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**LONGITUDINAL STUDY OF GRI INDICATORS AND SUSTAINABLE HUMAN  
RESOURCE MANAGEMENT IN BRAZILIAN CONTEXT**

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# Longitudinal Study of GRI Indicators and Sustainable Human Resource Management in Brazilian Context

## 1. INTRODUCTION

Human resource management has gained a central role in efforts to address the need to implement strategies focused on sustainable development and CSR. Thus, new models for human resource management have emerged, such as sustainable human resource management (sustainable HRM) (Kramar, 2014; Ehnert, 2009) and green human resource management (green HRM) (Renwick, Redman, & Maguire, 2013b; Jabbour & Santos, 2008; Jackson, Renwick, Jabbour, & Muller-Carmen, 2011). Such models reveal the importance of research in understanding human resource practices focused on sustainability, as well as identifying the behaviors that promote sustainable management.

Green HRM model approaches studies that present contributions from human resource management to environmental management, but these are still superficial, and there are few empirical studies (Jabbour, Santos, & Nagano, 2010; Pless, Maak, & Stahl, 2012). According to Govindarajulu and Daily (2004), many studies address the environmental management system; however, there are few studies on the effects of environmental management programs on workers. Dubois and Dubois (2012) describe the importance and the challenges of environmental management, emphasizing the presence of human resource management as a foundation for the success of CSR programs.

In line with this greater concern about sustainable development and CSR policies, companies are also broadening their disclosure practices by publishing sustainability reports (Campos et al., 2013; Legendre & Coderre, 2013). One sustainability indicator report known worldwide is the Global Reporting Initiative (GRI). The communication of environmental, social, and economic performance is intensified in the global context, highlighting the GRI report as one of the more frequently used models (Roca & Searcy, 2012).

The structuring and communication process of the CSR report is the result of actions and strategies created by the company's management. The strategies supported by the human resources area achieve greater organizational performance success (Daily, Bishop, & Massoud, 2012; Dubois & Dubois, 2012; Florea, Cheung, & Herndon, 2013; Govindarajulu & Daily, 2004).

In this context, this study proposes to investigate the evolution of the degree of full adherence (GAPIE-GRI) and the degree of effective disclosure (GEE), (Carvalho, 2007) with the LA and HR indicators (labor practices/decent work and human rights) of the Brazilian companies that published GRI sustainability reports from 2007 to 2012. The focus is to demonstrate not only how much of what the performance indicators in the GRI guidelines requested was really disclosed but also how much of this information's potential was effectively presented throughout this period.

## 2. METHOD

This study had a quantitative approach with a descriptive character. It was based on bibliographic and documentary findings from secondary data sources, in particular, the websites of Scopus, the *ISI Web of Knowledge*, ProQuest/ABI INFORM, the National Association of Post-Graduate Studies and Research in Administration (ANPAD), Periódicos Capes and the website of University of São Paulo's thesis. Step 1 includes a bibliographic investigation. In Step 2, using academic and official secondary data sources to reach the objective. Step 3 included a survey of GRI sustainability reports using the official website of the GRI. The filter for 2007-2012 and country Brazil. The sample for this study is made up of

GRI reports from Brazilian companies, adopting the following criteria:

- (1) Communication of the report on the GRI website (<http://database.globalreporting.org/search>), available in electronic form on the Internet and on the company's website;
- (2) Correct completion of the GRI summary, which represents the source of information for the research database;
- (3) Communication of the report using version GRI-G3 from 2007 to 2012.

Using these criteria, the sample was composed of 642 GRI reports collected in May to July 2013. Finally, Step 4 consisted of analysis of the observed results.

The method for data analysis and processing in this study followed those performed by Carvalho (2007); Nogueira and Faria (2012); and Morisue et al. (2012) as reference. This method aims to compare the information requested from the GRI indicator with the information effectively communicated by the company. All of the information was dealt with according to the acronym corresponding to the information shown in the report. After dealing with the indicators, it is possible to calculate the degree of adherence to the essential indicators of the GRI (GAPIE-GRI) and the degree of effective disclosure (GEE).

The calculation of the GAPIE-GRI enables visualization of the company's percentage of adherence to the solicitation of the GRI, which is represented as between 0% to 100%. According to Carvalho (2007), the GAPIE-GRI aims to assess and report organizations' commitment to reporting the information about quality by means of the disclosure indicators. In this study, a percentage of 75% or higher defines a company as presenting high adherence.

Calculation of the GEE aims to show the perception with respect to the level of information reported by the company compared to the complete information available in the GRI guidelines (Carvalho, 2007).

After performing the analysis, a comparison is performed between the companies and the areas of activity, classifying the companies in increasing order based on the GEE index. According to Carvalho (2007), a company with an index equal to or greater than 75% is considered to have high GEE.

Alignment was done between the social indicators of the GRI and the green HRM practices. Finally, the degree of full adherence to the essential indicators on the GRI (GAPIE-GRI) and the degree of effective disclosure (GEE) was calculated.

The indicators of the GRI report related to the area of human resources are present, fundamentally, in the social indicators, specifically in the indicators for labor practices and decent work (LA) and human rights (HR). Using these indicators, evidence of the strategies related to the company's internal public is clear, including the company's human resources practices as reported to stakeholders or the results of these practices, according to the guidelines for elaboration of the sustainability report.

