Exploring the Link between Sustainability Reporting and Sustainability Management: A Conceptual Framework

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Abstract

Sustainability management and Sustainability Reporting (SR) practices have dramatically increased during the last two decades, raising important questions about the relationship between internal practices and external communication. Previous literature on SR has almost exclusively highlighted the role of institutional and stakeholder pressures in driving its adoption. However, as surveys among reporters also identify internal benefits of SR, its full role for company-level sustainability management remains unclear.

In order to address this question, we develop a framework accounting for four SR configurations, stemming from different levels of relative importance of external and internal motives for SR. A multiple case study involving four large Spanish companies serves to illustrate the framework and to identify company-level factors that act both as enablers and barriers of SR internal relevance. We conclude that motivations for SR, along with such internal factors, decisively influence its contribution to sustainability management.

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Introduction

Sustainability Reporting (SR) has increasingly become mainstream practice for organizations all over the world during the last two decades (Kolk, 2010; KPMG, 2011; European Union, 2011). Contributing to this uptake, a number of standardized instruments, such as the Global Compact's Ten Principles or the Global Reporting Initiative (GRI) Guidelines, have been developed in order to provide companies with ways to systematically assess, measure and communicate their social and environmental performance (Gilbert et al., 2011). By May 2013, more than 48,000 sustainability reports from roughly 10,000 companies could be found on the website www.corporateregister.com.

In addition, despite the lack of consensus on definitions (Dahlsrud, 2008) and underlying rationales (Bansal and Roth, 2000; Garriga and Melé, 2004; Margolis and Walsh, 2003), a growing number of businesses declare to integrate Corporate Social Responsibility (CSR) and sustainability concerns into the corporate agenda (MIT Sloan and Boston Consulting Group, 2011). For such sustainability orientation to be deployed in practice, companies need to be provided with measures of social and environmental performance in order to understand their current situation and evaluate potential choices (Schaltegger and Burritt, 2010; Searcy, 2012).

These two related phenomena raise the question about the role SR practices can play in supporting company-level sustainability efforts. Previous literature has stressed the importance of external determinants of SR, such as institutional and stakeholder pressures (Gray, 2007; Deegan, 2007; Kolk, 2010). However, surveys among reporters suggest a wider array of corporate motivations for SR (GRI, 2012; KPMG, 2008, 2011; see table 1), including external motives, arising from external pressures for socially responsible behaviour, but also internal motives, driven by the desire to benefit from SR in operational terms (Boiral and Roy, 2007; Ansari et al., 2010).

Given the external focus of previous academic research, the organizational dynamics of SR within firms have received considerably less attention (Searcy, 2012) and relatively few studies have assessed SR use at the company-level (Adams and Frost, 2008; Adams and McNicholas, 2007; Gond and Herrbach, 2006). Furthermore, an examination of the potentially complex interplay between external pressures for adoption and internal use is absent. This lack of research seems particularly poignant as the phenomenon of “decoupling” (Meyer and Rowan, 1977; Weaver et al., 1999) between formal adoption of ethical initiatives and actual internal practice is considered to be one of the biggest threats to the success of accountability standards (Gilbert et al., 2011; Perez-Batres et al., 2012).

This article seeks to address this gap by examining the influence of external and internal motives in corporate approaches to SR. In order to do so, we develop a framework that categorizes ideal-type

SR configurations based on different levels of relative importance of internal and external motives. In essence, we argue that these underlying motivations shape the nature of SR and its contribution to company-level sustainability management practices. The framework establishes four different quadrants stemming from the combination of weak and strong levels of external and internal motivations. Then, a multiple case study including four large Spanish companies with different SR configurations allows us to explore the different areas of the framework and to identify benefits as well as organizational challenges for each of them. Our findings provide support for our basic assumption concerning the diversity of SR practices, suggesting that motivations for SR decisively influence its multiple impacts and its contribution to sustainability management.

Given that companies selected were reporting against the GRI guidelines, an exploration of how this specific standard is used at the company-level is also provided. Indeed, greater understanding of company-level approaches to SR should be beneficial in order to develop more effective SR standards and regulations. This might be particularly important in light of current SR developments, such as the new GRI G4 guidelines (GRI 2013a; 2013b), the works of the International Integrated Reporting Council (IIRC, 2013) and the upcoming European Union regulation for social and environmental disclosure (European Commission, 2013). As these initiatives put a strong emphasis on the need to engage with stakeholders, internally and externally, in order to identify and report material aspects (GRI, 2011; 2013a; 2013b) and value creation (IIRC, 2013), more company-level research on the specific dynamics of SR implementation and use will be needed.

