

Engagement and Communication Strategy in Global Reporting Initiative (GRI): a stakeholder approach

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Abstract

In the last few years, greater attention has been given to thinking about what it means to engage stakeholder. In order to assess the nature, quality and extent of these relationships, this paper presents a classification and an analysis of the resulting classification of stakeholder engagement as reported in GRI reports. The aim of this work is to present a criteria of analysis to identify and classify the level of engagement with stakeholders. For this study, the bibliographical research method was used to gather information about the concept of stakeholder engagement and about the different types of engagement existing in the literature. Secondly, GRI sustainability reports from the Energy Sector were selected and the database was constituted of 119 reports. The reports were analyzed considering the proposed method of evaluating the level of engagement of the activities with the stakeholders. The classification method applied at this paper which has allowed us to identify different trends on how companies under various contexts (social, economic). So, the main contribution of this work is a stakeholder's engagement strategies matrix derived from the findings of the reviewed GRI reports under the classification method used at this paper that provides a clear differentiation of engagement strategies.

Keywords: Stakeholder Engagement. Sustainability Report. Stakeholder Theory. Report. GRI.

1. INTRODUCTION

According to Stakeholder Theory (Freeman, 1984) stakeholders are defined as any group or individual that may affect or be affected by the achievement of the company's objectives. Thus, for Donaldson and Preston (1995), stakeholder management requires the company's attention to stakeholder interests both in establishing its organizational structures and processes and in defining its specific policies, strategies, procedures and decision-making.

Increasing complexity in the business environment has driven companies to engage in engaging practices as a way to achieve global sustainable development by creating value and competitive advantages not only for their shareholders but also for all of their stakeholders (Collins, Kearins, Roper, 2005; Hart, Sharma, 2004).

In its instrumental view, the Stakeholder Theory (Donaldson; Preston, 1995) relates engagement to company performance. Thus, a proactive performance of the company with its stakeholders has been stated both in academic discourse (Hart, Sharma, 2004) and in business (Krickel *et al.*, 2005) as a means to achieve corporate sustainability.

The process or strategy of gaining competitive advantage through the development of stakeholder relationships is called stakeholder engagement (Heugens; Bosch; Riel, 2002). The impetus behind the use of the term “engagement” in the stakeholder theory and corporate social responsibility (CSR) literature is the need to emphasize that, for firms merely to interact with stakeholders is no longer sufficient, if, in fact, it ever was (Noland, Phillips, 2010). So, as a consequence, in addition to thinking about which *actions* firms must and must not perform in order to meet moral standards, attention is now being paid to the *relationships* firms must foster with their stakeholders (Noland, Phillips, 2010).

In the last few years, greater attention has been given to thinking about what it means to engage stakeholders (Johnson-Cramer *et al.* 2004). In order to assess the nature, quality and extent of these relationships firms and stakeholders, this paper presents a classification and an analysis of the resulting classification of stakeholder engagement as reported in GRI reports. So, the aim of this work is to present a criteria of analysis to identify and classify the level of engagement with stakeholders, based on the consolidated dissemination, widespread availability and relevant disclosure level of sustainability reports.

Authors such as Greenwood (2007) and Morsing & Schultz (2006) have defended the idea that stakeholder engagement should be treated according to different levels of engagement, nonetheless no specific detailed classification has been advanced in the literature to date. That being said, the proposed classification criteria of analysis seek to contribute to the evaluation of the degree of stakeholder engagement, besides allowing a mapping of quality and level of engagement by groups of stakeholders, that is, to map which are the stakeholders most contemplated with practices adopted by the companies in order to identifying intrinsic differences in stakeholder engagement under various contexts (geographically, institutionally, etc.). We expect to find differences among countries either divided by income level, level of human development and the country engagement index criteria in terms of stakeholders prioritized for each level of engagement.

2. THEORETICAL FRAMEWORK

In today's world, stakeholders as employees, suppliers, customers and others who are engaged in the business are much more likely to collaborate and support the activities and the

strategy of the corporations, with positive impact to the sustainability and evolution of the future of their companies (Freeman, 2017).

The term stakeholder first appeared in managerial literature in the year 1963 but the definition for stakeholder most used in the literature is proposed by Freeman in 1984, who defined stakeholder as any group or individual who can affect or is affected by the achievement of the organization's objectives (Freeman, 1984: 46).

According to Wicks, Gilbert and Freeman (1994), in addition to identifying their stakeholders, companies must also manage their relationships and engage them in their activities so that they can succeed in business strategies and sustain the business.

The stakeholder approach has emphasized that in addition to shareholders, other stakeholders have been considered in organizational strategies and processes, but more emphasis needs to be placed on the quality of stakeholder management and engagement strategies (Friedman and Miles, 2006).

2.1 Engagement Approaches

According to Noland & Phillips, one topic that has not, until recently, received as much attention is the appropriate nature of firms' engagement with their stakeholders. It seems to have been taken for granted that, for firms to discharge their obligations – whatever they might be – to their stakeholders, was sufficient to satisfy the minimum requirements of moral behavior (Noland, Phillips, 2010).

Stakeholder engagement is defined as the company's ability to establish collaborative relationships with a wide variety of stakeholders (Rueda-Manzanares *et al*, 2008). Stakeholder engagement as a strategic capability can be related to stakeholder management. Greenwood (2007) explains that stakeholder engagement can be defined as the set of initiatives or practices that organizations develop to engage their stakeholders in a positive way in their organizational activities.

The approach to studying stakeholder engagement considers that the development of initiatives is carried out around two focuses: communication and relationship. This perspective is used in several papers to characterize stakeholder engagement initiatives (Morsing-Schultz, 2006; Rasche-Esser, 2006; Huijstee-Glasbergen, 2008). In addition, four different approaches are established: communication, dialogue, consultation and partnership (Greenwood, 2007; Krick *et al*, 2005). Each approach represents a greater commitment on both sides to spend time, resources, increase their exposure to risk while seeking cooperation.

