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# GRI and the camouflaging of corporate unsustainability

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## Abstract

Sustainable development or sustainability concept has become increasingly relevant in corporate executive's agenda after Brundtland Report was launched in 1987. Social and environmental accounting and reporting plays a relevant role in this context to analyse sustainability performance of the organizations. The Global Reporting Initiative (GRI) sustainability reporting guidelines were developed as a way of helping organizations to report on their environmental, social and economic performance and to increase their accountability. However, evidence from practice seems to show a different reality. Some organizations that label themselves as GRI reporters do not behave in a responsible way concerning sustainability question, like gas emissions, social equity or human rights.

The objective of this paper is to look at the sustainable development approach adopted by the GRI guidelines and its potential impact on corporate reporting and subsequently the business appropriation of the concept. The strong/weak sustainability concept and questions proposed by Gray are used to develop this analysis.

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## 1. Introduction

Under the traditional businesses approach, ecological and social issues are ignored in management objectives because they are not visible or do not have a significant financial impact. After the Brundtland Report in 1987, sustainable development (SD) was a concept implemented by corporations and business organizations (e.g. CERES). Although some companies are considering embracing SD or sustainability<sup>1</sup> at a strategic level, as they see clear synergies between value

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<sup>1</sup> Sustainability and sustainable development are used interchangeably. *Bebington and Gray (2001)* note that sustainability could be considered a state, and SD a process by which human activity moves towards sustainability.

creation and attempts to contribute to SD, the evidence also points to a different reality where this issue “may be marginalized or moved off to agendas unrelated to the firms’ core business” (Dunphy, Griffiths, & Benn, 2003, p. 111).

Social and environmental accounting and reporting (SEAR) has been a relevant subject in the academic literature (Gray, Owen, & Adams, 1996). The Triple Bottom Line notion derived from the definition of the sustainable development in the Brundtland Report, has added economic development to SEAR (Elkington, 1999). Under this approach, known as Triple Bottom Line Reporting, the Global Reporting Initiative (GRI) sustainability reporting guidelines were first developed with the aim of assisting “reporting organisations and their stakeholders in articulating and understanding contributions of the reporting organisation to sustainable development” (GRI, 2002, introduction).

Preliminary evidence from practice seems to show that these guidelines are used in a biased way. Some organizations that label themselves as GRI reporters do not behave in a responsible way with respect to social equity (for example, health care companies in South Africa) or human rights (for example, some oil companies in developing countries).<sup>2</sup>

The evidence could be explained as a wrong interpretation (conscious or unconscious) of the concept of SD, or it could be argued that something is failing when transmitting the idea of sustainability from the guidelines. The concept of SD is reduced to simply giving basic information on the indicators that comprise the Triple Bottom Line (TBL), which unfailingly leads to a gap between corporate performance and corporate impacts. Thus, GRI guidelines could be considered as an administrative reform that it is insufficient to enable new accountability relationships (Larrinaga, Moneva, Llena, Carrasco, & Correa, 2002; Owen, Gray, & Bebbington, 1997).

The aim of this paper is to look at sustainability within the GRI guidelines and try to find out what is missing (if anything) in the GRI guidelines and consequently, what conception of SD is being constructed and diffused. The first guidelines were published in June 2000 as a pilot document for very few companies. After their analysis and a multi-stakeholder process, a second version was presented at the Johannesburg Summit (August 2002). Many things have changed between the first version of the guidelines and the second—the number of environmental, social and economic indicators, the conceptualization of these indicators and the consideration of integrative indicators. The evolution of the guidelines suggests a concept of SD which appears to fail in the integration of the three pillars (economic, environmental and social). Furthermore, it requires a reflection on the origins of the concept of SD.<sup>3</sup> By reviewing the origins of the SD concept and contrasting the latest version of the *GRI guidelines (2002)* some explanations can be found for a better understanding of the concept.

Possible explanations could be tied to the criticism that SD is a vague concept (Atapattu, 2002; Bebbington, 2001) or to the criticism that the conceptions and the use of the concept of SD are environmentally biased (see Bebbington, 2001; Bebbington & Gray, 2000). However, the shift from the original conception within Agenda 21<sup>4</sup> – that set a two-part division between the socio-economic and the biophysical spheres – to the current three pillars of sustainable development could provide an explanation of what is going on. This shift as Upton (2002) remarks, can lead

<sup>2</sup> See Manheim (2004), Edwards and Gaventa (2001) and Mobiot (1999).

<sup>3</sup> At present, GRI is developing the third generation of the guidelines (G3) and the first draft which will be released in mid-2006. One of the main G3 goals is to increase and progress the robustness of the GRI reporting framework.

<sup>4</sup> The Agenda 21 is the major action plan endorsed by the Rio Summit 1992. It has been widely taken as a mechanism for the implementation of sustainable development and the integration of economic growth with environmental responsibility.

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