

Directing Diversity into Gender Reporting

Honors Thesis

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Directing Diversity into Gender Reporting

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Preface

I became interested in the honor's program divisional research, alongside my studies, in my first year as an undergraduate student at the H. Wayne Huizenga School of Business and Entrepreneurship. Within the honor's program, I was able to present and defend an undergraduate honors thesis statement. I decided to choose a topic to research that was in the genre of business, relative to my accounting major. Being a female soon entering into the labor force, the gender inequality still apparent in today's workplace is a major concern to the future of a woman in business. In support of finding a solution and increasing awareness relative to this issue, I based my research on better understanding gender inequality in the workplace.

Once receiving approval to further conduct research, my research method entailed the analyzation and comparison of sustainability report disclosures on gender-integrated information released in the fiscal years 2010 and 2012. Professor Bertolini supervised the development of my research question, data accumulation, analysis, and conclusion over the past two years of my exploratory research. Near completion of the thesis, I was also guided on properly composing a research paper that accurately interpreted the elements of the study.

Being able to experience such an opportunity as an undergraduate student was an honor. The knowledge gained from this research has helped me better understand the gender inequality issue in the workplace. Because of this experience, I hope to further my studies in this area and expand on my original research in the future.

Abstract

It has been made aware that gender-inequality is still apparent in today's work place. This study proposes to examine sustainability reports, and if there was a progression or regression in the gender-related information integrated within disclosures. The research method entailed the analyzation and comparison of sustainability reports of public companies within the fiscal years of 2010 and 2012. Sustainability reports from 38 companies were gathered within the industries of aviation, automotive, manufacturing, retail, real estate, financial, hi-tech, and utilities. The information released in disclosures within the reports were evaluated and measured by a standard description in the gender-reporting matrix provided by the Global Reporting Initiative (GRI) and the International Finance Corporation (IFC). The company's level of gender information integrated within the disclosures of the sustainability report were interpreted and categorized relative to the matrix as either reporting a level of disclosure of none, basic, moderate, or advanced. By understanding the levels of integration within gender-related disclosures, it has provided a mechanism for identifying the gender related issues that companies face within each industry. Comparability on an industry wide basis, can then help provide insight to the status of the accountability towards women overall in the workplace and the areas in need of improvement. Thus, this study provides evidence that prove companies' sustainability reports have progressed in all industries when releasing gender-related information within disclosures between the fiscal years 2010 to 2012.

Acknowledgements

I would like to acknowledge Professor Michelle Bertolini for taking me under her wing, and for giving me the help and support needed to conduct a research study as only being an undergraduate student. I would like to acknowledge Dean Don Rosenblum and Dean Preston Jones for offering such a program within the university that allow students the opportunity to gain experience and knowledge of the industry through research at such an early stage in our career. I would like to acknowledge my parents and friends for their care and support, as well, during the dedication of my time to the research study.

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Directing Diversity into Gender Reporting

I. Introduction

Sustainability has become a new facet of corporate financial and non-financial statement in today's society, with gender equality/diversity being an important part. Sustainability reporting as defined by the Global Reporting Initiative (GRI) is a voluntary report published by an organization regarding the economic, environmental, and social impacts caused by everyday operations (Heemskerk, et. al. 2002). The global output of reporting such information has risen from 26 reports in 1992, to 10,500 in 2012 (CR Perspectives, 2013). This non-financial type of report is of primary importance to employees, shareholders, investors, analysts and customers. The benefits of sustainability reports for stakeholders is that the reports given provide an insight on the company's ability to communicate character, integrity and values of the organization's performance into a format understandable for all.

The increase in companies using audit assurance services proves awareness of the need for accuracy when releasing these reports. The sustainability report must signify credibility and transparency in the material information composed within the disclosures. More importantly, the disclosure in the report is to represent a measure comparative among all industries, but as these reports become more familiar, there is becoming more variation in the common disclosures among industries. The performance reported on sustainability usually addresses topics tailored to the operations of the company, yet topics such as gender diversity, is a disclosure relatable to all industries. In further illustrating the complications of comparability in reporting valuable non-financial reports, we will look at the specific example of reporting gender-related information in

disclosures. Although gender equality seems to be a worldwide-acknowledged priority, the issue has come to the forefront because companies are only reporting a limited amount of disaggregated data regarding the company's social diversity (GRI, 2009). This creates controversy when reports are not disclosing or fully covering primary gender issues such as wage disparity, discrimination, and sexual harassment. This paper seeks to present why the gender aspect of sustainability reporting is important and how the various industries are doing in this regard.

Many issues relating to gender equality are still apparent in the workplace emphasizing the current state of the women's economy. Since the recession, re-hiring has been more prominent for males than females. In the year 2012, the reported total number of male employees hired was 1 million higher than in 2011, yet the reported total number of female employees hired remained the same as the previous year (Bassett, 2013). Another prominent area of gender inequality in the workplace can arise in compensation rates. Released in September of 2013, the U.S. Census Bureau proposed the gender pay gap in 2012, reporting women only earning 77 cents to the dollar earned by men (Bassett, 2013). The average American women working full-time throughout an entire year earned a median household income of \$37,791, while a male fitting the same description earned an average median household income of \$49,398 (Cook and Johnson, 2013). Another gender inequality issue in the area of compensation arose in the company of General Motors. Recently recognized, GM announced their first female CEO Mary Barra, in December 2013. GM's current female CEO makes 48% less in earnings than her male predecessor, Dan Akerson (Bassett, 2013). Akerson claimed a salary of \$9.1 million compared to Barra's reporting of only \$4.4 million. The male CEO had a base

salary of \$100,000 more than Barra and \$4.55 million more in short-term compensation, stock rewards, and other benefits (Kim, 2014). The highlight of these figures help to defend the current battle of gender inequality still apparent in today's society.

Due to signs of gender inequality still present in today's workplace, investors have raised their expectations of standards relating to the company's management, measurement, and communication of their gender impact (GRI, 2009). The United States was the world's largest GRI reporting country in the area of gender for 2010, with the number of reports increasing by 30 percent, from 140 in 2009 to 183 in 2010. Some of these organizations have been producing reports under GRI's guidelines since 1992 (GRI, 2009).

For a business either integrating gender into sustainability, improving practices, or looking to remain competitive with other reporting companies, the GRI and International Finance Corporation (IFC) created a framework for embedding basic to advanced material aspects of gender information into sustainability reports (GRI, 2009). To better illustrate valuable non-financial data, the IFC and GRI created an organized groundwork for disclosing on organizational objectives falling under the categories of governance and values, workplace oriented, supply chain, community, consumers, or investment. By basing guidance on multiple areas of operations in the workplace, the company reporting on gender diversity can reference a variety of topics that pertain to their line of business and stakeholders needs (GRI, 2009).

