2030 Agenda and business strategies: the Sustainable Development Goals as a compass towards a common direction

Sofia Martinoli*

Ricevuto 28/09/2020 – Accettato 25/01/2021

Abstract

In 2015, the United Nations (UN) launched the "2030 Agenda for Sustainable Development", adopted by all the 193 UN member states. The Agenda exhorts countries to start working towards achieving the so-called "Sustainable Development Goals" (SDGs). The 17 Goals of the Agenda represent a to-do list for people and the planet, aiming at improving people's life conditions and protecting the environment. The COVID-19 crisis has threatened the achievement of the SDGs in several ways. People's life has been dramatically affected and there is an urgent need for an effective global recovery plan. The crisis should be transformed from a curse to an opportunity; innovation, today more than ever, should be pointed towards building up a sustainable future. To incentivize the spread of innovative and sustainable ideas, it should be clearly outlined their impact. In this work, it is analysed the availability of frameworks and tools to translate the "macro" – the SDGs – into the "micro" – organizational and entrepreneurial strategies. There are different valuable tools provided by many recognized organizations, which aim at supporting companies and organizations in measuring, managing, and reporting their impact over the achievement of the SDGs. With this huge number of available tools, it is difficult to decide in which one to invest time and resources. The contribution of organizations over the SDGs is often not clear.

Key words: Sustainable Development Goals (SDGs); 2030 Agenda; Corporate Social Responsibility (CSR); COVID-19; Social impact; ESG indexes.

* Graduate student at Sapienza University of Rome. sofia.martinoli94@gmail.com

Corporate Governance and Research & Development Studies, n. 1-2021
(ISSN 2704-8462-ISSNe 2723-9098, DOI: 10.3280/cgrds1-2021oa10458)

Sommario

Agenda 2030 e strategie di business: i Sustainable Development Goals come bussola verso una direzione comune"

Nel 2015, le Nazioni Unite lanciarono la "Agenda 2030 per lo sviluppo sostenibile", adottata da tutti i 193 stati membri delle Nazioni Unite. L'Agenda esorta i paesi ad iniziare ad impegnarsi per raggiungere i cosiddetti "*Sustainable Development Goals*" (SDGs). I 17 obiettivi dell'Agenda rappresentano una lista di azioni da mettere in atto per le persone e per il pianeta, con lo scopo di migliorare le condizioni di vita delle persone e proteggere l'ambiente. La crisi del COVID-19 ha minacciato il conseguimento degli obiettivi in diversi modi. La vita delle persone è stata drammaticamente colpita e vi è un urgente bisogno di un piano mondiale di ripresa. La crisi dovrebbe essere trasformata da una disgrazia ad un'opportunità; l'innovazione, oggi più che mai, dovrebbe essere indirizzata alla realizzazione di un futuro sostenibile. Per incentivare la diffusione di idee innovative e sostenibili, il loro impatto dovrebbe essere chiaramente delineato.

In questo lavoro, si analizza la disponibilità di strumenti e modelli per tradurre il "macro" – gli SDGs – nel "micro" – strategie organizzative e imprenditoriali. Ci sono numerosi strumenti validi offerti da molte organizzazioni riconosciute, che mirano a supportare le compagnie e le organizzazioni nella misurazione, nella gestione, e nella comunicazione del loro impatto sul conseguimento degli SDGs. Con questa grande quantità di strumenti disponibili, è difficile decidere su quale investire tempo e risorse. Il contributo delle organizzazioni sugli SDGs spesso non è chiaro.

Parole chiave: Sustainable Development Goals (SDGs); Agenda 2030; Corporate Social Responsibility (CSR); COVID-19; Impatto sociale; indicatori ESG.

1. Brief introduction to the Sustainable Development Goals (SDGs)

The 17 Sustainable Development Goals (SDGs), also known as '2030 Agenda', were developed and launched by the United Nations in September 2015 as national objectives for all the UN member states, to create a sustainable and fair world from different perspectives. The themes outlined in the Agenda concern current economic, environmental, and social issues to be addressed by 2030. The 17 Goals, with their underneath 169 targets, represent the blueprint for reducing poverty and inequalities, for improving life conditions, and for protecting the planet. According to the United Nations, progresses made so far seems to be not enough for meeting the Goals on time, and the 2030 Agenda aims at mobilizing and speeding action on three levels:

– Global action, for getting copious resources and smarter solutions;

– Local action, integrating the required transitional arrangements into policies and regulations of national governments and local authorities;
– People action, to generate and to boost transformations needed, operating into the numerous and different social sectors, such as the private sector, the media, the young people, and the academic environment (Sustainable Development Goals).

In the tenth edition of the "Annual Impact Investor Survey" launched by the GIIN (Global Impact Investing Network), it emerged that the SDGs are used by 73% of the respondents, representing the most widely used baseline for impact investors. The latter can track their existing investments in relation to the SDGs, or directly channel their capital or resources into one specific SDG or few SDGs (Hand, Dithrich, Sunderji, & Nova). Beside being national goals, the SDGs seems to be relevant in companies and organizations' strategies; for instance, while analysing an enterprise performance, a stakeholder may be willing to know whether and how the enterprise is contributing to meet one or more SDGs. In other words, the KPIs and the impact measures in the organizations' reporting, should be somehow aligned with the 169 targets of the 17 SDGs, allowing companies to measure their contribution to the SDGs, reducing the information asymmetry with its stakeholders, and supporting governments in managing national performances.

2. The COVID-19 pandemic and its effects

During the first quarter of 2020, the entire world was shocked by the pandemic crisis caused by the spread of COVID-19. The primary impact the virus had on lives was obviously on the health system, incurring in overcrowding hospitals and not fully sufficient medical treatments. One of the most fearful aspect of the situation was and still is the unpredictability of the infection, leading to uncertainties about potential immunity and a potential vaccine. The World Health Organization chief Tedros Adhanom Ghebreyesus encourages governments to collectively respond to the COVID-19, acting in solidarity, and avoiding "vaccine nationalism" (UN News, 2020).

Together with the medical crisis, the pandemic has led to many related emergencies. At the beginning of 2020, many economic activities closed, financial markets collapsed, and the overall economic shutdown caused an accelerated rise in global poverty.

