

Stakeholders' engagement in sustainability development and reporting: Evidence from Brazil

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Resumo:

The aim of this study was to compare and contrast the parameters of sustainability development and reporting; and the degree of stakeholders' engagement in the processes of social control of the Municipalities of Santo Andre, São Bernardo do Campo, São Caetano do Sul, and Diadema (ABCD) of the greater São Paulo, Brazil. This seems to have been ignited by social responsibilities reporting stimulated by the Multi-National Companies (MNC) to abridge the information gap between the companies and stakeholders. With increasing attention to sustainable business, reporting by MNCs about the social and environmental dimensions of their activities – alongside their economic impacts – has become rather common. The transparency of fiscal management in Brazil, from the Fiscal Responsibility Act has become a legal requirement that can be regularly monitored and supervised by stakeholders. However, a transparent public management goes beyond the disclosure of the instruments of fiscal transparency, but extends to the implementation of the concept of accountability, by enabling citizens to monitor and effectively participate in the acts of government that impact across society. As it is indisputable that stakeholder is a centerpiece of the reporting process worldwide, the engagement of these stakeholders become very relevant. The municipalities of ABCD region selected for examination are very relevant to the Brazilian society (context) in that they count as models for social development, emulated by other municipalities of the country. Our research inquires: what characterizes how, why, by whom and to which directions sustainability reporting is nurtured in Brazilian municipalities? In order to provide for the aforementioned, we adopted a descriptive analysis of multi-case studies for the models of participation of the stakeholders in the sustainable enforcement. We performed content analysis on source documents provided by the said municipalities in their corporate web pages in their processes of sustainability reporting based on the realities of the four environments considering the criteria proposed by Global Reporting Initiative. Overall, our analysis of the data makes us to infer that in order to understand the sustainability reporting in the Brazilian public agencies one ought to know the cornerstone of accountability and transparency which is the fiscal responsibility act. Thus, we built up the concept of “sustainability reporting” which could support researchers and practitioners to interpret the contextual background for understanding reporting in an emerging economy. This in turn paves way for further studies such as comparing the sustainability development and reporting of the municipality in emerging countries with that of the developed economy.

Palavras-chave: Sustainability Development, Social Control, Stakeholders, Municipalities, Brazil

Área temática: Custos aplicados ao setor público

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Abstract

The aim of this study was to compare and contrast the parameters of sustainability development and reporting; and the degree of stakeholders' engagement in the processes of social control of the Municipalities of *Santo Andre*, *São Bernardo do Campo*, *São Caetano do Sul*, and *Diadema* (ABCD) of the greater São Paulo, Brazil. This seems to have been ignited by social responsibilities reporting stimulated by the Multi-National Companies (MNC) to abridge the information gap between the companies and stakeholders. With increasing attention to sustainable business, reporting by MNCs about the social and environmental dimensions of their activities – alongside their economic impacts – has become rather common. The transparency of fiscal management in Brazil, from the Fiscal Responsibility Act has become a legal requirement that can be regularly monitored and supervised by stakeholders. However, a transparent public management goes beyond the disclosure of the instruments of fiscal transparency, but extends to the implementation of the concept of accountability, by enabling citizens to monitor and effectively participate in the acts of government that impact across society. As it is indisputable that stakeholder is a centerpiece of the reporting process worldwide, the engagement of these stakeholders become very relevant. The municipalities of ABCD region selected for examination are very relevant to the Brazilian society (context) in that they count as models for social development, emulated by other municipalities of the country. Our research inquires: what characterizes how, why, by whom and to which directions sustainability reporting is nurtured in Brazilian municipalities? In order to provide for the aforementioned, we adopted a descriptive analysis of multi-case studies for the models of participation of the stakeholders in the sustainable enforcement. We performed content analysis on source documents provided by the said municipalities in their corporate web pages in their processes of sustainability reporting based on the realities of the four environments considering the criteria proposed by Global Reporting Initiative. Overall, our analysis of the data makes us to infer that in order to understand the sustainability reporting in the Brazilian public agencies one ought to know the cornerstone of accountability and transparency which is the fiscal responsibility act. Thus, we built up the concept of “sustainability reporting” which could support researchers and practitioners to interpret the contextual background for understanding reporting in an emerging economy. This in turn paves way for further studies such as comparing the sustainability development and reporting of the municipality in emerging countries with that of the developed economy.

