

# **The time for change is now: An analysis of the current state of sustainable initiatives in the EU and a case study of the Henkel Corporation's sustainable success**

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# **The Time for Change is Now:**

## **An Analysis of The Current State of Sustainable Initiatives in the EU and a Case Study of the Henkel Corporation's Sustainable Success**

Jennifer Sallows  
Fall 2013

### **ABSTRACT**

As the world recovers from the Global Recession, the search for a stable and resilient long-term growth strategy is the critical issue facing both governments and business leaders today. The purpose of this research paper is to analyze some of the current strategies being considered, specifically the policies and frameworks used by the European Union and the United Nations in the area of sustainability. This paper will discuss the basic principles of the Europe 2020 Strategy and the United Nations Global Compact in relation to their current goals and success in the area of sustainable growth. In addition, it will focus on the Henkel Corporation and analyze their strategies and the success they have achieved by integrating sustainable initiatives into their corporate values. This paper will also discuss the results of a brief student survey with the purpose of determining how the public views the sustainability efforts of the European Union and the level of optimism as to whether the EU will achieve future success in the area of sustainability. This paper reflects the current sustainability situation in Europe and offers an analysis regarding the future of sustainable growth and development in the European Union.

### **INTRODUCTION**

In the past decade, the topic of sustainability has transformed from a basic theory into a well-defined and critical component of the strategies of many successful multinational corporations. Governments and agencies around the globe have fought for organizations and their leaders to recognize the urgency that sustainable development requires. This is particularly true in the European Union (EU), where the European Commission is working with techniques such as the Global Reporting Initiative (GRI) in the hopes of developing a clearly defined plan on which European and global corporations can build their own sustainable platforms. Although the path to sustainable growth and development is steep and will require significant investment of resources and passion, corporations are starting to catch on and “buy into” the theory that sustainable development can become a competitive advantage. Henkel, a multi-national corporation founded in Germany, and with a major office in Vienna, Austria is an example of an organization that has started down the path to a sustainable future. They have developed well-defined parameters in the hopes of emerging in 2030 as a sustainable competitor. This paper will discuss the European Commission's Europe 2020 Strategy, and the United Nations Global Compact documents known as the Global Reporting Initiative in relation to Henkel, a multinational corporation that has achieved success through alignment with these strategies. The paper will also comment on the public perception of the European Union, evaluating their progress and efforts in the area of sustainability.

### **HENKEL: A BRIEF HISTORY**

Established in 1876 by Fritz Henkel, The Henkel Corporation has grown into a multi-national corporation with offices all over the globe. The pioneering success for Henkel came from the development of their flagship product “Persil” a detergent that was developed to take the “drudgery” out of doing laundry by hand (Henkel, 2013). The company has now grown into an industry leader in the detergents and adhesives market. Throughout the last

century, the company has prided itself on a community focus, which was the first inspiration for their present day core values that include commitment to their sustainable practices. As will be seen later, Henkel has relied on many well-established frameworks, such as the Vision 2050 framework to develop a long-term plan to ensure success in the area of Corporate Social Responsibility (CSR).

## **THE EUROPEAN COMMISSION: THE EUROPE 2020 STRATEGY**

In 2010, the EU recognized their weakened economic state due to the Global Financial Crisis. In response, they developed a long-term collaborative strategy to ensure the recovery and future growth of the economic environment in Europe (European Commission, 2010). This strategy was developed around three key pillars: Smart Growth, Sustainable Growth, and Inclusive Growth. Each pillar, or key priority, was meant to reinforce the others and allow the EU to emerge with a stronger, more resilient economy in 2020 (European Commission, 2010).

### **Smart Growth**

When the Europe 2020 Strategy refers to smart growth, they refer to the development of the research, knowledge, and innovation aspects of the future economy. The hope is to produce a more educated society and to not only increase the quantity of research being done, but also the effectiveness of it (European Commission, 2010). In comparison to the U.S. and Japan, the EU spends less on research, sitting at 2.0% compared to 2.6% and 3.4%, respectively; the EU claims that part of this gap is due to the lack of support for the development of private sector innovation that is so prevalent in the U.S. (European Commission, 2010). Sustainability is a relatively new field, and break-through developments are going to be essential if governments and society in general want to preserve the current standard of living and allow future generations to meet their needs. As defined by the Brundtland report of 1987, "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (United Nations, 1987). In order for this concept to become a reality, innovation is critical, and it must happen in the private sector, as fiscally constrained governments lack the ability to guide innovation effectively.

