofit and for-profit organizations.

Data collection and analysis procedures are explained in the Methods and Approaches section. This explains the data collection process of the literature review and expert interviews. It also explains how the quantitative data was acquired and analyzed to explore the prevalence of nonprofit sustainability reporting. An analysis of the quantitative data follows. The paper concludes with an analysis of the implications of the study and some recommendations for nonprofits on how to proceed with sustainability reporting, arguing that measurement, if not comprehensive reporting, is a key component of strategic planning and can help in the long-term viability of a nonprofit organization. A model is then presented for how nonprofit organizations can incorporate sustainable values into their logic models, theory of change and social impact analysis.

**Section 2. Literature Review**

**Definitions**

This section of the literature review gives a basic overview of the definition of sustainability, sustainable development and corporate social responsibility (CSR). As there are more studies on this topic than can be cited in this paper, it focuses on the
broad landscape and purpose of this study, which is the use of CSR reporting by nonprofit organizations. More comprehensive analysis can be found in academic works by Baumgartner & Ebner, Sheehy, and Portney, among others.

**Sustainable Development and Corporate Social Responsibility (CSR)**

With so much attention being given to sustainability and CSR, it is important that we have a common understanding of what these terms mean. Corporations and governments are encouraged to behave socially responsibly, but in both the corporate and the academic world there is uncertainty as to how sustainability and CSR should be defined (Dahlsrud, 2006). It is critical that CSR is carefully defined because the issues that it addresses are extremely important. These issues range from corporate profitability and national stability, to the organization and mission of work, the health and safety of stakeholders and, ultimately, the preservation of the ecology and the existence of functional organizations (Sheehy, 2014). The nature, context, and inherent ambiguity of the highly dynamic ecological, societal and economic systems that CSR involves also makes defining it a complex study (Sheehy, 2014).

One complicating factor in defining sustainability is how it is often interpreted to be synonymous with corporate social responsibility and sustainable development. Sustainability, sustainable development and CSR are used interchangeably, and "often no visible differentiation between these terms is made" (Baumgartner & Ebner, 2007). Baumgartner and Ebner argue that CSR should only be used in reference to the social
aspects of sustainability. However, they acknowledge that sustainability, sustainable development and CSR are often used interchangeably in a broad survey of business, economic and ecological contexts as well as in academic and business journals (2007). For that reason, this paper will also use CSR, sustainability and sustainable development interchangeably. Although helpful for this project, it does further complicates the issue because of the vague nature of the word "sustainability."

Some argue that CSR is a social construction and, as such, it is not possible to develop an unbiased definition (Berger and Luckmann, 1996). Similarly, some others have argued that there is not a real definition of CSR (Jackson and Hawker, 2001). And others argue that the real problem is that there are too many definitions, which are often biased toward specific interests (Dahlsrud, 2006). And finally, some argue that there actually is an unbiased, scientific, intentional definition (Sheehy, 2014).

So, how then should we define sustainable development and CSR? A good place to start is definition given in The World Commission on Environment and Development's (WCED) 1987 report, Our Common Future, also known as the Brundtland Report. It described sustainable development as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (WCED, 1987). Although purposefully general and vague, this definition is widely accepted as it is one of the original attempts at defining the term.
The environmental aspect of sustainability is inherently understood in the Brundtland Report's definition. As Portney points out, "It is clear that, at its core, sustainability is a concept that focuses on the condition of Earth's biophysical environment, particularly with respect to the use and depletion of natural resources" (2015). Depending on the nature and context of the organization, environmental factors could include the measuring and addressing of factors such as air emissions, energy use, resource depletion, solid waste, transportation, and water usage, among other things (Székely & Brocke, 2017).

But sustainable development is not limited to environmental factors. The Brundland Report further describes sustainability as having three parts: environment, economy, and equity (Portney, 2015). Economic sustainability practices relate to the continuing financial viability of an organization. These practices include governance, risk and crisis management, employee retention, economic equity and economic profitability or economic stability (Székely & Brocke, 2017). Equity refers to the maintenance of stable communities and promotion of the human rights of stakeholders. It could also cover topics such as the treatment and development of employees and the satisfaction of customers or clients (Székely & Brocke, 2017).

