COMMITMENT FOR SUSTAINABLE DEVELOPMENT AND UN INITIATIVES - RETURNS AND PERFORMANCE SHOWN

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Abstract

The purpose of this paper is to reflect the commitment of organizations in ESR reporting and explore ways to integrate ISO 26000 CSR Guidelines, ESG Reporting, and UN Sustainable Development Goals for innovations in CSR performance, focusing participation of women in the workforce and CSR training provided to employees. Based on quantitative ESG data* from Bloomberg database on the selected organizations' qualitative information of China and Germany that are signatory member of UN Global Compact, it is observed that when comparing China and Germany, Germany in general has a higher ESG disclosure score, higher level of women participation, and a longer ESG reporting practice. In order to increase commitment of CSR and UN SDG, complying with ESR reporting guidelines is not sufficient. It is suggested to integrate the 17 SD Goals of United Nations to empower women with decent jobs for economic and social impacts, to link up ISO 26000 CSR guidelines to inclusion. This research is managerially and strategically relevant and topical. However, more practical innovations and sustainability-related education and business practices from the social perspective are required not only to improve the ESR disclosure score and economic impacts but also to generate a mindset of sustainability.

Keywords: Corporate Social Responsibility (CSR), United Nations Sustainable Development Goals (UNSDGs), Sustainability

1. INTRODUCTION

"Sustainability is a confusing concept that has evolved steadily over the last decades according to Faber *et al.,* 2005" (Bolis *et al.,* 2014). In past years, there are different definitions of sustainability and sustainable development covering different disciplines and perspectives of ecology, economics, sociology, biology, etc. Bolis et al. (2014) mentioned that "the concept of sustainability means many things to different people, and this diversity of meaning tends to increase." According to the definition of Brundtland Commission (1992) of the United Nations, "sustainable development is a development that meets the needs of the present without compromising the ability of future generations to meet their own needs." The basic element of sustainability is the economic aspect to support the business in the short term. For business survival and expansion, issues relating to the

customers, suppliers, organizations, and the community must be considered in strategic planning, strategy implementation, performance measurement and process review. Environmental considerations in the core and supporting processes may also definitely contribute to the sustainable business.

During the 17th conference of UNESCO in Teaching and Learning, 2014, though educators realized that the future teaching mindset and pedagogy needed to be changed to match the needs of the community, the issues were the implementation of appropriate institutionalized policy to increase the relevancy of continual professional development of scholars, teachers, industry practitioners to understand the linkage between sustainability development and supply chain management in various kinds of industries. As a result, UNESCO, APEID co-organised with a tertiary institution in Hong Kong for the 1st forum in

Sustainability Development in Higher Education on 21st July, 2015 to cover Programme Design; Module Assessment, and Learning Environments.

Besides, the study of Louw (2013) mentioned that UNESCO called for educational sustainable development in the coming 10 years with the four main goals identified in relation to education, that is, rethinking and revising education from nursery school to university to include a clear focus of current and future societies on the development of knowledge, skills, perspectives, and values related to sustainability. In 2010, Ryan et al. uncovered that many initiatives were offered in the Asia-Pacific region about Education for Sustainable Development (ESD) to increase the understanding the different dimensions of sustainability. They also highlighted that there was a global trend in requesting more works on "promoting systemic change in educational arenas, particularly in terms of strategic integration within HE institutions. The Asia-Pacific contributions to this collection demonstrate the need to harness national policy, to develop local and regional initiatives and to work effectively towards more profound change in HE curricula and through collaboration with external communities and stakeholders."

From the above, more works are required to close the gap between policy and practices on education for sustainable development and innovation for corporate competitiveness. In order to fulfill the needs of UNESCO in improving the understanding of SD and increase the innovative capacity of organizations, it is time to explore the sustainability and quality related literature and corporate performance in past years to identify the concerned areas for improvement to achieve economic, social and environmental impacts.

2. FROM CORPORATE SOCIAL RESPONSIBILITY (CSR) TO UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UNSDGS)

The Corporate Social Responsibility (CSR) guidelines of ISO 26000 highlight that a socially responsible organization needs to be aware of seven dimensions in their operations of business: labor practices, consumer issues, fair operating practices, human rights, organizational governance, community involvement and development and the environment. The priority of the seven dimensions is subject to the strategic planning of the management and the expectations of their stakeholders. For example, the management of a banking organization may need to understand the expectations of their customers when designing and launching different kinds of financial products and services, may need to identify not only their responsibility but also that of their business partners in the supply chain, may need to think about the environmental issues affecting their operations, their customers and their suppliers, and may need to consider ethical issues in their decision-making process so as to balance the economic, social and environmental impacts of sustainability; and the seven dimensions of CSR. The ISO Working Group on Social Responsibility (WG SR) has a high level of consensus in considering the needs of stakeholders in the guidelines of ISO 26000 for the benefit of the community.