The remainder of the article is structured as follows: we first review the existing literature on drivers for SR adoption, highlighting the limited attention hitherto awarded to internal motives and uses of SR. We then argue for a more fine-grained examination of the interplay between external and internal uses, which we try to address by proposing a framework covering four different SR configurations. Next, we present and discuss the results of the multiple case study against the framework, exploring the challenges and opportunities associated with different corporate uses of SR. Finally, we discuss the implications of this work and identify further research opportunities.

Theoretical Background

The sustainability reporting phenomenon

Corporate voluntary disclosure of social and environmental issues is not a new phenomenon. Early practices of social and environmental reporting can be traced back to the 1960s and 1970s (Owen and O'Dwyer, 2008). However, over the last 20 years we have witnessed an unprecedented increase in the adoption of this practice. According to KPMG triennial surveys, the percentage of Global Fortune 250 (G250) firms publishing an environmental or corporate responsibility report (the term "corporate responsibility reporting" has been used in KPMG surveys from 2002 onwards), increased from 10% in 1992 to 35% in 1998, 60% in 2004 and 95% in 2010. (Kolk, 2003; 2010; KPMG, 1993; 1999; 2005; 2011). In the European Union, the European Commission estimates that 2500 out of a total of 18,000 large European companies regularly undertake some form of sustainability reporting (European Commission, 2013).

One of the factors that have contributed to the widespread adoption of SR has been the release of the different versions of the Global Reporting Initiative (GRI) Guidelines. First introduced in 2000, today the GRI Guidelines are considered to be the most comprehensive and influential reporting guidelines available (Toppinen and Korhonen-Kurki, 2013; Brown et al., 2009a; 2009b; Levy et al., 2010), with 80% of (reporting) G250 firms and more than 5,000 organizations worldwide using them (KPMG, 2011; GRI database, 2013).

Surveys conducted among reporters have provided an understanding of the drivers behind the adoption of sustainability reporting practices (KPMG, 2011; GRI, 2012; European Union, 2011; Kolk, 2010), highlighting the existence of external motivations, linked to broader social, political and cultural contexts, and internal motivations, linked to the management of sustainability issues at the company-level (see table 1). Building on this distinction, we review theoretical and empirical examinations of SR adoption and use in the next two subsections. A third subsection then comments on the specific role of the GRI guidelines in contributing to better sustainability management practices.

External motives	Internal motives
Demonstrate compliance with local regulations and public norms	Improve organizational performance
Provide transparency to a range of stakeholders	Improve collaboration across functions in the organization
Manage reputation	Greater awareness of sustainability throughout the organization
Licence to operate and campaign	Improve risk management
Improved all-round credibility	Identify strategic opportunities
Ability to communicate efforts	Employee motivation
	Innovation and learning

Table 1: examples of external and internal motives for SR (source: KPMG, 2011; GRI, 2012; Kolk, 2010).

External motives of SR adoption

External motives to disclose social and environmental information have been approached from different theoretical perspectives, including legitimacy theory (Suchman, 1995; Deegan 2002; 2007), neo-institutional theory (Di Maggio and Powell, 1991; Larrinaga-Gonzalez 2007) and accountability theory (Gray, 2001; Gilbert et al., 2011). Even if their underlying rationales for SR significantly depart from each other (Solomon and Lewis, 2002), all of these theories focus on the external outcomes of SR (see table 1).

Strategic and neo-institutional approaches to legitimacy

Strategic (Pfeffer, 1981; Deegan 2002; Deegan, 2007) and institutional (Di Maggio and Powell, 1991; Scott, 1995; Larrinaga-Gonzalez, 2007) approaches to organizational legitimacy (Suchman, 1995) conceive voluntary information disclosure as a way for organizations to comply with social expectations about what is considered to be good corporate behaviour. However, they adopt different stances concerning the extent to which organizations are actually able to influence such perception (Suchman, 1995).

Studies adopting the strategic perspective envision organizational legitimacy as a managerial resource, emphasizing the ability of organizations to influence how they are externally perceived (Pfeffer, 1981; Deegan 2002; Deegan, 2007). Empirical studies in this stream have thus highlighted how SR can be a means to create an impression of social conformity (O'Dwyer, 2002) and to influence the political agenda (Larrinaga-González et al., 2001). The relationship between the level of disclosure and stakeholder pressures (Roberts, 1992; Tilt, 1994; Perez-Batres et al. 2012), media coverage (Deegan et al., 2002) and specific events (such as environmental disasters) (Patten, 1992; Darrell and Schwartz, 1997) has also been studied from this perspective.