Another recent common theme among definitions of CSR is the notion that actions need to be taken voluntarily and go above and beyond what is required by law (Waters & Ott, 2014). This expands the dimensions of CSR to include environmental,
social, economic, and stakeholder aspects, as well as the concept of voluntariness (Dahlsrud, 2006).

Arguably the challenge now is found not in defining CSR, but how to take it into account when developing business strategies (Dahlsrud, 2006).

**Sustainability Reporting**

An increasing number of organizations are reporting on their sustainability efforts, and the significance of sustainability reporting is increasing (KPMG, 2017). Sustainability reporting, also referred to as triple bottom line or CSR reporting, is the practice of measuring and disclosing effects of economic, environmental, and social impacts and being accountable to internal and external stakeholders with the goal being sustainable development (GRI, 2015).

**Sustainability Reporting Frameworks**

As sustainability reporting is becoming more common, there are an increasing number of reporting framework options available for adoption. The guidelines published by Global Reporting Initiative (GRI) are still the most popular reporting framework (KPMG, 2017). But several other sustainability accounting and reporting frameworks have been developed by various organizations including the Organization for Economic Cooperation and Development (OECD), the World Bank, AccountAbility and the United
Nations (Dumay, et. al., 2010). Each of these frameworks have different reporting mechanisms and emphasize different aspects of sustainability.

Furthermore, GRI has introduced supplements to their standard reporting framework to assist specific industries in identifying and reporting on areas of materiality. Some of the specific industries addressed include: airport operators, construction and real estate, event organizers, electric utilities, financial services, food processors, media companies, organizations involved in mining and metals, and the oil and gas industry. They have also piloted supplements for the automotive industry, logistics and transportation industries, telecommunications, and apparel and footwear (GRI, 2018).

In addition to standalone reporting frameworks, the Sustainability Accounting Standards Board (SASB) provides standards that publicly-listed U.S. companies can use to disclose material nonfinancial sustainability issues within regular financial reports (Schooley & English, 2015). Of the world's largest organizations, 78% already integrate some kind of nonfinancial data into their annual reports (KPMG, 2017). This not only helps with internal decision-making, but also provides greater transparency to external stakeholders so that they can more realistically gauge the true performance of the company as well as the material risks facing the company (Schooley & English, 2015). Sophisticated investors now expect that entities formally report information about their
comprehensive effect on the environment, employees, the community, and other stakeholders (James, 2017).

The understanding of sustainability reporting by for-profit companies has become more sophisticated as the individual organizations expand their reporting capacity. Adept organizations have evolved from asking the question "is our organization sustainable?" to the question of "what is my organization’s contribution to the unsustainability of the general environment in which we operate?" (Dumay, et. al., 2010).

Role of nonprofit organizations in CSR

Research has shown that the perceptions of the role of NGOs in CSR can fall into a few categories: recognition of NGOs as drivers of CSR; concerns about the NGO’s legitimacy; NGOs seen as direct opponents of business trade unions; or NGOs as important players in CSR (Arenas, Lozano, & Albareda, 2009).

Many nonprofit organizations have been established with the sole mission of holding for-profit organizations accountable for their harmful social impacts (Sheehy, 2014). For example, some nonprofit organizations may be committed to pristine environments and consider any harmful environmental impact as indefensible, whereas others may accept that some harms are inevitable in the process of doing business and take a collaborative approach to reducing the environmental harm (Sheehy, 2014). Although these nonprofit organizations may view themselves as secondary stakeholders
to the for-profit companies, they often have their legitimacy contested by the companies they are trying to influence because they are seen as immaterial stakeholders. Studies in Spain have shown that misunderstandings and mistrust between NGOs and for-profit organizations is, ironically, a roadblock to the integration of sustainable development into business' strategic planning processes (Arenas, Lozano, & Albareda, 2009).