According to Cajazeira (2008), the major principles of ISO 26000 are accountability, transparency, ethical behavior, consideration for the stakeholders, legality, international standards, and

human rights. It is the responsibility of organizations to consider the needs of the stakeholders in these seven aspects when designing work processes or executing business-related activities. In fact, ISO standard 26000 conveys a message that non-economic inputs and soft side of outcomes are the trends of quality management system (QMS).

Building quality into products and services for continuous improvement has been mentioned for scholars in total quality management in the past. Today, people started to explore integrating CSR and sustainability related elements into organizational strategy for the sustainable business. Deep (2007) mentioned that there was a growing number proponent of the 'stakeholder' or 'social responsibility' model of corporate governance holding that business was accountable to a broader populace who have a direct or indirect stake in the enterprise's activities. Although there is a lack of comprehensive evidence that CSR and sustainability lead to improving financial performance, awareness to environmental and social concerns from different stakeholders is needed for the progress of organizations.

United Nations Sustainable Development Goals (UNSDGs) were endorsed by world leaders in September 2015. The 17 UNSDGs, a continuation of the Millennium Development Goals in 2000, provides a holistic framework for countries to promote good governance with peace for social impact, to protect the land, water, air for environmental impact, and to promote inclusive, equitable and lifelong quality education for social, economic and environmental impacts. However, the applicability and feasibility of 17 UNSDGs have become a hot topic recently.

3. UNITED NATIONS (UN) SUSTAINABILITY RELATED INITIATIVES – UN GLOBAL COMPACT (UNGC)

This paper is prepared to arouse awareness of the community, especially the social performance of corporations in business corporations about the importance of social responsibility and sustainability from the perspectives of investors. The approach of sustainable development (SD) is not only focused on technology, but also on developing people with a mindset of sustainability in helping the organization to achieve its vision/ mission via implementing the 10 Principles of UN Global Compact (see appendix).

Mission and strategy are used to provide a meaningful and relevant direction to members of an organization to move forward and to unleash the potential for achieving the goals set by the management. According to Znidarsic and Jereb (2011), innovation is the process of discovery and development that created new products, production processes, organizations, and technology with institutional and systemic arrangements. Kuczmarski (2003) and Znidarsic & Jereb (2011) describe innovation as a mindset, an attitude, a feeling, an emotional state, a set of values, a commitment to newness. In fact, mission and strategy rely on the innovative process of management for creating new products and services for the community. Under the influence of the newly launched UN17 Sustainable Development Goals (SDGs), the ten principles of UN Global Compact and the six principles of UN Principles for Responsible Management (PRME), demand of socially responsible

organizations with responsible production and consumption is on the increase. Hence, management needs to explore the elements for its social responsibility-related missions. Management may learn from Znidarsic and Jereb (2011) and Kuczmarski (2003) in Znidarsic & Jereb 2011 on how best to explore the direction of organizational development, the potential of staff members, and the new context of business environment with a new mindset to design 'solutions' for the communities. And, new skills and methods of utilization of resources may be discovered during the design process.

4. LITERATURE REVIEW

Mission and strategy are used to provide a meaningful and relevant direction to members of an organization to move forward and to unleash the potential for achieving the goals set by the management. According to Znidarsic and Jereb (2011), innovation is the process of discovery and development that created new products, production processes, organizations, and technology with institutional and systemic arrangements. Kuczmarski (2003) and Znidarsic & Jereb 2011 describe innovation as a mindset, an attitude, a feeling, an emotional state, a set of values, a commitment to newness. In fact, mission and strategy rely on the innovative process of management for creating new products and services for the community. Under the influence of the newly launched United Nations (UN) 17 Sustainable Development Goals (SDGs), the ten principles of UN Global Compact and the six principles of UN Principles for Responsible Management (PRME), demand of socially responsible organizations with responsible production and consumption is on the increase. Hence, management needs to explore the elements for their socially responsible missions. Management may learn from Znidarsic and Jereb (2011) and Kuczmarski (2003) in Znidarsic & Jereb 2011 on how best to explore the direction of organizational development, the potential of staff members, and the new context of the business environment with a new mindset to design 'solutions' for the communities. And, new skills and methods of utilization of resources may be discovered during the design process.