### **Sustainable Growth**

The concept of sustainable growth is simple: market leaders must learn how to grow the economy and continuously develop while using fewer resources that are also less harmful to the ecological environment (European Commission, 2010). This theory supports the need for more investment in innovation and research. In the past, the EU was a leader in green technologies. However, China and North America have become major players in recent years. If the EU can work cohesively and become a first mover in the development of "green solutions," this will not only ease the burden on the environment, but also give their economy a competitive advantage that can increase wealth and growth, while also stabilizing the economic environment. Ultimately, to ensure that sustainable growth does not limit recovery, both corporations and governments alike must work to not only be more efficient, but more importantly, to be more effective when carrying out primary business functions. This theory is pivotal to the acceptance and implementation of the European Commission's strategies and proposals.

If corporations such as Henkel continue to "buy into" the theory that sustainable business means better business, then growth and success will essentially become linked to sustainable initiatives. However, this exact point is the biggest barrier for the EU and member state governments to communicate. With the current fragile state of the economy, many corporations are reluctant to fully invest themselves into the development of sustainable action plans when so much uncertainty still exists as to whether or not investment today will have the desired benefits in the future.

## **Inclusive Growth**

Inclusive growth refers to the social aspect of sustainability. Inclusive growth:

Means empowering people through high levels of employment, investing in skills, fighting poverty and modernizing labor markets, training and social protection systems so as to help people anticipate and manage change, and build a cohesive society (European Commission, 2010, p.17).

One of the most significant weaknesses that emerged globally during the recession was the gap in education and preparedness of the workforce. When citizens found themselves out of work, the true limits of their education and training became visible. The Europe 2020 strategy is designed with the expectation that by improving education and training standards, a stronger, more competent workforce can reinforce the other two priorities and create a more resilient economy. This can be recognized as a bottom-up initiative that will lead to 360-degree improvements if the proper educational programs are implemented and citizens are able to develop transferable skills.

## **Criticisms of the Europe 2020 Strategy**

Although the basic theory behind the Europe 2020 strategy is sound, it has been heavily criticized for its broad scope and lack of consideration for the diversity of the 28 EU member states. As one critic states:

The belief that one central strategy can fit the entire European Union, with 27 [now 28] disparate economies of different profiles and reform requirements, borders on a central-planning mentality that can only damage economic growth (Erixon, 2010, p.31).

Although the EU sees the development of the single market as a strategy for success, they are failing to take into account the practical steps to ensure that this unity occurs. Other criticism has related to the vagueness of certain aspects of the strategy: “the 2020 strategy does not approach reforms in areas where common European policies exist and the European institutions have a strong influence over the design and execution of policy” (Erixon, 2010, p. 35).

Another major criticism that has been exposed is the complete disregard for the relative failure of the Lisbon Treaty, which was the preceding document to the Europe 2020 Strategy that came into force in 2009 and laid out the economic plan and overarching strategy for the EU. No discussions were formally held, or reflection made as to why the Lisbon Treaty has been considered by many to be a failure, as it has not achieved its major goals or objectives in regards to the economy (Pochet, 2010). These criticisms have the potential to act as significant barriers to the enforcement of the Europe 2020 strategy. In theory, the strategy will work if governments and companies such as Henkel voluntarily adopt the policies and principles outlined, but for those who remain skeptical, the lack of solid footing may make the strategy irrelevant. As will now be discussed, certain policies and strategies have been developed, aimed specifically at corporations in the hopes of developing a sustainable economy without the necessity of government regulation.

## **THE UNITED NATIONS GLOBAL COMPACT**

In 2000, the United Nations Global Compact (UNGC) was initiated as a platform on which organizations could develop CSR initiatives. Today, it is the largest corporate initiative with over 12,000 member organizations (United Nations Global Compact, 2013). The UNGC encourages sustainable progress of corporations globally, and offers guidance for improvement. There are ten overarching principles that members of the UNGC must adhere to.

**Figure 1. The 10 Principles of the UNGC  
(United Nations Global Compact, 2013, p.3)**

<b>HUMAN RIGHTS</b>	
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.
<b>LABOUR</b>	
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.
<b>ENVIRONMENT</b>	
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.
<b>ANTI-CORRUPTION</b>	
PRINCIPLE 10	Businesses should work against corruption in all its forms, including extortion and bribery.

