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Social Environmental Disclosure Between Gri-Sustainability Reporting and IIRC – Integrated Reporting Among European Companies

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Abstract

This critical approach study examines the social and environmental disclosure (SED) between Sustainability Reporting (SR) and Integrated Reporting (IR) among European companies. This paper argues that IR abandons sustainability and might overlap with the functions of SR. The research questions are to examine the integration level of SED within SR and IR and look for the patterns and motifs from reviewing both reports. Applying the critical text analysis method, the GRI G3 guidelines were used to examine a sample of ten European companies. This method is applicable as it does not have rigid procedures to follow (Merkl-Davies et al., 2013). The reports for the selected companies must incorporate fully applied IR without producing any more SR in order to analyse the validity of the data. This study has discovered that there is less integration of SED in IR than SR. The analyses continued by reading and reviewing all reports to identify patterns and motifs. Company strategy and regulatory requirements, reporting style, the crucial issues of the materiality and the development of new sections in the reports were all explored. It is apparent that the IR approach is more towards the primary groups (investors) rather than other stakeholders, society and the environment as a whole. Hence, IR is only a mirror of sustainability for business strategy. Therefore, IR needs to engage reports with other stakeholders to sustain long-term growth.

Keywords: social and environmental disclosure, sustainability reporting, integrated reporting, global reporting initiative, IIRC

1. Introduction

1.1 Research Background and Motivation

Reporting on sustainability has developed significantly in the past three decades (Stubbs and Higgins, 2014). Especially in the recent ten years, there has been a momentous rise in SR amongst large multinational companies (Kolk, 2010). SR creates SED and brings great improvement of the quality of reports focusing on the Triple Bottom Line (TBL); social, environmental and financial disclosure (Bebbington, Unerman and O'Dwyer, 2014). There are, additionally, worries that SR may have been 'caught' by organisations trying to increase hegemonic power (accaglobal, 2012). The conviction that the preparation of corporate reporting on sustainability resulted from an exploration in social and environmental reporting can possibly effect on and transform corporate conduct (Bebbington and Gray, 2001). However, this sentiment usually may unable to achieve (Bebbington and Gray, 2001). Notwithstanding the important and late development in SR, the most recent confirmation concluded that almost all the world's largest 250 companies report on Corporate Responsibility (CR) and that 'Reporting is now the norm across all these sectors, with at least 62 percent of companies in every sector producing a CR report' (GRI, 2015). This shows that the practice of corporate sustainability disclosure has increased dramatically as the GRI produces according to stakeholder demand and raises awareness of the potential of disclosure towards organisation goals.

SED brings new channels of communication to influence the public. Through filling of the legitimacy gap (Archel et al., 2009) and increase legitimacy gap (Bouten et al.2011), SED delivers a positive image to companies and expands financial reporting (Bebbington, Unerman and O'Dwyer, 2014). Types of the disclosure include parts of annual reports, stand-alone reports, press releases and corporate websites (Bebbington, Unerman and O'Dwyer, 2014). Companies attempt to convince society that they have stakeholders' interest at heart and that they share common goals by using SED in social and environmental reporting as legitimising mechanism of companies to its stakeholders (Deegan et al., 2000; Deegan, 2002, 2007; and Mathews, 2004).

Development of SED has been influenced by the arrival of IR in 2010. IR contains about organization's plan, governance, performance and prospects in a brief delivery report, for its external environment through the value creation for short, medium and long-term (IIRC, 2013). IR merges SED and financial reports in a single report (de Villiers et al, 2014).

2. Literature Review

2.1 Social Environmental Disclosures (SED)

SED practices are intended to legitimise business organisations and develop strategies of legitimating (Archel et al., 2009). The existence of SED is explained by the emergence of legitimacy theory (LT) on the interaction between social value and acceptable behaviour of organisations (Dowling and Pfeffer, 1975). LT is defined by de Aguiar and Bebbington (2014) as a strategic way for an organisation to disclose good news and convince stakeholders to repair damaged legitimacy using certain legitimacy strategies. For example, SED has been used as a legitimating purpose in the CEO statements of SR. Despite expanding the standardisation of SR, the statements pinpoint management impression rather than accountability (Barkemeyer et al., 2014). The degree to which corporate SR serves as a reasonable representation of corporate sustainability-related performance involves drawing a similarity with financial reporting (Barkemeyer et al., 2014). Patten (2014) suggests that, in order to make SED a corporate legitimacy, it should become a tool of the public interest in the form of stand-alone reports rather than mandatory reports.