In the world of business, mission helps an organization to succeed and stay on track. A mission statement defines what a company does and how it plans to achieve its goals. A vision statement looks ahead at least five years and defines the company's goals and future state. However, management needs to understand the belief of mission to support these statements.

Singh and Schick's (2007) proposition of "creating value for customers" is a useful compass and a good point of reference for most CEOs. According to a study by Pearce and David (1987) in Palmer & Short (2008), there are eight key components to an effective mission statement. In a good business model, it is possible to identify and define target customers and markets:

- Principal products or services;
- Geographic domain of our markets;
- The types of technology required for our business;
- Ways to growth, survive and profit;
- Key elements of the company's organizational philosophy;

- Our own concept of self;
- The company's desired public image.

To truly understand how their organization works, management needs to set a priority of these eight components with consideration of people in order to make mission workable, achievable and meaningful. For example, organizations should understand clearly about themselves in terms of organizational philosophy, the perception of own self and image projected, followed by identifying their markets with ways to growth , surviving with principal products, services, and technology required for their business. These eight components are the "inputs" that will aid in the effective utilization of resources and the formulation of a clear strategy. The "outputs" or results are a well-defined, harmonious and productive organizational culture, smooth workflow, a good company image, innovative products and services and satisfied customers.

In response to the remarks at the Summit for the Adoption of the Post-2015 Development Agenda, Secretary-General Ban Ki-moon, in the United Nations (UN) General Assembly on 25 September 2015, stated that success of strategies relied on listening to scientists and academia with the engagement of all actors.

Wheeler (2009) mentioned that "Design drives innovation; innovation powers brand; brand builds loyalty, and loyalty sustains profits. If you want long-term profits, start with design." (p. 69) Responsible management needs to understand the ecosystem of its organization and explore its market positioning and future direction for building a brand of a responsible and sustainable corporation. When determining the key elements of the sustainable mission, it is better to internalize the idea of "doing good is good business" (Wheeler, 2009, p. 70) when creating value for shareholders, integrating economic prosperity with protecting the environment, and demonstrating care for communities and employees. Wheeler (2009, p.70) uncovered the key items of sustainability for business, for example, business models, innovations, product lifecycle, sustainable supply chain, education on sustainability, mission with values and workspace

This section focuses on applying the principles of the UN Global Compact to help corporations generate an innovative business model with responsibility and sustainability. Consumers, producers and designers are now being called on to consider the responsibility of their decisions in relation to designing products/ services and processes in a world of diminishing resources and climate change." According to the concept of "Human Capital" defined by Flora and Flora (2013) that 'human capital consists of the asses, each person possesses health, formal education, skills, knowledge, leadership, and talents. That is because they raise earnings, improve health, or add to a person's good habits over much of his lifetime. Therefore, economists regard expenditures on education, training, medical care, and so on as investments in human capital.

Hence, implementing a sustainable mission requires clear guidelines or code of ethics to guide the attitude and behaviour of employees in their daily work, making them realise the importance of considering shareholders, customers, and the community. It is a platform to maintain "checks and balances" within a socially responsible organization.

The mission statement and core values cannot be vague. Instead, they have to be concrete, measurable, and easy-to-understand. Of course, this is a stage of evolving the mind set of all levels of staff. And, the most important thing is to reflect the mission and core values in their actions. Key Performance Indicators (KPIs) and action plans are often used to measure the performance of an organization. However, implementing a sustainable mission statement is more than executing the KPIs and action plans. The core measurable values of an organization should support the responsibility and sustainability related elements (for example, UN PRME) of a sustainable mission statement. These values should be integrated into the hearts of employees to guide them to act, to make decisions, and to reflect. The core values of an organization should be indirectly passed onto the customers and suppliers, making them feel that employees stand by the belief and execute the core values at an operational level, from identifying needs of customers, understanding the sustainability of products/ services to technological advancement with people empowerment (Melles, 2001) and organizational philosophy, self-concept and desired image (Pearce & David, 1987).