Noland and Phillips also presented two prominent recent trends in the literature on stakeholder engagement: Habermasians and Ethical Strategists. Scholars in the first camp, defend that the basis for the distinction is that the morality of engagement, or any kind of communication for that matter, is a function of proper procedures which attempt to ensure that the communication is pure – free of any imbalances of power and undertaken for its own sake rather than for any further purpose that might corrupt the proceedings (Noland, Phillips, 2010).

Running parallel to this trend in the literature is work from a different school of thinkers, contending that ethical engagement of stakeholders not only maybe part of a firm's larger strategy, but that it ought to be part of this larger strategy (Noland, Phillips, 2010).

Based on such discussion for the need and urgency for stakeholder engagement as part of a firm's strategy, we sought to investigate further in this paper if there are significant differences in the realities of companies' in terms of their approach to engaging with their identified

stakeholders. Many accounts of stakeholder activities focus on the attributes of the organizations or the attributes of the stakeholders rather than on the attributes of the relationship between organizations and stakeholders (Greenwood, 2007).

In this paper, we base our classification criteria and, consequently, our analysis of stakeholder engagement level, on the perspective of the *Ethical Strategists* definition, in other words, we assume that the nature and level of engagement of each firm with its stakeholders is part of a larger strategy of that firm. Additionally, we consider that the non-strategic ideal for interactions of the Habermasians is unrealistic.

Ethical Strategists argue that the engagement of stakeholders must be integral to a firm's strategy if it is to achieve real success (Noland, Phillips, 2010). Grounding our research analysis on the basis argued by Ethical Strategists for stakeholder engagement, we have chosen GRI reports as the best representation of firms attempts to integrate stakeholder engagement in their strategy.

2.2 Stakeholder Engagement & Communication Strategy

Critical stakeholder attention is not restricted to a company's decisions and actions, but also focuses on the decisions and actions of suppliers, consumers and politicians, which may cause poor criticism towards a company, e.g. Nike, Cheminova (Morsing, Schultz, 2006). But since no manager or organization makes sense in splendid isolation (Craig-Lees 2001), we focus the main objective of this paper in identifying ways that companies try to engage and engage with their stakeholders. This process is what Gioia & Chittipeddi (1991) refer to as *interpretive work* under the label *sensemaking*, i.e. trying to figure out what the others want and ascribe meaning to it.

In line with the works of Craig-Lees (2001), Cramer *et al.* (2004) and Morsing-Schultz (2006), we defend the theory of sensemaking method for better understanding communication processes and engagement of companies with internal and external stakeholders.

Gioia & Chittipeddi expand the notion of *sensemaking* by introducing the concept of *sensegiving*, putting a special focus on the managerial processes facilitating *sensemaking* in organizations. According to Gioia & Chittipeddi (1991), *sensemaking* is followed by action in terms of articulating an abstract vision that is then disseminated and championed by corporate management to stakeholders in a process labeled *sensegiving*, i.e. attempts to influence the way another party understands or makes sense.

It is important to point out also that Gioia & Chittipeddi theory have an internal focus on *sensegiving* and *sensemaking* processes among managers and employees. Craig-Lees (2001), Cramer *et al.* (2004) and Morsing-Schultz (2006) expanded this notion to an external focus by involving external stakeholders in corporate CSR efforts. Based on stakeholder theory, we have chosen to investigate and analyze the communication processes to engage and engage with internal and external stakeholders concomitantly and under equal criteria.

Stakeholder engagement is understood as practices the organization undertakes to involve stakeholders in a positive manner in organizational activities (Greenwood, 2007). Corporate responsibility is taken to mean the responsibility of the corporation to act in the interests of legitimate organizational stakeholders (Greenwood, 2007). Based on Grunig & Hunt's (1984) characterization of models of public relations, Morsing & Schultz (2006) unfold three types of stakeholder relations in terms of how companies strategically engage in CSR communication vis-à-vis their stakeholders: the stakeholder information strategy; the stakeholder response strategy; and the stakeholder involvement strategy.

According to Morsing & Schultz (2006), in the *stakeholder information strategy*, similar to Grunig & Hunt's public information model, communication is always one-way, from the organization to its stakeholders. In our investigation for this paper, we have assigned the concept of *stakeholder information strategy* as Level 1 of stakeholder engagement communication strategy, as it will be further explained and detailed.

Building on Gioia & Chittipeddi's terminology, Morsing & Schultz work provided a framework to analyze communication not only with internal stakeholders, but also to engage in progressive iterations of *sensemaking* and *sensegiving* processes with external stakeholders, enhancing awareness of mutual expectations.

Sensemaking and *sensegiving* cycles correspond to periods dominated by understanding and influence, respectively (i.e the *sensemaking* phases are those that deal primarily with understanding processes and the *sensegiving* phases are those that concern attempts to influence the way that another party understands or makes sense) (Gioia, Chittipeddi,1991).

Additionally, for Morsing & Schultz (2006) the *stakeholder response strategy* is based on a "two-way asymmetric" communication model, as opposed to the "two-way symmetric" model of the *stakeholder involvement strategy*. In other words, the main difference between these two models, stakeholder response strategy and stakeholder involvement strategy, is that even though both consist of a two-way communication strategy or *sensemaking* and *sensegiving* as previously noted, in the stakeholder involvement strategy the company does change also as a result of interaction. Finally, the models of *stakeholder response strategy* and *stakeholder involvement strategy* have been assigned as Level 2 and Level 3 for a stakeholder engagement communication strategy, respectively, for the purpose of our investigation.

3. METHODOLOGY

The approach of this research is qualitative, which according to Cooper & Schindler (2011), consists of a set of interpretive techniques that try to describe, decode, translate and learn the meaning of phenomena that occur in the social world. For Cervo (2007), the descriptive research observes, registers, analyzes and correlates facts or phenomena (variables) without manipulating them, thus, one can categorize the stakeholder engagement practices found in the literature and sustainability reports published by companies.