As the users are becoming more aware that financial performance of a company is no longer the only motivator for doing business, the release of non-financial data in reports can help identify new opportunities for disclosing when companies report on

industry-wide topics such as the management of gender practices. In the pursuit of equal human rights, it is vital though, that those companies allow stakeholders the ability to gain a transparent insight into the impacts of both men and women on business operations, products, and services (GRI, 2009). In response to the lack of coverage, comparability of the level of integration in the disclosure can help stakeholders understand where gender diversity accurately stands in the workplace. By comparing the level of gender related disclosures in the reports published by companies, society can address and strengthen public accountability to women in the workplace more accurately (GRI, 2009).

Our paper will seek to offer some insight into gender reporting and comparability among U.S. public companies' sustainability reporting. Based on the interpretive releases, we expect to see the value of gender related disclosures differ under the metrics of basic, moderate or advanced as specified in the guidelines provided by the GRI and IFC under the 'gender measurement by category' matrix. After classifying the disclosures, we will then further stratify the data by looking at the data per industry. We expect to see certain industries have greater gender-related sustainability reporting than others, hi-tech firms offering the highest number and level of disclosure, lower number and level of disclosures in the older industries such as automobile, utility and manufacturing, and the overall reporting averages greater among all industries between 2010 and 2012.

II. Literature Review

a. *Sustainability Reporting – Current Status*

Sustainability reporting has been defined as “public reports by companies to provide internal and external stockholders with a picture of the corporate position and activities on economic, environmental and social dimensions” (Heemskerk, et. al. 2002). Although sustainability reporting is not required within the United States (US) or as part of the overall financial statements, companies are increasingly preparing sustainability reports. The number of companies worldwide has increased drastically from 26 in 1992 to over 10,500 in 2012, with North American companies comprising over 1,000 (CR Perspectives, 2013). In 1992, the primary reporting revolved around environmental issues within the sustainability reports, in the 2000s there was a shift with a majority of the reporting being in the categories of corporate responsibility, including gender issues, and overall sustainability.

The primary audience of these reports is employees, shareholders, investors, analysts and customers. Because of the varying number of stakeholders and the need for some assurance, the number of independent audit type assurances of sustainability reports has increased from around 150 in 2000 to over 1,500 in 2012, but North American still lags the remainder of the world with only ten percent of all sustainability reports receiving these assurances (CR Perspectives, 2013).

b. *Standards and Materiality in Sustainability Reporting*

Academic research dealing with sustainability reporting is still rather young considering the first reports were 1992. However, since 1992, there has been a drive to try to establish standards for both reporting and materiality. In regards to standardized

reporting, the Global Reporting Initiative (GRI) is the leading organization on this subject. The GRI is a non-profit organization, based in the Netherlands, which provides a comprehensive framework for sustainability reporting in the areas of economic, environmental and social responsibility (Boerner, 2013). The GRI in 2014 released the G4 guidance package, which companies will use for sustainability reporting from December 2015 on. The GRI in its G3/G3.1 and G4 guidance seeks to present is a standardize methodology and format for sustainability reporting, whose primary mission is “to make sustainability reporting standard practice by providing guidance and support to organizations” (GRI, 2014). The GRI supplies discussion on standard practices and is leading the discussion on materiality, using traditional materiality as described in Generally Accepted Accounting Procedures (GAAP), Financial Accounting Standards Board (FASB), as well as the International Accounting Standards Board (IFRB).

Eccles, Krzus, Rogers and Serafeim (2012) described the need for materiality standards in the presentation of sustainability reporting. The authors presented the need for such standards in order to offer some comparability between the various companies’ reports. The authors noted the only organization working on such standards was the GRI; however, the GRI did not have the same institutional authority as the FASB, IFRB or the Securities and Exchange Commission. This lack of institutional authority means although there is guidance from the GRI, there is no enforcement organization involved in sustainability reporting.

Other academics have looked at a conceptual framework to evaluate sustainability reports (Freundlieb et. al., 2014). The authors present an alternative view, away from the content-based approach to a more inclusive, information systems criteria acceptance

approach using both an ease of use criteria and visual representation to assist the various stakeholders in analyzing the data.

In addition, accountants that perform assurance services on sustainability reports have looked for guidance in arriving at their decisions on whether the reports meet the required burden (Perego and Kolk, 2012). Their study showed that a largest percentage of assurance service providers did not use any of the standards set by various organizations, including the GRI, 68.9% in 2005 and 48.8% in 2008. However, for those that used organizational standards, the vast majority used the AccountAbility AA1000 Assurance Standards or the GRI, 24.4% in both 2005 and 2008.

Although the question of materiality and standards are still not resolved, the GRI is a dominant source of procedural standards through its Sustainability Reporting Guidelines, Sector Specific Guidance and reporting support. As part of the standard setting, the GRI has established various summary tables breaking down the Organizational Objectives and then creating various measures from basic to advanced reporting. This methodology is very similar to the discussion by Eccles, Krzus, Rogers and Serafeim (2012). In addition, this type of standard and objective classification leads itself to further analysis by given a stakeholder a foundation to begin their analysis.

c. *Gender Reporting*

In the area of Gender reporting within the sustainability reports, very little academic research has focused on this area. Grosser and Moon (2008) noted that companies rarely reported disaggregate Gender data. The authors found that companies were reporting Gender data consisting mainly of showing the percentage of the workforce and management that was female. They did notice that a few organizations had started to

include other metrics, such as, equality issues, career development, equal pay and flexible work schedules to their sustainability reporting. The authors were surprised that some companies even highlighted the areas they were performing poorly in regards to gender equality.

In 2009, after the issuance of the G3.1 guidance, the GRI created the Embedding Gender in Sustainability Reporting guidance. Bringing together the various stakeholders and discussing the relevant measures for gender reporting created the guidance. The standards placed within the guidance, based upon the format of G3.1, highlight a company's human rights status in relationship to gender equality. The GRI realized the need for such additional reporting requirements after a review of the literature. Cohen and Huffman (2007) noted a gender gap between male and female managers of the same level and position. Deszo and Ross (2008) and Adler (2001), both showed that companies with females in the executive offices lead to higher firm performance and profits. Catalyst (2004) discussed the different realities of men and women in corporate leadership. All of these inputs lead to the GRI creating Organizational Objectives and specific measures in the area of Gender reporting.

d. *Current State of Sustainability Research*

The research in sustainability reporting is still in its infancy; however, the amount of research is increasing rapidly. In the accounting arena, one of the major issues as presented above is the materiality and comparability issues coming from no standardized method of comparison (Eccles, et. al. 2012). Another major area is the assurance services provided by Certified Public Accountants and the general lack of guidance (O'Dwyer and Owen, 2005, Simnett, et. al. 2009, O'Dwyer et. al. 2011). In all of these articles one of

the main issues presented is the issue of comparability and the framework to offer assurance services. The various authors explore what is the correct guidepost for assurance services.