5. RESEARCH METHODOLOGY

Sharda et al. (2013) mentioned that analyzing data could be used to understand customers/ clients and business operations to sustain growth and profitability for enterprises. In fact, data can be found in various forms and fashions. Using timely data can help interpret current phenomenon for decision making. They further pointed out the following ways for data mining for the benefits in business sustainability (Sharda *et al.,* 2013):

1) Association – finding commonly co-occurring grouping of things for market analysis;
2) Predictions – identifying the future occurrence of certain events based on what has happened in the past;
3) Cluster Information – seeking the nature of groups of things based on their known characteristics; and
4) Sequential Relationship - discovering time-ordered events.

Data can be verbal and non-verbal messages. It represents the ideas of people. If data can be co-ordinate, integrate, control in a meaningful way, the behavior of people or an organization can be understood, predicted and controlled. With the use of content analysis and related qualitative software, for example, N'vivo, data can be analyzed and interpreted meaningfully and comprehensively. Content analysis can be regarded as a tool for understanding people's thinking and beliefs, to uncover the methods of persuading people to accept ideas, to differentiate practices among certain groups of people and to see the trend of certain practices. Textual messages are the data that content analysis works with and from which concepts for further analysis are derived.

Content analysis is a systematic and objective analysis of selected text characteristics. It involves counting the number of words and the frequency of different types of words; finding out the characteristics of themes, building relationships among items, paragraphs, and finally establishing meaningful concepts. It is not simply a quantitative research method but also a qualitative one since the

purpose of the writing is also understood through doing the analysis. The advantages of content analysis are:

- No people are involved;
- No experiments are required; and
- Texts from the recent past can reflect social phenomena.

However, content analysis also has limitations. There may be issues relating to the availability of texts and the interpretations may be subjective. In order to guard against undue subjectivity, researchers should follow the advice of Babbie (2001):

- Trace the person or authority composing the documents;
- Think about the reasons behind the existence of the documents;
- Find out the ways of acquiring the information contained in the documents;
- Investigate the magnitude of biases in the documents;
- Identify the main concepts used by the writer;
- Internalize the concepts that the documents have demonstrated.

The following analysis involves a mixture of qualitative factors (such as Employee CSR Training, Women in Workforce, Women in Management, Human Rights Policy, Policy against Child Labor, Anti-Bribery Ethics Policy) and quantitative data (such as Environmental Index/Score, Social Index/Score, Governance Index/Score, Overall ESG Index/Score). Unfortunately, neither have sufficient panel nor have sufficient time series to perform any meaningful econometrics analysis. Data interpretation through content and trend will serve to indicate an overall impression of the performance.

6. RESEARCH RESULTS

This paper selects two of the major economies representing the West and the East to analyse the social responsibility performance. The companies chosen for the two countries are a signatory member of UN Global Compact namely Deutsche Telekom AG, BASF AG, Bayer AG, Daimler AG and China Minmetals). Little research has explored UN Global Compact (UNCG) members' commitment to sustainable development. The present research adopted a quantitative trending approach to explore the key elements in CSR performance of these chosen companies, focusing participation of women in the workforce and CSR training provided to employees.
Research Objectives (RQs):

1) Identifying the key elements for CSR performance of UNGC members in China (2013-2015) and Germany (2005-2014) related to sustainable development; and
2) Outlining the trend (2015/16) with the financial performance of selected organizations related to CSR performance related to item 1.

6.1. Research findings I RQ1

According to the Ten Principles under UN Global Compact, companies that signed up as signatory members are making a pledge to adhere these principles in their business. The salient aspects of these principles are Human Rights, Labour Rights, Environment, and Anti-Corruption. The selected organizations will be examined along the line of

these elements for an insight of the trend in their mindsets. Respectively, the corresponding areas of data (namely Employee CSR Training, Women in Workforce, Women in Management, Human Rights Policy, Policy against Child Labor, Anti-Bribery Ethics Policy) are selected from Bloomberg to provide the following:

(a) Employee CSR Training: This is an important aspect to observe if a sustainable mindset is established. (see Table 1)

Table 1. Provision of employee CSR training

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Deutsche Telekom AG	No	No	No	No	No	No	No	No	No	No	-
BASF AG	No	No	No	No	No	No	No	No	No	No	No
Bayer AG	No	No	No	No	No	No	No	No	No	No	-
Daimler AG	-	No	No	No	No	No	No	No	No	No	-
China Minmetals	-	-	-	-	-	-	-	-	No	No	-

Unanimously this is a weak area across the two countries although interestingly, training policy is placed in all these organizations. It may suggest the effort is somewhat superficial although the evidence of this is to be verified.