For this study, which proposes a criteria of analysis to identify the level of engagement with stakeholders grounded on communication models, the bibliographical research method was used to gather information about the concept of stakeholder engagement and about the different types of engagement existing in the literature. Secondly, GRI sustainability reports from the Energy Sector were selected from the database - Global Reporting Initiative, published in the year 2016. This method of analysis in annual reports and sustainability reports, according to Junior, Galleli, Gallardo-Vázquez, Sánchez-Hernández (2017) has been used in different studies whose intention is to systematically quantify and classify the amount of sustainability information in the reports.

About the data collection, the databases used were the reports published in GRI for the year 2016. The sector chosen was the Energy sector, due to it being among the 3 most represented sectors in terms of reporting and involving considerable level of social and environmental risks. Considering the GRI database, with the filters of Sector (Energy), Companies Size (Large) and Reporting Year (2016 - last reports fully disclosed), we had the

result of 256 reports found for 256 companies from 40 different countries. From the 256 reports downloaded for analysis, only the reports available in English, Spanish and Portuguese were considered, totaling 119 reports.

3.1 Analysis Method

The reports were analyzed considering the proposed method of evaluating the level of engagement of the activities with the stakeholders (classifying them in 3 different levels). GRI reports content were analyzed according to two criteria: (1) level of engagement and (2) types of engagement. In our research, level of engagement consists of three levels of communication strategy conducted to engage with internal and external stakeholders of the firm: information strategy (level 1), response strategy (level 2) and involvement strategy (level 3) according to Morsing & Schultz (2006) definitions.

In order to clarify how the classification of engagement actions were made according to Table 1 of this paper, here's one example extracted from a GRI report used in our sample:

Duke Energy has identified 11 key stakeholders. Among many engagement actions reported one example for each Level for a different stakeholder are: (1) Level 1 - Plant visits and tours for the Media; (2) Level 2 - Meetings with local authorities and community organizations with the Community and; (3) Level 3 – Employees' Continuous Improvement Program (PMC).

Table 1 - Criteria of Analysis - Engagement actions classified according to companies' communication strategies and processes

<i>Mode</i>	Communication Strategy			Process	Engagement Actions
	Level (1)	Level (2)	Level (3)		
Gable, Shireman (2005)				Gioia, Chittipeddi (1991)	Morsing, Schultz (2006); Gable, Shireman (2005)
Track	x			Sensemaking	Monitor, Compile Actions, Terms of Data Protection & Confidentiality, Contracts, Registration
Inform	x			Sensegiving	Annual Report, Reports, Briefings, Brochures, Magazines, Website, Intranet, Social Media, Newsletters, Guide/Manual, Tours, Plant Visits, Exhibitions, Special Days, Training & Development
Consult		x		Sensemaking⇒Sensegiving	Back Channel Dialogue, Opinion Polls, Forums, Surveys, Market Surveys/Research, Meetings, Sessions, Contact Center, Phone, Customer Service, Interactions, Complaints & Suggestions.
Support		x		Sensemaking⇒Sensegiving	Strategic Philanthropy/Sponsorship, Advisory Activities
Collaborate		x		Sensemaking⇒Sensegiving	Initiatives, Actions, Cooperation, Working Groups, Commissions, Committees, Agreements, Associations
Partner			x	Sensemaking↔Sensegiving	Joint Projects (formal / informal), Programs, Alliances

Source: Elaborated by the Authors

Regarding the methodological procedures adopted for this research, a methodological tying matrix (Figure 2) was used in order to clarify the choices to define the bibliographic review, data collection and treatment, as well as the synthesis and analysis of the results such that the conclusions and contributions of this paper are scientifically consistent (Saur-Amaral, 2010).