Keywords: Sustainability Development, Social Control, Stakeholders, Municipalities, Brazil

Thematic Area: 5 Costing as applied to public sector

1. INTRODUCTION

The current organizational initiatives focusing disclosure of financial statement aims to reduce information asymmetry and indirectly curb social inequalities. This seems to have been ignited by social responsibilities reporting stimulated by the Multi-National Companies (MNC) to abridge the information gap between the companies and stakeholders. With increasing

attention to sustainable business, reporting by MNCs about the social and environmental dimensions of their activities – alongside their economic impacts – has become rather common. While research has documented sustainability reporting and looked at reports' contents, studies on MNC reporting as institutionalised phenomenon, considering evolving patterns at the firm level, have been lacking (KOLK, p. 367 2010). This has expanded its horizons to include issues concerning environment degradation that indisputably covers the world climate concerns. In this same trend, local organizations (private and public agencies) have taken the lead to implement the Corporate Governance style that considers corporate social responsibility, ethical, transparent, equitable and accountability policies not to mention other checks and balances.

Recently, the current trend of accountability and transparency in the reporting process has started to oblige organizations to voluntarily communicate information on environmental and other non-financial performance (social and economic) to their stakeholders during the disclosure. This process has configured a sustainability reporting, in accordance with the Global Reporting Initiatives (GRI), which means that the organization has reported on all indicators and has provided an explanation about indicators that have not reported against in the financial statements.

This exercise is recognized as an important mechanism for improving corporate sustainability performance. That is, based on generating business value through measurement and management of environmental risks and opportunities, and reporting this information in a fashion that responds to the growing expectations of customers, business partners, investors and the wider community.

In the Brazilian public agency, most particularly in the city management context, engagement of stakeholders in sustainability reporting covers issues relating to: the capability to comply with the rules of Fiscal Responsibility Act; the capabilities of the municipalities to obtain revenues in a sustainable manner in all the segments of her community apart from the States and Federal allocations; the capabilities to implement a social economic and environmental policies; the capabilities to install through a social control measures the stakeholders working group in the reporting process; the capabilities of the stakeholder engagement challenges to handle a localized incident; and the capabilities to implement the Information Communication Technology (ICT) to enhance the sustainability reporting standards.

This is emphasized in Brazil (2000), according to Article 9, subsection 4 of the Fiscal responsibility Act, before the end of May, September and February of each year the executive (Federal, State and Municipal) would have to demonstrate and evaluate the compliance with the fiscal targets of every quarter in a public audience, by so doing report the sustainable development. This consists of an oral exposition so that all and sundries would be in the know of the reporting exercise, thereby characterizing a sustainability reporting.

The engagement of stakeholder in the strategic planning, budgetary dispensation and control, and the sustainability reporting in the municipalities of the democratic societies are privileges of very few modern societies and some transition economies. However, this involvement is in a growing trend, as one would find in Brazil, South Africa not to mention Italy in Europe. South African Constitution and its sector policies promote equitable involvement and benefit among women and men in decision-making and development. Policy requirements prescribe either equal or partial allocation, the latter functioning to foster incremental progress towards equity [...] women are not confident when it comes to community development roles. They must be trained to be confident. Some of them do not even go to participate in meetings, but

those that do, often appoint men to leading positions such as chairpersons of committees (SITHOLE, P., TODES A. and WILLIAMSON, 2006).

These same authors concluded that, economically, as municipalities, eThekweni, Hibiscus Coast, and Msinga are perceived to have survival and sustainability challenges that range from big, to medium and small respectively. This perception of sustainability status correlates to the varied size of urbanisation and the size of revenue generated by the economic activities that these municipalities are able to attract and sustain.

1.1 Research Questions and Objectives

In this regard, the current study inquires into what characterizes how, why, by whom and to which directions sustainability reporting is nurtured in the municipalities of ABCD of Brazil?

In this juncture, this study compares and contrasts the guidelines of sustainability reporting and the degree of engagements of stakeholders in the processes of social control of the Municipalities of, Santo Andre, São Bernardo do Campo, São Caetano do Sul and Diadema (hereinafter municipalities of ABCD region) of greater São Paulo, Brazil with a view to pinpointing the reasons for their differences.

As ancillary objectives, we: a) Identify the sustainability reporting criteria, based on Article 48 of a Supplementary Law nº 101 of May, 4 2000; b) Identify the communal participation of stakeholders; c) Identify the levels of compliance of Global Reporting Initiative by the different management profiles in the municipal governance; and d) Determine a means of enhanced level of engagement.

2. LITERATURE REVIEW

2.1 Stakeholder Responsibility/Engagement

According to Hummels (1998, p. 1408) stakeholders are individuals and groups who have a legitimate claim on the organisation to participate in the decision making process simply because they are affected by the organisation's practices, policies and actions.

In sustainability reporting GRI (2005, p. 7–8), public agencies have a civic responsibility to properly manage public goods, resources and/or facilities in a way that supports sustainable development.