Research showing that corporations sometimes see NGOs as "stakeseekers," claiming to have a stake in the corporation’s decision making without any merit, lead to corporations questioning the legitimacy of NGOs (Holzer, 2008). This makes other stakeholders suspicious or confused. This is aggravated when NGOs attempt to set themselves as judges of CSR implementation. And this is further exacerbated when NGOs are seen as failing to do what they ask of others (Arenas, et. al., 2009). The NGOs are seen as hypocritical for not embracing the same CSR standards that they are chiding others for not implementing. For NGOs to better know the business world, they need to engage in the same activities that are regarded as suspect by other stakeholders and even by some of their own members (Arenas, et. al., 2009).

As drivers of CSR, nonprofit organizations are involved in advocacy and campaigning, and are also engaging corporations and disseminating CSR best practices. Some nonprofit organizations form partnerships with for-profit businesses to promote social and environmental actions, provide technical assistance to corporations, promote
commonly agreed upon certification and reporting mechanisms, promote and
design CSR standards and management processes, and participate in CSR monitoring
and auditing (Arenas, et. al., 2009).

While NGOs are generally critical of the confusion between CSR and corporate
philanthropy, they are arguably responsible for that confusion because of the economic
and resource transactions between for-profit companies and NGOs (Arenas, et. al.,
2009). This is because NGOs are often the recipients of philanthropic donations from
the same corporations which other NGOs are being critical of for not engaging in
sustainable practices and reporting.

**Nonprofit CSR Reporting**

Whereas the frameworks mentioned earlier (GRI, UN Global Compact, etc.) have
been developed to be applicable to most types of organizations, industry-specific
frameworks for nonprofit organizations are also being promoted. GRI, for example, now
provides an NGO supplement to assist reporting organizations and data consumers with
locating issues of materiality (Dumay, Guthrie, & Farneti, 2010). The NGO supplement is
meant to expand the content of the reporting guidelines to better reflect the value-
driven nature of NGOs, specifically by introducing reporting on program effectiveness.
The Supplement can be used by any NGO that wishes to improve its organizational
sustainability and its contribution to sustainable development (GRI, 2015). It covers key
issues of program effectiveness including affected stakeholder engagement,
mechanisms for feedback and complaints, and monitoring and evaluation;
integration of gender and diversity into programs; public awareness and advocacy;
resource allocation; ethical fundraising; working with volunteers; marketing
communications; and customer privacy (GRI, 2018). For nonprofits based in the United
States, the supplement could be seen as an optional expansion the reporting
requirements of the Internal Revenue Service form 990.

Entire stand-alone sustainability reporting frameworks have been developed
specifically for nonprofit organizations. In the education sector, for example, the
Association for the Advancement of Sustainability in Higher Education (AASHE) has
developed the Sustainability Tracking, Assessment & Rating System™ (STARS) for
colleges and universities to measure their sustainability performance (AASHE, 2018). As
of March 2018, AASHE has also begun allowing K-12 schools to use the STARS reporting
framework (Casey, 2017). Another framework available to schools is the Principles for
Responsible Management Education (PRME), a United Nations-supported initiative
founded as a platform to raise the profile of sustainability in schools around the world,
and to equip today's business students with the understanding and ability to deliver
change tomorrow (PRME, 2018).

Whereas many large for-profit companies have begun voluntarily assessing and
reporting their environmental, cultural, economic, and social sustainability performance
through integrated reporting or widely accepted frameworks, nonprofit organizations
have been slow, generally, to adopt the practice (Jones & Mucha, 2013). According to a 2016 study using a sampling of nonprofit organizations, more than half of the organizations had a designated sustainability landing pages on their websites, but fewer than 40% of those organizations actually quantified their sustainability claims on any topic (Ott, Wong, & Bortree, 2016).

Why is the nonprofit sector, which tries to exert so much influence on the CSR of for-profit and public sectors, so hesitant to embrace sustainability reporting themselves? An in-depth 2014 study of three nonprofit organizations in the San Francisco Bay Area found that although the nonprofits studied did engage in various types of sustainability efforts, they purposefully downplayed their CSR behaviors and did not formally report on them. When they did communicate their efforts, they did not use integrated reporting or standard reporting guidelines. Instead, they communicated to external stakeholders using less formal channels such as social media, newsletters and word-of-mouth (Waters & Ott, 2014).

