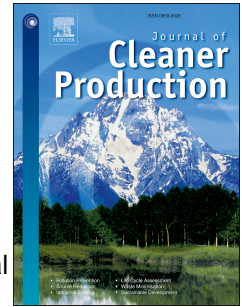


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Sustainability management and reporting: The role of integrated reporting for communicating corporate sustainability management

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Abstract

According to the International Integrated Reporting Council (IIRC), integrated reporting (IR) should disclose the leading indicators that managers use in their sustainability decision processes and thus overcome traditional silo thinking. In this respect, IR could favor the integrative management of sustainability. Yet some scholars are more critical and argue that IR cannot contribute to sustainability management.

This article contributes to the debate by analyzing how IR adopters communicate managerial aspects of corporate sustainability. Drawing on impression management studies, this study seeks to detect manipulations in this disclosure practice. A manual content analysis of reports available on the IIRC website and a multivariate statistical analysis reveal that firms offer biased IR disclosures. Firms not only provide limited forward-looking and quantitative disclosure of their actions to achieve sustainability outcomes but also avoid providing information about their sustainability performance when their social and environmental results are poor. The evidence suggests pessimistic conclusions about the capability of this reporting process to encourage the integrative management of corporate sustainability.

Keywords: Integrated reporting; sustainability management; sustainability reporting; sustainability accounting; leading indicators; impression management.

1. Introduction

Firms encounter strong pressures to behave in sustainable ways and be transparent about their sustainability practices (Lozano and Huisingh, 2011), by communicating about the actions they have taken and results achieved in terms of the economic, social, and environmental dimensions of sustainability (Elkington, 1998). In response, companies may conveniently adopt an integrative management to measure, manage, and report on their sustainability performance (Schaltegger and Wagner, 2006a). Specifically, firms may rely on sustainability accounting, a comprehensive «process of the collection, analysis and communication of sustainability-related information» (Bennett et al., 2013, p. 3) and integrate sustainability management accounting (SMA, defined as internal performance measurement tools and information that help managers address sustainability issues) with external sustainability reporting (SR), which communicates information about how the company acts to improve its economic, environmental, and social effectiveness and efficiency (Daub, 2007). These efforts should contribute to corporate sustainability (Lozano and Huisingh, 2011), though for SR to have an impact on sustainability attitudes, practices, and culture

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