The Brazilian Law no. 4,438 of October 2006 institutes as a responsibility for all Municipal Government (Public Agency) to obligatorily develop a Director Strategic Plan for their municipalities, especially when its inhabitant is within 20,000 or more. However, we have seen the experience of Municipalities with less than 20,000 in population (Joanópolis in the State of São Paulo) developing a Participative Strategic Plan with the assistance of Celso Daniel Chair of City Management in the year 2007 with the participation of this researcher. This shows that the management of the municipality is sensitized about the need of providing for transparency of their government in relation to their stakeholders.

The stakeholder's engagement (SE) is very important in the context of sustainability reporting in Brazil. This is fully documented through the audience in which they participate in the plenary of the municipalities in support of participatory budgeting. SE is a fundamental step

of the reporting process because of its role in defining materiality and relevance of the information communicated (Manetti, p 110, 2011).

2.2 Sustainability Development/Reporting Guidelines

Sustainability as per Finch (2005) lead into an analysis of the five major frameworks covered in the literature: (1) agency view; (2) corporate social performance view; (3) resource-based view; (4) supply and demand view; and (5) the stakeholder view, which is the dominant view.

Sustainability reporting is meaningless if it is not grounded within concepts of accountability and democracy centered on the rights, needs and empowerment of all stakeholders upon whom the accounting organisation has an impact (O'DWYER, UNERMAN and HESSION (2005).

Along the same thought, GRI (2005, p. 8) emphasizes that, public agencies have the objectives to promote the public interest and are expected to lead example in reporting publicly and transparently on their activities.

The guidelines nurture the sustainable development process. Generally, in all literatures researched among which we cite GRI (2005); O'DWYER, UNERMAN and HESSION (2005); Guthrie and Farneti (2008) to mention just a few, all focus on Social development (welfare of the public), Environment development (handling of the soil and the resources) and Economic development (optimization of the revenues derivable).

All indicators developed and brought forward in this process are meant to assist in the monitoring of sustainable development. In the municipalities selected testing they are guided by the indices established in the budgets of the municipalities and in the course of participatory budget the stakeholders use this indicators to monitor the commitments of the public agencies with the stakeholders.

3. METHODOLOGY

The current study adopted a descriptive analysis of the multi-cases of municipalities in ABCD region of São Paulo. As have been perceived, we performed critical analysis of the literature concerning sustainability reporting and later realized a documentary content analysis of data retrieved from the corporate web site of the four municipalities - Santo **André**, São **Bernardo do Campo**, São **Caetano do Sul** and **Diadema**.

This is also in line with Adams and Frost (2006) who mentioned this as a medium for sustainability reporting given the relatively recent advent of the web, and the purported advantages as a communication tool.

According to Godoy (1995) the strategy of case study is adopted to give answers to research questions of which there are no much possibilities of control on the phenomenon studied.

In consonance with this approach Yin (1990) states that to use the case study approach, certain items must be elaborated so as to sustain the direction for the investigation process, they are: research questions, study presuppositions, unit of analysis, linking data to presuppositions and criteria for interpretation of data.

In addition to the aforementioned, case study which should serve as a base of conclusion for other cases should impact socially or politically the environment in which it is installed, apart from economic significance in terms of market and competition. Of these variable mentioned the municipalities: Santo **André**, **São Bernardo do Campo**, **São Caetano do Sul** and **Diadema** have a considerable role.

Furthermore, we borrowed a leaf from the criticized GRI guidelines as presented by Guthrie and Farneti (2008) to nurture our assembling of alignment of the four municipalities in regard to the public agency indicators of sustainability reporting, see table 2.

This sketch ought to bring to the knowledge of the populace while highlighting certain indicators as they expresses some meanings to them in patterns of accessibility, broadness, and intelligibility of the communication tool.

Table 2. Public agency indicators

<i>Code</i>	<i>Indicator</i>
PA02	State the definition of sustainable development used by the public agency, and identify any statements or principles adopted to guide sustainable development policies.
PA03	Identify the aspects for which the organization has established sustainable development policies.
PA04	Identify the specific goals of the organization for the each aspects listed in PA3.
PA05	Describe the process by which the aspects and goals in both PA3 and PA4 were set.
PA06	For each goal, provide a description of the indicators.
PA07	Describe the role of and engagement with stakeholders with respect to the items disclosed
PA11	Describe procurement policy of the public agency as relates to sustainable development.
PA12	Describe economic, environmental, and social criteria that apply to expenditures and financial commitments
PA13	Describe linkages between the public agency's procurement practices and its public policy priorities.
PA14	Percentage of the total value of goods purchased that were registered with voluntary environmental or social labels and/or certification programmes, broken down by type.
PA15	Administrative Efficiency

Adapted from Guthrie and Farneti (2008 p.364)

Thus, to guide the data analysis we take on to the following presuppositions. The acute streamline of the Strategic Director Plan towards harnessing all the resources of the municipalities of ABCD region of São Paulo is related to sustainable development experienced by the regions.