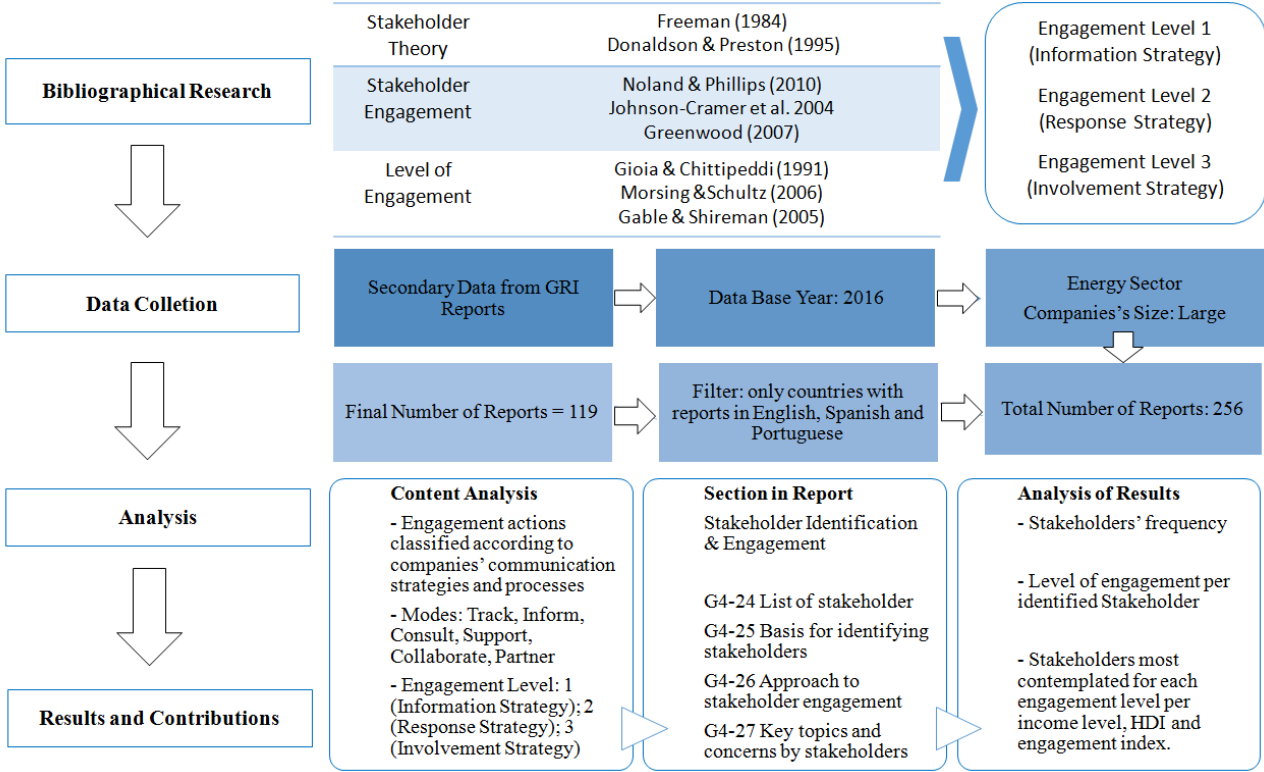


Figure 2- Summary of the methodological steps and procedures
Source: Elaborated by the Authors

As presented in the Methodological Matrix, the database was constituted of 119 reports downloaded separately from the GRI platform. For the purpose of analysis and systematization of all content, a database was created and data was collected from all reports considered and separated by company, country and region. The data analysis was performed by analyzing the content of the reports in relation to the engagement actions declared by each of the companies, classifying them according to the levels proposed by this work (Level 1, Level 2 and Level 3) as presented in Table 1. It should be noted that the analysis of these actions was primarily based on the reading and analysis of the "Stakeholder Identification & Engagement" session available at the GRI itself, a mandatory session in the preparation and dissemination of reports on the following issues - G4-24, G4-25, G4-26 and G4-27 on the identification, prioritization and key topics and concerns for the organizations' stakeholders.

In the database created for the systematization and classification of the engagement actions, columns were inserted for each stakeholder identified in the reports and also the number of actions mentioned for each stakeholder. In the end, the frequency of the stakeholders for each report / company, the total number of actions per level of engagement, and the division of the

engagement actions for each stakeholder were calculated, thus segregating the engagement actions by level and by stakeholders.

To support the data analysis, besides the items already mentioned in Figure 3, different indicators were used to classify the countries from the analyzed reports. The indicators used were economic (1), social (2) and engagement (3). The economic indicator used was the World Bank's Income Level, which classifies countries by High, Medium and Low Income, referring to the gross national income and the income per capita of countries. The social indicator for countries used was the HDI - Human Development Index, coordinated by the United Nations Development Program's Human Development Report (UN).

In addition to the economic and social indicators, this work also uses a Stakeholder Engagement for development regulations indicator that is measured by the "better life index" project of the OECD Organization for Economic Cooperation and Development. The indicator of engagement published by the OECD is aimed at engaging stakeholders in relations with the government. The indicator is calculated as the average of two composite indicators (covering respectively primary laws and subordinate regulations). The formal process for public engagement in developing laws and regulations is one way to measure the extent to which people can become involved in government decisions on key issues that affect their lives.

4. FINDINGS AND DISCUSSION

4.1 Description of Results

By aggregating and analyzing the data collected over the 119 GRI reports selected for this study and according to the classifying criteria for levels of engagement presented on Table 1, it was possible to identify the frequency with which stakeholders are cited in the reports. From the data analysis it is possible to identify the salience of stakeholders and those more prioritized according to the actions of the companies (Figure 3). According to Figure 3, the highest frequency of identification was found for the following stakeholders in the 119 reports reviewed: employees (in 108), community (100), shareholders (95), customers (93), suppliers (86) and government (80).

Furthermore to these stakeholders, we highlight the identification of several others that relate with and are important for the companies belonging to the studied energy sector. These stakeholders were Industry Regulators, Media, NGOs (non governmental organizations), Business Partners, Academia (Universities and Research Centers), Finance Institutions among others.