Survey-based research has shown that positive CSR performance does not significantly affect trustworthiness of an organization, whereas negative CSR performance significantly destroys trustworthiness (Hi, Hörisch, & Blumberg, 2014). Nonprofit organizations thus may see the publicizing their CSR shortcomings as only having potential detrimental effects to their organization without any balancing positive effects.
Reporting advocates argue that sustainability assessment and reporting are not only beneficial for nonprofit organizations and the communities they serve, but are also an ethical imperative for demonstrating transparency and providing a comprehensive accounting for the positive and negative impacts of organizations’ operations to stakeholders and to the larger community (Jones & Mucha, 2013). Sustainability assessment and reporting programs not only give organizations the opportunity to highlight their successes but are also meant to provide an honest and comprehensive account of areas that are challenging or problematic and may be improved (Jones & Mucha, 2013).

As the work of nonprofit organizations should enhance society’s wellbeing, they have a duty to undertake their work in a sustainable manner (GRI, 2015). Furthermore, NGOs are prominent among those calling upon other sectors to be held accountable for their impacts on the environment and society, and as such should be participating in sustainability reporting themselves to affirm their legitimacy and credibility as key contributors to sustainable development (GRI, 2015).

One notable exception to the nonprofit sector's lack of reporting is in the education arena. Schools are increasingly seeing themselves as drivers of sustainability (Casey, 2018b). As Pope Francis noted in his encyclical letter Laudato Sí, On Care for Our Common Home, "change is impossible without motivation and a process of education" (Francis, 2016). In 2007, sixty deans, university presidents and official representatives of
leading business schools and academic institutions developed the he Principles for Responsible Management Education (PRME) (UN PRME, 2018). According to the PRME website, there are currently 720 schools participating in PRME, 705 of which are signatory organizations (2018).

**Nonprofit and For-Profit CSR-based Relationship**

Partnerships between nonprofit and for-profit organizations to support causes is a popular corporate social responsibility (CSR) practice that attempts to add value to both partnered organizations (Lafferty & Goldsmith, 2005). From a nonprofit's point of view, a for-profit partner works primarily as a new source of revenue (Park, Hitchon, & Yun, 2004). In this context, nonprofits see themselves as beneficiaries of CSR. The for-profit organization, on the other hand, benefits from the trustworthy images and expertise of nonprofits which may alleviate skepticism toward their CSR practices (Rim, Yang, & Lee, 2016). This, however, often blurs the lines between philanthropy and CSR.

Whereas CSR advocates are promoting the idea that corporate philanthropy should be replaced by a more strategic model based on mutual benefits, nonprofits see the opportunity to create enduring, mutually rewarding engagements. Studies have found that symmetrical, strategically based partnerships typically were characterized by high satisfaction levels. Less satisfaction is derived from partnerships characterized by altruistic-only motives (Rumsey & White, 2009). By forming mutually-beneficial partnerships on the basis of improving CSR, for-profit entities promote a social cause at
the same time as promoting its brand as a sponsor of the cause (Park, Hitchon, & Yun, 2004). And from the perspective of nonprofit organizations, this can be an answer to a financial dilemma.

**Section 3. Methods and Approaches**

As the topic of this project is the corporate social responsibility (CSR) and sustainability reporting of nonprofit organizations, the first phase of data collection includes a literature review to determine the current understanding of CSR, sustainability, reporting options and the role of nonprofits in CSR. Scholarly articles were found using multiple databases available through the University of San Francisco (USF) library. Key terms included various combinations of words related to the following themes:

- **Nonprofit organizations**: Non-profit, nonprofit, NGO, nongovernmental
- **Corporate Social Responsibility**: Corporate Social Responsibility, CSR, social responsibility
- **Sustainability**: Sustainability, sustainable, sustainable
- **Reporting**: sustainability reporting, CSR reporting, ESG, Triple-bottom line, GRI, Global Research Institute
In order to gain insight on this topic, unstructured interviews were conducted via telephone, in-person or via email with 3 individuals, all nonprofit and/or sustainability leaders.

