Measuring the Impact of Multinational Corporations on SDG Implementation

Hardi, Peter; Professor of Business Ethics and CSR Director, Center for Business and Society, Central European University Business School, Hungary, hardip@business.ceu.edu

Scientific analyses of the achievements of the Millennium Development Goals during the past fifteen years attest that more negative than positive impact of multinational corporations on sustainable development can be observed and integrating sustainability issues is in most cases perceived as a constraint to generate profit. Taking responsibility for societal impacts requires a deliberate commitment by companies. Only then can they effectively address impacts, manage risks and seize opportunities for helping social development.. Expert interviews showed that corporate impact assessment tools currently play an external role, focused on reporting of positive impacts with the objective of reputation management. A foundation for sound impact assessment based on meaningful indicators and adapted to the respective context has to be provided by researchers. Consequently, our research focuses attention on those areas where a company can induce substantive social change. Strategic options for enhancing positive and reducing negative impacts can now be prioritized along the newly adopted Sustainable Development Goals (SDGs). Understanding the mechanisms by which business activities cause impacts informs indicator selection and data collection. The results of data analysis may imply a broad spectrum of areas for improvement. To help this process we are developing a tool navigator for managing impact, align business activities and official development assistance, improve governance for responsible business conduct and provide a base for multi-stakeholder partnerships to tackle development challenges. In order to understand the complexity and the context of the variety of tools, different clusters were constructed. The methodology applied followed an ‘empirically-grounded cluster analysis’. By clustering the variety of tools into a few types, complexity with regard to the number of objects can be reduced. Further, an assessment of classes instead of cases is possible and an understanding of why attributes concentrate in special types enables learning from the specifics of the types and deriving of conclusions for the tool navigator. One of the results is to expand the focus from corporate performance to outcomes and the impacts arising from the company’s activity to society.