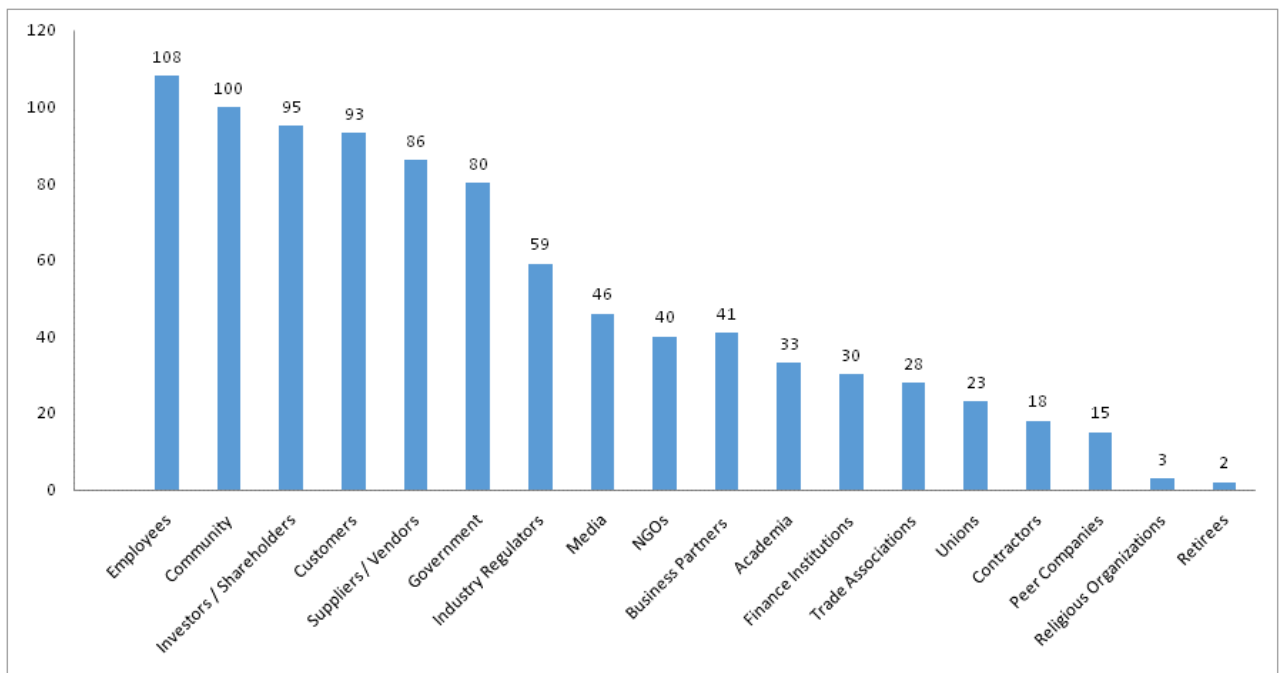


Figure 3 – Stakeholders’ frequency
Source: Elaborated by the Authors

In addition to identifying which stakeholders appeared more frequently in the revised reports, one of the objectives of this paper is to classify the engagement actions carried out for stakeholders by classifying them in three different levels of engagement. To do so, a graph was generated (Figure 4) where the Levels of engagement for each stakeholder are presented. In this process it is possible to observe that when stakeholder engagement actions are divided according to Levels 1, 2 and 3 under the classification presented in this paper, the hierarchy and salience of stakeholders changes and employees, for instance, become third in terms of actions from companies.

Figure 4 highlights which stakeholders received more attention according to each level of engagement in relation to the total number of engagement actions. Thus, it can be concluded that employees are in general the stakeholders most contemplated with Levels 1 and 2 actions in most reports/companies, while communities and governments are the primary receivers of Level 3. It is possible to observe also that although the majority of the actions of engagement, classified in levels 1 and 2, happen proportionally to the same order of the frequency of identification of stakeholders (employees, shareholders, customers...), Level 3 of engagement actions show a different distribution, with efforts and engagement strategies more evidently focused on stakeholders such as Community, Government, Employees and NGOs.

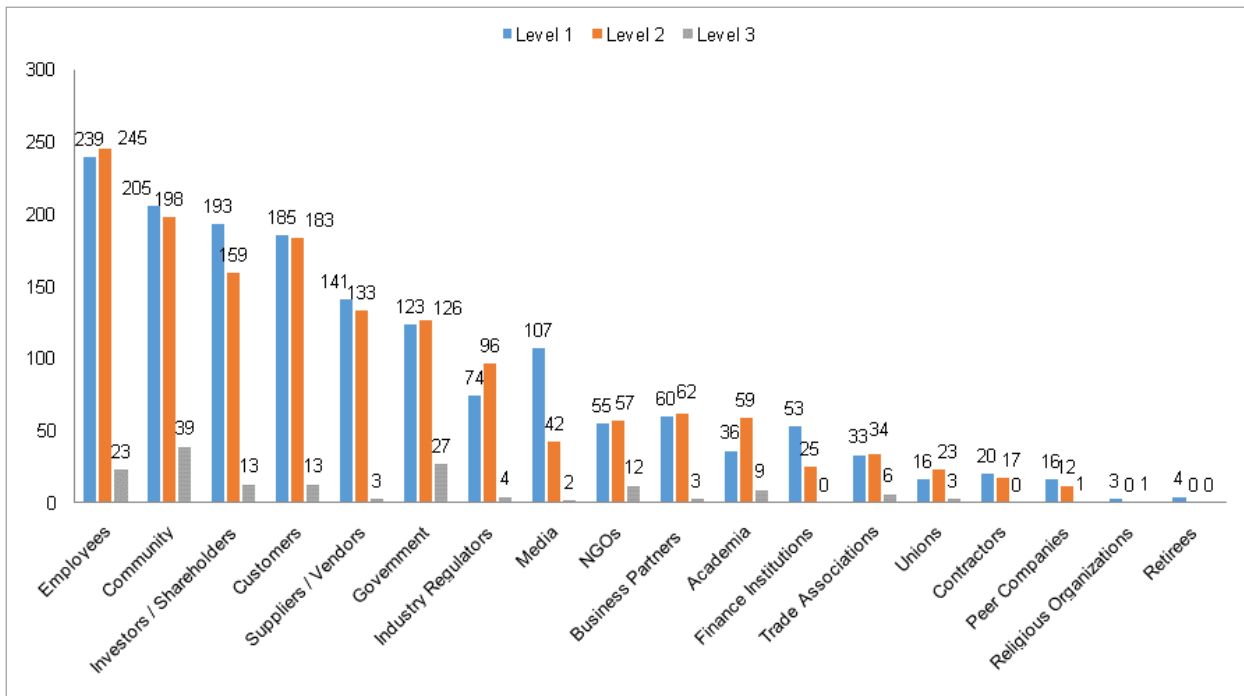


Figure 4-Level of engagement concentration per identified stakeholder

Source: Elaborated by the Authors

As we divide the aggregated stakeholders' engagement actions presented on Figures 3 and 4, it is possible to identify the different trends in terms of stakeholders' prioritization. In addition to the classification of stakeholder engagement actions by levels of engagement, this work proposes to analyze if other characteristics of the countries from which the companies come from can provide evidence or can help in the understanding of the behavior of the companies studied from the analyzed GRI reports. To that end, as already mentioned in the methodology, the first analysis of levels of engagement and stakeholders was carried out by grouping the countries under the development index - Income Level.