### **3. RESULTS**

Alignment is observed between the social indicators of the GRI and the area of green HRM. In this analysis, the presence of disclosure indicators was verified for the human resources subsystems of employee involvement, empowerment and engagement, training and development, and performance management and evaluation. These subsystems have the greatest presence in the literature and studies related to this theme. Govindarajulu and Daily (2004), Renwick et al. (2013a), and Daily et al. (2012) show the importance of these subsystems for successful environmental management.

However, there was little mention of the other human resources subsystems such as recruitment and selection and payment and reward systems. These two subsystems also

contribute to the strategies and performance of environmental management (Jabbour & Santos, 2008; Renwick et al., 2013a).

There was an evolution in reporting and commitment from the companies in reporting the social indicators. The result of the GAPIE-GRI in 2007 was 24%, which is a result that shows low adherence to the indicators. However, in 2012, the result was 56%, which represents average adherence.

The degree of effective disclosure index, GEE, aims to show the level of information reported by the company compared to the complete information available in the GRI guidelines (Carvalho, 2007). Like the GAPIE-GRI, the result from the GEE is also shown as a percentage, with a value greater than 75% representing high disclosure by companies.

We can see the same tendency as for the GAPIE-GRI. In this period, the companies that published the GRI show evolution in their commitment to communicating all of the information available in the GRI guidelines. The result moved from 24% (low disclosure) up to 56% of the GEE, which represents an average disclosure.

Among the social indicators researched (LA and HR), the LA1, LA2, LA4, and LA10 indicators were most often subject to full adherence. These indicators are present in the majority of the reports and throughout the entire period investigated. Their descriptions are as follows, according to the GRI guidelines:

- LA1: 'Total workforce by employment type, employment contract, and region';
- LA2: 'Total number and rate of employee turnover by age group, gender, and region';
- LA4: 'Percentage of employees covered by collective bargaining agreements';
- LA10: 'Average hours of training per year per employee by employee category'.

From the GRI guidelines and the study done by Renwick et al. (2013a), these indicators are related to the results shown in the strategies aligned with training and development practices, employee involvement, and empowerment and engagement, and also are also connected to the general HR vision. According to these studies, they can also be described as follows:

- LA1: Quantity and types of work contracts; provides a view of the extent of the impacts generated by labor issues;
- LA2: Employee profiles and turnover; can indicate the levels of uncertainty and dissatisfaction among employees;
- LA4: Coverage of the collective agreement; an important form of engagement for stakeholders and responsible management;
- LA10: Amount of training; possibility of improving employee competencies and organizational development.

When the indicator is analyzed and classified as dubious (D), this indicates that the information in the report is not sufficient for the reader to understand and is not classified as either full or partial adherence. In this sample, many indicators were classified as dubious. The indicators with the highest dubious representation were HR1, HR4, and HR5. They are described as follows in the GRI guidelines:

- HR1: 'Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening';
- HR4: 'Total number of cases of discrimination and actions taken';
- HR5: 'Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights'.

Still, according to the GRI guidelines and a study done by Renwick et al. (2013a), these indicators are related to strategies aligned with the general HR vision, freedom, and discrimination, and can be described as follows:

- HR1: Contract management with clauses referring to human rights; creates a positive reputation;
- HR4: Reporting cases of discrimination; creates a positive image;
- HR5: Reporting actions guaranteeing the rights of associations and collective bargaining; possibility of freedom for the workers.

This result that shows the presence of indicators classified as dubious shows that there is an effort for companies to report strategies related to the social indicators on the GRI. However, there is no clarity for the reader.

In this analysis of the GAPIE-GRI and GEE, we can identify the sectors that presented the greatest adherence to and disclosure of the GRI requests in the whole period of analysis. According to the GRI guidelines, the sectors with the greatest representation and percentages were construction, equipment, and construction material. However, the areas of food and beverages, health services, and financial services also showed high performance in the five years investigated.

#### **4. CONCLUSION**

In the results of this study, one can observe an improvement from a low to an average degree of adherence and effective disclosure. This result could be related to the green management stages of evolution from the study by Teixeira et al. (2012), which would characterize the evolution of the sample from a reactive stage to a preventive stage. Another highlight is the increase of the GAPIE-GRI and GEE index percentages in this period clearing that communication in sustainability reports not only allows for recognition, quality, and transparency of the information published but also creates additional value for these companies (Costa & Menichini, 2013; Gurvitch & Sidorova, 2012).

Social indicators reflect the results of the actions from the internal public of the companies. These actions are related to the human resources area, which is perceived as important for successful environmental management (Govindarajulu & Daily, 2004; Dubois & Dubois, 2012; Florea et al., 2013).

GRI report contributes to the communication of the green HRM practices, having seen that in the description of the indicators found in the GRI guidelines, there is a description of the meaning related to the human resources practices described in the literature. Previous studies describe the human resources subsystems that contribute to environmental management, in particular, recruitment and selection, training, empowerment, management support and teamwork, rewards models, performance evaluation, organizational culture management and organizational learning (Jabbour & Santos, 2008). In the results of the study, the indicators related to the subsystems for training and development, employee involvement, and empowerment and engagement were observed.

This study allowed an analysis of the Brazilian context regards to the degree of adherence to and disclosure of the social indicators of the GRI. In future studies, an investigation of other GRI indicators, such as economic and environmental indicators, is recommended. Beyond this, it is also recommended to investigate how the GRI report could not only be a way for disclosure and standardization but also foster sustainable practices.

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