These principles focus on four main categories: Human rights, Labor, Environment, and Anti-corruption. When joining the UNGC, businesses must agree to sign on to this principles-based theory of management and incorporate it into their corporate strategy (United Nations Global Compact, 2013). The UNGC has been formulated as a principles-based initiative. “Principles-based initiatives reflect broadly defined norms for corporate behavior without any monitoring” (Rasche et al., 2013, p.9). It should be noted that principles one to six are already ingrained in EU law; it is principles seven to nine that extend past the current legal statute with the objective of further developing the regulatory principles regarding the environment.

## **The 2013 UNGC Sustainability Report**

The most recent survey from the UNGC was published in 2013. It outlines the progress and achievements made by the involved organizations. The report outlines four key findings which are relevant to the future progress and success of the member organizations. The four key findings are as follows (United Nations Global Compact, 2013, p.7):

1. Companies are moving from good intentions to significant actions.
2. Large companies are still leading the way.
3. Supply chains are a roadblock to improved performance.
4. Companies are seeing the big sustainability picture

These findings will guide organizations in the future as they try to successfully integrate the ten principles into their strategy.

### **Companies are Moving from Intentions to Significant Actions**

The 2013 UNGC survey showed that although there has been improvement in the area of acting on intentions, there are still gaps between creating plans and strategies and actually implementing them throughout an entire company. For example, only 35% of UNGC members are actively training managers throughout the organization to integrate sustainability at the various levels. A suggested cause of this is that implementation comes with a much higher cost than planning (United Nations Global Compact, 2013). It is figures like this that question whether or not the UNGC members are truly committed to sustainable improvement or have joined the organization simply for the accreditation.

### **Large Companies are Still Leading the Way**

There has been an increasing trend for Small and Medium sized enterprises (SME) to become more involved with sustainable initiatives. However, "SMEs cite lack of financial resources and lack of knowledge as top barriers" (United Nations Global Compact, 2013, p.7) to implementation and success in regards to sustainable initiatives. These companies may be making the effort to join the league of the largest corporations, but they are still struggling to find the appropriate resources to assist them. This suggests that more engagement must happen between the UNGC and SMEs to ensure that they can succeed in following the ten outlined principles. Henkel, a large multi-national corporation, does not face the same barriers as the SMEs, which may be why they have had the ability to act on their commitments to the UNGC. Henkel's ability to overcome these challenges will be discussed in more detail later.

### **Supply Chains are a Roadblock to Improved Performance**

In today's business environment, most corporations are linked integrally to suppliers throughout their value chain and rely on these partners for success. This can mean that, in order for a company to succeed in developing a successful sustainability strategy, they must partner with their suppliers. This has been recognized as one of the pivotal barriers to the complete integration of sustainability across the entire value chain. In fact, this issue has been ranked as the top barrier for large corporations in their progress towards success (United Nations Global Compact, 2013). This is where the point of control shifts to another section of the value chain and can move beyond the control of the company in question, thus preventing success. The issue of supplier management may be the area where most investment is needed by organizations if the global economy plans to emerge into a new era of development. As will be discussed, Henkel has had success in resolving this barrier with an attempt to create a more comprehensive sustainability action plan.

## Companies are Seeing the Big Sustainability Picture

In past years, many corporations have taken a “tunnel-vision” approach to sustainability. They have not looked beyond the scope of their own actions, or impacts. However, increasingly more organizations are recognizing the global impacts of sustainability issues and are developing strategies that look beyond their own internal challenges and rewards (United Nations Global Compact, 2013). This mentality is crucial if the UNGC and corporations around the world are to be successful in alleviating the main sustainability issues currently facing society.

## Criticism of the United Nations Global Compact

Like the Europe 2020 strategy, the UNGC and their actions have been both praised and criticized. It is clear that if companies adhere to the UNGC principles, significant progress towards a sustainable future will be made. However, “critics argue that the initiative promotes vague principles, and hence misses accountability, leading to a situation where corporations can profit from the credibility and reputation of the United Nations” (Rasche & Gilbert, 2012, p.100). Again, it appears that the main point of criticism is not the principles or goals of the initiative, but the fluidity of the current economic environment and the lack of enforceable regulations. The UNGC can guide companies, but there is no jurisdiction to actively enforce regulations and punish non-compliance. Currently, the power remains with the corporations who ultimately decide how far to take their sustainable commitments. Some organizations like Henkel have chosen to take action, but many other members of the UNGC continue to tread water and not make any substantial progress. The next section will discuss how Henkel has been inspired by the UNGC and Europe 2020 strategy to develop their own sustainability path and have taken great strides towards implementation.