- Kate Brandt, US’s first sustainability director (hired by President Obama), current Sustainability Lead at Google
- Andra Yeghoian, Environmental Education Coordinator at the San Mateo County Office of Education
- Marika Ramsden, One Planet Schools Representative for California at Bioregional

One of the goals of this paper is to explore the state of sustainability reporting in nonprofit organizations, and hypothesizes that nonprofit organizations are not adopting the practice of sustainability reporting as quickly as for-profit and public agencies and then explores the theory that nonprofit organizations generally see themselves exempt from sustainability (CSR, ESG) reporting beyond requirements defined by law and their funders. Quantitative data of raw data provided by Global Reporting Initiative (GRI) was analyzed to access the validity of these arguments. The data was provided by GRI in April 2018 as an Excel export of the aggregated report and organization metadata. This information, provided in the "GRI Reports List," is the "complete version" which gives a detailed overview of all reports included in GRI’s Sustainability Disclosure Database since 1999. This version is usually available for a fee of €800 (as of April 2018) but is conditionally provided for free to students for academic use.
For a more comprehensive view of the number of nonprofit reporting agencies, data was obtained from the Association for the Advancement of Sustainability in Higher Education (AASHE). In order to promote transparency among learning institutions and the public, AASHE makes their Sustainability Tracking, Assessment and Rating System (STARS) data publicly available through individual STARS reports, and through some aggregated STARS "data displays." This data was freely obtained through the public AASHE website.

**Section 4. Data Analysis**

The data indicates that nonprofit organizations did not start submitting sustainability reports to GRI until 2001, but no nonprofit sustainability efforts were consistently reported until beginning in 2004 (Table 1). Since that point in time, nonprofit organizations have consistently comprised only approximately 2% of all reports submitted to GRI. From 1999 through 2016, the number of for-profit reporting companies had grown from 312 to 6,566, whereas the number of nonprofit reporting organizations have grown from only 2 to 147.
Table 1. Number of Reporting Organizations by Sector and Year

<table>
<thead>
<tr>
<th>Year</th>
<th>Nonprofit Organizations</th>
<th>Public Agencies</th>
<th>For-Profit Organizations</th>
</tr>
</thead>
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<tr>
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</tr>
<tr>
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<td>0</td>
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</tr>
<tr>
<td>2004</td>
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<td>1</td>
<td>312</td>
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<td>2016</td>
<td>147</td>
<td>87</td>
<td>6,566</td>
</tr>
</tbody>
</table>

Source: Summary of raw data provided by Global Reporting Initiative, April 2018.

Figure 1 demonstrates the number of for profit, nonprofit and public agencies that have submitted sustainability reports to GRI since 1999. According to the website run by Nonprofit Action, there are an estimated 10 million NGOs worldwide. So, although the growth of reporting organizations in terms of percentages are impressive for all sectors, the absolute numbers of nonprofit organizations submitting their reports to GRI is negligible.
Figure 1. **Number of Reporting Organizations by Sector and Year (GRI Data)**

![Bar chart showing the number of reporting organizations by sector and year.]

*Source: Summary of raw data provided by Global Reporting Initiative, April 2018.*

Figure 2 shows, in a logarithmic scale, the number of organizations that have submitted reports to GRI by sector and year. This indicates that, although the growth rate of reporting organizations across the three sectors is similar, public agencies and nonprofit organizations report their efforts significantly less than for-profit organizations.
Figure 2. Number of Reporting Organizations by Sector and Year (GRI Data)
Logarithmic Scale

Source: Summary of raw data provided by Global Reporting Initiative, April 2018.

Figure 3, demonstrates the slowing growth of reporting by nonprofit organizations even more dramatically. The rate of growth of reporting by nonprofit organizations have declined almost every year since reporting began.
Although GRI is widely reported as being the most popular reporting framework organization in the world, data shows that the number of nonprofit organizations using other frameworks and reporting mechanisms is actually larger. In 2017, there were approximately 350 University and Colleges reporting their sustainability efforts through the AASHE STATS framework. GRI, however, only reported 123 universities and college reports submitted through its portal during that same period.