Table 2 shows who are the 5 most prioritized stakeholders per income level (Lower Middle Income, Upper Middle Income and High Income). Companies from countries with Lower Middle Income, such as Thailand, Indonesia, Nigeria, Qatar, the stakeholder Government is clearly regarded as the main stakeholder to receive more efforts on Level 3, while Community is the most prioritized stakeholder for Upper Middle Income (China, India, Brazil, Colombia) and High Income Countries (USA, Canada, Australia, Germany, Russia).

Another indicator used to analyze the companies with respect to a country category was the level of human development under the Human Development Index (HDI). At this point, according to Table 3, the prioritized stakeholders and their respective totals and percentages by level of engagement are evidenced. This category includes companies from Low Human Development countries, such as Nigeria, the countries of Medium Human Development, such as Indonesia, India, High Human Development countries, Uruguay, Brazil, China, Turkey, and countries of Very High Human Development, Japan, Russia, France, USA, Canada.

Table 2: Prioritized Stakeholders per Income Level, Human Development Index (HDI) and Engagement Index (OEI)

Primary Stakeholders	Engagement Index			
	Level 1	Level 2	Level 3	Total
Lower middle income				
Employees	10,09%	8,20%	0,95%	19,24%
Community	9,46%	8,20%	1,26%	18,93%
Investors / Shareholders	5,99%	6,62%	1,26%	13,88%
Customers	9,15%	5,99%	0,00%	15,14%
Suppliers / Vendors	5,99%	5,36%	0,32%	11,67%
Government	5,99%	4,73%	3,47%	14,20%
Upper middle income				
Employees	8,51%	10,27%	0,62%	19,40%
Community	10,06%	8,61%	1,45%	20,12%
Investors / Shareholders	9,34%	4,46%	0,00%	13,80%
Customers	8,61%	8,61%	0,73%	17,95%
Suppliers / Vendors	7,05%	7,05%	0,00%	14,11%
Government	3,94%	4,56%	0,62%	9,13%
High income				
Employees	11,20%	10,75%	1,25%	23,21%
Community	6,99%	7,97%	1,88%	16,85%
Investors / Shareholders	7,53%	6,72%	0,72%	14,96%
Customers	6,54%	7,26%	0,54%	14,34%
Suppliers / Vendors	4,84%	4,30%	0,18%	9,32%
Government	5,91%	6,18%	1,70%	13,80%
Low Human Development				
Employees	16,39%	1,64%	0,00%	18,03%
Community	14,75%	8,20%	0,00%	22,95%
Investors / Shareholders	11,48%	6,56%	0,00%	18,03%
Customers	9,84%	6,56%	0,00%	16,39%
Suppliers / Vendors	4,92%	4,92%	0,00%	9,84%
Government	6,56%	3,28%	0,00%	9,84%
Medium Human Development				
Employees	8,56%	9,57%	3,27%	21,41%
Community	9,07%	9,57%	2,77%	21,41%
Investors / Shareholders	4,53%	7,56%	3,02%	15,11%
Customers	6,30%	5,79%	0,76%	12,85%
Suppliers / Vendors	4,03%	4,53%	0,50%	9,07%
Government	4,03%	5,79%	3,02%	12,85%
High Human Development				
Employees	11,51%	12,29%	0,52%	24,32%
Community	5,56%	7,76%	1,42%	14,75%
Investors / Shareholders	8,41%	6,47%	0,00%	14,88%
Customers	6,21%	7,76%	0,39%	14,36%
Suppliers / Vendors	4,92%	4,66%	0,13%	9,70%
Government	6,34%	6,21%	1,03%	13,58%
Very High Human Development				
Employees	8,90%	9,32%	0,50%	18,72%
Community	9,82%	7,98%	1,43%	19,23%
Investors / Shareholders	8,65%	6,30%	0,08%	15,03%
Customers	8,90%	8,06%	0,59%	17,55%
Suppliers / Vendors	7,05%	6,38%	0,00%	13,43%
Government	4,53%	4,45%	0,59%	9,57%

Primary Stakeholders	Engagement Index	
	Level 1	Level 2
Developing economy		
Employees	10,12%	10,27%
Community	8,78%	7,80%
Investors / Shareholders	7,74%	6,25%
Customers	7,69%	7,23%
Suppliers / Vendors	5,52%	4,96%
Government	5,27%	5,42%
Economies in transition		
Employees	19,32%	5,68%
Community	9,85%	7,95%
Investors / Shareholders	7,20%	5,68%
Customers	6,44%	3,79%
Suppliers / Vendors	7,58%	3,03%
Government	5,68%	4,92%
Developed economy		
Employees	9,93%	9,33%
Community	8,99%	8,14%
Investors / Shareholders	7,99%	6,55%
Customers	7,60%	7,40%
Suppliers / Vendors	6,21%	5,51%
Government	4,82%	5,31%
Low Index of engagement		
Employees	7,90%	7,90%
Community	13,49%	7,51%
Investors / Shareholders	7,90%	5,78%
Customers	9,63%	7,90%
Suppliers / Vendors	6,94%	5,20%
Government	4,62%	4,82%
Middle Index of engagement		
Employees	9,24%	10,92%
Community	6,55%	8,74%
Investors / Shareholders	9,24%	7,06%
Customers	7,90%	8,57%
Suppliers / Vendors	7,06%	7,90%
Government	4,03%	4,37%
High Index of engagement		
Employees	9,19%	8,98%
Community	9,60%	9,19%
Investors / Shareholders	5,22%	6,89%
Customers	7,10%	5,64%
Suppliers / Vendors	4,59%	4,18%
Government	4,80%	5,22%

Source: Elaborated by the Authors.

When we divide the analyzed countries by the HDI criterion, Low HDI Countries do not exhibit any Level 3 engagement actions, even for their 5 most prioritized stakeholders. Nevertheless, for High and Very High HDI Countries, Community continues to be the clearly most prioritized stakeholder. Another possible observation regarding the data presented in Table 2 regards the large proportion of Level 2 engagement actions in Low Human Development countries for Community, Shareholders and Customers stakeholders, with Employees being significant only in Level 1 actions.