Due to the pandemic emergency, the achievement of the SDGs has been threatened, and progresses made so far have been halted or even regressed. According to the United Nations, «the achievement of the 17 Sustainable Development Goals (SDGs) by 2030 was already off track by the end of

2019» (Sustainable Development Blog, 2020). With the COVID-19 pandemic and the related crisis, potential progresses in achieving them are further disrupted. The already vulnerable situation of developing countries has become even more critical, as shown by numerous studies.

The World Bank Group provided two estimations of COVID-19 impact on global poverty: one in April and one in June.

In April, it was estimated that the virus would «cause the first increase in global poverty since 1998» (Mahler D.G., Lakner C., Castaneda Aguilar R.A., Wu H., 2020); the authors' estimates suggested that the COVID-19 was pushing about 40-60 million people into extreme poverty, identifying the Sub-Saharan African region as the hardest hit region, although it «has been hit relatively less by the virus from a health perspective» (Mahler D.G *et al.*, *Ib.*, 2020). Alongside Sub-Saharan countries, also South Asian countries like India would face a huge change in the number of poor.

In June, the estimates conducted by the same authors, suggest that the COVID-19 will push 71 million people into extreme poverty, with a downside projected scenario of 100 million; without deviating from the previous estimate regarding the hardest hit regions, the updated estimates stressed out the severe situation of Nigeria, India, and the Democratic Republic of Congo (Mahler D.G *et al.*, *Ib.*, 2020).

On the same topic, a working paper recently published by the United Nations University, reveals a potential scenario of the impact of COVID-19 on global poverty that could lead to a greater number of poor than the ones estimated by the World Bank Group. Studying different scenarios, the estimated range of poor people stands from 80 million to 520 million (Sumner, Hoy, Ortiz-Juarez, 2020)

The abovementioned studies underline the arising difficulties in reaching the Sustainable Development Goal number 1: "No poverty". Beside the analyses on the welfare impact, «non-monetary indicators such as infant and maternal mortality, undernutrition and malnourishment, and educational achievement would also be seriously hit» (Sumner, Hoy, Ortiz-Juarez, 2020).

The other 16 Goals have also been heavily impacted by the COVID-19 crisis, some of them directly and others indirectly. Concerning the Goal number 2: "Zero hunger", the United Nations stated that the world is not on track in achieving it. The UN currently estimate an 8.9% of the world population suffering from hunger, and if the trends continue as in the recent years, «the number of people affected by hunger would surpass 840 million by 2030» (Goal 2: Zero hunger). During the pandemic crisis, moving from one country to another one – or even within the same country – was hardly possible, reducing in this way the food supply for populations and communities in need.

The United Nations, according to the World Food Programme, state that the COVID-19 is likely to bring 130 million additional people at the brink of starvation by the end of 2020, calling international organizations into action for prompt measures (Goal 2: Zero hunger). Similarly, also the Sustainable Goal number 6 ("Clean water and sanitation") and the Sustainable Goal number 7 ("Affordable and clean energy") have been impacted; as well as the food supply was endangered, the provision of clean water and electricity to communities in need has been threatened by the pandemic spread and the movement limitations.

The accessibility to water and sanitation facilities represents also one of the main pillars in the fight against the spread of the virus since to frequently wash hands is one of the advices reported by the WHO (World Health Organization), and it became extremely urgent for international organizations to gain as much support as possible to reach this scope.

Clearly, the Sustainable Development Goal number 3 ("Good health and well-being") has been directly and widely impacted by the pandemic emergency. With health facilities and hospitals overloaded, national health systems have been subjected to intense pressure and strain. Prioritizing COVID-19 has often led health systems to set aside other health emergencies and needs, delaying research programs for other diseases. As an indirect effect, the pandemic played an important role in the increase of mental issues; people have experienced fear and concerns related to the virus spread, and, during the lockdown period, people have felt isolated or even abandoned. As our daily lives changed with movements restrictions and lack of physical contact with family, friends or colleagues, mental distress arose, exposing people to poor mental health and to the underneath potential consequences such as isolation or job loss.

In 2020, most governments decided and announced the closure of schools due to the COVID-19 emergency. This decision impacted more than 91% of students worldwide, jeopardizing efforts and progresses made so far in improving global education (Goal 4: Quality education). In some countries, it has been explored the opportunity of an alternative learning system, through remote education programmes and lessons. Those who could not benefit from these programmes and tools were the already vulnerable communities, where children – and students in general – do not have internet access and the learning resources are poor or lacking.

Vulnerable groups have been hit the most by the pandemic crisis. The global emergency has deepened and exacerbated existing inequalities, concerning several aspects and targeting different groups: not only to the abovementioned children and students with scarce resources, but also women and girls, or disabled people, as well as extreme poor populations have been impacted during the COVID-19 emergency.

Disparities have been underscored during the crisis, heavily impacting the SDG number 5 ("Gender equality"), and the SDG number 10 ("Reduced inequalities") across different areas such as health and safety, economy, and social protection.

The job sector has been hugely affected by the pandemic outbreak, forcing many companies to temporarily close and many workers to work remotely from their home. In worst cases companies faced bankruptcy and workers lost their jobs. The Sustainable Development Goal number 8 ("Decent work and economic growth") seems much harder to meet after COVID-19. According to the United Nations, "the International Monetary Fund (IMF) expects a global recession as bad as or worse than in 2009. As job losses escalate, the International Labor Organization estimates that nearly half of the global workforce is at risk of losing their livelihoods" (Goal 8: Decent work and economic growth). One of the encouragements listed by the United Nations is to support small and medium-sized enterprises through recovery programmes, helping in this way to give an economic response to protect people's jobs and lives.

Concerning climate change and global warming, the United Nations express the importance of not underestimate the return of increasing rate of CO_2 emissions. With the pandemic outbreak, due to the global economic slowdown and the contemporary travel bans, there has been indeed a reduction in CO_2 and other greenhouse gases emissions in the atmosphere; this anyway seems to be temporary, and, with the gradual economies' recovery, emissions are expected to raise again. The United Nations declare that the «current crisis is an opportunity for a profound, systemic shift to a more sustainable economy that works for both people and the plane» (Goal 13: Climate action).

Summarising, the Sustainable Development Goals have been hit by the Coronavirus crisis in different ways; some of them have been directly and hugely impacted, and others have been indirectly affected by the global pandemic emergency. The Sustainable Development Goal number 17 ("Partnerships for the goals") symbolize one of the pillars that the United Nations and other international organizations have recognized as fundamental in fighting against and recovering from the COVID-19 crisis. Collaboration and cooperation within and between countries seem to be pivotal ingredients for an efficient reconstruction and for building up stronger infrastructures and relationships with the aim of letting no-one behind.