In contrast, work within the neo-institutional tradition has tended to emphasize the fact that social expectations tend to fall beyond the managerial (and manipulative) scope of companies (Suchman, 1995; Larrinaga-Gonzalez, 2007). From this perspective, legitimacy is rather a consequence of cultural, social and legal alignment (Scott, 1995), transcending any single organization's purposive control (Suchman, 1995). As a result, neo-institutionalists predict a homogenization of organizational practices, through a combination of coercive, normative and mimetic processes (Di Maggio and Powell, 1983). Analyses of SR practices informed by this perspective (Kolk, 2003; 2005; 2010; Bebbington et al., 2009; Halme and Huse, 1997; Amran and Haniffa, 2010) show how patterns of SR adoption might be better explained by economic, social, political and cultural institutionalization mechanisms, rather than by unconstrained, purposive choice of managers.

Accountability theory

Significantly departing from these two theories in terms of the underlying rationale for SR, accountability theory emphasizes the right of stakeholders to be duly informed about relevant corporate activities and impacts (Gray, 2001; Gray et al., 1995, Gilbert et al., 2011). From an accountability perspective, the information to be disclosed must be determined on a normative basis according to its legitimate receptors, not on a business-oriented one (Gray, 2001; Gray, 2007). This perspective thus calls attention to the limitations of current voluntary disclosure regimes, deemed to be largely controlled by corporations (Gray, 2002; Moneva et al., 2006), as well as to the poor quality of current sustainability disclosures (Comyns et al., 2013).

Internal motives of SR adoption

Albeit constituting a significant research gap in the literature (see calls for more research in this field in Adams (2002), Adams and Larrinaga-Gonzalez (2007), Parker (2005) and Kolk (2010)), internal motives seem to play an important role concerning the adoption and use of SR. According to the latest KPMG International Survey of Corporate Responsibility Reporting (2011), *employee motivation*, *innovation and learning* and *risk management/risk reduction* can be found among the five top drivers for reporting as stated by G250 companies. In a similar vein, a GRI survey (2012) among 738 reporters identified *improve organizational performance*, *improve collaboration across functions in the organization, improve risk management* and *identify strategic opportunities* as top ten reasons for reporting (see table 1 for a list of internal motives). The literature on non-reporting companies has also shed some light on this phenomenon (Martin and Hadley, 2008; Stubbs et al. 2012). Investigating the reasons for corporate non-reporting within the FTSE 350, Martin and Hadley (2008) found that implementation challenges were actually thought to be more significant than reputational considerations, in turn providing evidence against the idea of corporations deciding on SR adoption purely based on external motives.

However, apart from such reporters' (and non-reporters') accounts, examination of the internal dynamics of SR and the way they might bring about organizational benefits is very limited (Adams, 2002; Searcy, 2012). Existing studies have explored two particular areas: SR as a process supporting organizational learning and change (Adams and McNicholas, 2007; Adams and Frost, 2008; Gond and

Herrbach, 2006) and the role of SR indicators as an information management tool (Marshall and Brown, 2003; Schaltegger and Burritt, 2010).

Adams and Frost (2008) empirically examined the process of developing Key Performance Indicators (KPI) for SR purposes in four British and three Australian firms. In particular, they described how KPI were developed and then used in decision-making, planning and performance management. They concluded that "*despite being driven by the business case rather than a concern with accountability to stakeholders, our research points to a link between sustainability reporting and organisational change aimed at improving sustainability performance for our sample organisations*" (Adams and Frost, 2008, p. 300). In a similar vein, Adams and McNicholas (2007) described the development of a SR framework within an Australian company from an organizational change perspective, identifying the challenges and opportunities associated with its development and integration into planning and decision-making. However, although mentioning the GRI guidelines as a potential source of KPI, none of these studies actually discussed whether GRI principles and guidance were considered in the process of developing the reporting framework. In addition, no reference was made to external factors (such as potential constraints on content and format imposed by stakeholders) that could have influenced the process.

Regarding SR indicators as an information management tool, Marshall and Brown (2003) investigated the relationship between the use of different types of metrics (such as past- or future-oriented) and several external and internal firm configurations, suggesting a relation between the choice of metrics and internal information priorities and needs. From a broader sustainability accounting perspective, the role of sustainability indicators and measurement frameworks in order to inform corporate decision-making has been investigated by a larger number of studies (e.g. Searcy, 2012; Petrini and Pozzebon, 2009; Hubbard, 2009; Figge et al., 2002). However, most of this work focuses on the design of technical frameworks and methodologies, being comparatively less concerned with its practical implementation and use (Searcy, 2012; Searcy et al., 2006; Palme and

Tillman, 2008). In addition, the linkages between sustainability accounting, stakeholder engagement processes (both internal and external) and sustainability reporting have gone largely unexplored (Schaltegger and Burritt, 2010; Schaltegger and Wagner, 2006; Unerman, 2007).