4. DATA ANALYSIS

Upon classifying data derived from the corporate web pages of the four municipalities and associated documents, we analyzed the realities of the four environments based on the criteria proposed by Global Reporting Initiative (GRI, p. 8, 2005) and guidelines for sustainability development and reporting proposed by Dumay; Guthrie; Farneti (2010) totally remodeled to suite the necessities of Brazilian environment.

The summaries of our analysis for the municipalities of ABCD region have been grouped in separate sketches for public agency alignment with sustainability guidelines in tables 4.1, 4.2, 4.3, and 4.4.

Table 4.1 Public agency alignment with sustainability guideline - Santo André

<i>Code</i>	<i>Indicator</i>	<i>State of the Art of the implementation of the indicator by Santo André</i>
PA01	Development of director plan to meet up with the requirements of sustainability reporting	Santo André developed a director plan that supports the development and implementation of sustainability reporting. This is in line with Brazilian Law no. 4,438 of October 2006 that institutes mandatory Director Strategic Plan for municipalities with more than 20,000 inhabitants.
PA02	State the definition of sustainable development used by the public agency, and identifies any statements or principles adopted to guide sustainable development policies.	The transparency portal aims to disseminate information to organs of the Agency online. It provides information on the payroll expenses (Human Resources), the Budget Planning as authorized by the City Council on budget execution of the exercise, with expenditure data with suppliers in diverse forms. In a nutshell, accountability is a public right of citizens and an important tool for the exercise of democracy.
PA03	Identify the aspects for which the organization has established sustainable development policies.	Obligatory (Economic, Environmental and Social development) aspect in compliance with Supplementary Law 131 27 th May, 2009 of Article 48 of Brazilian Law 101 of 4 th May 2000.
PA04	Identify the specific goals of the organization for the each aspects listed in PA3.	Keep track of variation in revenue management. In practice, the economic figures ending September 2010 in comparison with same period of 2009. Revenue was R\$ 1,6 Billion with increase of 30,7% in relation to 2009; Social development spent R\$ 1,6 billion with of 91% increase and Payroll R\$ 182,7 millions with increase to the tune of 53,4%
PA05	Describe the process by which the aspects and goals in both PA3 and PA4 were set.	Goals were set as regards the use of the soil, environmental education for the use of materials; cost reduction and economic sustainability.
PA06	For each goal, provide a description of the indicators.	As an explanation of economic sustainability when analyzing energy use (175,000Kwh) and generation of jobs in Santo André, we found that the year 2010 marked the resumption of productive activity after the recession of 2009. Still, the levels of electricity use in industry are presented below that of 2008
PA07	Describe the role of and engagement with stakeholders with respect to the items disclosed	By emphasizing participatory budgeting, a special section shows the record of audience with stakeholders in the plenary where budget and realizations have been debates and approved.
PA11	Describe procurement policy of the public agency as relates to sustainable development.	The procurement policies oblige the Agency to make all procurements available to the public, where it is not needed or is exempted, information is made available in the corporate web page.
PA12	Describe economic, environmental, and social criteria that apply to expenditures and financial commitments	Expenditures and financial commitments have been planned in line with the limits of FRA. However, Career Development Plan was approved recently and the will likely increase payroll by 5% after 2010. Among other commitments is the Court of Justice has released a lump sum of R\$ 4.4 million to pay Precatory for 82 beneficiaries for the period preceding 2010.
PA13	Describe linkages between the public agency's procurement practices and its public policy priorities.	The highest priority of the Agency spending lies within the social development (R\$ 1,6 billion) which is practically the same thing as Social development.
PA14	Administrative Efficiency	The efficiency is derived from the comparison with FRA indicators of revenue, expenditures and financial commitments apart from administering debt burdens with suppliers. In 2010 fiscal year the Agency deposited into the accounts of Federal Justice the equivalent of 2% of its revenue to cover precatory owed to 82 beneficiaries of more than 20yrs that has grown to approximately R\$ 35,227,782.41.