3. Corporate Social Responsibility

The concept of Corporate Social Responsibility (CSR) has increasingly gained relevance, underlying the important role of social, environmental, and governmental policies of organizations, beside their financial performances.

There has been – during the last century and still nowadays – a common growing interest in social topics. As stated in the American business journal "Forbes" in 2019, the 86% of US customers expected companies to operate in social and environmental fields, and the 87% would buy products because a company defend a cause that they care about (Bullock, 2019). Consequently, organizations' business models headed towards capturing these surrounding changes, as can be seen by the birth of concepts such as Corporate Social Responsibility or the "triple bottom line".

A first step made for understanding companies' involvement in social and environmental topics was indeed the introduction of the concept of the Corporate Social Responsibility (CSR). During the 19th century, responsible companies were already operating – originating from the Industrial Revolution – and there were already authors such as Oliver Sheldon, talking about social responsibility and morality of the managers (Hoffman, 2007). The concept of CSR in the modern perspective was coined in 1953 by the American economist Howard Bowen in his publication "Social responsibilities of the businessman". The pillars of Corporate Social Responsibility have been identified in: society, economy, and environment; according to this notion, corporations have obligations not only towards direct and explicit stakeholders, but they should be aware of other implications that their businesses can lead to, and consequently act in an ethical way.

A related topic is the concept of the "triple bottom line"; it was coined by John Elkington in 1994 and it is composed by three dimensions (3 Ps): people, planet, profit (Elkington, 1994). According to this belief, the sustainable growth of an organization should be established via a harmonious balance between the pursuing of wealth of these three elements.

The same balancing perspective between environment, society and economy is conducted in the modern concept of Circular Economy. In this approach resources are continuously involved in the closed-loop system in order to obtain a sustainable model, reaching an input reduction, gaining efficiency, and avoiding waste (Geissdoerfer, Savaget, Bocken, & Hultink, 2017).

Summarizing, the perspectives of market players have changed and are continually evolving; from both the demand and the supply sides we encounter an increasing involvement in societal and environmental impacts. Alongside this involvement, organizations and their stakeholders have started to understand the need to respectively state and to be aware of the commitment and the consequences of their actions in the environmental and societal fields. With the nowadays progressive concern about the global warming, for example, people tend to act more carefully when they purchase something; they are willing to get more and more information about how the good they are purchasing was produced and dispatched, or about the company recycling policies for reducing waste. Another example of people's increasing concern regards the interest and consideration about human resources exploitation, like child labour or the dangerous conditions to which people in developing countries are exposed to. An increasing number of people would boycott goods the production of which involved the violation of human rights, and that is why information and transparency are gaining increasingly importance.

Nowadays, according to Alan Barrell – English professor and entrepreneur – the investing environment has changed, with the introduction of the concept of the impact investing; investors are not just looking for a return of money, but they also invest to see the impact made on the human and environmental conditions (Hockerts, 2016).

For some organizations, showing how they are trying to improve conditions in social sectors could be guided by a matter of attractiveness. Some profit-driven organizations, in order to fulfil these customers' needs and expectations, have been increasingly pushed to express their social involvement and the benefits they are bringing to the society. Many organizations anyway, did transformed their policies and their overall strategies, moved by global and individuals' concerns; there has been an incremental carefulness in the exploitation of resources, for example using renewable energies and sustainable innovations, and adopting responsible policies regarding employees and customers' health and rights.

Customers and shareholders that care about social and environmental issues, would need to be transparently informed about an enterprise social impact; in other words, stakeholders may be willing to acknowledge whether an organization is trying to reduce the negative impact it potentially has on people and/or planet, and also, whether the organization is actually committed in having a positive impact on society and/or environment.

4. Measuring social impact

Conventional investments are supposed to take place when the expected financial return exceeds the financial cost. Investors need therefore financial information to assess whether investing in a project or in an organization is economically worthy. Even after an investment has been undertaken, investors would require to monitor if their money – or the resource invested – has been responsibly employed. The potential or actual grant receivers should prove their worthiness and their accountability.

It has already been outlined in this work that financial return is not the only information that matters for many stakeholders. Beside the economic report, impact investors for example, would need information about the organization's social commitment and performances.

Measuring the impact that organizations have on societies and environment would require clear rules in order to get some standardized indices.

Numerous studies and researches have been carried forward during the last years, methodologies and approaches have been proposed for assessing social value creation, such as the Cost-Benefit Analysis, the SROI method, the Balanced scorecard, and many others. Those methods have been implemented to gain some metrics that – similarly to existing financial measures representative of economic return – could explain positive or negative social effects of an initiative or an organization. There is still slight consensus on which approach would be better, and a standardized method for measuring social impact is still lacking.

4.1. Social rating agencies and ESG indexes

The importance of the concepts of the *CSR* and of the *triple bottom line* has been previously remarked in this paper; these concepts represent guiding principles for organizations, which do not only consider the economical sustainability, but also the social and environmental ones at the same time.

Translating these principles into measurable variables, has led to the development of specific measurement tools such as the so called "ESG indexes". The acronym ESG stands for "Environmental, Social, Governance", and ESG indexes are supposed to summarize an organization's performance in these three fields.

Since the second half of the last century, ESG rating and information provider agencies (ESG IPAs) have gained relevance due to the increasing number of requests from different stakeholders to have social and environmental information of companies and organizations, with the aim of increasing investments in sustainable firms. ESG rating agencies develop and apply various methods for assessing ESG sustainability indexes; some of the agencies apply only non-financial information, while others base their analysis and assessment in both financial and extra-financial data. The agencies' work implies reaching and using a huge amount of information, examining data coming from organizations themselves and public information (Escrig-Olmedo *et al*., 2019); anyway, there is little information and lack of standardization and transparency about the fundamental criteria used by the ESG agencies in implementing their evaluation methods.

The researchers Escrig-Olmedo *et al*. studied the ESG indexes and rating agencies in both 2008 and 2018, providing two articles respectively published in 2010[1] and in 2019[2]. Works such as the one of Escrig-Olmedo and colleagues, wonder whether and how the rating agencies also consider elements like the SDGs in measuring and assessing corporate sustainability performances.