## HENKEL: THEIR SUSTAINABILITY STRATEGY

Henkel is an organization that has a substantial ecological footprint as a result of their main business operations – the production of detergents and adhesives for both industrial and private use. Manufacturing companies often have significant impacts on the world’s natural environment due to the vast scale of their processes and their reliance on non-renewable inputs. In recent years, Henkel has identified these realities and created a well-defined sustainability strategy. They have built their plan around one simple value: “We are committed to leadership in sustainability” (Henkel Sustainability Report, 2012, p.1). Supporting this broad and rather vague statement is the company’s chosen definition of both sustainability and leadership itself:

**Sustainability:** In 2050, about 9 billion people live well and within the resource limits of the planet.

**Leadership:** We pioneer new solutions to sustainability challenges while continuing to shape our business responsibly and increase our economic success on the basis of a long-term goal, clear targets for the years 2011 to 2015, and strategic principles (Henkel Sustainability Report, 2012).

This definition is the basis for their long-term development goals. As will be outlined, the company has developed both a long-term qualitative strategy for where the company expects to be in 2030 and a short-term quantitative strategy to help them begin to achieve those goals. The main strategy is the idea that the company can “Do more with less” (Henkel Sustainability Report, 2012). More specifically, the company plans to create more value for their stakeholders without increasing their ecological or social footprint.

## Henkel and the World Business Council for Sustainable Development: Vision 2050

Further analysis of the Henkel strategy shows that their definition of sustainability is the definition created by the World Business Council for Sustainable Development (WBCSD). The Vision 2050 Project was developed:

By 29 global companies representing 14 industries... They developed a vision, based on dialogues in 20 countries with several hundred companies as well as experts, of a world on-track toward sustainability by 2050 (Vision 2050, 2010, p.2).

The project outlines “a world in which the global population is not just living on the planet, but living well and within the limits of the planet” (Vision 2050, 2010, p.2). This project paints an image of how the world needs to be in 2050 in order to continue to thrive but does not offer any definitive guidance as to how to get there. It simply describes the potential benefits for business and society if organizations recognize the competitive advantages to be created through a strategy focused on sustainability.

Henkel has recognized Vision 2050 as the basis for their sustainability strategy. Their aim is to create more value while simultaneously reducing their impact and footprint. The more specific details and techniques have been derived from this theory through the use of Backcasting, a theory where you decide what you want the future to look like and then work from there to develop a strategy that will allow you to successfully reach that vision (Roorda, 2001). Backcasting has been heavily implemented in the development of sustainability strategies as it reflects the reality of the current situation and the distance that must be travelled to reach specific goals. It has proven effective at reflecting just how far the current state of living is from meeting the goals of the future. It shows the dire situation we will be in if we do not change our present actions and redesign the modern business platform. By using the Vision 2050 project as inspiration, Henkel has been able to develop a plan for both short- and long-term development.

### Henkel’s Factor 3 Initiative

The leaders of Henkel have developed a simple goal that they believe must be achieved: Become three times more efficient by 2030. More specifically, this means: “tripling the value... created through... business activities in relation to the ecological footprint made by... products and services.” (Henkel Sustainability Report, 2012, p.2).

The foundation for their “Factor 3” strategy was inspired by Vision 2050. Henkel strives to be three times more efficient by 2030, on their way to meeting the goals outlined in the Vision 2050 strategy. The company has recognized that they have two options for achieving this goal: They can either achieve three times growth without increasing their impact. Or, they can reduce their impact by three times while keeping production and growth the same. Henkel acknowledges that in order to achieve this goal, they must reduce their impact by five to six percent annually (Henkel Sustainability Report, 2012). This goal may seem large or unattainable, but as will be discussed, Henkel has been quite successful at staying on their defined path.

### Henkel’s Short Term Goals and Actions

In the short term, Henkel has recognized that abstract goals are not enough to ensure that they achieve their target by 2030. Therefore, they have developed clear-cut figures and strategies outlining improvements that must be made by 2015 in order to keep the company on pace to meet their long-term goals.

**Figure 2. Henkel’s “Factor 3” Theory (Henkel Sustainability Report, 2012, p.2)**



**Figure 3: Henkel’s 5-year target and main areas of focus**  
(Henkel Sustainability Report, 2012)



In order to achieve these goals, Henkel understands that they need both top-down leadership and bottom-up organizational support for their new strategies. To ensure that their vision has spread throughout the entire company, they hosted Action Plan meetings where each specialized work team met to discuss the goals and brainstorm potential strategies for improvement. Each specialized area was able to participate in developing their specific sustainable Action Plan (Henkel Sustainability Report, 2012):

The workshops served a two-fold purpose: to communicate the fundamental principles behind our sustainability strategy and to systematically record the contribution that each team would be making to achieve... sustainability targets (Henkel Sustainability Report, 2012, p.4).