According to Andra Yeghoian, Environmental Education Coordinator at the San Mateo County Office of Education, "AASHE reported to me that 25% of universities and colleges are prioritizing their focus on sustainability in operations and curriculum."

According to the Digest of Educational Statistics, in 2015-16 there were a total of 4,583
colleges and universities: 1,620 public, 1,262 for-profit, and 1,701 private nonprofits (2018). GRI clearly is not factoring in the reports of 25% of universities and colleges.

**Figure 4. Number of Reporting Universities (AASHE STARS)**

![Graph showing number of reporting universities]

**Source:** Association for the Advancement of Sustainability in Higher Education, 2018.

Expert interviews have indicated that the reason for the deficiency of reporting by non-educational nonprofit organizations is that there is less pressure on nonprofit organizations to report their sustainability efforts, especially in the United States. According to Kate Brandt, Sustainability Lead at Google and the first ever Sustainability Director for the executive branch of the United States, significant pressure is applied to Google's suppliers to measure, track, report upon and improve sustainability efforts.
Google focuses their sustainability reporting on issues dealing with the supply chain and sourcing of products, the environment, diversity, and the economic impact of the company.

Brandt explains that at Google, "we consistently require our tier one suppliers to report on and improve their sustainability efforts. We often monitor and pressure our suppliers to be better. We also work with our tier two and tier three suppliers to improve their efforts as well. We look at their conduct, their acquisition and use of minerals, their energy audits and their use of renewable energy." However, when asked about the pressure that they apply to their nonprofit partners, Brandt stated, "I have not thought about it before this conversation. We choose our nonprofit partners solely on what they bring to the partnership." This is a significant comment not only because of the number of nonprofit organizations that Google partners with, but also because of the types of project on which they partner.

Google partners with nonprofit organizations not only to help with their own corporate sustainability efforts, but also because Google's expertise in data collection and analysis can help revolutionize global sustainability efforts. As Brandt noted, they partner with nonprofits with a "focus on the social side and on the role of technology in bringing people together to solve problems... Organizations that are uniquely situated to solve problems." These diverse partners include educational institutions such as KTH Royal Institute of Technology in Stockholm and the University of Groningen, as well as
other non-educational NGOs including World Resources Institute (WRI), Global Energy Observatory, Environmental Defense Fund, and the Ellen MacArthur Foundation. Google does not focus on the internal sustainability efforts of its nonprofit partners, just on the impact that its partners can have on Google's global and regional sustainability efforts.

Section 5. Implications and Recommendations

Incomplete Reporting Data

Reports from industry experts indicate that GRI is the leading framework for sustainability reporting and leading aggregator of corporate sustainability effort data. However, although GRI is recognized by experts as the most popular reporting framework for organizations, it does not capture or accurately reflect the sustainability reporting efforts of all organizations, especially nonprofit and educational institutions. This is clearly evidenced by the fact that although over 300 educational institutions submitted valid STARS reports to AASHE in 2016, only 123 universities submitted reports to GRI from 1999-2018. Furthermore, over 700 signatory schools submitted reports using the PRME framework in 2016 (2017). The most widely accepted reporting framework is woefully incomplete with data from educational institutions.
Inadequate Social Impact Analysis

Nonprofit organizations are under increasing pressure from funders to show the social impact of their programs. The social impact analysis that organizations do perform, however, is narrowly focused on the direct effect of the organization's programs and does not take into account the entire impact of the organization. Interviews and data show that, with the exception of educational institutions, nonprofit organizations generally do not prioritize the reporting of their sustainability and corporate social responsibility efforts and are thus providing an incomplete analysis of their organizational and programmatic impacts.

Further Studies Needed

1. More studies are needed to explore the implications of providing a more complete social impact analysis that incorporates organizational impact of nonprofit organizations, and not just programmatic impact. Although the process of creating sustainability reports will be unequivocally helpful for nonprofit organizations, the public reporting may have both negative as well as positive effects on the organization. These effects should be studied to help nonprofits determine the level of reporting that would be most advantageous to their goals.