Table 4.2. Public agency alignment with sustainability guideline - São Bernardo do Campo (SBC)

<i>Code</i>	<i>Indicator</i>	<i>State of the Art of implementation of the guidelines by São Bernardo do Campo</i>
PA01	Development of director plan to meet up with the requirements of sustainability reporting	São Bernardo implemented a director plan that supports the sustainable development and reporting. This is in line with Law no. 4,438 of October 2006 that institutes obligatory Director Strategic Plan for municipalities with more than 20,000 inhabitants.
PA02	State the definition of sustainable development used by the public agency, and identify any statements or principles adopted to guide sustainable development policies.	Portal of transparency of SBC is a tool that enhances the access of the populace with updates of information about revenues and expenditures; payrolls, procurements. Also include details about budgetary planning and execution. It is in general a channel for accountability.
PA03	Identify the aspects for which the organization has established sustainable development policies.	Obligatory aspects in compliance with Supplementary Law 131 27 th May, 2009 of Article 48 of Brazilian Law 101 of 4 th May 2000. Specifically it embraces (urban development; economic development; social development; environmental development; infra-structure; urban transit & transport; habitation; preservation of assets and culture; use of the soil, etc.
PA04	Identify the specific goals of the organization for the each aspects listed in PA3.	Technical sub-committees of the areas of director plan are charged to study and propose policies for sustainable development of SBC. Specifically, through the ordinary Laws of the Municipality, (no. 6045/2010; 6024/2010; 6021/2010; 5991/2009, etc) ratifies the various City Council for every sub-area of the Director Plan to ensure adequate execution to meet up their acceptable indicators.
PA05	Describe the process by which the aspects and goals in both PA3 and PA4 were set.	The goal above were set considering restrictions which one can observe in the statements of Revenues, Expenditures, as it relates to compliance with Fiscal Responsibility Act (FRA)
PA06	For each goal, provide a description of the indicators published and show how.	Through economic indicators generated (<i>Dieese- Departamento Interindustrial de Estatísticas e Estudos socioeconômicos; FIPE – Fundação Instituto de Pesquisa Econômicas; FGV- Fundação Getulio Vargas; USC – Universidade São Caetano do Sul</i>) principal economic indicators are published by <i>Economic Bulletin of SBC</i> .
PA07	Describe the role of and engagement with stakeholders with respect to the items disclosed	A special section shows the record of audience with stakeholders in the plenary where budget and realizations have been debates and approved.
PA11	Describe procurement policy of the public agency as relates to sustainable development.	SBC procurement policy aims to supply material to meet up projects. Contract goods & services, receive stock, authorize inclusion and disposal, issue certificates to contractors, and develop skills for jobs done in-house.
PA12	Describe economic, social and environmental criteria that apply to revenue, expenditures and financial commitments.	Budgeted Revenue for 2010 was R\$ 2.034.805.000 composed by most relevant figures as, Taxes R\$ 613,070,000 and Federal Allocations R\$ 1,145,776,000. Expenditure R\$ 2.579.536.000 the following figure in order of relevance: Health R\$ 563.802.000; Education R\$ 492,709,000; Administrative Expenses R\$ 372,349,000; Urbanization R\$ 243,239,000; Transport R\$ 248,628,000. No individual figures were earmarked for environmental care.
PA13	Describe link between the public agency's procurement practices and its public policy priorities.	A priority of current government of SBC is Health. Intends to complete the Clinical Hospital, increase number of beds in ITU- Intensive Therapy Unit. The relationships health figures for the period ending December 2010 was: Total Revenue R\$1,571,985,085.77 and Health Expenses R\$ 352,907,482.55 worth 22,46%
PA14	Administrative Efficiency	The efficiency is derived from the comparison with FRA indicators of revenue, expenditures and financial commitments.

Table 4.3 Public agency alignment with sustainability guideline - São Caetano do Sul