SED helps to manipulate social perceptions of environmental aspects by showing consistent beliefs and contributions (de Aguiar and Bebbington, 2014). However, according to Patten (2014), the practices of SED do not form the main agenda for obtaining high profit levels, as SED is more concerned with nurturing the image of environmental concern rather than catering for environmental actions. Additionally, environmental reporting has been developed to 'thicken the veil' (Patten, 2014, p. 201), covering environmental impact rather than transparency for the public interest.

According to the findings of Lu and Abeysekera (2014, p. 426), corporate SED has positive connections with firm size, profitability and industry classification. As suggested by numerous studies, other factors considered to be determinants of SED are organisational practice, participation among the pressure groups and media profile (Gray et al., 2001).

2.2 GRI Guidelines

Of all the standards that are available, the GRI guidelines are the most influential guidelines adopted by various organisations in preparing SR (Gomes et al., 2015), aiming to establish a generally accepted framework (Bebbington et al., 2014). The GRI guidelines target on the TBL by analysing information that is applicable and material to organisations for stakeholder's interest (GRI, 2013). The analysis finds that 78 percent of the best 100 organizations within 41 nations and 82 percent of the highest ranking within 250 organizations from the Global Fortune 500 use these guidelines (Gomes et al., 2015).

GRI was established in 1997 and the guidelines have been formally published since 2000 by the Coalition for Environmentally Responsible Economies (CERES) and the United Nations Environmental Programme (UNEP) (Isaksson and Steimle, 2009). The significant operator embedded within GRI guidelines enhances the quality of SR (Kolk and Perego, 2010; Perego and Kolk, 2012) and engaging most stakeholders, including the community and environment (Gray et al., 2014).

2.3 Sustainability Reporting (SR)

SR focuses on much wider attention and is intended to inform several different groups of stakeholders (Busco et al., 2013). As pointed out above, this challenges the usefulness of SR and stresses the role of materiality as to prioritize the needs of all stakeholders. SR is voluntary, with the exception of some countries, and exists in the context of a continuingly evolving situation (Busco et al., 2013). As with most widely employed standards for disclosure, the scope of SR goes beyond the legal entity and the assurance level is low, in the sense that non-financial information is more challenging to assure compared to financial information (Busco et al., 2013).

Lodhia (2014) has highlighted that SR is a new strand of accounting and a relatively new phenomenon which recognises social and environmental issues as critical and needs to be communicated effectively to stakeholders. The benchmark to measure a sustainable society can be divided into 'strong' and 'weak' criteria (Monfreda et al., 2004). Strong sustainability assumes that natural capital irreplaceable and essential for example air and water; whilst weak sustainability builds when assets total is preserved within the human well-being (Monfreda et al., 2004). In terms of natural capital, it is very difficult to maintain rather than weak sustainability as when environmental and ecological services being destroyed, technology may be capable of restoring it (Monfreda et al., 2004).

Strong sustainability can be related with the environmental impacts. The analysis of the banks past reports by Lodhia (2014) indicates that it defines its environmental risks as both direct and indirect (Lodhia, 2014). Direct environmental risks include the usage of the natural resource, emissions and waste generation, whilst indirect environmental risks occur through the financial products and services offered, suppliers and partnerships (Lodhia, 2014).

2.4 Integrated Reporting (IR)

The existence of IIRC in developing practice and policy within IR has been recognised globally (De Villers et al., 2013). However, IIRC was not the pioneer in this area as IR’s guidelines have been introduced in South Africa when IIRC not yet existed(Cheng et al., 2014). IIRC introduces a pilot program that monitors the implementation of IR whereby the early implementation exists during the period between 2009 to 2012 (Ioana & Adriana, 2013). The pilot program offers to companies to demonstrate global leadership in the field of corporate reporting (unepfi.org). It involves companies as well as investors with the support of IIRC and peer group feedback from other participants (unepfi.org). The intention of the pilot program is to develop a new global standard in IR and aims to demonstrate the connection between organization’s plan, financial achievement, governance, social, environmental and economic matter(unepfi.org).IR objectives to furnish a concise report that demonstrates an organisation’s social, environmental and economic actions, risks, outcomes and opportunities to reflect the integration of an organisation in terms of measurement and management (de Villiers et al., 2014).