(b) Women in workforce and women in management. Tables 2 and 3 below show scores as a percentage of women empowered to work in organisations and the representation of women in higher level management.

Table 2. Percentage of women in workforce

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Deutsche Telekom AG	-	-	-	-	-	-	-	-	-	-	-
BASF AG	19.80	20.70	21.20	21.90	22.50	22.50	23.50	24.10	24.50	24.40	24.20
Bayer AG	-	-	-	27.00	35.00	35.00	35.00	36.00	37.00	41.00	-
Daimler AG	-	15.60	14.10	14.60	14.90	15.20	15.60	16.20	16.30	17.00	-
China Minmetals	-	-	-	-	-	-	-	-	-	-	-

Table 3. The percentage of women in management

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Deutsche Telekom AG	-	-	-	-	-	22.70	24.70	24.00	25.00	25.60	-
BASF AG	-	20.70	21.80	23.20	24.10	24.10	16.20	17.00	18.50	19.10	19.50
Bayer AG	-	-	4.3	4.70	5.50	6.50	22.00	23.00	25.00	26.00	-
Daimler AG	-	11.80	10.60	11.00	11.40	11.90	13.00	14.10	14.70	15.00	-
China Minmetals	-	-	-	-	-	-	-	-	-	-	-

Out from a 100 score, the percentage of women in workforce ranges from mid-teens to late 30s while the percentage of women in management is slightly lower, ranging from mid-teens to mid-20s. Rising percentage suggests a position for women increasing all time but not such data is recorded in China.

(c) Human rights policy. Organisations should respect the protection of human rights, and should enhance the business practice not to complicit in human rights abuses.

Table 4. Provision of Human Rights Policy

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Deutsche Telekom AG	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-
BASF AG	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Bayer AG	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-
Daimler AG	-	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-
China Minmetals	-	-	-	-	-	-	-	-	Yes	Yes	-

As seen from the table, this is a unanimously strong area across China and Germany and a resounding agreement to hold the internationally proclaimed human rights.

(d) Policy against child labor. Organisations put into practice against child labour and assess if ethics has been breached.

Table 5. Provision of policy against child labor

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Deutsche Telekom AG	-	-	-	-	-	-	-	Yes	Yes	No	-
BASF AG	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Bayer AG	-	-	-	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-
Daimler AG	-	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-
China Minmetals	-	-	-	-	-	-	-	-	No	No	-

With the exception of China, it is an important strong ethics to put in place in Germany. All companies are in compliance with this principle.

(e) Anti-Bribery ethics policy. This is a protection against corruption.

Table 6. Provision of Anti-Bribery Ethics Policy

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Deutsche Telekom AG	No	No	No	No	No	No	No	No	No	No	-
BASF AG	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Bayer AG	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	-
Daimler AG		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-
China Minmetals	-	-	-	-	-	-	-	-	Yes	Yes	-

With the exception of Deutsche Telekom in Germany, all the others have this important anti-corruption practice in place to enhance governance. The general businesses should work against corruption in all its forms, including extortion and bribery is observed.

Based on the ESG Disclosure Score* from Bloomberg database, the trend analysis over the past five years can be summarized in Figure 1:

Figure1. ESG scoring trend
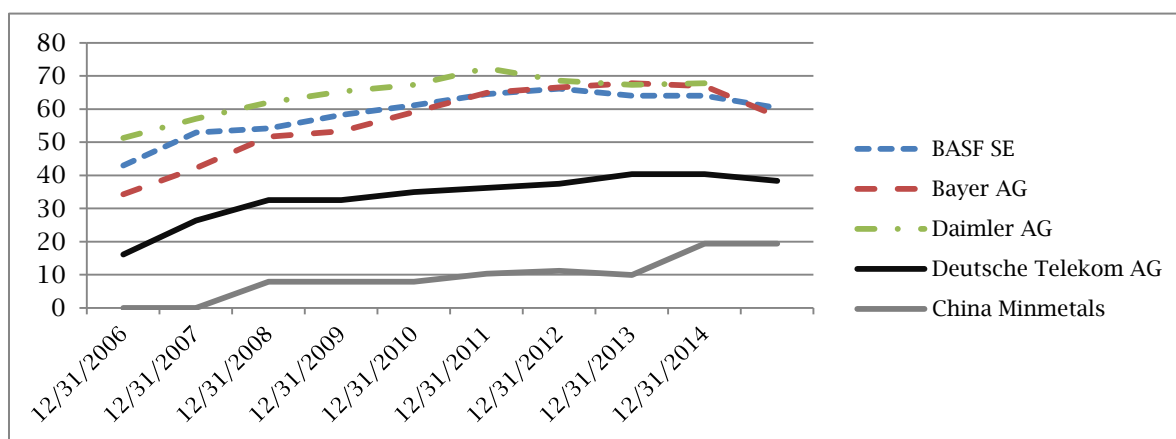
In general, the trend for the selected organizations is positive and increasing which means an improvement in the E, S and G areas. Selected organisations from Germany have generally a lasting experience on ESG than China and therefore generally score higher. The "social" aspect is the weakest of the ESG elements across the five organizations in particular on Deutsche Telecom.