	<i>State of the Art of the implementation of the indicator</i>
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<i>Code</i>	<i>Indicator</i>	<i>by São Caetano do Sul</i>
PA01	Development of director plan to meet up with the requirements of sustainability reporting	In a more analytic form, São Caetano developed a director plan that supports the development and implementation of sustainability reporting. This is in line with Law no. 4,438 of October 2006 that institutes obligatory Director Strategic Plan for municipalities with more than 20,000 inhabitants.
PA02	State the definition of sustainable development used by the public agency, and identify any statements or principles adopted to guide sustainable development policies.	São Caetano defines its sustainable development as constructing a generation of success.
PA03	Identify the aspects for which the organization has established sustainable development policies.	Obligatory aspect in compliance with Supplementary Law 131 27 th May, 2009 of Article 48 of Brazilian Law 101 of 4 th May 2000 and a breakdown in policies for a good number of area such as: Agents fro the Villa, Standby attendance, Counselors Coordination of Social Actions, Arbitration, Sewage/Water, College of Technology, Memory Revival, Social Fund, Sports/Tourism, Urban Services, Heath, Economic Dev, Inland Revenue, Environment dev., Mobility studies, Works, Security and Information Technology.
PA04	Identify the specific goals of the organization for the each aspects listed in PA3.	Efficient Accountability by participatory budgeting, water/sewage for all, transport counts with implementation of metro, transparency installed internal audit, health coordination installed physical education and prevention of sexually transmitted diseases through quick diagnosis, etc
PA05	Describe the process by which the aspects and goals in both PA3 and PA4 were set.	Through participatory budgeting and the likely involvement of every level of government of the municipality, one sees the absolute transparency in the definition of viable goals in line with revenues.
PA06	For each goal, provide a description of the indicators.	No specific indicator has been specifically shown on the corporate Web page. However, through the analysis of the financial statements all indicators: employees, infrastructure-investments, educations, health, etc are line with FRA. Of the most priorities of the municipalities of ABCD region São Caetano is the best. For instance it has the least death tool of newly Born of Brazil. Being 9 deaths to 1,000 babies as reported by the Secretary of Heath of the State of São Paulo.
PA07	Describe the role of and engagement with stakeholders with respect to the items disclosed	All the stakeholders participate fully through participatory budgeting. This establishes periodic audiences in the Council plenary for the hearing on items of the municipal budget.
PA11	Describe procurement policy of the public agency as relates to sustainable development.	Special reporting link have been given to procurements and for *everyone to access their interests.
PA12	Describe economic, environmental, and social criteria that apply to expenditures and financial commitments	Considering a good number of industries and spare parts producers in the Municipality São Caetano have no course for alarm albeit the tax disputes among municipalities far from the ABCD region who tries to woo the entry of such industries with the promise of tax holidays. São Caetano has the highest HDI (human development indicator – 0.919) in Brazil compared to the EU for instance Forli-Cesena Province, Italy is 0.849. It is the forth city if Brazil in matters of savings.
PA13	Describe links between the public agency's procurement practices and its public policy priorities.	Priorities in São Caetano ie Health. The agency's procurements practices matches with it public policies in this regard. The municipality presents the least prenatal death in the state of São Paulo.

PA14	Administrative Efficiency	The efficiency is derived from the comparison with FRA indicators of revenue, expenditures and financial commitments apart from comparing the Brazilian public administrations burden – employee payrolls.
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Table 4.4 Public agency alignment with sustainability guideline – Diadema Municipality

<i>Code</i>	<i>Indicator</i>	<i>State of the Art of the implementation of the indicator by Municipality of Diadema</i>
PA01	Development of director plan to meet up with the requirements of sustainability reporting	Diadema developed a director plan that supports the development and implementation of sustainability reporting. This is in line with Law no. 4,438 of October 2006 that institutes obligatory Director Strategic Plan for municipalities with more than 20,000 inhabitants.
PA02	State the definition of sustainability reporting used by the public agency, and identify any statements or principles adopted to guide sustainable development policies.	Administrative transparency is one of the commitment of the municipal public management with the dwellers of Diadema
PA03	Identify the aspects for which the organization has established sustainable development policies.	Obligatory aspect in compliance with Supplementary Law 131 27 th May, 2009 of Article 48 of Brazilian Law 101 of 4 th May 2000. And at the corporate web site you can monitor budgetary dispensation, revenue, expenditures as well as the state of art of Fiscal Responsibility and reports on public audience.
PA04	Identify the specific goals of the organization for the each aspects listed in PA3.	Constantly feed the (SIAFEM – Sistema Administração Financeira Estadual e Municipal) System with data relating to monitoring of budgetary execution of the Agency.
PA05	Describe the process by which the aspects and goals in both PA3 and PA4 were set.	The goal above were set considering restrictions which one can observe in the statements of Revenues, Expenditures, besides Figures showing the needs for compliance with Fiscal Responsibility Act (FRA)
PA06	For each goal, provide a description of the indicators.	N/A. Specific indicators are not shown however, systems printouts shows financial statements and budgetary realization.
PA07	Describe the role of and engagement with stakeholders with respect to the items disclosed	In Diadema the population accompanies the audiences held in public plenary of the Municipality where the statements are shown and discussed.
PA11	Describe procurement policy of the public agency as relates to sustainable development.	The procurement procedures and stakeholders involved are shown in the Web page of the Agency
PA12	Describe economic, environmental, and social criteria that apply to expenditures and financial commitments	Of the four municipalities of ABCD region Diadema is the less favoured economically, however, through time it has strived to develop it social and environmental aspects which tries to brings it to near equilibrium in relation to the others. The relationships of financial commitments for the period ending December 2010 is: Total Actual Expenditures was R\$ 619, 889,767.87. Actual Revenue for the periods was R\$ 679,671,146.54
PA13	Describe public agency's procurement practices and its public policy priorities.	A priorities of Diadema have been summed up in three principal items (Infrastructure, Daycares, Education and health). For these items a budget of R\$667,307,953.00 have been earmarked.
PA14	Administrative Efficiency	Diadema seems to have a tight administrative efficiency is derived from the comparison with FRA indicators of revenue, expenditures and financial commitments.