The results of the comparative analysis performed by the authors, identified the evolution of assessment criteria in the environmental, social, and governance dimensions. In both the years 2008 and 2018 the ESG rating criteria analysed were mostly the same, but their integration for the evaluation was different. Considering the environmental dimension, the shift of the most widely applied criteria has been highlighted: in 2008 they consisted in environmental policy/management, emissions, and climate change; in 2018, beside the environmental policy/management aspect, the most used criteria were water use and management, and protection of biodiversity. Also important in the 2018 analysis were the aspects of climate change, emissions, and waste management/reduction. This change of criteria showed a raising interest and attention on environmental concerns, reflecting international agreements focused on environmental topics (Escrig-Olmedo *et al*., 2019, p. 10).

For assessing the social category in the ESG analysis, in 2008 aspects related to human capital development and training were mainly considered, followed by the human rights and the community relations criteria. In 2018, the most considered criteria were labour management, human rights, and quality working condition, health and safety. Even within the social dimension, it is possible to see the impact that the introduction of the SDGs has produced, stressing the importance of ensuring healthy lives and quality education, along with the opportunity for a decent work and economic development for all (Escrig-Olmedo *et al*., 2019, p. 11).

Regarding the analysis on governance aspects, the most used criteria in 2008 were corporate governance functions and committees, board structure, and remuneration/compensation policy. All these criteria maintained their relevance in 2018, combined also with the transparency criterion, which

[1] Escrig-Olmedo, Muñoz-Torres, Fernández-Izquierdo (2010).

[2] Escrig-Olmedo, Fernández-Izquierdo, Ferrero-Ferrero, Rivera-Lirio, Muñoz-Torres (2019).

gained increasingly importance between 2008 and 2018 (Escrig-Olmedo *et al*., 2019, p. 12).

Beside the evaluation elements, the industry of the ESG rating agencies itself faced a change, going towards more professionalism and interconnections between agencies. Between 2008 and 2018 there have been processes like mergers and acquisitions, absorptions and partnerships between ESG IPAs, allowing the development of more integral evaluations of sustainability performances.

The case of Morgan Stanley Capital International (MSCI) could embody the right example for these incorporation processes. MSCI acquired several ESG rating and research agencies, starting in 2010 when it bought RiskMetrics Group; the latter had previously acquired Institutional Shareholder Services (ISS), Innovest Strategic Value Advisors, and Kinder Lyndenberg Domini (KLD). Additionally, MSCI acquired Measure Risk and Governance Holdings Co. (GMI Ratings). Innovest Strategic Value Advisors and KLD are currently known as MSCI ESG Research, and they are responsible for developing the MSCI ESG Indices.

MSCI is one of the current leading providers of supporting tools and frameworks applicable in the decisional process for the global investment community. MSCI provides ratings for nearly 14000 companies and it collaborates with the OECD (Organization for Economic Co-operation and Development) to help institutional investors accomplish UN SDGs (MSCI - Corporate Responsibility, 2020); it provides more than 1500 ESG indexes, few of which are summarized in Table 1.

Table 1 - Sample of MSCI ESG Indexes. Adapted from (MSCI ESG Index Framework)

MSCI ESG Universal Indexes	These indexes enhance exposure to those companies that demonstrate both a higher MSCI ESG Rating and a positive ESG trend, while maintaining a broad and diversified investment universe.
MSCI ESG Leaders Indexes	The indexes use a best-in-class approach by only selecting companies that have the highest MSCI ESG Ratings. They are free float-adjusted market capitalization weighted indexes designed to represent the performance of companies that have favourable ESG profiles compared to industry peers.

MSCI SRI Indexes	These indexes consist of companies with the highest ESG ratings making up 25% of the adjusted market capitalization in each sector of a parent MSCI index, after excluding companies involved in alcohol, tobacco, gambling, civilian firearms, military weapons, nuclear power, adult entertainment and genetically modified organisms (GMOs).
MSCI KLD 400 Social Index	This kind of index is the first MSCI SRI Index, and it is intended to provide exposure to companies with high MSCI ESG Ratings while excluding companies whose products may have negative social or environmental impacts. It consists of 400 companies selected from the MSCI USA IMI Index, which includes large-, mid- and small-cap US companies. It aims to select companies with the highest ESG Ratings in each sector and maintain sector weights like those of the parent index.
MSCI Global Environmental Indexes	Increasingly, institutional investors may need to consider how climate change may present risks and opportunities and how to manage carbon exposure in their portfolios. These indexes include Low Carbon, Fossil Fuels Exclusion Thematic indexes, and so on, and they are designed to support different low carbon investment strategies and include the MSCI Low Carbon Indexes, MSCI Global Fossil Fuels Exclusion Indexes, and the MSCI Thematic Indexes.
MSCI ACWI Sustainable Impact Index	These indexes are comprised exclusively of companies whose core business addresses at least one of the world's social and environmental challenges, as defined by the United Nations Sustainable Development Goals. To be eligible for inclusion in the Index, companies must generate at least 50% of their sales from one or more of the Sustainable Impact categories and maintain minimum environmental, social and governance (ESG) standards. The parent index is MSCI ACWI.
Bloomberg Barclays MSCI ESG-Weighted	These indexes use MSCI ESG Ratings and MSCI ESG Ratings momentum to re-weight issuers within an existing Bloomberg Barclays parent index. These indexes include the full universe of index eligible securities and then apply tilts to the natural market value weights in favor of higher rated/positive momentum issuers and against lower rated/negative momentum issuers.

Bloomberg Barclays MSCI Sustainability Indexes	These indexes positively screen issuers from existing Bloomberg Barclays parent indexes based on MSCI ESG Ratings, which are a “best in class” assessment of how well an issuer manages ESG risks relative to its industry peer group.
Bloomberg Barclays MSCI Socially Responsible (SRI) Indexes	These indexes negatively screen out issuers from existing Bloomberg Barclays parent indexes that may be involved in business lines or activities that conflict with investment policies, values or social norms. These indexes use MSCI Business Involvement Screening Research (BISR) and MSCI ESG Controversies to identify exposure to screened issues.
Bloomberg Barclays MSCI Green Bond Indexes	These indexes offer investors an objective and robust measure of the global market for fixed income securities issued to fund projects with direct environmental benefits. An independent research-driven methodology is used to evaluate index-eligible green bonds to ensure they adhere to established Green Bond Principles and to classify bonds by their environmental use of proceeds.

MSCI is – as stated above – one of the leading providers of supporting tools in the social investing market, but it does not represent the unique player of course.

