

# Why does consistency matter and why the SG Scorecard?

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Sometimes, when we try to make a judgment about our relationships, we look at the intensity of "special days" like anniversaries, birthdays, and other "big" events. However, Simon Sinek, the British-American author, motivational speaker and organizational consultant, draws our attention to a magic word "consistency". He suggests that we use this concept when we try to reason the strength of our relationships. Simon Sinek says a true feeling of trust can only develop through every day actions. He goes on explaining - usually when you end up caring about a relationship, you will not be able to remember the day you started caring about that person. The reason is because it is not the intensity of a particular event but rather an "accumulation of all those little things that gave you the trust over time".<sup>1</sup>

Every habit starts with a decision, moves along with a set of actions - given it is repeated every time, conducted in a transparent, accountable, and fair way - after a while, it will have transformed itself to consistent and responsible behavior. As an example, think about a person who does not forget to turn off the lights every time he or she leaves the room or makes sure the trash is thrown into the recycle bins separated by waste category. If this person repeats this set of actions over and over, after a while, it will turn out to be a habit. The mind of a person will transform into a new thinking phase, with a more responsible set of behavior. That person will set an example and start influencing their surroundings.

This is not only the case in our personal relationships, but the same applies to leadership. Leadership is not only about how a leader responds at a big public event, but it is how a leader becomes a role model through consistency of actions day in and day out. Good leadership is closely tied to long-term survival because the behavior of an individual over time can influence the culture of a corporation.

Market participants nowadays say ability for change and innovation is the only way to ensure the survival of an organization. Some examples provided are Amazon and Netflix as these corporations were not only consistent in disrupting their market with innovation capability, but they also continuously re-innovated themselves. We agree that innovation is extremely crucial. However, another relevant concept that should become part of leadership courses and curriculum is consistency and under what guidance an organization could remain consistent over time.

The reason why we trust certain companies and why we don't trust others is unrelated to how they responded in one single important event. What really matters if corporations are continuously transparent and if their

priority is value creation and if they are consistently "taking care" of their employees, customers, suppliers, and communities. In general, this concept explains why we developed the **Sustainability Governance Scorecard** (SG Scorecard).

The SG Scorecard encourages consistency in sustainability reporting by highlighting good examples from selected Global Sustainability Leaders (GSLs) <sup>ii</sup> and by providing opportunities for peer learning amongst these corporations. After analyzing 150 GSLs from 6 countries (China, Germany, South Africa, Türkiye, United Kingdom, United States) and 10 industries, we have some conclusions about consistency in sustainability governance.

**Consistency** is a key to **remain close to external stakeholders**.

The consistent responsible behavior - set as an example by the leaders of an organization - will be effective not only when dealing with internal stakeholders like employees but also with external stakeholders like customers and communities. Proximity to external stakeholders will ensure the corporation is up-to-date to changing concepts.

*Only 44% of Global Sustainability Leaders measures and reports the value creation for external stakeholders.*

**Consistency** allows **measurement** for sustainability.

Until a leader has tried a new process, initiative or structure in a consistent manner, it cannot determine or measure if it adds value to the organization. The SG Scorecard **highlights sustainability targets, KPIs, and results** in its methodology and analyzes if GSLs are being consistently identified, approved by the board and subsequently incorporated into the corporation's strategies, policies, objectives and associated management systems.

*Only 69%, 70%, 53% of Global Sustainability Leaders defines Environmental, Social, and Governance targets, respectively.*

**Consistency** can be a **proxy for continuous improvement**.

Corporations need to be made accountable for their deliverables and goals. Many organizations gain credibility when they make themselves accountable for certain sustainability targets. The SG Scorecard Model<sup>©</sup> highlights the importance of setting targets in sustainability reporting because targets play a significant role in demonstrating long-term commitments. Reported targets almost always have to be first approved by the

highest levels of management members. This means by setting targets, C-Level executives are making a promise to the organization and their boards.

Additionally, SG Scorecard highlights the positive impact of measures where the board consistently motivates the right kind of management behavior. We believe only when you consistently measure the corporation's results and remain adamant about incentivizing managers with appropriate criteria, then there will be improvement.

*Only 15% of Global Sustainability Leaders align management incentives with sustainability targets.*

**Consistency** creates **transparency**, preserves your **message** and your **reputation**.

Corporations' reputation depends on a good track record. In order to build a good track record, leaders need to be transparent and stay on course. The same applies when an organization is on track of achieving sustainability goals. The SG Scorecard encourages sustainability leaders to be transparent and consistent in communicating their sustainability goals to remain relevant in their message while engaging their internal and external stakeholders in their initiatives. We believe keeping a good reputation over time will also become the most effective risk management tool for the sustainability leaders.

For further information and good examples from Global Sustainability Leaders, please visit the Sustainability Governance Scorecard's website: [sgscorecard.argudenacademy.org](http://sgscorecard.argudenacademy.org)

#### REFERENCES:

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<sup>i</sup> <https://www.facebook.com/simonsinek/posts/leadership-is-not-about-consistency-or-intensity-leadership-is-about-both-this-i/10154504639896499/>

<sup>ii</sup> Global Sustainability Leaders are 150 leading public companies that are part of the Sustainability Indices (Dow Jones Sustainability Index, FTSE4GOOD, STOXX, BIST Sustainability Index, FTSE/JSE Responsible Index, Hang Seng Corporate Sustainability Index, and SSE Sustainable Industry Index) trading at key stock exchanges which are signatories of the Sustainable Stock Exchanges initiative (namely, China, Germany, South Africa, Türkiye, United Kingdom, and United States of America) and in 10 sectors: Automotive, Chemicals, Consumer Goods, Food Processors, Machinery & Equipment, Natural Resources, Pharmaceuticals, Retail, Telecommunications, Utilities.