

Implementing an Inaugural Sustainability Reporting Process: An Abstract

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Abstract Since there are no formal requirements for corporate sustainability reporting, companies often need advice on how to approach it. The process requires a set of diverse resources and capabilities to implement it. However, organizations are unaware of precisely which ones are essential to embark on the reporting effort, thus necessitating guidelines for first-time reporting. Prior studies report that companies' major deterrents of producing sustainability reports include data collection difficulties, choice of performance indicators and materiality analysis, reporting format, stakeholder involvement, sensitivity of disclosed information, costs, and effort.

We propose a framework for engagement in first-time sustainability reporting for organizations. Following the resource-based view, we organize the necessary resources for the reporting process into three groups – tangible, intangible, and personnel – and match them with the required capabilities. As the report is an information product, the only tangible resource necessary for engagement is financial capital. The intangible resources include technology, organizational knowledge, and culture. Regarding personnel, there should be specific employees assigned to the task and leaders who support the process. These are matched with the capabilities of data integration and communication, team building across silos, organizational learning, and internal marketing. The role and importance of the outlined resources and capabilities would vary according to the different stages of the report development process – planning of the report process, stakeholder engagement, definition of indicators, data compilation, and production of the report. All these variations

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would depend on the primary motivation for sustainability reporting – compliance vs. prevention/proactive behavior.

We illustrate the framework with a case study of two US companies implementing the GRI's Sustainability Reporting Guidelines. The first one is an organization in the forest and paper sector at the elementary stage of implementing a reporting process. The second one is a major service sector organization at the stage of data compilation for the preparation of the final report. Data were collected through online semi-structured questionnaires with the most senior sustainability officers. We map the companies' actions to the proposed framework and discuss the gaps. We comment on the main facilitators and obstacles of sustainability reporting implementation identified by the firms. The study concludes with practical recommendations for first-time reporting organizations.