Organizational impacts and the GRI Guidelines

In order to fully review the potential organizational benefits of SR practices, it is necessary to consider the role that the GRI guidelines, as the current *de facto* SR standard (KPMG, 2011; Brown et al. 2009a; 2009b), can play as part of this process. The GRI guidelines have received both praise and criticism in the academic literature. While some scholars have acknowledged its substantial contribution to the uptake of SR practices in the last decade (Brown et al., 2009a; 2009b; Levy et al., 2010), studies from the accountability perspective have also highlighted the limits of its voluntary approach (Adams and Narayanan, 2007) and the excessive freedom left to companies in selecting their boundaries and levels of disclosure (Archel et al., 2008; Moneva et al., 2006). In addition, power imbalances between companies and their stakeholders have been emphasized (Brown et al., 2009a; 2009b), questioning the ability of GRI to act as a mobilizing agent of civil society. As a result, some scholars have argued that the GRI has failed to provide complete and relevant accounts of corporate sustainability impacts and to transform the way business is conducted altogether (Gray, 2007; Gray, 2001; Adams and Narayanan, 2007). However, recent calls within this field (Adams and Larrinaga-Gonzalez, 2007; Parker, 2005) have acknowledged the need for research that is more closely engaged with organizations in order to better understand the specific circumstances of SR adoption and use.On a more technical level, the GRI guidelines have been criticized because of their *one-size-fits-all* approach, deemed to be overly general and to prescribe too many indicators (Searcy, 2012; Adams and Frost, 2008). In addition, a lack of comparability across companies, even within the same industry, has also been pointed out (Kolk, 2010), perhaps as a result of a lack of univocal guidance on how and what to report (Toppinen and Korhonnen-Kurki, 2013). However, this technical criticism has tended to focus on the *Standard Disclosures* element of the guidelines, and tends to overlook the other two basic pillars of the standard, *Reporting Principles* and *Reporting Guidance* (GRI, 2011). Despite the fact that the guidelines explicitly encourage stakeholder-inclusive reflection processes in order to identify and prioritize material issues (GRI, 2010), the academic literature has paid little attention to the use of such principles and guidance in practice.

The diversity of SR uses: proposed framework

By focusing on the factors affecting the *adoption decision*, the literature has failed so far to provide a more fine-grained picture of the diversity of uses and organizational impacts of SR (Searcy, 2012; Adams and Frost, 2008; Kolk, 2010). In addition, an examination of the interplay between the external requirements associated to reporting practice (such as reporting process and content as defined by the GRI Guidelines) and the internal priorities and needs is missing.

In order to advance knowledge on this issue, the broader literature on adoption, diffusion and adaptation of management practices (particularly management standards) can be a useful starting point. Indeed, scholars within this field have acknowledged the need to look beyond inter-organizational level arguments that explain the (homogeneous) adoption of the practice in order to shed light on the diversity of motives and adaptation mechanisms that take place within organizations (Ansari et al., 2010; Simpson et al., 2012). By adopting a company-level of analysis, research in this field has examined fit between standards' institutional requirements and firm´ existing capabilities, and described ways in which the organization and the practice can co-evolve in order to improve their mutual alignment (Ansari et al., 2010; Simpson et al., 2012; Boiral and Roy, 2007; Boiral, 2003).

Building upon this research, we thus contend that a joint examination of external drivers and company-level internal uses of SR can lead to greater understanding of the diversity of corporate SR practices. This would allow exploring the potential dissociation between the desire to respond to external pressures in order to maintain organizational legitimacy (Deegan, 2007; Suchman, 1995) and the quest for internal benefits associated to the standard implementation (Adams and Frost, 2008; Gond and Herrbach, 2006). In addition, this approach would also reflect the distinction between macro-level contracts (as the catalogue of predefined norms associated to a standardized ethics initiative) and micro-level contracts (as the way such macro-level norms are discursively interpreted and embedded into day-to-day operations) of standards´ adoption (Gilbert and Rasche, 2008).

In order to integrate these two dimensions, we develop a framework allowing us to explore different configurations of relative importance of external and internal motives for SR and their related organizational benefits and challenges. The first dimension, which we label *external orientation of SR*, accounts for the use of SR as a tool designed to externally communicate the sustainability efforts of the organization. A strong external orientation describes a situation where external goals, such as demonstrating ethical behaviour, maintaining social acceptance or managing reputation, are primary expected outcomes of SR adoption.

The second dimension, labelled *internal orientation of SR*, reflects the use of SR as an internal management tool. A strong internal orientation implies that organizational goals, such as providing internal information needs, or raising organizational awareness of sustainability issues within the company, constitute a priority through the SR process.