The recent past year trend can be qualitatively summarized in table 7:

Table 7. Overview of ESG performance

	China Minmetals Rare Earth Co Ltd	Daimler AG	Deutsche Telecom AG	Bayer AG	BASF AG
Environmental Score*	Better	Better	Neutral	Better	Better
Social Score*	Worse	Better	Neutral	Better	Better
Governance Score*	Better	Better	Worse	Worse	Better
Overall ESG Score*	Better	Better	Neutral	Better	Better

Note: ESG Disclosure sore is a proprietary Bloomberg score based on the extent of a company's Environmental, Social, and Governance (ESG) disclosure. The score ranges from 0.1 for companies that disclose a minimum amount of ESG data to 100 for those that disclose every data point collected by Bloomberg. ESG Disclosure score combines:

- *Environmental disclosure score which is weighted in terms of importance, with data such as Greenhouse Gas Emissions carrying greater weight than other disclosures.*
- *Social disclosure score which is weighted in terms of importance, with workforce data carrying greater weight than other disclosures.*
- *Governance disclosure score which is weighted in terms of importance, with the board of directors data carrying greater weight than other disclosures.*

6.2. Research findings II RQ2

The yearly stock returns for these companies are analyzed and compared to the benchmark market performance, with China and Germany index as the proxy for the market. It seems that the selected organisations have superior stock returns against their respective market represented by their benchmark indices.

China: from the figure2, below, due to the limited single company selection, it is difficult to eliminate the unsystematic return of a single company but, nevertheless, superior performance is evident and therefore some aspect of its good ESG performance can also be a contributory factor.

Figure 2. Return performance of individual China Company comparing with the Benchmark market performance
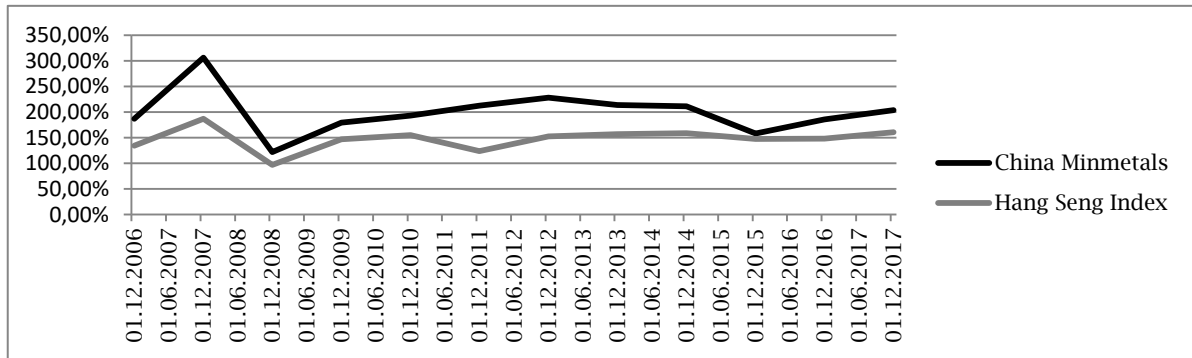
Germany: The figure below shows a mixed picture on an individual stock return against the benchmark index. BASF and Bayer give consistent superior performance against benchmark while Deutsche Telecom and Daimler show underperformance. It is possible that Deustche Telecom, being the weakest ESG performance of the four German organizations, can be the worst performer and underperform DAX index. However, the stock return of Daimler is a paradox to explain with its good ESG performance.