2.5 Differences between SR and IR

The difference between SR and IR can be distinguished by the capital terms. As for IR, the IIRC states that only capitals that are important and relevant to the organizations to be classified as capitals (IIRC, 2013), thus allowing for a fix application of the framework. However, Busco et al (2013) argue that IR is not able to measure the stocks for the six capitals and their variations (flows). For some capitals, IR only measures some specific aspects, employing such indicators as a proxy for the whole capital (Busco et al., 2013). Clearly, outcomes are much more difficult to measure; this may be a further evolution and one of the main challenges IR will have to face (Busco et al., 2013). While IR takes into account the measurement (in terms of stock and flow) of capitals, which have clear similarities with balance sheets and income statements respectively, SRs report on the impacts of company activities (Busco et al., 2013). Conversely, SRs, the approach of natural capital (Monfreda et al., 2004) is significant in the reports concerning the environment impacts either direct or indirect impacts (Lodhia, 2014).

Table 1. Comparison between SR and IR

Components	Sustainability Reporting (SR)	Integrated Reporting (IR)
Primary Audience	Stakeholders	Shareholders
Main Focus	Measuring impacts (value protection) – Long -Term	Value Creation –short, medium and long-term
Perspectives	Backward -Looking	Forward Looking
Capitals	Natural Capital	Multiple Capitals
Material Principle	Aspects that should be covered: • Organisation significant impacts: social, environmental and economic or • Control elements for decision-making and stakeholders’ assessment	Organisations capability to create value by changing the assessments of financial capital providers

3. Research Methodology

3.1 Method Selection

This study adopts a primarily interpretative or critical approach to analyse the content of SR and, immediately, the introduction of IR. In this approach, there are three forms of textual analysis to be distirenguished (Merkl-Davies et al., 2011), starting with the scientific analysis involved in the positivist search methodological approach; for example, calculating sentences, words, coding and paragraphs and moving to ‘interpretative text analysis’ and ‘critical text analysis’ (Merkl-Davies et al., 2011). As both Global Reporting (GRI) – SR and IIRC – IR represent significant SED, this study compares the results from conducting critical text analysis and measuring the extent of reporting. Specifically, as critical text analysis approach does not adopt positive scientific research, it does not abide by fix arrangement of procedures (Merkl-Davies et al., 2011).

3.2 Research Questions and Design

This study aims to answer the research questions as below:

Research Question 1: How does the measurement of integration of SED, moving from SR to IR?

Research Question 2: What are the patterns and motifs that exist in the introduction of IR compared to SR?

Both research questions will involve two aspects of research. First, this study aims to measure the integration level of SED between SR and IR. Second, the study discusses the patterns and motifs in the process of reviewing all both reports pertaining to social and environmental consideration.

The following factors contribute to this: the gathering of data from small samples is applicable as generalisation in order to show the population (Fairclough, 2003). In order to respond to the purpose of the study, small samples can be analysed to find distinctive research perspectives (Fairclough 2003). Moreover, the demand of quasi-scientific codings is not applicable in social constructivist to textual analysis (Merkl-Davies et al., 2011). However, the analysis depends on the researcher itself on the measurement approach (Merkl-Davies et al., 2011).

Analysis of SR and IR is undertaken by deep reading and reviewing the reports of ten selected companies, interpretatively taking out elements of social and environmental information. The content of SED in the reports was analysed using a simple measurement.

The first measurement was of the integration level of SED between SR and IR. Instead of measuring using simple calculation, it highlights the development of SED in reports and checkups the spread/scope of SED throughout the reports. The process of measurement is being executed by considering the sections of each report that reported on social and environmental information, for example, the chairman’s statement, risk management, corporate governance review and business review. This process is being done to escape positivist counting of ‘mentions’ or sentences or paragraphs. However, it generates an image of analysis by an adequate link between the social and environmental information and therefore, integration between them can be effectively recognised. This measurement adopts the GRI G3 guidelines as indicators to evaluate the results. In the analysis, measurement of SED is being done when the positive relationship occurred between the total number of elements and the integration level. When the total number of elements is increasing, it shows that the integration level is also the same. Eventually, using the approach undertaken in the analysis, several measurements have been calculated as follows:

- Accumulation difference overtime (ADOT) measures the total change (expand/diminish) in the number of sections in the reports reviewed where each element of social and environmental information appears.
- Proportion of positive difference of a number of sections measures the proportion of elements in each category (social and environmental) that are reported in an increased number of sections over the period.
- Proportion of positive and no difference of a number of sections measure the proportion of elements in each category (social and environmental) that are reported in an increased and no change in number of sections over the period.