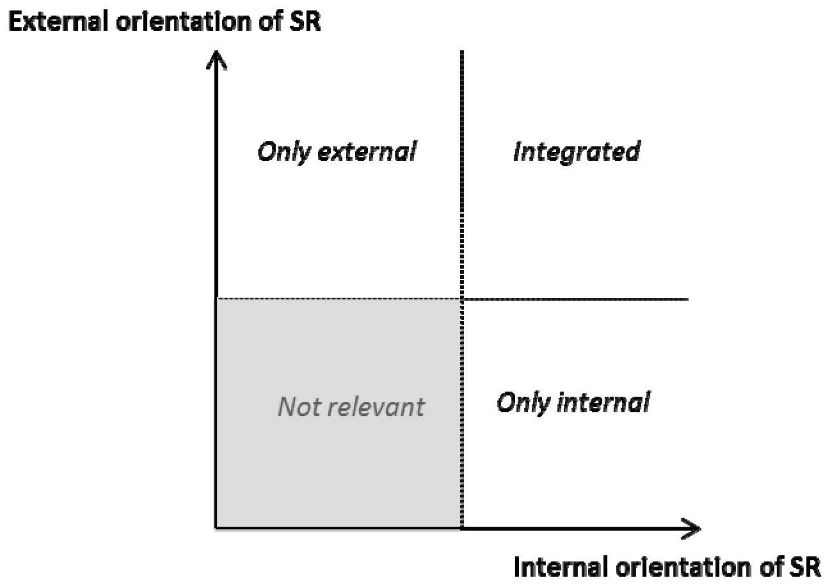

Figure 1: Proposed framework for SR configurations (source: own representation).

By integrating these two dimensions, the proposed framework results in four possible combinations of external and internal motives of SR. At the bottom-left quadrant, both external and internal motives for SR are low. As a result, SR might be a rather irrelevant practice or, more likely, might simply not take place. Top-left and bottom-right quadrants represent respective "ideal-type" external and internal configurations of SR, where either external or internal considerations prevail when adopting SR. Finally, at the top-right quadrant, SR is driven by both external and internal motives, arguably generating a richer array of interdependencies concerning its use and benefits.

By considering these four SR configurations, our framework moves away from monolithic approaches to SR practices and allows us to unpack internal and external motives and consequences of its adoption and use. Four short cases, which we introduce in the next section, aim to provide specific accounts of the role of SR within company-level sustainability efforts for each of these configurations. Specifically, these cases allow us to illustrate how the combination of internal and external motives shapes the use of SR at the company-level, and how this leads to different organizational benefits.

Research method

Because we seek to increase knowledge on the diversity of SR practices within their organizational contexts, and given the limited previous research on this question, a case study method is particularly appropriate (Yin 2003; Eisenhardt, 1989). More specifically, an exploratory, multiple case study (Yin, 2003) of four large Spanish companies making use of the GRI guidelines was conducted in order to illustrate different SR configurations at the company level.

Spanish companies, particularly large ones, have been very active adopting SR practices in general and the GRI guidelines in particular. In 2009, Spanish companies published more GRI reports than any other country in Europe (European Union, 2011) and, according to KPMG (2011), 88% of Spain´s largest 100 companies (to which our sample companies belong) were disclosing sustainability information in 2010. In addition, KPMG (2011) ranked Spain among the leading countries in terms of "quality of SR communication" and "level of process maturity" of SR practices. These findings suggest that both institutional pressures to adopt the practice as well as internal benefits derived from it could be relevant in the Spanish context.

As we aimed to cover different areas of our framework, a purposive sampling strategy (Berg, 2009) was employed. Previous collaboration with three of the four companies finally selected, along with preliminary analysis of secondary data (including annual and sustainability reports, corporate websites, press articles and third-party sustainability assessments), allowed the researchers to initially determine the level of external orientation of SR in each case. As a result of this phase, a strong external orientation of SR was detected for three of the four companies, as well as an (apparent) lack of external drivers for the remaining company (see table 3 for details on their GRI application levels and other external commitments). Next, the importance of internal motives was discussed through semi-structured interviews with the person responsible for SR (typically, the Corporate Social Responsibility or Sustainability manager). Interviews also provided more detailed accounts concerning the external motives and helped validate the initial findings arising from secondary data. In addition to motives for SR, interviews explored whether and how SR was internally used, and what were the benefits and challenges of its integration with company-level sustainability management practice.

Once data collection was completed, within- and cross-case analyses (Eisenhardt, 1989) were conducted. During within-case analysis, collected data were summarized, preliminary findings were elaborated for each case separately and interviewees were encouraged to provide feedback on them. The outcomes of this phase were then compared and contrasted during cross-case analysis, allowing us to identify similarities and differences in our sample organizations and uncover their respective SR configurations in further detail.

In order to give a brief overview of the sample organizations, and yet preserve confidentiality, table 2 also provides the range of values for some relevant parameters, such as size, annual revenue, number of countries and sectors.