In 2012, Henkel succeeded in creating company-wide involvement and engagement in the area of sustainability. 670 Action Plan meetings were held and as a result, 6,000 potential measurements were proposed to senior management from the various divisions within the company. These figures reflect Henkel’s success at overcoming the barrier recognized by the UNGC regarding the difficulty companies have with creating management involvement. The amount of time that was invested in these Action Plan meetings reflects the fact that Henkel has moved from intention to clear action in the area of sustainability. It also supports the theory that larger companies do have an advantage in regards to company-wide implementation, as SMEs may have struggled to find the time and resources to implement these meetings on such a vast scale.

In addition to aligning with the goals of the UNGC, Henkel’s Action Plan meetings also align with the Europe 2020 principle of “Smart Growth.” Undoubtedly, many innovative ideas and concepts came out of the meetings, affirming the value the company puts on the ability of their workforce to innovate internally. Ultimately, the Action Plan meetings exemplify the success a company can have at gaining a competitive advantage through internal innovation, employee empowerment, and company-wide commitment to sustainability.

## Retail Partnerships

A multi-national producer such as Henkel has multiple partners integrated both up and down their value chain. This can pose various challenges when the company is attempting to improve both their economic and ecological footprint simultaneously. In an effort to mitigate some of these challenges, Henkel has developed partnerships with their retailers to help spread value. Most notably are their partnerships with Walmart and the German drugstore chain DM. In 2012, Henkel partnered with Walmart in Central America to host a sustainability week where innovation and achievements in the area of sustainability were shared (Henkel Sustainability Report, 2012). Henkel also partnered with DM to educate young employees on the proper use of sustainable products. This soon transformed into consumer education, as these young employees held in-store demonstrations on the proper use of green products and how to conserve energy (Henkel Sustainability Report, 2012). All of these efforts culminated in positive impacts and rippled throughout the value chain, not only assisting Henkel in their sustainability initiatives, but also supporting the marketing aspects of the company.

## Supplier Partnerships

Henkel has made it clear that they expect their supplier network to adhere to certain standards, or have their relationships with the company terminated. Henkel follows the German Association of Materials Management, Purchasing and Logistics (BME) Supplier Code. This code aligns itself with the UNGC principles, making it a logical fit with Henkel's core values. It also supports the global scope of the company (Henkel Sustainability Report, 2012). Henkel requires all suppliers to either support the principles of the BME or develop their own comparable code of conduct. The company is willing to work with their suppliers to ensure that this is achieved (Henkel Sustainability Report, 2012). To ensure that the company is successful at developing strong and ethical supplier relationships, they have developed their own five-step supply chain process where each step acts as both a tool for development and as a form of risk mitigation.

**Figure 4. Henkel's approach to supply chain management (Henkel Sustainability Report, 2012, p. 10)**



Step 1: Risk Assessment helps protect the company from supplier issues and vulnerability, as well as acts as a warning signal if some of their current suppliers are not adhering to their agreement. The assessment focuses on human rights, corruption, and the legal environment.

Step 2: Self-assessment focuses on the specific assessments the company does to determine if there are any issues that would affect the company individually, but may not have an impact on the overall industry, so would therefore not be acknowledged in external reviews.

Step 3: Analysis allows the company to interpret their assessments and determine if any supplier relationships must be terminated. They rate their suppliers on a "traffic light" scale, allowing them to determine partners that are red and in violation, meaning they should be terminated, those that are yellow and need assistance improving, and those that are green and adhering exactly to their predetermined agreements.

Step 4: Audits focus on both past audit results and transparency, as well as the development of future audit relationships. The goal is to enhance the flow of information between the company and their suppliers.








Step 5: Further development is the final step in the process, which the company uses to extend the success of their current supplier relationships. Henkel hopes to continue to improve the success of each supplier and is constantly looking to improve on existing standards. This can mean assisting suppliers in developing their own supplier assessment system, or working with suppliers to improve the individual industry in which they operate.