In the last criterion analysed showed on Table 2 above, we have compared the level of stakeholder engagement according to countries Engagement Index (OECD). Once more, Community is clearly the most prioritized stakeholder for Middle and High Index of Engagement Countries for Level 3 engagement actions and for Low Index of Engagement Countries, Customers appear now as the most prioritized stakeholder for Level 3. It's important also to highlight that Government comes up in second for Level 3 engagement action for Low Index of Engagement Countries.

Some countries with high engagement rate according to the OECD, as is the case of Canada, Mexico and Netherlands, have engagement programs between government and stakeholders and encourage that companies of different sectors also work to engage in actions and activities of companies, trying in this way the collective construction of a more sustainable society.

For instance, in Canada in partnership with private, not-for-profit and charitable sectors, Canada plans to further build public knowledge about the potential of social finance. The Standing Committee on Finance holds pre-budget consultations where it invites a broad range of stakeholders to give their views on spending priorities (OCDE, 2017).

The Mexican government is using the web to enhance citizen participation and simplify access to public services and information. The government anticipates the use of this website will boost efficiency, transform processes and improve public engagement. In Netherlands, authorities encourage people to participate in decision-making. Citizens and stakeholders were called to participate in a survey and congress to better assess existing knowledge gaps and re-engage locals in the development of water policies, for example. People can also access a new online participation platform that provides information on the roles and responsibilities of the regional water authorities and encourages discussion and new ideas. The results of these public engagements are being considered in the policy plan.

4.2 Discussion of results

Table 2 shows how much each Level (1, 2 or 3) of engagement contributes to the total number of engagement with stakeholders' actions per index. It can be noted that most companies from different countries have a strong tendency to focus on Level 1 of stakeholder engagement actions as their primary communication strategy. It is important here to point out that Level 1 stakeholder engagement actions/activities are not necessarily less costly than Level 2 or 3, in fact, it is not uncommon that an advertising campaign can cost significantly more than a company's internal strategic program.

By aggregating the number of actions for stakeholder engagement found on all GRI reports according to criteria Levels 1, 2 and 3 of this paper, it can be observed on Figure 5 and later attested on Table 2 that the most contemplated of identified stakeholders with companies'

efforts to interact as part of their strategy are employees, communities, shareholders, customers, suppliers and governments.

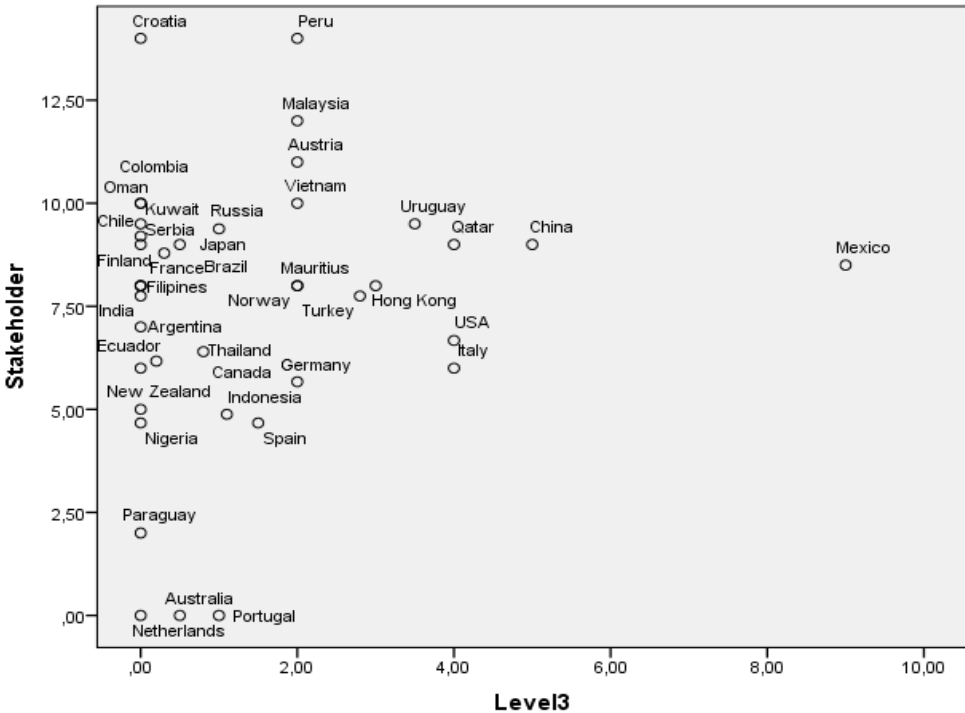


Figure 5- Dispersion of Countries by Number of Stakeholders and Engagement Actions - Level 3
 Source: Elaborated by the Authors

However, if such aggregation is made considering levels of engagement, then employees are the stakeholders still most contemplated with engagement actions of Levels 1 and 2, but communities and government, nevertheless, represent the majority of efforts that resulted in actions under the Level 3 classification criteria from Table 1 of this paper.

By aggregating the three levels of stakeholder engagement sought in this paper by country and comparing it to the average number of identified stakeholders by country as shown in Figure 5, it can be derived from our investigation that companies pursue several different engagement strategies in attempting to manage the relationships with stakeholders. Our analysis has shown that there isn't a correlation between the number of identified stakeholders on GRI reports and level of engagement, so engagement strategies can vary from a high number of identified stakeholders followed by a high/low number of engagement actions for Level 1, 2 and/or 3 to a low number of identified stakeholders followed by a high/low number of engagement actions for Level 1, 2 and/or 3. Nevertheless, even though all combinations for identified stakeholders' frequency and Levels of engagement concentrations are possible as shown by the data collected for this paper, specific stakeholders tend to be more prioritized depending on a country's development as it can be observed on Table 2.