Figure 3. Return performance of individual Germany companies comparing with the Benchmark market performance
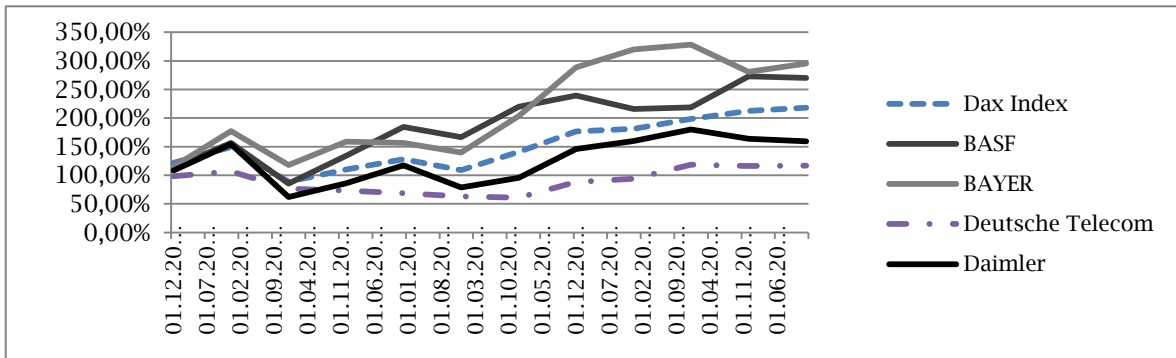
The stock return of the selection organisation from Germany is also considered as a portfolio with equal weighting and rebalancing adjustment. Such portfolio gives a more conclusive outcome with noticeable consistency superior performance over DAX except in the recent year. Such higher annual return correlates strongly to the ESG performance.

Figure 4. Return performance of Germany portfolio with the Benchmark market performance
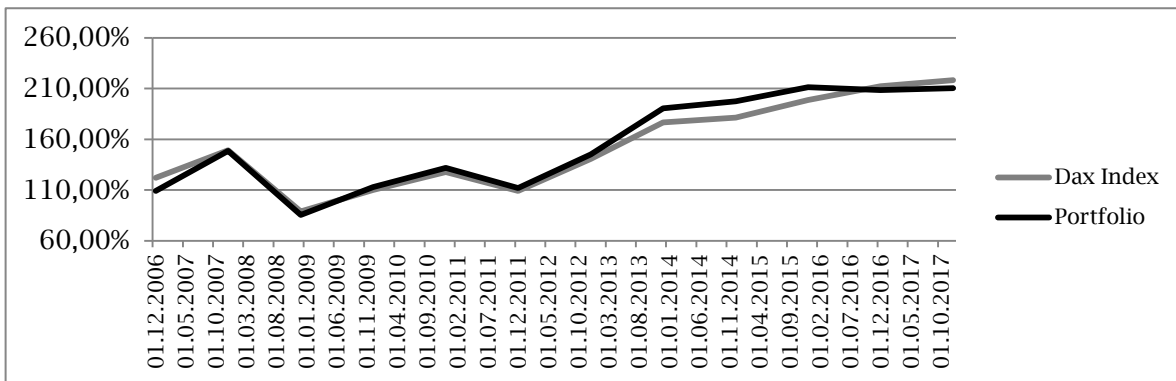
From a financial aspect, the key investor KPI can be Profit Margin (PM), Earnings Before Interest Tax, Depreciation and Amortization (EBITDA) and Earning Per Shares (EPS), EDBITA is the earnings before interest, tax, depreciation, and amortization and often is a measure of a company's operating performance. It is a way to evaluate a company's financial performance without having to factor in financing decisions, accounting decisions or tax considerations. Earnings per share (EPS) is a transparent KIP which unitized earning or profit to 1 unit of share for easy comparison purpose. The high

or low of this number drives the financial performance. Profit margin represents the revenue from sales exceeds costs in a business and the cost will include ESG elements. It is observed that:

(a) EPS (earning per shares) (YoY Change in Percentage). According to the figure below, has a positive trend in general. Specific events in 2011/2012 year impacted Deutsche Telecom EPS coinciding with the weakness in ESG. With China Minemetals admission to UNGC in 2013, the performance of the China organization is a response to that as well as the growth of the business.