A secondary area of sustainability research deals with company performance. Although a majority of the articles dealing with sustainability was not looking directly at the sustainability reports, research in the area of stock performance of sustainable companies is extensive. Konar and Cohen, 2001 found that environmentally conscience firms had an increase value. Porter and Kramer, 2006 discussed the competitive advantages social responsible corporations hold over less responsible companies. Jones, Frost, Loftus and Laan 2007 did an empirical study of actual rates of returns dealing with companies doing sustainability reporting. The authors looked at abnormal returns and various financial indicators of Australian companies to determine whether sustainability reporting offered some insight. The authors could not definitely state that sustainability reporting had an impact on these financial indicators but did find that sustainability reporting negatively impacted abnormal returns. However, the authors did note this is a new area of research and no model exists for assessing and examining such items.

III. Research Question Development

a. *General Discussion*

To our knowledge within the area of sustainability research, no one has assessed or classified the actual reporting level within the gender area. This article seeks to understand and expand the literature used in sustainability reporting, specifically within the area of gender disclosures by pursuing to classify the level of reporting within the automotive, utility, financial, real estate, aviation, manufacturing, hi-tech, and retail industries based upon the GRI and IFC measures. Understanding the level of gender reporting within these various industries, will help to understand a company's ability, or lack thereof, in fully disclosing the transformation of gender recognition into practice, and the ability to communicate that information in a consistent and standardized manner (GRI, 2009).

The basis of our investigation is upon the Eccles, Krzus, Rogers and Serafeim 2012 article, which shows that various industries have different degrees of compliance with sustainability reporting. The authors in their article dealt with environmental climate change disclosures. The authors broke down the industries into similar constructs as this paper and then classified the disclosures as no disclosure, boilerplate statements, and industry specific and quantitative metrics. The authors used the Climate Change Reporting Framework to assess the disclosures.

b. *Research Questions*

In the area of gender sustainability reporting, there are no strict industry specific reporting, unlike in climate change where different industries have different affects, i.e.

airlines versus insurance companies. Since there was no industry specific requirements, we looked to a general uniform framework to assess the levels of reporting within the various industries by using the charts contained within the GRI 2009 practitioners' guide. Similarly, to Eccles, Krzus, Rogers and Serafeim article, we expect similar results in regards to compliance and reporting.

Research Question 1: Certain industries will have greater gender equality sustainability reporting than others

Out of the industries compared, the hi-tech industry is one of the most modern fields out of the other genres of organizations. In the comparability between industries and the categories that each company reported on, there is anticipation that the hi-tech industry will recognize more up-to-date gender issues and expectancies of present times in disclosing the related information. This is because the hi-tech industry has become so diversified in its' services and outputs, that the variety of positions in the industry can potentially attract and understand a diverse workforce (Borre, 2014). It is predicted that overall, the hi-tech industry will have more disclosures in quantity and contain more information reaching advanced levels of gender integration above other industries reporting.

Research Question 2: Hi-tech industries will have greater and most advanced gender disclosures in relationship to other industries

In comparison to the more contemporary genres of industries reporting, fossil trades such as manufacturing, auto, and the utility industry originated and emerged from what is now out dated social circumstances. These trades adopted the perception as being viewed as mostly male-dominated industries due to the labor that undergoes in the daily operations (Harress, 2013). Aware of such information, assumptions are that the industries of manufacturing, auto, and utilities are reporting lower levels of disclosures than other industries and more consistently only recognizing basic level information.

Research Question 3: Manufacturing, auto, and utilities industries will have lower overall and more basic reporting

For analogy, sustainability reports released by companies for the years 2010 and 2012 are comparable using the GRI and IFC index. The purpose of the comparison is to identify if disclosures are progressing or regressing when disclosing gender related information about the company's operations. The prediction is that after recognizing measurements from the gender information released in companies' reports for the year 2012, the reporting of averages will be greater as a whole for all industries than when companies released gender related disclosures in 2010.

Research Question 4: The overall reporting averages will be greater among all industries between 2010 and 2012

IV. Research Method, Data Collection and Results

a. *Research Method and Foundation*

In emphasizing the challenges for companies to achieve high quality nonfinancial reporting in this area, we specifically target gender related disclosures for analysis. It is difficult for companies to translate what gender diversity means for their organization in the release of reports on their management practices (GRI, 2009). A common explanation for not reporting disaggregated information could be that it is hard for many organizations to understand how to measure an un-required material matter, unlike following familiar numerical-based guidance such as for reporting yearly-required accounting standards. Companies that also represent the general lack of transparency and do not report consistent disclosures on gender reflect a clear misunderstanding of what constitutes material measurement standards for doing so (Eccles et. al, 2012). Another factor can assume companies are reluctant to disclose on something unless required to do so, it perceives a competitive advantage, or creates expectations of performance.

By using companies within a specific industry, this allows comparability because companies within an industry seem to “have similar business models, operate within the same regulatory environment, have similar approaches to handling resources and externalities, and produce similar products and services”; therefore, “material sustainability risks and opportunities facing companies within an industry are similar” (Eccles, et al., 2012). Applying such disclosures at an industry wide level, rather than per company, provides a mechanism for identifying the gender related issues that companies face within each industry. Comparability on an industry wide basis, can also help

provide insight relative to the status of the accountability towards women overall in the workplace.

The GRI and IFC consolidated a resource index specifically targeting the reporting of gender disclosures to accommodate the overall GRI framework for sustainability reporting. The GRI index served purpose in assessing and comparing the level of disclosures in sustainability reports released in the fiscal years 2010 and 2012.

Within each company's variation of reported gender practices relevant to the GRI index, the disclosure's evaluation refers to the GRI summary given per topic. The categorized information undergoes measurement upon the value of the disclosure along the GRI's continuum of quality. The GRI gender index consists of three levels of measurement with outcomes for "basic," "moderate," or "advanced" level disclosures. "No disclosure" is a label for companies who did not report gender related information. For measurement and communication purposes, a 'no disclosure' scaled as a zero, basic disclosures scaled as a one, a moderate disclosure scaled as a two, and the most advanced level of disclosure scaled as a three. The chart contains six disclosure areas categorizing under organizational governance and values, workplace oriented, supply chain, community, consumers, and investment. Each category then contains subcategories that suggest a detailed gender related description on what derives each level of disclosure (see Appendix A). The GRI considers each level of disclosure per category as either a qualitative or quantitative performance measurement example (see Appendix A).

b. *Data Collection*

Although there were 183 companies reporting in 2010, the sample size consisted of 38 companies (20.7% of all reporting companies) for data accumulation, which

entailed pulling sustainability reports released from public U.S. companies in the fiscal years 2010 and 2012. There were five companies representing each industry, with the exception of the automotive sector due to this industry consisting of only three American companies in that market. The reports for each year per company were located in either the GRI's Sustainability Disclosure Database or from the investor related reports section displayed on public company websites. The sustainability reports sampled are composed of the industries of automotive, retail, financial, real estate, hi-tech, manufacturing, utilities, and aviation. For consistency in the comparability of the reports pulled, the same companies per industry in the fiscal years 2010 and 2012 are used.