This theory of supplier management is prevalent in both the Europe 2020 Strategy and the UNGC frameworks, and is seen as crucial to the solidification of a sustainable competitive advantage. Henkel has been taking clear action in this area. Should they succeed in continuing this strategy, they will further support the theory that the management of supplier relationships is a legitimate and proven path to success.

### Current Performance

The above discussion has made it clear that Henkel is taking firm action in the area of sustainability. However, the real question at hand is how well the company is actually doing in meeting their pre-determined goals and if they are on target to meet the required levels by 2030. Their 2012 sustainability report provided a summary of their own evaluation of their current performance:

**Figure 5. Henkel’s summary of their current performance (Henkel Sustainability Report, 2012, p.5)**

Focal area	Targets	Status
	<b>Performance</b> <ul style="list-style-type: none"> <li>At least 10 percent more sales per production unit by 2015 (base year 2010).</li> </ul>	●
	<b>Social Progress</b> <ul style="list-style-type: none"> <li>Continuous training and professional development of all employees as appropriate to their tasks.</li> <li>Annual increase of one to two percentage points in the proportion of female managers (see Pages 35 and 36).</li> </ul>	● ●
	<b>Health and Safety</b> <ul style="list-style-type: none"> <li>A 20 percent reduction in the worldwide accident rate by 2015 (base year 2010).</li> <li>50 percent reduction in solvents used in consumer adhesives by 2020 (base year 2010).</li> </ul>	● ●
	<b>Energy and Climate</b> <ul style="list-style-type: none"> <li>A 15 percent reduction in energy consumption – and the associated CO<sub>2</sub> emissions – per production unit by 2015 (base year 2010).</li> <li>Regular checks of our production sites to determine whether the use of renewable energy sources is ecologically and economically worthwhile.</li> </ul>	● ●
	<b>Water and Wastewater</b> <ul style="list-style-type: none"> <li>15 percent less water used per production unit by 2015 (base year 2010).</li> <li>Increase in the proportion of readily biodegradable ingredients in soaps, shower gels and shampoos to 90 percent by 2012.</li> </ul>	● ●
	<b>Materials and Waste</b> <ul style="list-style-type: none"> <li>A 15 percent reduction in the waste footprint per production unit by 2015 (base year 2010).</li> <li>Ensuring that the entire volume of palm oil and palm kernel oil used in the form of raw materials in our products is covered by certificates from the Roundtable on Sustainable Palm Oil (RSPO) by 2015.</li> </ul>	● ●
	<b>Overarching goals for all our focal areas</b> <ul style="list-style-type: none"> <li>All new products contribute to sustainable development in at least one focal area.</li> <li>Establishing a recognized measuring system in order to assess the contributions our products make along the value chain and to quantify the progress achieved in our product categories.</li> </ul>	● ●

● Achieved / Progressing as planned   ● Stronger focus needed   ● Not achieved

The above table summarizes their performance in the major focus areas. They are supported by the Key Performance Indicators used in the company's yearly sustainability audit, and those developed through the Action Plan meetings. This summary indicates that the company is succeeding in meeting their pre-determined objectives. Of course the success reflected in these results does not guarantee that the long-term objectives will be fulfilled, but it does indicate that the company is actively pursuing improvement and has turned planning into firm action.

While Henkel found that nearly all focus areas were achieved or proceeding as planned, the company identified one critical area for improvement that is essential to success. When an organization can confidently determine the complete impact their products have, from one end of the value chain to the other, then they will be able to develop the appropriate method for mitigating negative impacts in all three areas of importance: People, Planet, and Profit. Henkel has identified their own three areas that matter most to their core values: Products, Partners, and People. In the future, if the company can continue to create value without negatively impacting these three factors, Products, Partners, and People, Henkel will have successfully achieved their overarching goals and secured a competitive advantage in the area of sustainability. As it stands, Henkel is an organization that is achieving success through alignment of their corporate values with the principles of both the UNGC and the Europe 2020 Strategy. The company is proving that commitment to these policies can lead to corporate success.

Next, there will be a discussion regarding the opinions the public holds regarding these policies, their effectiveness as a whole, and whether they believe the EU will have future success in the area of sustainability.

## **THE OPINIONS OF THE PUBLIC: CAMPUS SURVEY**

In order to determine how the general population in the EU is reacting to the Europe 2020 Strategy and the overall actions of the EU, a survey of twenty students using convenience sampling at the Vienna University of Economics and Business in Austria was completed. This demographic was selected because the actions and decisions of the EU today will have the greatest impact on the future generation and their role in society. Therefore, it is the opinions of the younger generation that matter most in the development of future sustainability initiatives.