Figure 5. EPS performance (year on year YOY)
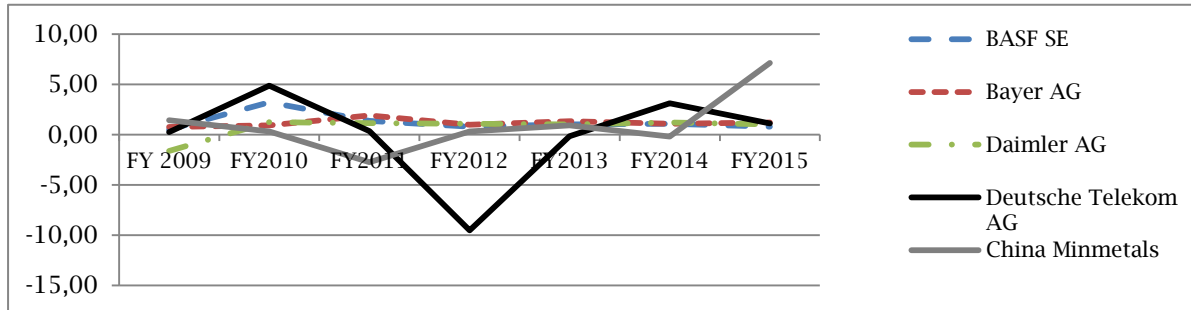
(b) EBIDTA (YoY Change in %): Similar to EPS trending, EDBITA follows the same trending and the same increase in YoY performance for China Minmetals from 2013 after the admission.

Figure 6. EBITDA performance (year on year YOY)
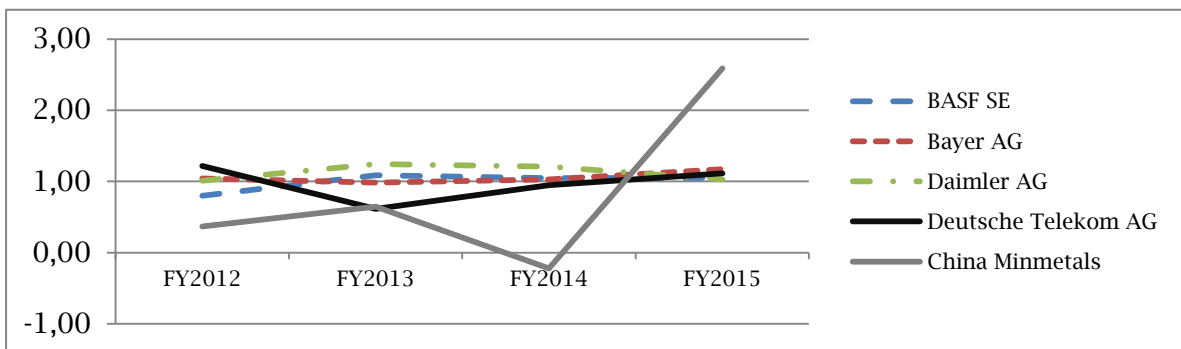
The year on year (YoY) performance of both EPS and EDBITA

Profit Margin (YoY Change in Percentage: The year on year performance is consistent with the trend on the two indicators above. Damiler is interestingly having a lower profit margin but also has some impact on the stock return. The investment in ESG can be seen as an issue resulting higher cost and therefore lower revenue. It is however noted that the trend is again consistent with the two other indicators above.

Figure 7. Profit Margin performance (year on year YOY)

7. CONCLUSION

The purpose of this paper has been achieved and reflected the commitment of organizations in ESR reporting in relation to CSR performance, focusing participation of women in the workforce and CSR training provided to employees. Based on ESG data* from Bloomberg database on the selected organizations of China and Germany that are signatory member of UN Global Compact, it is observed the following major findings:

1. Both countries have a better financial performance in stock return as well as in earning per shares, profit margin and EBITDA;
2. Both countries are found to have no provision of CSR training for employees despite having training policy and ESG reporting in place; and
3. When comparing China and Germany, Germany, in general, has a higher ESG disclosure score, higher level of women participation, and a longer ESG reporting practice, for example,

Germany has a higher overall ESG disclosure score*, in the range of 50 to 60, which suggests a higher ESG standard attained;

Germany has a higher level of women participation in the board, or as CEO and chairperson; and

Germany has a longer ESG reporting practice (around 10 years).

By understanding the gaps and exploring innovative ways to integrate CSR and sustainability-related guidelines and goals, it is expected that the level of sensitivity in social responsibility and responsible management education will be increased for a better world. It is important for organizations at different nature of different places at different development stages to learn from its own experiences of operations, of CSR activities and ESR reporting for making not only their financial returns promising but also the world a better one.

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APPENDIX

Ten Principles of UN Global Compact

Human Rights

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

Labour

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

Environment

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

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.
Source: https://www.unglobalcompact.org/what-is-gc/mission/principles