Subsequently, in order to draw out a range of patterns and motifs, methods of interpretative and critical textual analyses of the report are beneficial. These patterns and motifs develop through the interpretative analysis by deep reading and reviewing all the reports. Through the deep reading and reviewing, the analysis detected any changes of image, figures and information as it became integrated.

3.3 Sample Selection

Ten samples of ten companies are relevant in this research, representing high social and environmental impact. As this research focuses on European companies, these selected companies have been chosen with the condition that the companies must have fully implemented IR without producing any more SR. Although most European companies have established sustainability in their businesses, the analysis undertaken by the IIRC (integratedreporting.org) indicates that only ten percent of companies have disclosed non-financial information in their reports. This shows that there is still a lack of reporting disclosures engaging in the reports.

Table 2. Summary of Samples of the Companies

Company	Industry	Year of SR	Year of IR
Deutsche Borse Group	Construction Services	2011	2012
ENBW	Electricity Energy	2011	2012
Grupa Lotos, Poland	Oil and Gas	2008	2009
Indra Spain	Telecommunication	2007	2008
Melia Hotel International	Tourism	2012	2013
Munich Airport	Transportation	2009	2010
Novo Nordisk, Denmark	Healthcare	2003	2004
Royal BAM Group	Construction Services	2013	2014
Royal DSM	Life and material sciences	2009	2010
Uralsib	Financial Services	2010	2011

4. Results and Analysis

4.1 Measuring the Integration Level

4.1.1 Interpretation of Findings: Measuring the Integration Level

Table 3 concludes the total ADOT score for each company in terms of social and environmental aspects, including the proportion positive difference and the proportion positive and no difference in the social and environment sections. In terms of the ADOT of the social aspect, this has shown that only three of ten companies increased disclosure in IR. Most of the companies disclosed around 70 percent fewer elements of social aspect in IR. On the other hand, ADOT for the environmental aspect showed that only four companies increased their environmental disclosure and only one company had no change in environmental disclosure. A justification for the lower score is because most companies have just introduced IR as new reporting and are still trying to adopt IR. Furthermore, the reports were combined with financial information and therefore, companies tried to balance between financial and sustainability/non-financial information.

In addition, the table shows that the proportion of the positive difference in social elements ranges from 0 percent to 48 percent. The justification of these results presents that companies responded to social issues for more than half of the report content instead of limiting the reporting to financial information. However, the social content represents minor parts of the report instead of other elements such as risk and governance, financial and business scopes. In the aspect of environmental information, the measures range from 0 percent to 43 percent of elements, showing a positive difference in the number of sections where they are presented. This scenario is similar to social elements as the range incurred is almost the same. The percentage shows that fewer environmental elements are reported and disclosed in IR. It seems that companies focused on other sections during the integration as more information needs to be disclosed in one particular report. This study also shows the percentage of elements in the number of sections for positive and no difference, where the interpretation further indicates the deficiency of negative change: in very few scenarios, SED were disclosed in fewer sections as IR has been introduced.

Based on the analyses undertaken, a few patterns and motifs arose: company strategy and regulatory requirements, reporting style, the crucial issues of materiality and the development of new sections in the reports.