The key points in each subcategory per the GRI index (see Appendix A) relates to the information displayed in the sustainability reports, and then undergoes evaluation in comparison to the reporting requirements. The disclosure is then given the label of 0 (no disclosure), 1 (basic), 2 (moderate), or 3 (advanced) based on the quality of information relative to the subcategories' summary as stated in the tables for suggested measurement in the GRI 2009 report.

The results compared, based on the 2010 and 2012 disclosure levels per industry, show either the progression or regression in the level of integration concerning gender diversity. In addition, the results of the calculations relative to the average disclosure level reported per industry are compared in each of the GRI index's topic categories to help understand which companies progressed or regressed in releasing gender related information reportable in that area of the workplace.

c. *Data results*

a. *Generalized Analysis*

In the case of comparing categories separately, we were able to show the fluctuation in disclosing upon topics of importance pertaining to the business operations of the company. By understanding and showing what companies are disclosing on in their sustainability reports in relation to the guidance of the GRI index, we can then accurately enforce the topics less frequently mentioned.

For example in 2010, results showed the utilities company Con Edison, reported the most frequent advanced-level disclosures among all companies in their sustainability report, illustrating three subcategories of advanced gender related information, in which no other company among all industries reported. Con Edison reported advanced level gender-related information regarding the support of human resource development, supplier diversity, and promotion of women's entrepreneurship. Yet, the hi-tech industry reported the most frequent advanced disclosures among all other industries. The hi-tech industry reported on supplier diversity, women entrepreneurship, and the well-being of women and men in the affected communities.

In the year 2012, the most frequent reported advanced-level disclosures among companies, with four advanced-level disclosures each, were among the companies of Ford and Chrysler in the automotive industry and HP in the hi-tech industry. The outcome also revealed the automotive company as having the most advanced level disclosures among all other industries. The hi-tech industry reported advanced level disclosures on equal job opportunities, supplier diversity, women entrepreneurship, and non-discrimination in marketing and advertising. The automotive companies reported

advanced disclosures on the topics relative to fair and unbiased wage systems, equal opportunities, supplier diversity, and women entrepreneurship. By understanding the relationship between the industry and their disclosures on gender-related information, it is easier to understand in which topic areas companies are communicating gender equality clearly.

b. Specific Analysis

Displayed in figures 1.1 and 1.2, is a summary of the overall level of gender-related disclosures reported per industry. When observing, the chart gives insight into which industries over others have progressed more or less in the level of disclosures released between years. The chart also portrays which industries are now communicating gender equality more clearly. Results show that the 2010 disclosures from all industries have both progressed in value and quantity when later released in 2012. The question that then arises from this notion is if the companies within industries are creating disclosures that are accurately representing and communicating gender-related information pertaining to the company's performance, while remaining comparative among industries.

2010 Gender-Related Disclosures in Six Industries

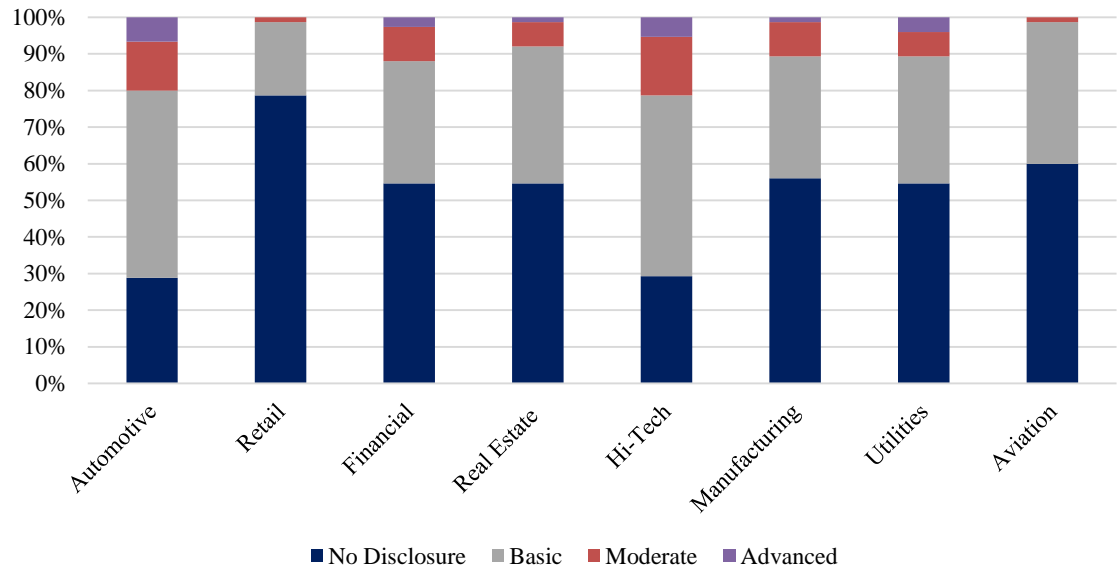


Figure 1.1

2012 Gender-Related Disclosures in Six Industries

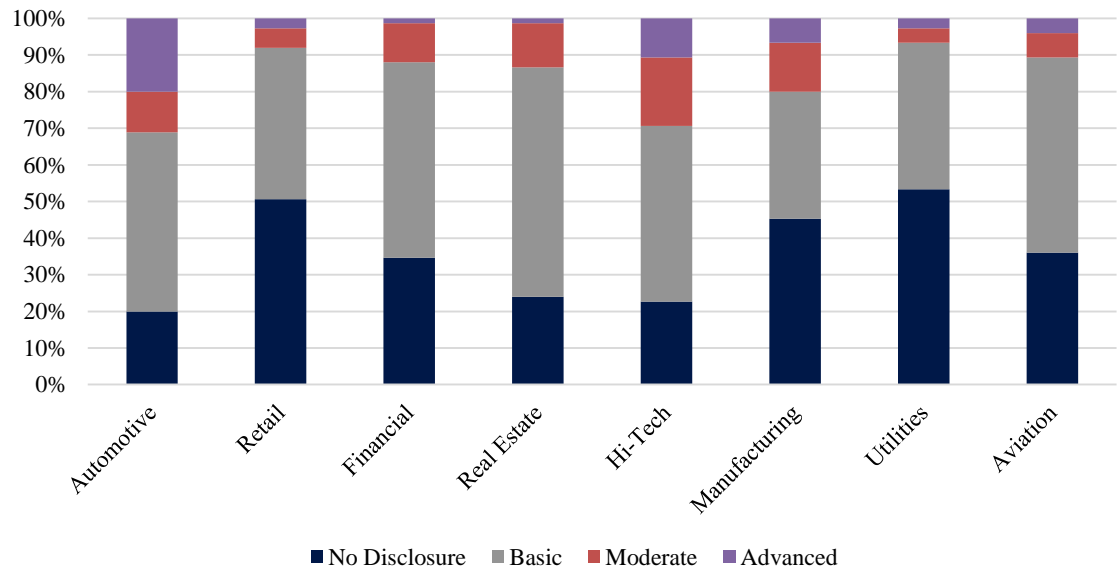


Figure 1.2

Recognizing the fluctuations of topics reported on over the years by companies’ grants the ability to understand which issues have or have not frequently made an appearance in a disclosure in released sustainability reports. By determining the

consistency of topics reported, we are then better able to understand where to place emphasis on which of the gender-related disclosures need more appearance in reports. By better understanding which disclosures need more exposure in the sustainability reports, we can better help direct communication and the support of human rights and gender diversity in the workplace.

