

## EXPANDED ABSTRACT

### **The development of Social Responsibility GRI reports by Spanish public and mixed water supply and sanitation entities**

#### **Objectives**

The purpose of this exploratory paper is to explore the extent to which Spanish public water supply and sanitation entities prepare Global Reporting Initiative (GRI) reports and to analyze their main features. Hence, this paper analyzes the current status quo of social responsibility reporting in the Spanish water sector. The paper seeks to add to the understanding about the level of disclosure on social responsibility in the public sector, given the increased focus on transparency at government level, strongly demanded by society.

#### **Design / methodology / approach**

Quantitative and qualitative content analysis is the methodology used in this exploratory study, a highly flexible research method that has been widely used in previous literature. Given the exploratory nature of this work, only public and mixed water supply and sanitation entities were chosen. To identify those entities that prepare a social responsibility report in compliance with GRI, the database maintained by GRI reports on its website (<http://database.globalreporting.org>) was first consulted. The main websites of companies and industry bodies were subsequently consulted to verify that none had been left out of the analysis. Nine entities were identified to have prepared GRI reports from 2003 to 2014; these were analyzed in order to describe disclosure trends and application. Subsequently, with the aim of analyzing the indicators disclosed, 3 out of the 9 initially identified entities were also ruled out for comparability (not using GRI 3.1 version for disclosure) and reliability (several deficiencies in the contents and index of the report) issues. Therefore, the disclosure of performance indicators included in the 2013 or 2014 G3.1 reports of three public and three mixed entities was finally analyzed using the content analysis methodology. Firstly, we analyzed whether or not the indicator was reported. In the first case, the indicator disclosed was classified according to the information provided in one of the following four categories: qualitative / quantitative / monetary/ monetary and quantitative. If an indicator was not reported, it was also analyzed if a justification was provided for the omission.

#### **Results / Research limitations / implications**

Altogether, 52 GRI reports from nine entities were identified from 2003 to 2014. The vast majority are reports published on an annual and continuous basis during this period. All entities began to publish social responsibility reports following the GRI guidelines, except Aguas de Murcia which had written an annual environmental report since 2001.

Although the results show a progressive adoption over the last decade of this type of reporting by larger institutions, there are differences in the levels of application adopted.

Two groups have been identified. On the one hand, Canal Isabel II, Aguas de Albacete, Aguas de Murcia, Aguas de Alicante and Aguas de Gijón prepare a report externally verified at the maximum level of application as checked by GRI; and, on the other hand, Aguas de Sevilla, Aguas de Málaga, Aguas de Bilbao-Bizkaia and Aguas de Granada do not have their reports externally verified and consider themselves at an intermediate level of application. The first group consists mainly of mixed management entities, while the second is made up of public entities. No other criterion has been identified to significantly explain the behavior of these entities concerning the level of application of the GRI guidelines.

As regards indicators, approximately three out of five performance indicators (56.2%) are provided, while two out of five are not (43.8%). About two out of three indicators reported were of a quantitative (28.3%), and to a lesser extent qualitative (15.9%) nature. In comparison, monetary (5.6%) and monetary & quantitative (2.4%) information was scarce. In the case of indicators in which information is omitted, the absence or omission of information in slightly more than three out of four indicators was justified.

The economic dimension of sustainability concerns the organization's impact on the economic conditions of its stakeholders and on economic systems at local, national, and global levels. The analysis of economic indicators shows that reports include almost four out of five economic indicators.

The environmental dimension of sustainability concerns an organization's impact on living and non-living natural systems, including ecosystems, land, air, and water. Three out of five environmental indicators (61.1%) were reported, with qualitative information being disclosed in 46.1% of the indicators provided.

Primary reference points on Labor Practices and Decent Work are Employment; Labor/Management Relations; Occupational Health and Safety; Training and Education; Diversity and Equal Opportunity; and Equal Remuneration for Women and Men. Virtually all the indicators in this section are disclosed in the reports (94.4%). The information is mainly quantitative in nature (67.8%), to a lesser extent qualitative (21.1%), and almost non-existent in the remaining categories.

Human Rights Performance Indicators require organizations to report on the extent to which processes have been implemented, on incidents of human rights violations and on changes in the stakeholders' ability to enjoy and exercise their human rights, occurring during the reporting period. Among the human rights issues included are non-discrimination, gender equality, freedom of association, collective bargaining, child labor, forced and compulsory labor, and indigenous rights. This is the area where the smallest percentage of indicators is reported; less than one in every ten indicators (9.1%). However, the omission of most of them (80.3% of all indicators) is justified. Most dis-

closures show that the activities carried out comply with current legislation, that there is no risk of breach in the compliance with human rights or that there is an ethical code available to employees and stakeholders.

Society Performance Indicators focus on the impact organizations have on the local communities in which they operate, and disclose how the risks that may arise from interactions with other social institutions are managed and mediated. In particular, information is sought on the risks associated with bribery and corruption, undue influence in public policy-making, and monopoly practices. The analysis reveals that information in one of every three Society Performance Indicators (33.4 %) is provided. Nevertheless, its omission is justified in most other cases. The information included is mainly of a qualitative (30.0%) nature.

Product Responsibility Performance Indicators address the aspects of a reporting organization's products and services that directly affect customers, namely, health and safety, information and labeling, marketing, and privacy. These aspects are chiefly covered through disclosure on internal procedures and the extent to which these procedures are not fulfilled. The analysis shows that information is disclosed in slightly more than one out of three indicators (35.1%), while less than two out of three are not disclosed (64.9%). It is important to note that indicators disclosed are primarily of quantitative information (25.8%) and that the omission of indicators is mostly justified.

Therefore, reports analyzed mainly include information related to labor practices and work ethics, as well as economic and environmental aspects, with the disclosure of indicators on product responsibility, human rights and society issues being limited.

The main research limitation is the exploratory nature of the research. Extensive care is needed when seeking to generalize or apply the findings to a different context, since the size of the population does not allow the statistical generalization of the study. In addition, the analysis of performance indicators was only conducted on the last year available.

As a future line of research, GRI reports made by private water supply and sanitation services entities could be analyzed. Moreover, the role of private entities in mixed entities could be analyzed in greater depth. With regard to indicators, an aspect that would improve the relevance of the information provided, and its absence or omission, would be relating them to the materiality attributed by the company and stakeholders.

### **Practical conclusions and original value**

This paper has analyzed the current status quo of social responsibility reporting in Spanish public water supply and sanitation entities. Although the results show a progressive adoption over the last decade of this type of reporting by larger institutions, there is concern about the levels of application adopted. Additionally, results show limited disclosure of indicators on product responsibility, human

rights and society issues. Consequently, an overview of the current reporting was provided and specific shortcomings identified so that they could be improved.

**KEYWORDS:** Social Responsibility, Global Reporting Initiative reports, public enterprises, water supply and sanitation sector, content analysis.

