A new study finds that corporate sustainability reporting often focuses on issues that are unimportant to stakeholders, and offers specific suggestions to improve the content of future corporate sustainability reporting efforts.

"Right now, most corporate entities rely on guidelines from the Global Reporting Initiative (GRI) when developing their sustainability reports," says Marianne Bradford, a professor of accounting at North Carolina State University and lead author of a paper on the work. "We wanted to know whether stakeholders – particularly consumers – care about the aspects of sustainability those GRI guidelines promote. And our findings show that it’s a mixed bag."

"These findings are important because industry standards on sustainability reporting are evolving," says Scott Showalter, a co-author of the paper and professor of practice at NC State. "As a result, it’s valuable to have a good understanding of the sustainability issues important to consumers, who are the most important, influential group of corporate stakeholders.

"And these results are also timely," Showalter adds. "The Sustainability Accounting Standards Board is currently developing measures for 70 different industries. To move forward with those efforts without considering the needs of all stakeholders would be a mistake, and our study offers insight into the perspective of a very important group of stakeholders."

To determine the issues important to consumers, the researchers first compiled data on sustainability reporting from 15 companies in wide range of industries, ultimately amassing a list of 145 types of activities that companies reported. They then winnowed the list down to 71 activities that were unambiguously associated with one of the six GRI sustainability "dimensions."

Such dimensions include "economic," such as reducing trade barriers; "product responsibility," such as disclosing serious accidents related to products; and "environment," such as utilizing renewable energy resources.

The researchers then surveyed 505 professionals, asking survey participants to what extent they thought each of the 71 sustainability activities was important to sustainability. Specifically, survey respondents were asked to answer the questions in their role as consumers, rather than in any professional capacity.

"An in-depth analysis found that some of the GRI dimensions did not resonate with consumers at all – particularly the economic and product responsibility dimensions," Bradford says.

But other issues were clearly seen as important – including some issues that were not clearly addressed by the GRI sustainability dimensions. The researchers used the survey responses to identify six sustainability dimensions that consumers felt were important. And, for each dimension, the researchers included a list of specific actions that consumers highlighted as most relevant:

- Environmental Stewardship: including minimizing climate impact, sustaining biodiversity and recycling;
- Risk and Compliance: including the implementation of training and education efforts related to risk reduction;
- Community Building: including investing in community revitalization;
- Social Justice: including prohibiting child labor and supporting laws that prohibit discrimination;
- Employment Opportunities: including offering leadership training; and
- Employee Education: including providing employees with information on how to
protect their personal data.

"What is clear from our findings is that if a corporation is serious about sustainability, these are the things that it should be doing – as ends in themselves," says Paul Williams, a co-author on the paper and professor of accounting at NC State.

"It's about how you operate your business, not just what you're reporting," agrees Showalter.

The researchers note that since conducting their survey, but before publishing the findings, the GRI independently modified its own sustainability dimensions – adding a seventh dimension that focuses on risk and compliance.

"So, clearly, we were not the only ones who identified this as an important area for stakeholders," Bradford says.


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