For each of the eight categories of guidance for gender-related disclosures per the GRI index, the results came from a comparison of the measured average level of disclosure per industry from the fiscal years 2010 to 2012. The average results per industry scale from a range of zero representing no disclosure to a three representing full or an advanced disclosure on the category requirements.

In the area of organizational governance and values, the rated gender-related information is relative to the effort of the company in ensuring gender equality and reporting diversity among management (Figure 2.1). For 2010, the hi-tech and automotive industries released the two highest reported averages in this area at a level of 1.0 and 0.78, consecutively. The lowest reporting industries for the 2010 fiscal year were the retail and aviation industries, with reporting disclosure level averages of only 0.13 and 0.33. For 2012, the industry reporting the highest average for governance and value gender related disclosures was again the hi-tech industry, averaging at a level of 1.067. Instead of the automotive company being a top industry as was in 2010, the financial and real estate industry tie with the second highest-level averages in 2012, of level measurements at 0.93. Once again, the retail and aviation industries tie for the lowest score in this area of reporting with level averages of 0.60. One significant factor in the category area of governance and values is that there were no regressing industry

averages, yet the utilities industry’s average score remained the same from reporting in 2010 to reporting in 2012. The retail industry progressed the most between years with an increasing average of 0.47.

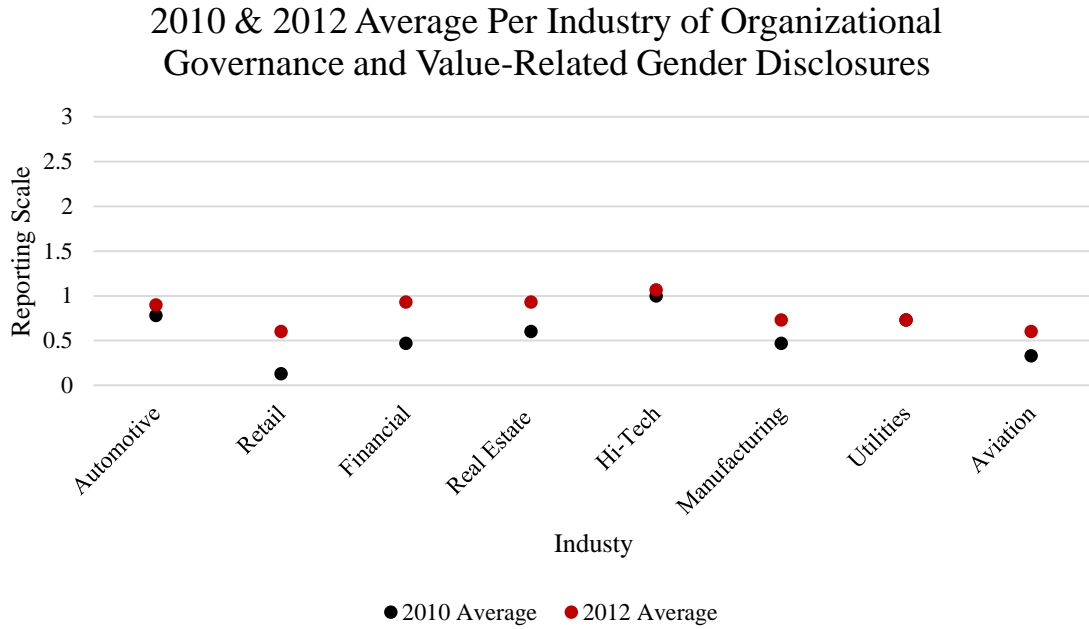


Figure 2.1

The workplace is one of the more significant reporting categories because within its’ subcategories contains ratings for disclosures on primary issues like unbiased wage systems, equal opportunities, sexual harassment, and discrimination (Figure 2.2). The two highest scoring averages in 2010 again were among the automotive and hi-tech industries, reporting averages of 1.27 and 0.96 consecutively. The two lowest reporting industries of this year were in retail, which reported at 0.28, and in the real estate industry at a 0.40 level average. The highest average level of disclosure for 2012 in the workplace category also resulted in the automotive and hi-tech industries reporting progressing disclosure level averages of 1.47 and 1.08. The lowest reporting industry average for

2012 was again in the retail industry, yet progressing to an average level of 0.56. The utilities industry, instead of the real estate industry as in 2010, reported the second lowest level average reporting at 0.36. A significant factor in the workplace category was that the utilities industry regressed from 2010 to 2012, from an average of 0.60 to a 0.36 level of disclosure. The retail and real estate industries progressed the most, tying increasing differences of 0.28, from 2010 to 2012.

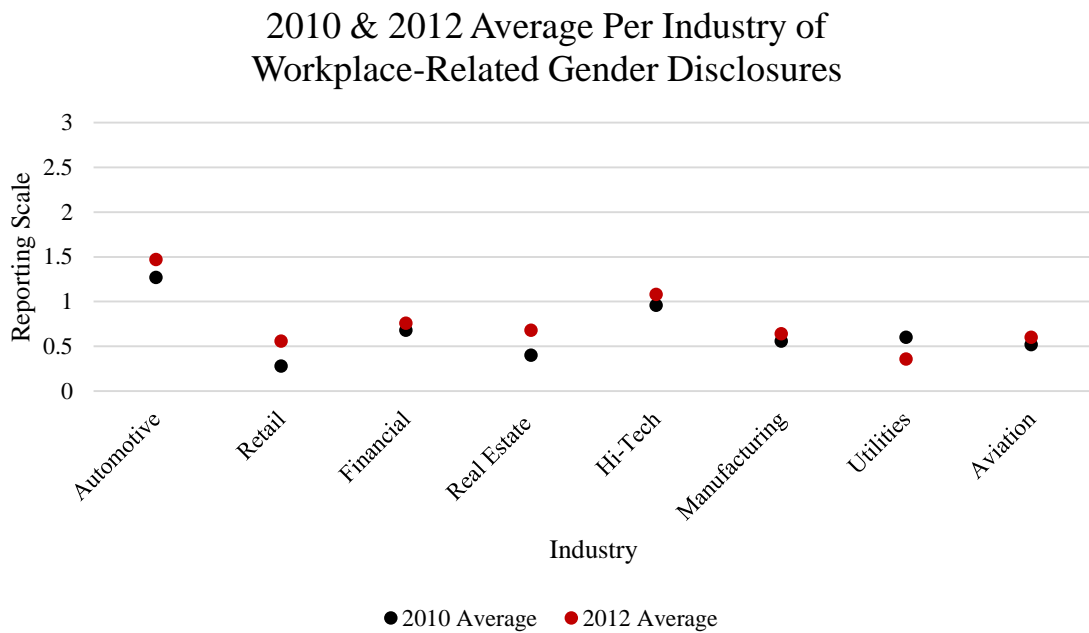


Figure 2.2

The supply chain-related gender information rated a company’s disclosure based on supplier diversity, doing business with organizations that respect gender equality, and promoting women entrepreneurship (Figure 2.3). In 2010, the industries that reported the highest-level averages among others was the hi-tech industry at 1.70 and the automotive industry at 1.67. The lowest reporting level averages for this year was the retail and aviation industry at 0.40 and 0.50, consecutively. For the fiscal year 2012, the industries