FTSE Russell is another example of global providers of benchmarks, indices, and data services. It is a subsidiary of the London Stock Exchange Group (LSEG) and its indexes are locally and globally spread for investment decisions. In 2001 FTSE Russell, like MSCI did, created a family of indexes, the FTSE4Good Index Series, “designated to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices.” (FTSE4Good Index Series).

An additional player in the Socially Responsible Investing (SRI) sector, is the Thomson Reuters corporation, a leading source in providing information to businesses and professionals (About Thomson Reuters). In 2009, it acquired ASSET4, fundamental provider of ESG information and tools useful for responsible investors. Thomson Reuters aimed at enhancing the existing ASSET4 rankings, building up scores that “are a robust indicator of companies’ ESG performance where company size and transparency biases are minimal.” (Thomson Reuters ESG Scores, 2017, p. 3).

The Thomson Reuters’s framework provides scoring ranges and grades to permit a quick interpretation on companies’ ESG performances relatively to their peers (Thomson Reuters ESG Scores, 2017). The ESG scoring framework is built for objectively and transparently assess companies' performances across 10 ESG themes which are summarized as follows:

- *Environmental:*
- Resource use;
- Emissions;
- Innovation.
- *Social:*
- Workforce;
- Human rights;
- Community;
- Product responsibility.
- *Governance:*
- Management;
- Shareholders;
- CSR strategy.

The ten categories reflect the company's ESG performance based on publicly available information, and are combined with the ESG Controversies Category, which manifest "a company's exposure to environmental, social and governance controversies and negative events reflected in global media", such as scandals that impact the company's reputation (Thomson Reuters ESG Scores, 2017, p. 7). The combination of the ESG scores and the ESG controversies category will lead to the final Thomson Reuters ESG Score, introducing a grading scale in which companies are ranked – starting from the highest scoring levels to the lowest ones – from the category A+ to D-.

4.2. The GIIN and the IRIS metrics

Within the impact investing world, the Global Impact Investing Network (GIIN) plays a pivotal role. It is a non-profit organization that aims at increasing the scale and effectiveness of impact investing, trying to build a coherent industry. The organization seeks to reduce the barriers for impact investors so that they can allocate their "capital to fund solutions to the world's most intractable challenges." (About the GIIN).

The GIIN introduced the Impact Measurement and Management (IMM) practice, considering investments' positive and negative effects on people and planet, trying to mitigate the negative effects and maximise the positive ones, aligning with investors' goals. The IMM practice is based on four actions:

1. Set goals and expectations
2. Define strategies
3. Select metrics and set targets
4. Measure, track, use the data, and report.

A tool used in the IMM process is the IRIS+ System. The GIIN developed the IRIS+ Core Metrics Sets, a tool "for investment decision-making, backed by evidence, based on best practices, and standardized to enable comparison of data" (IRIS+ Core Metrics Sets, 2019). The entire list of the IRIS metrics is publicly available, including an explanation of each metric, and investors can insert additional metrics for creating their own indicators in order to best capture their needs.

5. Aligning the entrepreneurial strategies to the 2030 Agenda

For overcoming the confusion in the social impact measurement field, a globally accepted guideline could be useful; to evaluate and to compare enterprises' social performances, a common benchmark is needed. Since the SDGs are the most typically used baseline by impact investors, and governments need to keep track on their national achievements on the SDGs, the latter may represent an useful tool to start connecting the entrepreneurial strategies and the global sustainable objectives.

Organizations and enterprises' contribution in reaching one or more SDGs should be expressed in a clear way, in order to:

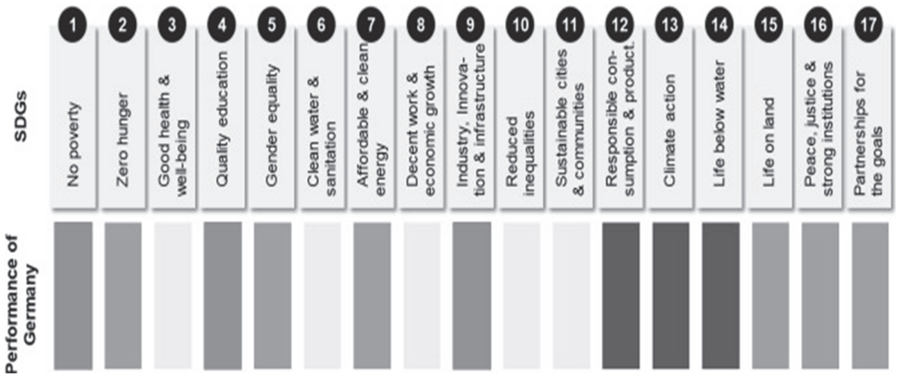
- Allow governments to keep track of entrepreneurial performances in relation to the national performance over the SDGs, consequently pushing enterprises to use them as a compass for their strategies;
- Present social impact on a scalable base, helping enterprises that may strive to efficiently communicate their mission and performance, to measure and report their intentions and achievements;
- Reduce the information asymmetry between an organization and its stakeholders, allowing for instance impact investors to gain comparable data for an optimal allocation of resources.

5.1. The entrepreneurial activity related to the SDGs: the German case

An interesting study about the entrepreneurial contribution over the SDGs has been conducted during 2019 in Germany by a group of researchers. The team studied the role that entrepreneurship in Germany plays in achieving the SDGs (Horne, Recker, Michelfelder, Jay, & Kratzer, 2019). They examined 193 venture competitions in Germany in 2017, collecting data of 588 ventures that were rewarded, developing afterwards a scalable approach for mapping the entrepreneurial contribution over the SDGs. «Experiences from the measurement of national SDG progress show that measurement is challenging as there are interaction effects, trade-offs and vaguely defined goals. Already the official resolution states that there is a gap in data collection and that in some cases there are no clear numerical targets» (Horne, Recker, Michelfelder, Jay, & Kratzer, 2019). According to the authors, the performance of Germany regarding the 17 SDGs was as depicted in the figure 1.

Germany was apparently performing well in the SDG 1 (No poverty), SDG 4 (Quality education) and SDG 9 (Industry, innovation and infrastructure), while the main challenges were in the SDG 12 (Responsible consumption and production), SDG 13 (Climate action) and SDG 14 (Life below water). The researchers combined the SDG activity of new German ventures with the national performance over the SDGs, aiming at understanding in which fields the entrepreneurship was powerfully contributing to reach the SDGs, and which areas remained instead unaddressed. The intent of the mapping is not to find causation, but merely to track potential correlation of entrepreneurial activities and the SDGs' performance. The research revealed that in Germany – at the analysed time – from the entrepreneurial perspective, there was strong commitment around SDG 9 (Industry, innovation and infrastructure), SDG 3 (Good health and well-being) and SDG 12 (Responsible consumption and production).