Table 3. Summary of the sample companies measuring the integration level

Company	Type of Industry		Social Aspect	Environment Aspect
Deutsche Borse Group	Construction Services	Total ADOT	+18	0
		Proportion of positive difference in number of section	48%	40%
		Proportion of positive and no difference in number of section	88%	77%
ENBW	Electricity Energy	Total ADOT	-20	-22
		Proportion of positive difference in number of section	10%	0%
		Proportion of positive and no difference in number of section	65%	50%
GrupaLotos	Oil and Gas	Total ADOT	-11	-1
		Proportion of positive difference in number of section	0%	3%
		Proportion of positive and no difference in number of section	73%	93%
Indra	Telecommunications	Total ADOT	-7	-14
		Proportion of positive difference in number of section	18%	30%
		Proportion of positive and no difference in number of section	85%	87%
Melia Hotel International	Tourism	Total ADOT	-25	-17
		Proportion of positive difference in number of section	5%	20%
		Proportion of positive and no difference in number of section	60%	47%
Munich Airport	Transportation	Total ADOT	+6	+14
		Proportion of positive difference in number of section	43%	23%
		Proportion of positive and no difference in number of section	78%	77%
Novo Nordisk	Healthcare	Total ADOT	-1	+2
		Proportion of positive difference in number of section	10%	10%
		Proportion of positive and no difference in number of section	70%	97%
Royal BAM	Construction Services	Total ADOT	+1	+36
		Proportion of positive difference in number of section	13%	43%
		Proportion of positive and no difference in number of section	80%	100%
Royal DSM	Life and Material Sciences	Total ADOT	-9	+2
		Proportion of positive difference in number of section	10%	23%
		Proportion of positive and no difference in number of section	50%	87%
Uralsib	Financial Services	Total ADOT	-28	-11
		Proportion of positive difference in number of section	0%	0%
		Proportion of positive and no difference in number of section	58 %	63%

4.2 Company Strategy and Regulatory Requirements

The process of deep reading and reviewing all the reports showed that reporting for the scope of social and environmental issues is driven predominantly by company strategy and regulatory requirements. These results corroborate the ideas of Bouten et al. (2009) and Archel et al. (2009), who suggested that SED increases legitimacy and regulation intervention. This can be seen in the analysis, undertaken in line with CSR (corporate social responsibility) and company strategy (Grupa Lotos Group).

In terms of company strategy, for example in Deutsche Borse Group, the implementation of integrated reporting is driven by company strategy. The following CEO letter (Deutsche, 2012, p. 14) states that:

We are supporting a large number of initiatives to promote sustainability: We place particularly high value on *our membership of the United Nations Global Compact and the implementation of its principles regarding human rights, labour, the environment and anti-corruption. After focusing strongly on our own sustainability performance and reporting in the past, which was again rewarded by our inclusion in key sustainability indices in 2012, we are now turning our attention to fostering transparency for holistic investment strategies on the global capital markets.*

However, as most companies move on to IR, the application of the GRI guidelines is still applicable in the report. Some companies literally acknowledged the adoption of the GRI guidelines or other guidelines such as the TBL Indicator or the Accountability Standard AA1000. For example, Novo Nordisk's IR year 2004 states on page 58 that:

Novo Nordisk reports – and has done so since 2002 – in accordance with The Global Reporting Initiative's (GRI's) 2002 Sustainability Reporting Guidelines. The Guidelines require reporting in accordance with 11 principles and against a list of 97 sustainability performance indicators, of which 50 are core indicators that must be reported on. On the website is a GRI index with an overview of the full 'in accordance' reporting.

This is also similar to the case of Melia Hotel, when their first IR was introduced:

'This first Integrated Report on Meliá Hotel International is intended to comply with the core idea of the most innovative international standards: to report on the relevant information for the stakeholder groups' (Melia Hotel, p. 11).

Interestingly, in the case of Novo Nordisk, business strategy for the short and long-term looks forward to the diabetes care programme. Most topics in Novo Nordisk reported the issues of diabetes in terms of prospects and interviews with diabetes patients. The result of this report is similar to the case of Islam and Deegan (2010), which mentions that topics that received greater amounts of negative media coverage affect the corporation but that reaction involved provision of positive disclosure on the topics. Although both results are different in terms of topics, the greater coverage of Novo Nordisk had a significant impact on the readers of the report, encouraging them to be aware of the importance of curing diabetes patients.

4.3 Reporting Style

For Royal DSM, the use of images for IR brings a new scope of SED (Royal DSM, 2010 pp. 16–27). This result can be justified by the fact that images explain people, community, health and environment, showing that stakeholders create value for companies, aligning with the purpose of IR. A previous study undertaken by Duff (2011) on evaluating images observed inconsistent results on whether images are portrayed as producing value for clients and society. The analysis done by Duff (2011) classifies the insufficiency of gender and race in the annual reviews. Duff (2011) finds that the job functions and locations represented inequality and stereotyping even though the annual reviews show the firm's build value for its clients and society. These findings may help to understand that images give significant indicators to the readers on how well the companies are doing at being transparent to their stakeholders.

In the case of Munich Airport's IR, the reporting style moves to IR, not only integrated for the focus of corporate strategy and for diverse business. However, this combined report focuses on the expansion of the airport's infrastructure and efforts to protect the environment, fights against climate change, advance and retain employees and engage with local communities and the wider encompassing region.