of automotive and hi-tech were also the highest reported with progressed levels of disclosures averaging at 2.67 and 2.2. The lowest reported industry averages for this year was in aviation at 0.40 and the utilities industry at 0.90. A significant factor in the supply chain category is that the aviation industry regressed in the yearly category comparison, reporting in 2010 an average level of 0.50, and then dropping to 0.40 in 2012. The utilities industry reported an idle average level between years, resting at a 0.90 level of disclosure. The retail industry, for the supply chain category, progressed the most overall with a 1.1 average level increase.

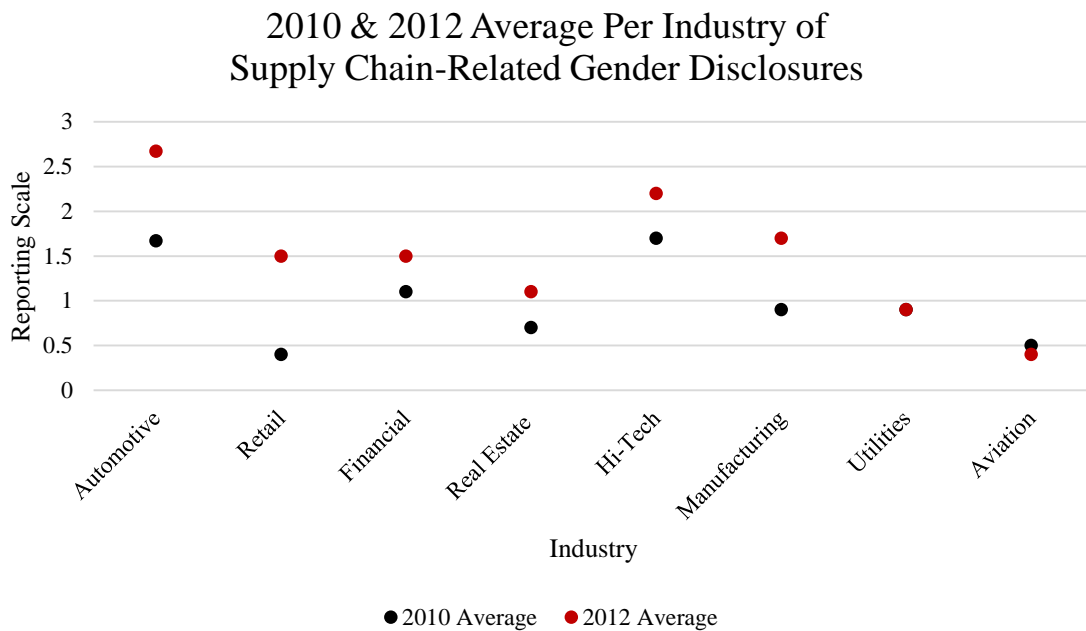


Figure 2.3

For community-related disclosures, industries were measured on how much information addressed equality in the community, and management’s approach in determining its’ community engagement by gender (Figure 2.4). The highest reporting industries for this category in 2010 was the hi-tech industry averaging a level of

disclosure at 1.80, and the automotive industry at a level of 1.30. The lowest reporting industry for this year was the retail industry, reporting at a 0.60 level of disclosure. The highest reporting industry for 2012 was again, the hi-tech industry. Yet for this category, the hi-tech industry's high average disclosure level actually remained the same in both years. The automotive industry, the industry that changed the least between years, also reported the lowest average for 2012 with a level of 1.33. There was no regression in the level of disclosures, yet there were also no leading industries in the progression of disclosures from 2010 to 2012.

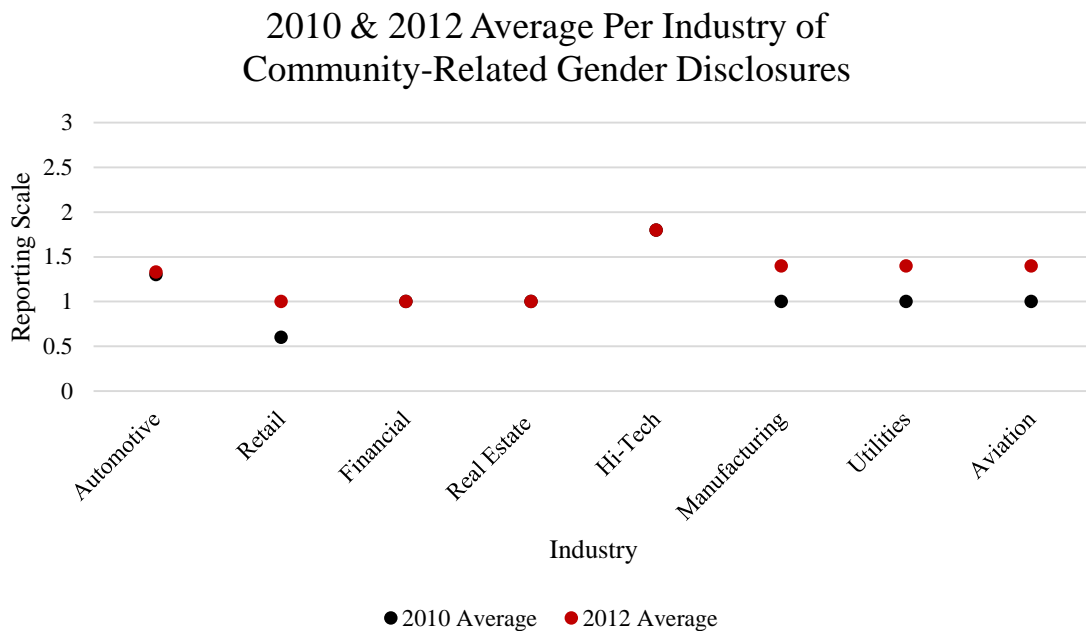


Figure 2.4

For the category of consumer-related gender disclosures, companies were to emphasize information pertaining to policies against discrimination in marketing as well as the company's ability in reflecting the needs of men and women in customer service and complaint procedures (Figure 2.5). For reporting this category in 2010, the highest-

level average was in the manufacturing industry at a 0.70 level disclosure and the automotive industry at a 0.67 level disclosure. The lowest level reporting industries for this year was in the retail industry at 0.10 and the aviation industry at 0.30. The highest-level average in 2012 reported in the real estate industry at an average level of 1.5, and again in the automotive industry at 1.17. The lowest level averages reporting in 2012 was in the retail industry at 0.10 and in the utilities industry at 0.30. In the category of consumer-related disclosures, the utilities industry was also the only industry that regressed in emphasizing information in this area, falling from a level average in 2010 of 0.50 to 0.30 in 2012. The retail industry is the only industry in this area whose averages remained the same over the two years reporting, idling at a level of disclosure of 0.10. The real-estate industry had the most increased average between the two years, with an increase of 0.90 from 2010 to 2012.