	Company A	**Company B**	**Company C**	**Company D**
Headquarters	Spain	Spain	Spain	Spain
GRI application level	A^+	Undeclared	A^+	A^+
Other external recognitions	Global Compact DJSI, FTSE4Good	(none)	Global Compact, DJSI, FTSE4Good	Global Compact, DJSI, FTSE4Good
Annual revenue	Ranging from 1 to 30 bn. €			
No. employees	Ranging from 1,500 to 50,000			
No. countries	Ranging from 3 to 40			
Sectors	Two utilities, one construction firm, one food retailer			

Table 2: Background information for sample companies (Source: annual and sustainability reports, year 2011)

Findings

This section presents our four short case studies and serves to illustrate the different quadrants of our framework. No companies were identified for the “low external-low internal” motives configuration. This could be expected, as it seems rather logical that at least one type of motives should have driven the adoption of SR practices (even if these motives escape managerial choice, as in the case of institutional pressures). For the three remaining configurations, justification of the level of external and internal motives found in the cases is given. In addition, accounts of how each SR configuration gives rise to different SR uses and different associated organizational impacts are provided.

Only external: Company A

Company A's high external profile in sustainability reporting was exemplified by a GRI report with A$^+$ Application Level (where A means maximum disclosure according to GRI criteria and *plus* implies the existence of external assurance of the information provided) and a broader emphasis on "green" and sustainability issues through its external image and communications. The prominence of external motives was confirmed during the interview with its CSR manager, who cited the pressure felt at the industry level to take part in the sustainability discourse as a reason to adopt SR, and argued that SR was primarily about "being transparent to society". On the contrary, its contribution to internal management practices seemed unclear, as the interview highlighted some perceived limitations of SR frameworks. In particular, the CSR manager of company A argued that SR did not provide the basis for moving beyond efficiency goals (which were already addressed by other internal systems) to more proactive sustainability management practices, given the lack of univocal guidance of sustainability information and the limited comparability of sustainability performance at the industry level.

In addition, other company-level factors for the lack of internal relevance of SR involved technical and organizational barriers. On the technical side, the company seemed to lack a centralized approach to sustainability performance measurement, implying periodic data collection efforts and downstream integration of the initiatives of different departments when elaborating the sustainability report. Regarding organizational factors, this decentralized approach to sustainability management seemed to be reinforced by the degree of independence and geographical dispersion among business units, suggesting that opportunities for information sharing and collaboration on sustainability issues (in particular as a result of reporting efforts) were being missed.

Only internal: Company B

Company B represented the opposite case, where internal motives for SR seemed to outweigh those related with external communication. Just as the other sample companies, company B had been publishing an annual sustainability report for some years. However, and despite the fact that the company was using the GRI guidelines, it was the only one that did not publicly declare any GRI Application Level, nor had its report externally assured. Asked about external motives for SR, its CSR manager acknowledged that sustainability or green image was not a relevant element of company B's communications strategy. On the contrary, the CSR manager from company B considered that SR practices were most relevant in order to achieve internal efficiency gains and to increase internal organizational awareness of sustainability issues.

As a result of this "only internal" configuration, the company had been using SR in a number of ways in order support sustainability management practices. In particular, company B had internally developed and adapted the GRI standard disclosures so that they more meaningfully account for the specific characteristics of the company (this being done by a group of employees covering different countries and departments). Apart from their inclusion in the annual SR report, these indicators were being reviewed every three months in order to monitor progress against existing goals and to set new ones. The CSR manager from company B highlighted how this process of developing an (internally meaningful) sustainability report had fostered collaboration across departments and increased CSR visibility. As a result, new opportunities for social and environmental performance improvement had been detected in related areas, such as Human Resources Management or Environmental Management.

However, it was acknowledged that reports were almost exclusively addressing sustainability issues as they were internally perceived, without any formal external dialogue. Even if predominance of internal motives had allowed the company to flexibly tailor SR for internal uses, SR practices would probably require to be complemented with greater attention to external stakeholders as the company was starting to attract a larger share of external information requests. In turn, this could be a prerequisite for moving beyond the existing focus on internal efficiency to other higher-order outcomes of SR.

Both external and internal: Companies C and D

Companies C and D showed high levels of priority for both internal and external motives for SR. Externally, SR was thought to be an important instrument in order to be perceived as sustainability leaders in their respective industries. As in the case of company A, both companies had been publishing GRI A^+ reports since Application Levels were introduced by the GRI in 2006 and were participating in a number of additional voluntary schemes (such as the Global Compact or the Carbon Disclosure Project). Internally, SR was being actively integrated within company-level management practices in order to increase their mutual alignment, complementing company-level efforts in terms of stakeholder integration and performance monitoring. As a result of this approach, interviews held with companies C and D highlighted the contribution of SR practices to sustainability management in a number of different ways, such as earlier detection of new social expectations, greater internal-external coherence of sustainability information and increased opportunities for innovation and learning.