4.4 The Crucial Issues of the Materiality

Materiality issues are the main concern for organisations to disclose in IR. This can be seen in the IR of Melia Hotel, as stated on page 11 and further explained on page 77:

Its production was based on the results of the materiality analysis for 2013. An attempt has been made to adapt the content of the information most relevant to the Company and to its Stakeholder Groups, bearing in mind where this information is relevant (location and setting).

In 2013, and in order to reinforce the integrated reporting model, Meliá proposed to its different stakeholder groups the analysis of materiality. The results can be consulted in this annual report; using the model of dialogue with stakeholder groups.

These results further support the idea of materiality discussed by Hsu et al. (2013); this explains materiality issues in IR. Materiality represents a concept deriving from financial reporting that the organisation's financial statements and investors being controlled by the economic decisions (Hsu et al., 2013). Furthermore, materiality performs a significant role to report information (Hsu et al., 2013). In addition to quantitative and qualitative aspects, materiality can fix an inaccuracy or misrepresentation of annual reviews reports (Hsu et al., 2013).

However, it is crucial to determine the magnitudes of materiality in the aspects of external and internal standard (Hsu et al., 2013). The company should, therefore, consider disclosing the materiality criteria in accordance with 'significance to stakeholders and organization' in deciding the priority of reporting (GRI, 2011).

A different case; that of the Royal BAM Company, states that:

In BAM's aim to create an integrated approach that concentrates on matters that are critical to achieving BAM's goals and managing its impact on society, the Group has conducted a materiality assessment. Material motifs are those that substantively affect BAM's ability to create value over the short-, medium- and long-term (Royal BAM, 2014, p. 18).

The Materiality Matrix displays the prioritisation of matters based on their relative importance to BAM and to BAM's stakeholders. It should be noted that opinions of various stakeholders and appreciation in BAM's home markets may differ. Table 4 shows the high and very limited materiality concerns of Royal BAM's stakeholders.

Table 4. Materiality Components in Royal BAM

Materiality Component	
High Materiality	**Very Limited Materiality**
• social compliance	• freedom of association
• local communities	• collective bargaining
• diversity	• labour practices grievance mechanisms
• equal opportunity	• human rights assessments
• energy emission	• supplier assessment for impacts on society
• employee performance	• supplier human rights assessment
• waste	• environmental compliance
• transparency	• equal remuneration
	• human rights grievance mechanisms
	• social public policy
	• grievance mechanisms for impacts on society

4.5 Development of New Sections

This section discusses the development of new sections being analysed by looking at sections that involve social and environment categories correspondence with the GRI G3 guidelines. According to the Table 5, as IR being introduced, the number of sections has shifted throughout the period. This change has decreased the number of sections for all companies except Uralsib, which shows no difference in the number of sections.

Regardless, the reporting content of the section titles has changed and emerges to show an adjustment with the later introduction of IR. Although sustainability information has been integrated with more sections of the later reports, IR has less variety of sections that prioritize sustainability related issues. For example, in the Uralsib reports, there is a 'Charity' section in SR, while in IR it is called 'Social Investment and Charitable Programs'. Additionally, SR includes 'Personnel Training', while IR calls this 'Personnel Management and the Internal Social Policy'. A possible explanation for this might be that the combination of financial and non-financial disclosures tends to shorten all information in one specific report. Furthermore, the company intention might be to disclose only relevant information to stakeholders. These results differ in the case of ACCA (2012), which examines annual reports and integrated reports. However, as both cases represent different phenomena, sustainability issues are raised here. Sustainability issues are driving the company to engage with their stakeholders.

Looking at different perspectives, IR is more focused on CSR sections rather than environmental aspects. For example, in the analysis of Deutsche Borse Group, sections for 'acting for climate change protection', 'social commitment' and 'education and research' are included in SR but not in IR. According to Carrol and Shabana (2010), businesses currently have sufficient power to sustain themselves, so there is no reason to wield additional power such as social and environmental power. Generally, CSR refers to company obligation to deal with their impact on the community at large and respond ethically and does not necessarily incorporate sustainability. On the other hand, sustainability concerns long-term focus and preservation of resources.

Surprisingly, Royal BAM IR found the development of new sections derived from the additional sections in the assurance part. This finding was unexpected and suggests that these procedures were intended to fulfil the rational objectives as disclosed by the company.