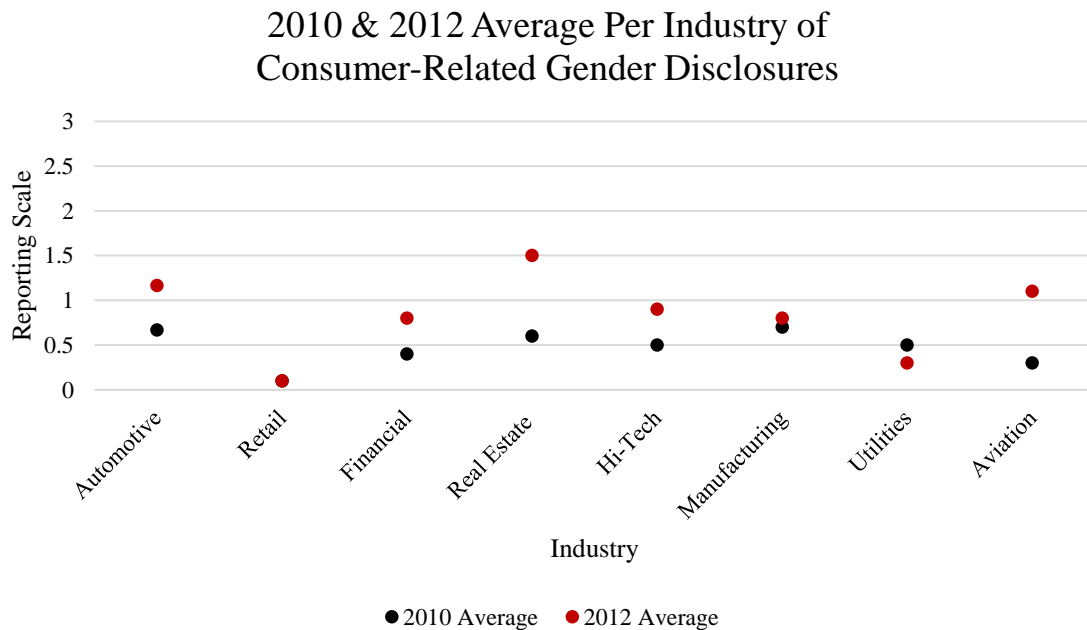


Figure 2.5

For the category of investment-related gender disclosures, the measurement entailed how much the company had recognition for gender performance by mainstream investors and the company’s emphasis on the promotion of shareholder diversity (Figure 2.6). For 2010, the highest reporting industries were the retail industry at an average level of 0.40, and the hi-tech industry reporting at an average level of 0.30. The other six industries reported no disclosures in this area, all reporting with averages of zero. For the year 2012, the highest reporting industries were the real estate industry with an average level of disclosures of 1.5, and in the automotive industry at a level of 1.17. The lowest reporting industries in this year were the retail industry at 0.10, and the utility industry at an average of 0.30. None of the industries regressed in their reported averages, but yet all progressed. The industry that increased the most was the automotive industry with an average difference of 1.17. The industry that increased the least was the retail industry, only reporting an average difference of 0.10 in-between years.

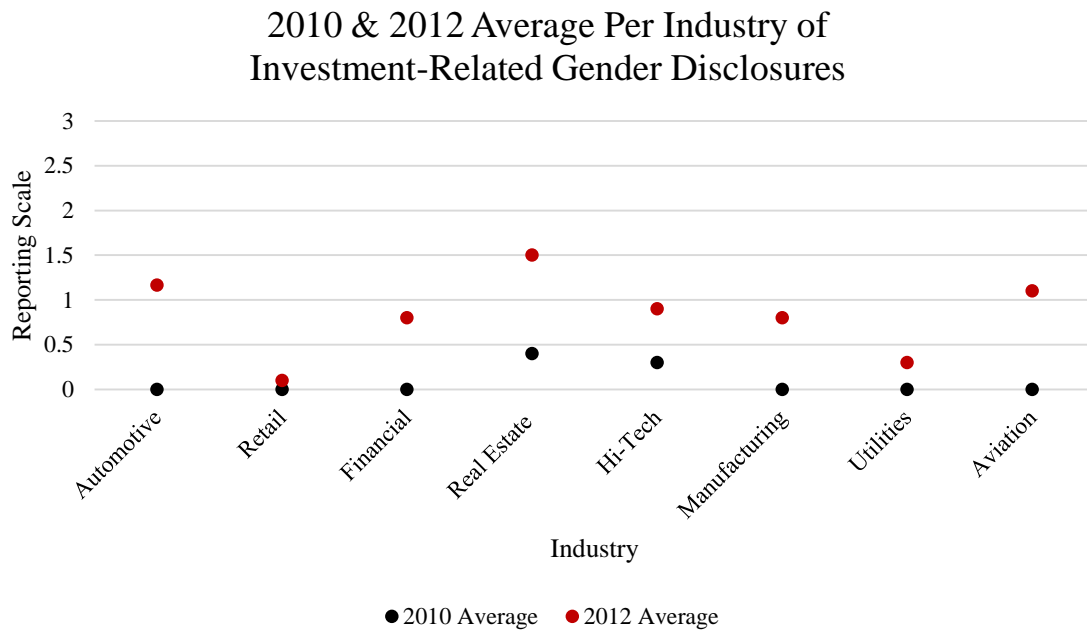


Figure 2.6

Overall, the reporting averages are greater among all industries between 2010 and 2012. The total number of no disclosure, basic, moderate, and advanced levels compared between years show that reports of no disclosures in 2012 decreased since 2010, and that there was an increase in disclosing basic, moderate, or advanced levels instead. The number of no disclosures among industries in 2010 totaled 304 out of 570, while in 2012 the total decreased to 209. The number of basic disclosures reported in 2010 were 208 out of 570, which increased to 272 by 2012. The reported number of moderate disclosures totaled 44 out of 570 in 2010, and has since increased to 58 disclosures by 2012. Lastly, the number of advanced disclosures reported raised from 14 out of 570 in 2010 to 31 by 2012. Overall, the outcomes have displayed that disclosures related to gender diversity have overall reported greater levels among all industries between the fiscal years 2010 and 2012.