Finally, the analysis of all stakeholders' engagement actions divided by levels under the classification model proposed in this paper have made possible to identify and define clear differences among companies' engagement strategies. Therefore, we have developed the following stakeholder engagement matrix as the main contribution of this paper.

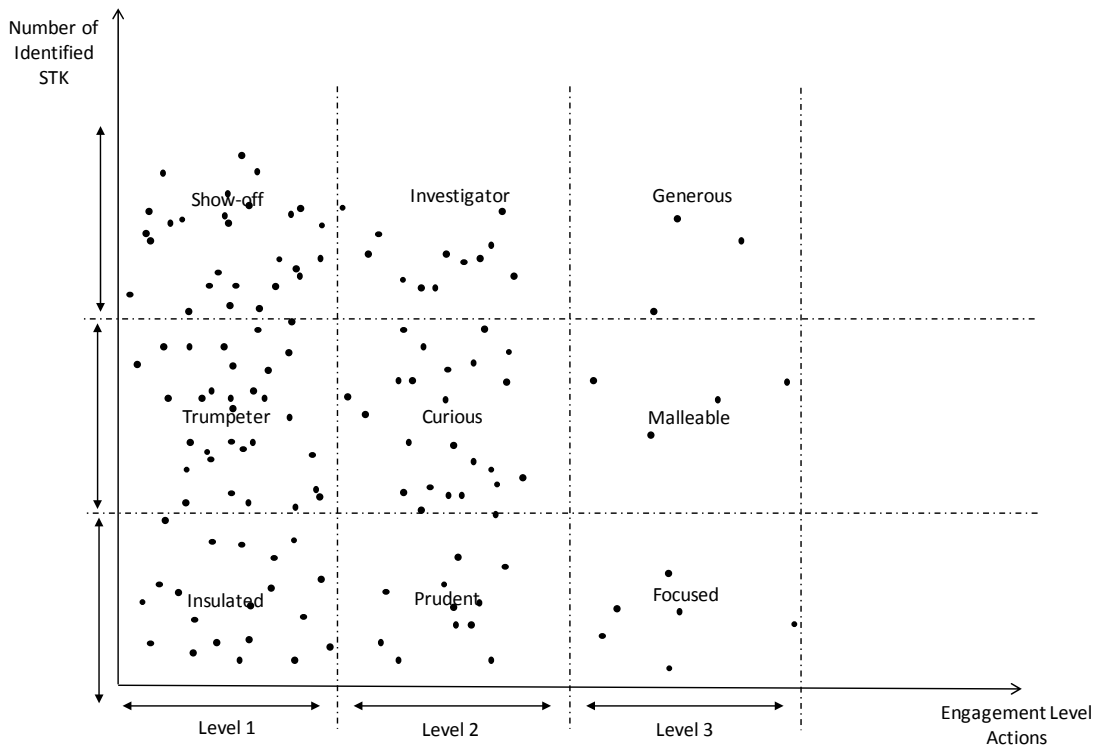


Figure 6 – Stakeholder’s engagement strategies matrix

Source: Elaborated by the Authors

The matrix presented on Figure 6 shows all the possible combinations of a low and high number of identified stakeholders (*Y axis*) and the concentration of actions classified as Levels of engagement 1, 2 and 3 as applied for the purpose of this paper. Such combinations were then divided into 9 (nine) quadrants as pictured above, so on the lower left bottom, for instance, are the companies that have reported a lower number of identified stakeholders and most engagement actions falling into Level 1 category, which we have called “Insulated”, in other words, companies that have presented most engagement actions mostly for Level 1 for a lower number of stakeholders. Consequently, at the extreme opposite quadrant at the upper right corner lies what we have called “Generous” companies or companies that have identified a high number of stakeholders in their reports and concentrated most engagement actions on Level 3 as their strategy to engage and influence those stakeholders.

Figure 6 also summarizes what we have focused to investigate in greater detail than previous authors in this paper: (1) that stakeholders’ engagement strategies are indeed different and; (2) can be classified in different levels of engagement actions.

5. CONCLUSIONS

The objective of the study is to evaluate the nature, quality and extent of the engagement actions between companies and their stakeholders. In order to do so, this study began with a proposition of classification and analysis in 3 different levels of engagement. Our investigation and reviewing of GRI reports has demonstrated that engagement activities with stakeholders can

be not only divided in terms of quality and quantity but can also be classified according to the classification criteria chosen and advanced in this paper as levels of engagement 1, 2 and 3.

Based on the analysis and discussion of the different levels of stakeholder engagement (Level 1 - stakeholder information strategy, Level 2 - stakeholder response strategy and Level 3 - stakeholder involvement strategy), it was possible to observe that the strategies in stakeholder management and engagement actions vary across countries and companies. The classification method applied at this paper which has allowed us to identify different trends on how companies under various contexts (social, economic, etc.) choose to engage their identified stakeholders either in terms of the number of stakeholders as well as the level of engagement as part of their communication strategies.

As already defended by authors such as Noland & Phillips (2010), Johnson & Cramer (2004) and Greenwood (2007), it is important to differentiate the appropriate nature of firms' engagement with their stakeholders and the quality of those relationships. So, the main contribution of this work is a stakeholder's engagement strategies matrix derived from the findings of the reviewed GRI reports under the classification method used at this paper that provides a clear differentiation of engagement strategies. In sum, stakeholders' engagement strategies are not all of the same and should not be considered as a single block.

For future works, we believe that an investigation and analysis of influences over companies of other sectors and industries under different contexts can provide an important contribution to identifying which variables drive stakeholder engagement strategies. Finally, in order to justify why companies should invest in different or more robust stakeholders' engagement strategies, an investigation of companies' performance over the years for each quadrant of the stakeholder engagement strategy matrix can provide an important contribution to the field.

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