This configuration resulted in a number of company initiatives in order to link SR practices to strategic elements of sustainability management. Materiality analysis according to the GRI Guidelines' process guidance had been conducted in both firms, resulting in a clearer picture of the social and environmental interface of the company. At the technical level, companies C and D had sought to minimize the gap between required SR disclosures and their internal sustainability performance management systems. At company C, the CSR manager explained that indicators of the company's Sustainability Balanced Scorecard had been developed in order to be able to cover both external reporting requirements and internal strategic goals. In a similar vein, the design of the five-year Sustainability Plan at company D had benefited from GRI indicators in establishing qualitative and quantitative goals. In a broader way, both companies described how responding to external SR requirements had contributed to make sustainability commitments more explicit, as well as to change organizational attitudes. They also underscored how external pressures could help create a sense of urgency and facilitate change towards a more proactive sustainability orientation. As a result of information requirements on them, new issues, such as social and environmental criteria for suppliers' assessment at company D, had been incorporated to the sustainability agenda.

However, as companies C and D sought to simultaneously comply with the GRI Guidelines in accurate and extensive ways (needed to be granted "A" Application Levels) and to implement their strategic agenda on sustainability, some tensions had appeared requiring specific management attention. In particular, there was a perceived conflict between the breadth of disclosure on a wide array of topics and the need to focus on material issues detected through company-specific stakeholder consultation processes. Related to this, GRI disclosures were also perceived to put excessive emphasis on past performance, rather than on the detection and discussion of emergent issues.

	Only external: A	Only internal: B	Integrated: C and D
Intended public	External stakeholders	Internal stakeholders	External and internal stakeholders
Main use of SR	Public accountability	Sustainability measurement system	Stakeholder-oriented, strategic management tool
Use of information	No internal use	Diagnostic use: monitor intended performance	Interactive use: discuss performance and identify new opportunities
Role of other departments	Limited to satisfy information requirements (one way communication)	To internally collaborate (two way communication)	To externally engage and internally collaborate (multilateral communication)
Main benefits	(Only external benefits: legitimacy, reputation)	Efficiency, organizational awareness	New opportunities, learning and innovation
Main Challenges	Connect SR and internal measurement systems, improve information sharing	Integrate external stakeholder views	Achieve adequate internal-external balance: - extensiveness vs. materiality - past performance vs. forward thinking

Table 3: summary of case study findings

Discussion and implications

Our multiple case study has intended to open the "organizational black box" of SR, illustrating how SR is used and what role it plays within company-level sustainability management practices for each of the SR configurations identified (see table 3 for a summary of findings).

In particular, our study suggests that exclusive emphasis on external motives (such as maintaining reputation and legitimacy), does not guarantee any of the internal benefits frequently associated to SR. In addition to potentially signalling a lack of interest on sustainability performance, priority to external pressures might have overlooked (as our short case highlighted) technical and organizational elements that would be needed in order to seize the internal benefits of SR. On the contrary, the existence of internal motivations for SR seems to positively contribute to company-level sustainability management practices. However, depending on the degree of simultaneous integration of external motives, these organizational impacts might be limited to internal efficiency gains and greater internal awareness (as in the “only internal” case) or might also include higher-order, stakeholder-enabled benefits, such as detection of new opportunities, innovation and learning (as in the “internal and external” case). In addition to motivations for SR, our research has also allowed us to identify critical internal factors influencing the way SR is conducted, including how the information generated is internally used, what role other departments play along the process and to what extent stakeholders are engaged in the process.

These findings thus highlight the importance to acknowledge both institutional and operational issues (Suchman, 1995; Oliver, 1997) when assessing the adoption and use of SR frameworks, as well as to pay attention to organizational capabilities needed for seizing its benefits (Simpson, 2012). In this sense, our study also shows the limitations of current SR theories, such as neo-institutionalism or legitimacy theory, in providing complete accounts of the SR phenomenon (Adams, 2002). Instead, it embraces a broader stream of research emphasizing the importance of organizational factors in order to explain the adoption and success of sustainability management practices (Delmas et al. 2011; Lenox and King, 2004; Sharma and Vredenburg, 1998), and of (sustainability) management standards in particular (Simpson et al. 2012; Boiral and Roy, 2007; Gilbert and Rasche, 2008).

In a more general sense, by calling attention to the potential contribution of SR to sustainability management practices, we sought to emphasize the relevance of SR as a participatory process involving communication, dialogue, decision-making and learning, rather than a compliance-seeking tool or even a retrospective performance analysis (Zadek, 1998). As our cases have illustrated, such approach to SR requires that information stemming from the process is used *diagnostically*, in order to monitor intended goals, but also *interactively*, in order to discuss and challenge the nature of these goals and identify new ones (Gond and Herrbach, 2006; Zadek, 1998). As some of our respondents acknowledged, this discursive approach to SR seems to be particularly important given the ambiguous, pluralistic, context-dependent nature of sustainability (non-financial) information and of sustainability challenges themselves (Searcy, 2012; Sharma and Vredenburg, 1998).