### **The Survey Structure and Goals**

The chosen survey questions were selected with the goal of focusing on broad questions that would capture the general feelings and tensions of the public, which was the goal when collecting this form of primary data. Specific questions about Henkel or particular Europe 2020 policy changes were not asked to avoid disparity in specialized knowledge from creating inaccuracies in the results. The objective was to understand whether or not the European population was optimistic or skeptical of the changes the EU was attempting to implement.

### **The Results**

The first question asked in the survey was whether or not the surveyed individuals had heard of the Europe 2020 Strategy. Of the twenty people solicited, only 15% were aware of the strategy. In addition, only 35% of those surveyed had recognized any efforts by the EU to make strides in the area of sustainability. These results suggest that the EU is not properly communicating their efforts or goals to the public. This could potentially cause the Europe 2020 Strategy to fail before it is even implemented. It is crucial to have the support of the general public if the EU is to be successful in making changes.

It is clear that the surveyed population believes that sustainability is an important issue, as 95% believe that both the Austrian government and the EU should invest in sustainable initiatives. However, when asked about their personal consumption habits and if sustainability was a decision factor, only 50% responded "yes, it was," and

another 30% responded with “sometimes.” This suggests that consumers are starting to think more consciously about sustainability, but that other factors such as convenience and price may continue to be more important factors, especially in the student demographic. This could further suggest that a communication gap exists between the governing bodies and the population, as sustainability is still not a top priority in the minds of consumers.

These results suggest that there is even more onus on corporations to make the right choices for their consumers when designing products, and to continue to communicate the benefits of sustainable choices. If the majority of consumers are still not committed to actively seeking sustainable options, then organizations should make the choice for them and ensure that all products have a minimal impact on the environment. Therefore, when the time comes that consumers become more ecologically aware, they do not have to drastically alter their consumption of certain products in order to lessen their individual footprint. In the case of Henkel, their Persil laundry detergent is a top brand across Europe. Henkel is committed to reducing their products’ environmental impact, which is ultimately passed on to the end consumer who is purchasing an eco-friendly product, without using sustainability as a key decision factor.

The final question asked was whether or not the respondents believed that the EU would be successful in the next five years at achieving substantial success in the area of sustainability. The results indicate that the population is skeptical, as only 50% responded “yes” and 10% responded “maybe.” These results confirm the assumption that, although the EU is trying to take firm action, and that some companies are supporting their cause, the general public is still not acknowledging these efforts or seeing them as potentially successful. This gap between theoretical solutions and the confidence of the public is a critical issue that must be addressed by the EU if they hope to succeed in implementing their strategy and building the foundation for a more sustainable future.

## **CONCLUSION**

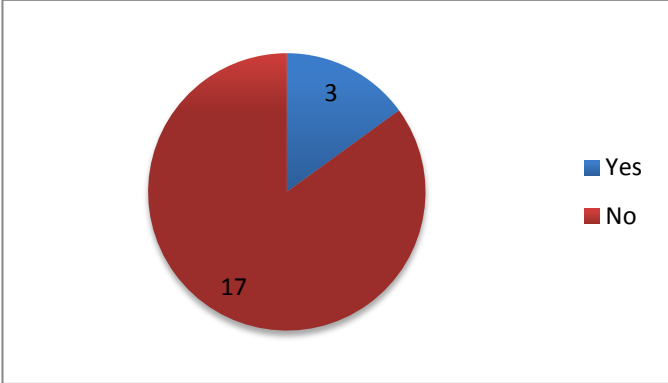
No time is more promising than now for governments and corporations to make a firm commitment to CSR initiatives. The world is recovering from the Global Recession and every party is looking for a way to insulate the economy from future vulnerability. It is clear that the EU and the UN have recognized sustainable growth and development as critical to ensuring the development of a stable and robust economy. The real obstacle today is not deciding how to protect and develop the economy, as the majority of stakeholders have already acknowledged CSR as the path to the future. The real issue lies in convincing businesses to voluntarily make the long-term investment required and align their culture and corporate strategies with the values being proposed in such propositions as the United Nations Global Compact or the Europe 2020 Strategy. In addition, firm regulations must be developed from these abstract concepts. As Henkel has proven, committing today can lead to positive results tomorrow. If more corporations can “buy into” the theories and principles posed by the EU through the Europe 2020 Strategy, and by the UN through the Global Compact, then the opinions of the public are likely to change. Governments, private businesses, and individual consumers must work together to ensure society can emerge more resilient and efficient in the future, guaranteeing that the future generations will not suffer the consequences of our inaction today.