Figure 1 - SDGs performance in Germany

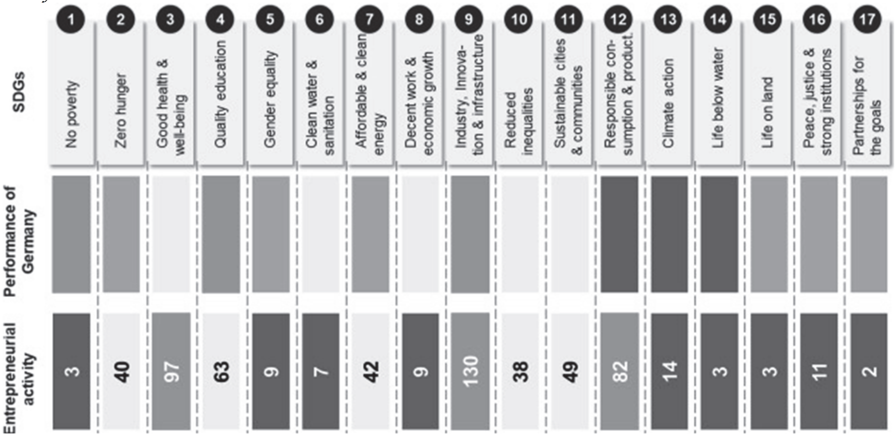


Adapted from Horne, Recker, Michelfelder, Jay & Kratzer (2019).

Little activities were found instead around SDG 1 (No poverty) and SDG 17 (Partnerships for the goals), as it can be seen in Figure 2.

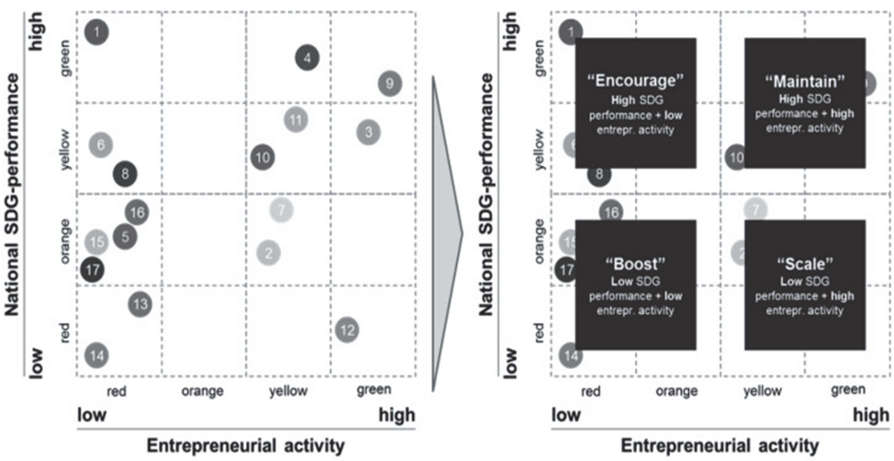
To obtain a better understanding of the analysis' outcomes, the researchers plotted the results into a matrix that allows a clear visualization of Germany's entrepreneurial activity over the SDGs performances.

Figure 2 - Comparison of national SDGs performance and entrepreneurial activity in Germany



Adapted from Horne, Recker, Michelfelder, Jay & Kratzer (2019).

Figure 3 - Plot with mapped entrepreneurial activity and national SDG performance; matrix with recommendations



Adapted from Horne, Recker, Michelfelder, Jay & Kratzer (2019).

In the graph on the left in Figure 3, the 17 Goals are plotted according to both the measures (entrepreneurial activity and national SDG performance), based on their scoring levels (high or low); on the right side of the picture, there is a plot in which are also indicated the pattern recommendations to follow for improving performances. For SDGs that are scoring low for both the dimensions, the recommended pattern is to "boost", indicating that there is low national performance and no relevant entrepreneurial activity; the bottom right quadrant is characterized by high entrepreneurial activity but weak SDG performance, suggesting to "scale", indicating the possible ineffectiveness of the entrepreneurial activity to generate high impact. If both dimensions present high performance, like in the case of Goal 9 and Goal 3, the recommendation is to "maintain", while in the case of high SDG performance and weak entrepreneurial activity, the recommended pattern is to "encourage".

The authors themselves identified limitations and some potential inaccuracy to their study, but it represents a valuable method to start analysing the entrepreneurial contribution over the SDGs, allowing entrepreneurs and policy makers to enhance their understanding and to improve performances.

5.2. Tools to evaluate organizational strategies' impact on the Sustainable Development Goals

Frameworks that connect the "macro" perspective of the SDGs with the "micro" elements of the entrepreneurial strategies are currently available, without being anyway broadly used. For example, the United Nations Global Compact, together with the GRI (Global Reporting Initiative), and the WBCSD (World Business Council for Sustainable Development), developed the SDG Compass. It represents a guide by which companies can align their strategies to the 2030 Agenda, measuring and managing their contribution to the SDGs (SDG Compass: The guide for business action on the SDGs, 2015). It depicts five steps that can support organizations in maximizing their involvement in reaching the SDGs. The five steps are:

1. Understanding the SDGs
2. Defining priorities
3. Setting goals
4. Integrating
5. Reporting and communicating

In the first step, companies are supported in familiarizing with the SDGs, and consequently encouraged to reduce their negative effects and boost their positive impacts over them. As mentioned above in this work, «consumers are increasingly basing their purchasing decisions on their perception of a company's sustainability performance, and the SDGs may further strengthen this trend» (SDG Compass, 2015, p. 8).

During the second step, organizations are encouraged to determine their priorities, relying on an assessment of their positive and negative, current and potential impact on the SDGs across their value chains. This step is further split into three actions:

1. Map the value chain to identify impact areas; organizations should start a high-level mapping of their value chain, identifying areas where the impact can be expected to be greater.
2. Select indicators and collect data, identifying, for each area mapped in the previous stage, of one or more indicators that could best express the relationship between the company's activities and their impact on the SDGs, in order to keep track of the performances. To this end, an inventory of 1553 indicators can be found on the SDG Compass website, including indicators from different relevant sources (e.g. GRI, World Bank and UN divisions).
3. Define priorities across the SDGs, considering potential risks of negative impacts and assessing the opportunities to develop and gain advantage from current or potential positive impacts.