In effect, watching closely well the above tables, we would observe that since the ABCD municipalities exceeds 20,000 inhabitants, they all have Director Strategic Plans to enhance sustainable development and reporting as indicated in PA1 of tables 4.1, 4.2, 4.3 and 4.4 respectively, this makes them comply with the requirements of Fiscal Responsibility Act of Brazil the principal motor for sustainable development in Brazil.

As per PA2, statement of the definition of sustainability reporting used by the public agency, and identification of statements or principles, their wordings looks homogeneous, in general, they emphasize that Management transparency is one of the commitment of the municipal public management, tool that enhances the access of the populace with updates of information about revenues and expenditures; payrolls, procurements and it also enable the stakeholders to exercise democracy.

The identification of the aspects for which the organization has established sustainable development policies PA3 tends skewed. When we compare Santo André, São Caetano, São Bernardo and Diadema; São Bernardo seems to be braver in terms of implementation of PA03 when it exceed the provisions of Article 48 of Brazilian Law 101 of 4th May 2000 by additionally emphasizing apart from policies about economics, social and environmental, covers infrastructure; urban transit & transport; habitation; preservation of assets, culture and use of the soil. São Caetano is in the same line with the development of physical and territorial development policies in addition to the mandatory ones. Santo André and Diadema have their skewness in a separate direction to maintain status quo.

As per PA04, the main goals of the agencies vary, Santo André - Keeps track of variation in revenue management; São Bernardo - Technical sub-committees of the areas of director plan, charged to study and propose policies for sustainable development of SBC; São Caetano - Efficient Accountability by participatory budgeting; and Diadema - Constantly feed the (*SIAFEM – Sistema Administração Financeira Estadual e Municipal*) System with data relating to monitoring of budgetary execution of the Agency.

Overall, in PA05, the agencies' goals have been set considering restrictions which one can observe in the statements of Revenues and Expenditures but fundamentally anchored on Fiscal Responsibility Act (FRA).

Regarding PA06 which guides toward reporting of indicators looks very timid. None of the ABCD municipality ventured to show sustainability indicators in the reporting process. However in the periodic bulletins produced in some of the allied journal, some of the indicators are shown. Users are given a tedious job to locate these indicators with extra job.

Concerning PA07, all the municipalities emphasizes participatory budgeting owing a special section to show the record of audience with stakeholders in the plenary where budget and realizations have been debated and approved.

With the guidance of PA11, all the municipalities show their procurement procedures and reporting all over their corporate web sites, duly clarified. This no doubt would enables any stakeholder to give complains or enumerate his discontentment about administrative procedures and sick redress if any in the procurement process.

The ABCD region was opportune in matters of revenue in that (between 50s and 80s) it was seen as the base of Brazilian development. With the concentration of the Automobile industries (GM, VW, Mercedes, Scania, Rolls Royce Motors, to mention just a few) which always worked with the spare parts industries by generating income in the brother agencies. This no doubt described the economic, environmental, and social criteria that apply to expenditures and financial commitments of the allied municipalities. Suffice it to say that of the four municipalities of ABCD region Diadema is the less favoured economically, however, through time it has strived to develop it social and environmental aspects which tries to brings it to near equilibrium in relation to the others.

In respect of PA13, even though São Bernardo do Campo is seen as the richest neighbour, its priorities do not look so different from others albeit customized in terms of their Revenue. Something is unanimous, each of the municipality has healthcare as utmost priority and the budgets reflect on this. São Bernardo has earmarked for Health Expenses R\$ 352,907,482.55 worth 22.46% of its revenue for the period ending December, 2010. We have a total sewage disposal and portable water for our pregnant women, for newly born and we have improved this system all the while. Adding to this number of projects was development that makes us obtain these indicators, affirmation of the coordinator of social actions (MUNICIPALITY OF SAO CAETANO DO SUL, 2011).

In Santo André efficiency is derived from the comparison with FRA indicators of revenue, expenditures and financial commitments apart from administering debt burdens with suppliers. São Bernardo's efficiency is derived from the comparison with FRA indicators of revenue, expenditures and financial commitments. São Caetano do Sul has its efficiency derived from the comparison with FRA indicators of revenue, expenditures and financial commitments apart from comparing the Brazilian public administrations burden – employee payrolls. Diadema seems to have a tight administrative efficiency is derived from the comparison with FRA indicators of expenditures and financial commitments considering the meager revenue as compared to the rest.