2. There is a need for a more comprehensive review of sustainability reporting usage of nonprofit organizations. GRI does have a useful framework to aggregate
disparate types of sustainability reports, but as evidence of this study has shown, the GRI statistics are incomplete.

**Recommendations**

1. Develop more industry-specific reporting guidelines for nonprofit organizations, just as there are for universities and other educational institutions. Educational institutions play a unique role in creating a sustainable world, and the success of sustainability reporting by educational institutions should be a model to other types of nonprofit organizations.

2. Educate nonprofit leaders on CSR and its relationship to nonprofit financial sustainability, social impact analysis, risk analysis, and strategic planning. This education can only help nonprofit leaders create more effective and successful organizations.

3. Promote a sustainability mindset in nonprofit organizations by encouraging the incorporation of CSR into the logic models and theories of change (see figure 5). Even if not reporting on sustainability efforts, the act of anticipating, measuring and documenting the environmental, social and governance performance throughout all activities will allow nonprofit organizations to more accurately plan and evaluate the impact and effectiveness of programs and holistic organizational operations.
4. Nonprofits with a mission of environmental or sustainability issues should engage in some type of formal sustainability reporting. Without reporting on their sustainability efforts, these organizations risk losing legitimacy by the public and organizations that they are trying to influence.

**Section 6. Conclusions**

As the importance of sustainability and CSR increases in relation to environmental, social and governance issues, reporting and disclosure is now largely seen as a necessary part of business, and increasing pressure is being applied to for-profit businesses to report and disclose all of their material impacts. But nonprofit organizations have generally avoided that same pressure. As such, nonprofit
organizations are not adopting the practice of sustainability reporting as quickly as for-profit organizations. However, if a nonprofit organization desires to have a more complete assessment of its impact on its stakeholders, sustainability reporting is critical.

A shift toward use of sustainability assessments and reports by nonprofit organizations would improve transparency and provide an on-going record of accomplishments and improvements that organizations make over time. Organizations would benefit, and so would the communities in which they operate. Nonprofits may be missing material impacts when performing their social impact analysis. By focusing their analysis solely on the impact of their programs, the more holistic impact of the organization may not be accurate. This could be resulting in inaccurate risk assessments and missed opportunities for the nonprofit organizations. This oversight may affect the ongoing viability of the organization.

Although GRI is the leading framework for sustainability reporting and leading aggregator of corporate sustainability efforts of for-profit institutions, GRI does not assume that same role for nonprofit institutions. Evidence of this can be seen in the number of universities and colleges that submit sustainability reports using frameworks other than GRI, and which are not reflected in the aggregate GRI metadata.

Further studies are needed on the actual usage of sustainability reporting by nonprofit organizations regardless of the framework being used. More analysis needs to
be done on the implications to nonprofit organizations of not performing sustainability reporting. More analysis also needs to be done on the implications of not measuring and studying their material impacts on nonprofit organizations.
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Author’s Bio

Tom Casey has worked in the nonprofit sector for over 14 years, primarily in secondary education. During that time, Tom has assumed multiple roles involving the translating of complex ideas and technical details into communications that resonate with target audiences. Tom is adept at developing relationships with all constituencies, including all levels of staff and volunteers. He embodies the Servant Leadership style of management.

Tom began his career as a web developer while earning his Bachelor of Arts degree at Claremont McKenna College. He found his passion for helping nonprofit organizations achieve their goals while working for Grassroots Enterprise, a company dedicated to online political advocacy.

Developing and managing online initiatives has been a focus of Tom's work in recent years. From conceptualization to execution, he works independently and with teams of staff and consultants to achieve campaign goals.

More recently, Tom has become an organizational leader in sustainable development. He has spearheaded the development and implementation of sustainability plans at St. Ignatius College Preparatory by aligning the values of students, faculty, staff and parents. He is currently creating a model of corporate social responsibility for nonprofit organizations.

Tom has a BA in Environment, Economics and Politics from Claremont McKenna College and a Master of Nonprofit Administration from University of San Francisco.