Table 5. Summary of development of new sections

	Number of sections		Number of Section Expand (+) or Diminish(-)
Company Name	**SR**	**IR**	
Deutsche Borse Group	24	15	-9
ENBW	34	15	-19
Grupa Lotos	68	33	-35
Indra, Spain	22	20	-2
Munich Airport	23	16	-7
Melia Hotel International	34	16	-18
Novo Nordisk	30	19	-11
Royal BAM Group	44	25	-19
Royal DSM	20	12	-8
Uralsib	16	16	0
Total	**315**	**187**	**-128**

5. Conclusion

5.1 Findings and Implications

This study has found that the majority of the ten European companies being examined disclose less SED when moving to IR. As regards integration, SEDs which matches with the GRI G3 guidelines do not appear in the main reporting. In earlier IR reports, sustainability of SED information is being reported into specific sections such as ‘sustainability reports’ and also mentions in the Chairman’s statement. It can be seen that obvious deficiency of integration level of social and environmental information. Yet, most reports exhibited on SED were repeated with different phrasing and often exaggerated in the report. Therefore, it can be possibly justified that most of the companies’ reports showing relatively less information of SED.

On the other hand, the companies might have a limited knowledge about IR’s approaches. Consequently, the companies are ambiguous as to exactly what an IR ‘should’ include and what it ‘should’ look like.

Furthermore, the second analysis reviews the patterns and motifs arising from deep reading both reports, with respect to social and environmental consideration. This study found that most companies’ moves to IR are driven by company strategy and regulatory requirements, reporting style, the crucial issues of materiality; and the development of new sections. As conclusions for overall patterns and motifs, the reports formulate a discussion about stakeholder accountability eloquence, focusing on investors. From the results, the report trends focus on the value of investors rather than the value of society, as mentioned in the previous literature. With regard to the analysis of section’s reports (titles) solely demonstrates a particular shift in the intensity of the reports, with companies utilising more towards investor-approach titles as narratives help investors to sustain their businesses. The introduction of IR gives priority to directors to express through reporting, for example, directors’ opinions about climate change, changed to reflect growing business strategy. Such a movement could demonstrate that companies try to legitimise themselves to society. Additionally, the introduction of IR seems to focus on shareholder decision making rather than society and the environment as main priorities. Although the concept of sustainability has already been embedded in IR, this does not necessarily guarantee that IR produces solely empty rhetoric as reporting will achieve its capability to alter corporate behaviour.

5.2 Recommendations

This study suggests that one way of improving SED in IR is to expand the information disclosed in the reports. Rather than merely repeating the same information in the reports, the way in which significant or material information is reported could be briefer, avoiding exaggerated repetition. Repeating important information in the report merely increases the quantity of SED and does not contribute an enhancement in the quality of reporting or represent more ‘integrated reporting’ of information. Nonetheless, the integration of SED could be increased by a number of sections in the reports to improve non-financial information within the corporate reporting.

More broadly, research is also needed to improve the quality of IR in relation to SED (all basic practices and policies) for organizations to seek the opinions of their major stakeholders that they report; these views could be included within the reports – for example, major stakeholders’ views in relation to the activities incorporated in IR, such as disease (diabetes, AIDS, HIV), employee training, climate change, waste reduction and biodiversity. In turn, these would improve the new dimension of IR that is currently lacking. Additionally, this would assist companies to build an energetic integration between reporting and behaviour as IR does not want to become externally ‘good’ but internally ‘bad’ by transforming corporate behaviour in relation to social and environmental issues.

Another recommendation is for IR to include an assurance statement by an independent assurer in order for SED to convince investors and other stakeholder groups. This can be done by hiring assurance practices in order to secure the information to be transparent and accountable to all stakeholders including environment and community.

5.3 Suggestions for Further Research

It would be interesting to assess the reaction of users' views of sustainability in IR, including primary groups (investors) as well as other influential stakeholders (clients, employees, local communities, government and suppliers). The research could ask the primary group (investors) whether the reports improve companies' accountability to them as shareholders. Furthermore, investors could ask which parts of IR represent weakness to them and how to counter any problems. Eventually, further research could also relate to other stakeholders' engagement when moving from SR to IR.

Lastly, further studies could also be conducted in terms of examining the media agenda and setting theory implementation in SED, as well as whether media coverage gives good opportunities to represent positive disclosure to stakeholders.

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