A limit within the research involves being able to only gather 38 out of the 183 reports releasing information on gender topics in sustainability. We used only the public companies provided by the GRI database. We found 21% of the reports released in 2010 and pulled again in 2012, though, to be a sufficient amount for reporting accurate results. A second limitation involves data accumulation only from eight industries. Comparison of more than eight industries potentially could have had effects on the outcome. A third limitation involves the inability to have gathered any documents prior to 2010 because of the lack of availability. A fourth limit involves the possibility of not understanding information correctly in the sustainability reports analyzed due to a company's lack of awareness of the GRI index or failure to be fully transparent in the disclosure.

V. Analysis and Conclusion

In the analysis related to the research questions, research question one and research question four resulted in as being fully valid statements, yet research question two and three resulted in as being only partially valid statements.

Research question one addressed that certain industries will have greater gender equality sustainability reporting than others. This statement proved similar results in that different industries have reported a variation among the level of disclosures in the sustainability reports. For the years 2010 and 2012, the hi-tech and automotive industry continuously reported significantly less 'no disclosures' than among other industries. This result shows that some industries compared to others have more valuable information and greater quantity disclosures than other industries. Research question two addressed that hi-tech industries will have greater and more advanced gender disclosures in relationship to other industries. This statement proves only to be partially true. In 2010 the hi-tech operations reported the most frequent advanced-level disclosures among all industries totaling 4 out of 75, yet the least amount of no disclosures was reported by the automotive industry with only 13 zeroes out of 45 data points in relation to gender diversity. In 2012, the hi-tech industry reported as having only the second most frequent advanced disclosures and reporting among all industries. The hi-tech industry totals 17 out of 75 no disclosure reports and 8 out of 75 advanced disclosures. The automotive industry though, reported the highest averages with only 9 out of 45 as being no disclosures and 9 out of 45 advanced level disclosures. Research question three hypothesizes that the manufacturing, automotive, and utilities industries will have lower overall and more basic reporting. Research question three proves only partially correct

when stating such. In 2010, the lowest overall industry reporting 59 out of 75 no disclosures was the retail industry. For 2012, the hypothesis proves partially correct this year in that the utilities industry reported as having the highest amount of no disclosures of 40 out of 75. The hypothesis did not prove fully correct in stating that the manufacturing, automotive, and utilities industries will report most basic level disclosures. For basic level disclosures reported in 2010, the hi-tech industry reported the most and then did the real estate industry in 2012. The data has proven that the manufacturing, automotive, and utilities industries, unlike originally thought, have more moderate than basic disclosures and less overall reporting only in 2012 within the utilities industry. Research question four assumed that the overall reporting averages would be greater among all industries between 2010 and 2012. The results proved similar when the year 2012 had results showing less reporting of no disclosures and, more basic moderate and advanced levels than in 2010.

Even though the overall reporting of gender related information among all industries has increased since 2010, companies are still failing to disclose material information in a compatible format. It shows, by comparison per category, that industries are not using the GRI index fully when disclosing gender related information. There is multiple reasons to why industries are reporting more or less than others per category, but the above does illustrate companies have faraway to go in gender sustainability reporting. Some of those reasons include because management only reports on categories matching the type of business operations relating to the company, and incompatibility, could involve management of all industries not adequately managing important gender issues in the areas not disclosed. In either case, the lack of transparency in undisclosed areas

create great risks for current stakeholders as well as potential investors involved in the company's operations. Until legal requirements for gender related information in sustainability reporting, the disclosure void generates a gap in the company's communication of its' understanding of human rights, and therefore creates inaccuracy when properly trying to account for women in the workplace. Ultimately, there is a long way to go in tending to receive a full disclosure on all topics in sustainability reports regarding gender related information among all industries.

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VII. Appendix A – GFI Gender Diversity Reporting Measure



Below is a summary table of suggested gender measurements by category:

Organizational objective		Measure		
		Basic	Moderate	Advanced
Organizational Governance and Values	Ensure the importance of mainstreaming gender equality	Description of gender-equality policy and plan		
	Promote diversity among board members	Gender breakdown of the organization's board of directors		
	Promote diversity and equality in management	Number and percentage of management posts by gender		
		Percentage breakdown by gender of the top five highest-paid executives		
Workplace	Have a fair and unbiased wage system		Ratio of remuneration of all employees and by employee category, by gender	
		Management approach to flexible work schedules	Uptake rate of flexible working arrangements, by gender	
		Initiatives to provide child-care support and/or facilities to employees	Maternity/paternity/parental leave return rates, by gender	
	Offer equal job opportunities	Initiatives to promote equal opportunities at the workplace	Ratio of job applications to new contracts signed, by gender	
	Support human resource development	Average hours of training per year per employee by gender and part time and full time employee category	Percentage of promotions in the organization's main employee categories, by gender	
	Ensure a safe and healthy work environment	Initiatives to provide information, education and training on sexual harassment in the workplace	Total number of incidents of sexual harassment and action taken, by gender	
	Have in place an effective grievance mechanism for workers	Available channels within organization for filing gender-based discrimination grievances		

Blue = qualitative performance measurement examples

Purple = quantitative performance measurement examples

Organizational objective		Measure		
		Basic	Moderate	Advanced
Supply Chain	Do business with organizations that respect gender equality	Description of gender equality in procurement policy and plans	Percentage of suppliers that have gender-equality policies or programs	Percentage of suppliers that report on their gender-equality policies and practices
	Promote women's entrepreneurship and supplier diversity			Gender composition of supplier workforce
				Percentage of suppliers' managerial posts, by gender
				Financial value and percentage of total procurement by supplier company and type of good or service, broken down by gender and type of supplier
				Percentage of suppliers' shareholders, by gender
Community	Contribute to the well-being of women and men in the affected communities	Initiatives, including donations and grants to address equality in the community	Management approach to the consultation of local women in devising community engagement/ investment programs	
		Management approach to determining community engagement/ investment activities, including policy and criteria	Total number of community engagement/ investment programs targeting women	Total number of direct beneficiaries of community engagement/ investment programs, broken down by gender
			Management approach including gender impact assessments to addressing gender-related community impacts	Total monetary value of community engagement/ investment programs, broken down by gender of the beneficiaries
Consumers	Not to discriminate or stereotype against men or women in marketing and advertising	Policy and mechanism in place to avoid gender discrimination in marketing and advertising materials	Number of complaints regarding gender discrimination in marketing and advertising materials	Management approach to "Gender Equality Certification" by third party
	Reflect the needs of men and women in customer services and complaint procedures			Number of customer complaints by type and by gender of complainant

Blue = qualitative performance measurement examples

Purple = quantitative performance measurement examples



Organizational objective		Measure		
		Basic	Moderate	Advanced
Investment	Be recognized by sustainability investors and mainstream investors for gender performance	Policy for investment decision making including consideration of gender as a criterion	Number and value of investment funds with gender criteria/ strategy in which company is listed	
	Promote women as investors and shareholder diversity			Percentage of individual shareholders by gender

Blue = qualitative performance measurement examples

Purple = quantitative performance measurement examples