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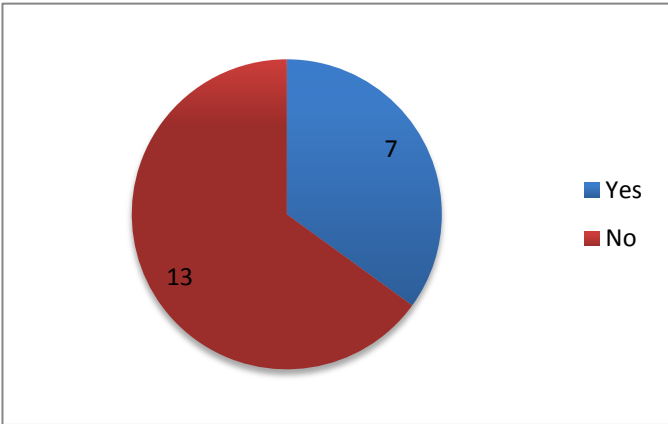
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**APPENDIX 1: SURVEY QUESTIONS AND RESULTS**

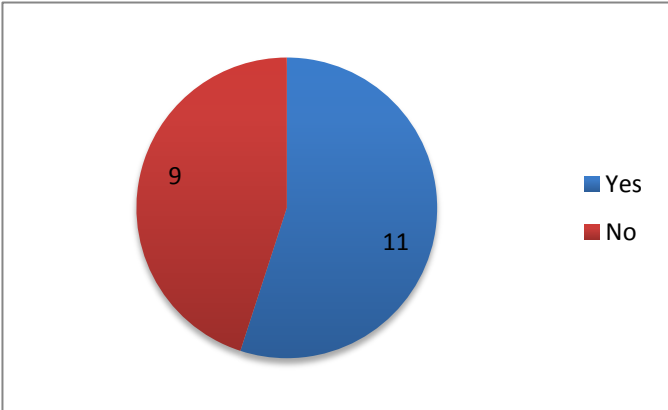
1. Have you ever heard of the European Union’s Europe 2020 Strategy for Economic Development?



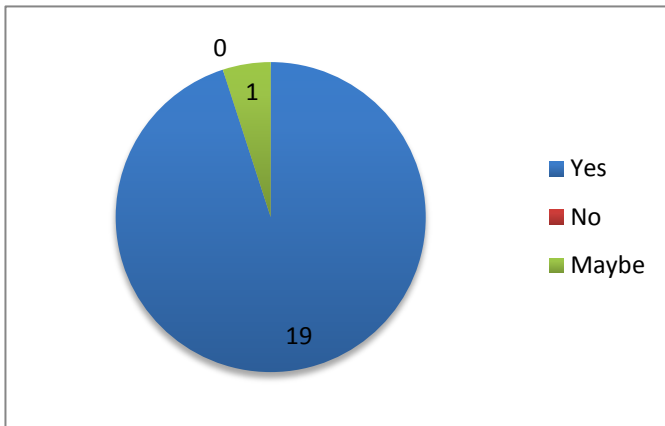
2. In the last 3 years have you noticed any significant actions by the European Union in the area of sustainability?



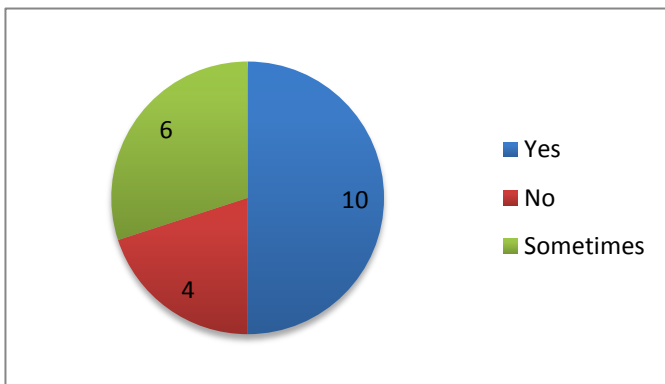
3. In the last three years have you noticed any significant actions by the Austrian government in the area of sustainability?



4. Do you see sustainability as an important issue that the European Union and the Austrian government should be investing in?



5. Do you personally consider sustainability in your daily actions and product choices?



6. What do you think is the likelihood that the European Union will succeed in taking significant or concrete actions in the area of sustainability in the next five years?