Since these three actions require subjective evaluations and judgements, it is recommended to provide a transparent documentation of the process and to repeat the actions periodically to keep track of changes in impacts and priorities (SDG Compass, 2015, p. 15).

The third step consists in setting specific goals, promoting shared priorities, and driving performance across the organization.

The fourth step of the Guide represents a fundamental move towards meeting the Goals, integrating the sustainability development into all the aspects and functions of the company's core business.

For the last step, the SDG Compass guide suggests the usage of the GRI standards, a set of metrics and standards for supporting organizations in preparing efficient and effective sustainability reports (Getting started with the GRI standards). The GRI standards are globally recognized for enabling the creation of trusted non-financial reporting, based on the economic, social, and environmental sustainability and development of an organization.

The consulting company PwC provided a practical guide as well for embedding the SDGs into the existing reporting processes. It also defines few steps for this purpose, and it recommends the selection of indicators from the

GRI standards (Integrating the SDGs into corporate reporting: a practical guide).

There exist other frameworks that connect the SDGs to the entrepreneurial activities and reporting, for example the framework provided by the impact investors' community TONIIC. It provides a framework that aims at aligning the SDGs to the impact investing world through the IRIS metrics.

The development of such tools and frameworks, means that the need of aligning global goals to "micro" strategies is evident and it has been considered from different players. Anyway, the development of metrics and frameworks from different actors, may lead to an increased confusion on which set is better to use, why, and how.

As a result, enterprises and organizations, are not usually keen to use these tools for their reporting, losing the chance to keep track, measure, and report, their social performances.

For making their contribution to the SDGs clear, they could use available frameworks that would support them and their stakeholders in the decision-making process.

6. Conclusions

To connect the dots, in this historical moment, achieving the 2030 Agenda for Sustainable Development seems to be harder than before, with the still threatening presence of COVID-19 and the related difficulties for recovering. At the same time, crises may often be transformed from a burden into an opportunity. Many lives have been affected by the pandemic emergency, and the primary steps for an efficient recovery should be taken and developed by governments and international institutions. Anyway, companies and entrepreneurs may play an important role in supporting countries and global *renaissance*.

The concept of the "entrepreneur" has often been related to the idea of innovation and to the realization of disruptive changes in the market. One of the most famous definitions of the term "entrepreneur" has been given by the Austrian political economist Joseph Schumpeter (1883-1950); he stated indeed that the agents that drive economic growth and innovation were embodied in the character of the entrepreneur.

Nowadays, what may help in the global healing, relies on innovative ideas in several fields. What seems to be the most important theme to emphasize on, is the social and sustainable approach for carrying out innovations. Entrepreneurs that focus on social themes may be the key for promoting an efficient recovery and for the simultaneous engagement to achieve social and sustainable goals.

Policies and resources should be pointed to facilitate and to incentivize the spread of this kind of innovative ideas supporting the recovery from the crisis and the commitment to the SDGs. To do so, it is extremely important for a player like an enterprise to be able to show its involvement with the 2030 Agenda, using clear and standard methodologies and frameworks. To reward all the steps and the actions pointing towards meeting the SDGs, and at the same time disincentivising initiatives that lead off the rails, a standard and well spread compass is needed.

For governments and policy makers, this would help to better understand the interactions of the entrepreneurial and industrial sector with the Sustainable Development Goals, understanding the influence of the former over the latter, and vice versa; regulations and policies may incentivize the usage of a standard framework for reporting social and environmental performance, obtaining comparable data capturing social impact and contribution to the SDGs.

For impact investors as well, having comparable data would be optimal for deciding how to allocate resources. From the abovementioned tenth edition of impact investors' survey launched by the GIIN, it emerged that «despite substantial COVID-19-related headwinds» (Hand, Dithrich, Sunderji, Nova, 2020), 57% of the respondents indicated they are 'unlikely' to change the volume of capital they had planned to commit to impact investments in 2020 because of the pandemic; 20% are at least 'somewhat likely' to reduce their capital commitment compared to what they had planned, and 15% say they are likely to commit additional capital than planned. Reducing the information asymmetry between enterprises and investors would allow the latter to act more consciously in the decision-making process. We have seen anyway that having standardized data is still not the case; even though many investors are interested in knowing organizations' contribution over SDGs, this is not always available.

From an entrepreneurial and managerial perspective, organizations would be encouraged to use standard frameworks to clearly depict their relationship with the 2030 Agenda, being able to concretely measure the current contribution to the global sustainable goals, but also to discover and to understand potential performance improvements.

The availability of existing metrics and frameworks for measuring social impact, for understanding the commitment of entrepreneurial strategies over the SDGs, and for assessing this contribution, represents a positive step towards achieving the needed global standards. However, having many different methods proposed by various globally accepted networks or agencies seems to bring even more confusion in this puzzling environment. The ideal goal to pursue would be to have a single guideline to follow, aligning the entrepreneurial strategies and activities to the SDGs, reducing the information asymmetry between organizations and their stakeholders.

The SDG Compass, the abovementioned framework suggested by the United Nations Global Compact, together with the GRI and the WBCSD, may represent an efficient tool that could be proposed and used in every country and for many types of organizations. It should be promoted by international organizations and by governments, encouraging enterprises and users to align their reporting habits to the SDG Compass. This is obviously not an easy task, and it may be considerably hard to contemplate on the national peculiarities of each country; it may bring lack of consistencies, revealing not clear data and no transparency. Pros and cons must be analysed as well as the costs for developing and distributing such guidance, figuring out the best path to follow.

This would help enterprises to measure and report their intentions and achievements, representing a huge award for those enterprises that may strive to efficiently communicate their mission and performance. On the other hand, having a single set of guidelines would help public institutions, investors, customers, and any other kind of stakeholder, to better evaluate and compare alternatives for making their choices through a reliable benchmark and standard tool.

During and after COVID-19 crisis, stakeholders that would like to invest resources into projects or organizations committed for the recovery, would need to be to some extent sure that they are actually investing into the targeted project – or organization – and they should be able to mindfully compare different alternatives to make the best decision. Governmental policies and/or international agreements should boost and incentivize the spread of innovative ideas for both the recovery after the crisis, and for continuing to focus on sustainable development; promoting initiatives or organizations committed to both these objectives is pivotal for successful recovery and growth.