Finally, we contend that greater understanding of the diversity of SR practices and, more specifically, of company-level adaptation mechanisms of SR standards, is highly relevant for developing more effective frameworks and regulations in this field (Ansari et al., 2010). This could contribute to detect and stimulate good SR practices (i.e. showing both positive external and internal impacts), as well as to disincentive SR approaches found to be inefficient or even deceptive (i.e. greenwashing strategies) and preventing bad practice chasing out the good (Zadek, 1998). As we focused on the use of the GRI guidelines, our study suggests that GRI Application Levels (granted according the *quantity* of information disclosed) might have led to overemphasis on the *standard disclosures* element of the guidelines, and relative neglect of *reporting principles* and *process guidance* elements. Even for those organizations actually interested in meaningfully implementing SR, a conflict was felt between what should be reported to fulfil GRI requirements and material issues arising from stakeholder consultation and internal assessments. The new G4 version of the GRI guidelines, launched in May 2013 (GRI, 2013a; 2013b) seems to partially respond to this issue, by seeking to *encourage organizations to provide only information that is critical to their business and stakeholders* (GRI, 2013c, p. 5). However, as this approach indeed leaves greater freedom (and responsibility) to companies to tailor SR processes, we contend that company-level analysis of the implementation and use of the new guidelines will become even more relevant.

Conclusions and recommendations for future research

Our study has intended to shed light on the dynamics of SR practices at the company-level, highlighting the diversity of SR adoption motives, as well as its subsequent uses and corresponding organizational benefits. Given the growing adoption of SR practices worldwide (KPMG, 2008; 2011) and the desire among researchers in the field of SR to see improvements in the sustainability performance of organizations (Adams and Frost, 2008), it is surprising that these aspects have hitherto received limited attention in the academic literature (Adams and Frost, 2008; Searcy, 2012; Kolk, 2010).

By jointly considering external and internal motives for SR and their varying levels of relative importance, we have provided a first exploration of the complex dynamics associated to the use of the GRI guidelines in terms of company-level priorities (including the quest for external approval and the quest for internal benefits), relevant organizational factors and operational impacts achieved. Given the wide array of reasons and benefits of SR identified by various studies (KPMG, 2011; GRI, 2012; Kolk, 2010), empirical research that disentangles their different dimensions and relative impacts could be a useful addition to this exploratory study. In particular, as the field of SR becomes more institutionalized, investigating potential changes in motivations between earlier and later adopters (as institutional theory predicts) could be a particularly relevant topic.

As we found a good match between ideal-type SR configurations in our framework and the cases explored, the framework might be further used to assess corporate SR practices, both at the company-level (as this study illustrated) as well as (back to a supra-organizational level of analysis) to investigate industry, country and other patterns in terms of diversity of SR approaches (Kolk, 2010). In addition, as company-level motives for SR might also change over time, the framework could be used to map and/or guide the evolution of SR practices at the company-level, identifying available paths and expected outcomes.

From the perspective of organizations, our study also shows the limitations of relying on a sustainability discourse rather than truly integrating SR processes within management practices. Given the exploratory nature and small size of our study, we could only provide a limited understanding of the organizational characteristics associated to each configuration, acting as barriers and enablers of SR relevance. Yet, characterizing the “fit” between institutional requirements of SR and organizational characteristics (Simpson et al., 2012) would also be needed in order to understand the transformative potential of SR. This would involve analysis of organizational characteristics, including technical, cultural, political and strategic elements (demand-side fit), as well as of the specific features of the SR standard adopted (supply-side fit) (Ansari et al., 2010). Empirical research informed by such multidimensional approach to organizational fit would thus contribute to identify what are the prevailing barriers for successful SR integration. In particular, as we have called attention to the contribution of SR to sustainability management, the relationship between different sustainability/CSR strategies and SR configurations needs to be further investigated.

Given the growing adoption of SR practices, we suggest that more research on company-level SR practices is needed if we are to understand its contribution to sustainability management and performance of organizations. To this end, combining institutional, stakeholder and resource-based view perspectives on strategic sustainability management (Suchman, 1995; Oliver, 1997; Freeman, 1984; Hart, 1995) and previous work on organizational capabilities, learning and change (Sharma and Vredenburg, 1998; Gond and Herrbach, 2006; Delmas et al., 2011) can provide useful starting points. Beside adding to the literature, we believe that research on this stream would also have the potential to effectively inform institutional changes taking place in this field, including the development of new SR frameworks (GRI, 2013a; 2013b; IIRC, 2013) and upcoming regulations of sustainability disclosures that will be likely to further SR diffusion (European Commission, 2013).

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