

Chapter 17

Sustainability Reporting on Labor Practices: An Examination in Turkey

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ABSTRACT

The aim of this chapter is to understand what is being reported in sustainability reports, specifically on labor practices. It examines which items, to what extent, are disclosed in sustainability reports with regard to employees. Using GRI guidelines, sustainability reports of Turkish banks are examined. The results of the content analysis show that the most focused indicators are related to workforce composition, training, and education, while the least focused indicators are related to suppliers' labor practices. The authors infer that although organizations are willing to be committed to sustainability, their efforts are still limited. In addition, organizations in the sample seem to be dedicated to sustainability in order to conform to the regulations and reduce risks for investors in this stage.

INTRODUCTION

Globalization and free trade has significantly affected all the economies worldwide. Climate change, environmental problems, rapidly increasing world population, social inequity and poverty, and resource consumption more than the reproduction have raised criticism against the corporations (Ehnert, Harry, & Zink, 2014: 4). Changes in the environment, whether global or local, can no longer be ignored by the organizations due to heavy pressures on them. Especially after the 1990s, corporations have started to be seen as responsible for economic, social and environmental problems in the world (Kolk, 2003; Porter & Kramer, 2011), and the effects of these externalities have raised substantial regulatory and societal

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pressures on organizations to focus on sustainability (Cohen et al., 2012; Kolk, 2008). Besides, customers are much more conscious and value-driven (Cohen, 2010: 40), and they are willing to pay more for greener products (Akkucuk, 2011).

In line with these forces, sustainability has drawn great interest among organizations and their stakeholders in the last years (Roca & Searcy, 2012). Due to the changes in the perceptions of the environmental forces, organizations have to transform their operations and culture in line with sustainability. While handling these transitions, they need all their stakeholders' support, especially employees. Thus, labor practices within the organization and employee well-being become very important, if they want to achieve sustainable competitive advantage (Cohen et al., 2012: 1). Besides, HR departments have an essential role to play to turn organizations into sustainable ones. Sustainable HRM literature has risen in an attempt to bridge sustainability and human resources practices (Kramar, 2014).

Organizations that have been targeted due to their negative impacts on the economic, societal and environmental issues, have also been expected to show commitment to their affects (Kolk, 2003). Many organizations have started to show their interests on sustainability issues by publishing corporate sustainability reports. Having realized the interest on sustainability, international bodies have also emerged such as Global Reporting Initiative (GRI) and International Integrated Reporting Council (IIRC) to provide corporate sustainability guidelines and encourage others by showing the best practices in their fields (Sobhani et al., 2009). The aim of this study is to understand what is being reported in sustainability reports, specifically on labor practices. It examines which items, in what extent, are disclosed in sustainability reports with regard to employees. Using GRI guidelines, sustainability reports of Turkish banks were examined.

THEORETICAL BACKGROUND

Sustainability

Economic developments that lead to destruction and extinction of resources were once seen as positive improvements (Savitz, 2013: 30). The focus on the present tense regarding development has started to be altered since the report of World Commission on Environment and Development (WCED). From a systems perspective, WCED defined sustainable development as "the development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (WCED, 1987: 43), and asserted that exploitation of resources, direction of investment, orientation of technological development and institutional change should be decided by considering the long term. Following the definition of WCED, several authors have defined business, corporate or organizational sustainability with similar terms. For example, Dyllick and Hockerts (2002: 131) define corporate sustainability as "meeting the needs of the firm's direct and indirect stakeholders without compromising its ability to meet future stakeholder needs as well." While drawing attention to balance short and long term decisions, Bansal and Desjardine (2014: 71) define it as "the ability of firms to respond to their short-term financial needs without compromising their (or others') ability to meet the future needs." These and other definitions referring sustainability in organizations point out "a long-term focus, promoting inter and intra generational equity, considering stakeholder needs, and addressing the triple bottom line" (Searcy, 2016: 122).

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