Further researches may focus on finding empirical evidence upon the usage of frameworks such as the SDG Compass, assessing the impact that it may have on the achievement of the Sustainable Development Goals, and – broadly speaking – on measuring social performances.

References

Bloomberg Barclays MSCI ESG Indices (2020). Retrieved from: https://www.bloomberg.com/professional/product/indices/bloomberg-barclays-msci-esg-indices/

Bullock L. (2019). 2019's Top 5 Most Innovative And Impactful Social Enterprises. *Forbes*. Available in: https://www.forbes.com/sites/lilachbullock/2019/03/05/2019s-top-5-most-innovative-and-impactful-social-enterprises/?sh=7f0923bf774a

Dees J. (1998). *The meaning of social entrepreneurship*. Kauffman Foundation and Stanford University.

Elkington J. (1994). Towards the sustainable corporation - win-win-win business strategies for sustainable development. *California management review*, 36(2), pp. 90-100.

Escrig-Olmedo E., Munoz-Torres M.J., Fernandez-Izquierdo M.A. (2010). Socially responsible investing: sustainability indices, ESG rating and information provider agencies. *International Journal of Sustainable Economy*, 2(4). DOI: 10.1504/IJSE.2010.03549

FTSE Russell (2020). *FTSE4Good Index Series*. Retrieved from: https://www.ftserussell.com/products/indices/ftse4good

Geissdoerfer M., Savaget P., Bocken N.M.P., Hultink E.J. (2017). The circular economy - A new sustainability paradigm? *Journal of cleaner production*, Vol. 143, 757-768. DOI: 10.1016/j.jclepro.2016.12.048

GIIN (Global Impact investing network) (2020). *About the GIIN*. Retrieved from: https://thegiin.org/about/

GIIN (Global Impact investing network) (2019). IRIS+Core Metrics Sets eSystem. Retrieved from: http://s3.amazonaws.com/giin-web-assets/iris/assets/files/guidance/IRIS_CoreMetricsSets_20190510.pdf; https://iris.thegiin.org/

Global Reporting (2020). *Getting started with the GRI standards*. Retrieved from: https://www.globalreporting.org/standards/getting-started-with-the-gri-standards/

Hand D., Dithrich H., Sunderji S., Nova N. (2020). *Annual Impact Investor Survey 2020*. Retrieved from The GIIN: https://thegiin.org/assets/GIIN%20Annual%20Impact%20Investor%20Survey%202020%20Executive%20Summary.pdf

Hockerts K. (2016). Social Entrepreneurship from a UK Perspective | Alan Barrell. *Identifying Social Entrepreneurship Opportunities*. Retrieved from: https://www.coursera.org/lecture/social-entrepreneurship-opportunities/social-entrepreneurship-from-a-uk-perspective-alan-barrell-wFFqh

Hoffman R.C. (2007). Corporate social responsibility in the 1920s: an institutional perspective. *Journal of Management History*, 13(1): 55-73. DOI: 10.1108/17511340710715179

Horne J., Recker M., Michelfelder I., Jay J., Kratzer J. (2019). Exploring entrepreneurship related to the sustainable development goals - mapping new venture activities with semi-automated content analysis. *Journal of Cleaner Production*, vol. 242. DOI: 10.1016/j.jclepro.2019.118052

Mahler D.G., Lakner C., Castaneda Aguilar R.A., Wu H. (2020). *The impact of COVID-19 (Coronavirus) on global poverty: Why Sub-Saharan Africa might be the region hardest hit*. Retrieved from World Bank Blogs: https://blogs.worldbank.org/opendata/impact-covid-19-coronavirus-global-poverty-why-sub-saharan-africa-might-be-region-hardest

Mahler D.G., Lakner C., Castaneda Aguilar R.A., Wu H. (2020). *Updated estimates of the impact of COVID-19 on global poverty.* Retrieved from World Bank Blogs: https://blogs.worldbank.org/opendata/updated-estimates-impact-covid-19-global-poverty#:~:text=Under%20the%20baseline%20scenario%20we,this%20increases%20to%20100%20million.&text=A%20lot%20has%20to%20do,countries%20with%20the%20most%20poor.

Mair J., Noboa E. (2006). Social Entrepreneurship: How Intentions to Create a Social Venture are Formed, pp. 121-135. In: J. Mair, J. Robinson, K. Hockerts (Eds). *Social Entrepreneurship*. Palgrave Macmillan.

MSCI (2020). *Corporate Responsibility*. Retrieved from: https://www.msci.com/

MSCI (2020). *ESG Index Framework*. Retrieved from: https://www.msci.com/documents/1296102/17835852/MSCI-ESG-Indexes-Factsheet.pdf/3b449b87-d470-977a-3b56-77095b8d8fc7

PwC (2020). *Integrating the SDGs into corporate reporting: a practical guide*. Retrieved from: https://www.pwc.com/gx/en/sustainability/SDG/practical-guide-sdg-reporting.pdf

SDG Compass (2015). *The guide for business action on the SDGs*. Retrieved from: https://sdgcompass.org/wp-content/uploads/2015/12/019104_SDG_Compass_Guide_2015.pdf

Sumner A., Hoy C., Ortiz-Juarez E. (2020). *Estimates of the impact of COVID-19 on global poverty*. United Nations University World Institute for Development Economics Research.

Thomson Reuters (2020). *About Thomson Reuters*. Retrieved from: https://legal.thomsonreuters.com/en/about

Thomson Reuters ESG Scores. (2017, March). Retrieved from Thomson Reuters - Eikon: https://www.esade.edu/itemsweb/biblioteca/bbdd/inbbdd/archivos/Thomson_Reuters_ESG_Scores.pdf

United Nation (2020). *WHO chief warns against COVID-19 'vaccine nationalism', urges support for fair access*. Retrieved from: https://news.un.org/en/story/2020/08/1070422

United Nation (2020). Sustainable Development Goals: https://www.un.org/sustainabledevelopment/sustainable-development-goals/

United Nation (2020). *Sustainable Development Blog*. Retrieved from: https://www.un.org/sustainabledevelopment/blog/2020/07/un-report-finds-covid-19-is-reversing-decades-of-progress-on-poverty-healthcare-and-education/

United Nation (2020). *Sustainable Development Goals*. Retrieved from: https://www.un.org/sustainabledevelopment/development-agenda/