5. DISCUSSION

In general, the ABCD municipalities have shown that they act on need-to-know-reporting, thereby focusing on sustainability reporting by essentially including mandatory reporting (economic, social and environmental) for public sector in compliance with Supplementary Law 131 of 27th May, 2009 of Article 48 of Brazilian (Law 101 of 4th May 2000) Fiscal Responsibility Act. Therefore, the elements of voluntary reporting that tends to consolidate the GRI have not been felt. Notwithstanding, the municipality of São Caetano do Sul has taken the bull by the horns by reporting in addition to mandatory items by addressing information such as: physical and territorial sustainable development. This is interesting as we borrow a leaf from Dumay; Guthrie and Farneti (2010) that cited [...] public and third sector organizations have yet to take up sustainability reporting with the same fervour as the private sector.

The transparency of public accounts where more specific in the municipalities of Great ABCD and has won more prominence to the edition of Complementary Law No. 101/2000. But the transparency of these municipalities is still incipient as they follow just the FRA format. Some design their reports according to different stakeholders; others disclose according to sections of their business, or environmental and social issues. Some companies just follow externally developed guidelines, such as the Global Reporting Initiative (GRI) guidelines (ZHANG, GAO and ZHANG, 2007 pp 97).

In general, transparency should characterize all activities performed by public managers, so that citizens have access and understanding of what government officials have realized from the power of attorney entrusted to them. In the context of fiscal transparency, it means the possibility of monitoring clear, transparent budget execution and public finances.

The transparency of fiscal management in Brazil, from the FRA has become a legal requirement that can be regularly monitored and supervised by stakeholders. However, a transparent public management goes beyond the disclosure of the instruments of fiscal transparency, but extends to the implementation of the concept of accountability, by enabling

citizens to monitor and effectively participate in the acts of government that impact across society. The government portals are the new channels to provide services, information and communication between citizens and their government. Charts reflect the many government portals, without entering the citizen as subject of the informational process that involves the City and Society. These portals do not reflect coherently, the citizen's perspective, but that of agency. According to Cruz, Ferreira, Silva and Macedo (2010) the implementation of electronic portals and services are available activity that require experience with the citizen, sensitivity and planning by the town halls. Thus it is necessary to determine the degree of social culture, accessibility and responsiveness of using this service, and its undeniable contribution to the accountability of government and encouraging the pursuit of social democracy.

What has the knowledge that economic indicators have been the priorities in the past impacted in sustainability reporting? Certainly this has assisted adequate planning and implementation of strategic controls. In fact, a reduction in investment shown in economic development begins to show some signs of concern as the ABCD region begins to witness migration of industries to other municipalities of the country. Albeit the collegiate of the Mayors of the municipalities seems to be expediting on this issue that looks crucial for their sustainability by giving it the paramount value creation to maintain their municipality. It is commonly recognized that nowadays social and environmental aspects, and more in general stakeholder-linked issues, are becoming important corporate value drivers (ZAMBON and DEL BELLO 2005, pp. 130),

Considering the relatively small revenue of Diadema as compared to other municipalities, which generates extreme socioeconomic deprivation, one would not be mistaking if one tries to associate its sustainable development state to the crime rate being skyrocketed while comparing it to brother municipalities.

6. CONCLUDING REMARKS

In order to comprehend sustainable development and reporting in the municipalities of the Greater São Paulo regions and probably have some prognostics about other municipalities of Brazil, it is important to take into consideration macro determinants that affect the administration of such agencies that entirely rest on the Fiscal Responsibility Act.

By comparing the main indicators of sustainability reporting that is mandatory by the Fiscal Responsibility Act the municipalities seems to be more concerned about the social problems, probably as a result of federal allocations to offset their administrative bills than concentrating in reporting *per se* to the fullest extent that would reach the prescriptions of Global Reporting Initiatives.

The municipalities have tried to streamline their Strategic Director Plan towards harnessing of all the resources of their municipalities. However, the growing population constrains have outweighed the budgetary allocations from the federal government (and other current revenues) that fall short of resources to effectively tackle social aspects of sustainable development.

This rapid population growth has led to a massive migration (of industries) to other municipalities of Brazil. This makes us note that a creation of a sustainable value requires that the installing companies of the ABCD regions consider the essence of sustainable development that reigns in the whole country through the FRA.

In this regard, we conclude that the fiscal responsibility act is the cornerstone of sustainability reporting, in other words, accountability and transparency in the Brazilian public agencies.

Thus, we built up the concept of “sustainability reporting” which could support researchers and practitioners to interpret the contextual background for understanding reporting in an emerging economy through institutionalization.

As an insight for further studies, we would recommend comparing the sustainability development and reporting of the municipality in emerging countries with that of the developed economy.

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