Sustainability Reporting in Multinational Enterprises: Focus on Human Resources and Community

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Abstract
Sustainability reporting serves as a means of communication between companies and their stakeholders on sustainability issues. This paper aims to analyse how stakeholders' expectations and/or considerations and corporate desire to seek legitimacy or acceptance from a specific stakeholder or within a specific area of concern combine to influence multinational enterprises' sustainability reporting policies and practices. A theoretical sample of three multinational enterprises, i.e., Royal Dutch Shell Plc.; Vodafone Group Plc.; and Volvo Car Corporation is used in this paper. A content analysis of the sustainability reports and/or websites of the sample companies was undertaken. Specifically, we did this by performing an analytical reading to identify human resources sustainability disclosures and community sustainability disclosures, and then analyse to what extent, stakeholders' expectations and/or considerations and corporate desire to seek legitimacy or acceptance from a specific stakeholder or within a specific area of concern combine to influence sustainability disclosures by the sample companies. This paper finds that most of the sustainability disclosures by the sample companies comprise narratives, with limited attention given to financial information which is consistent with extant studies on sustainability reporting. Some of the sample companies report more comprehensive disclosures than others; corroborating the claim that location- and industry-specific characteristics, including legislations, stakeholders (or societal) expectations influence the contents of sustainability reporting. The findings highlight the managerial discretionary nature of sustainability reporting, which may result in considerable variation in sustainability disclosures across the sample companies in this paper. This paper relied on self-reported sustainability disclosures, as opposed to verifying the activities associated with the claims by the sample companies. Managers of companies can better develop their sustainability disclosure contents by analysing the sources of their legitimacy. The author believes that this is one of few papers to have analysed differences in sustainability disclosures published by companies operating in different industry sectors. This papers therefore offers glimpses of industry sector 'sustainability context' that can be used by competitors to improve their sustainability disclosures (or reporting).
Keywords: Corporate social responsibility, Sustainability reporting, Website reporting, Automotive industry, Oil and gas industry, Telecommunications industry
DOI: 10.7176/RJFA/14-19-04
Publication date: November 30th 2023

1. Introduction

Despite a burgeoning literature, corporate social responsibility (CSR) and sustainability reporting (SR) (also called environmental, triple bottom line corporate responsibility reporting) have emerged as a crucial strategic consideration for multinational enterprises (MNEs) and also continue to attract attention from the research community (for an extensive overview of some of the research see Deegan, 2002; Fifka, 2013; Ali et al., 2017; Qian et al., 2021; Wachira & Mathuva, 2022; Benameur et al., 2023). In relation to the prior literature, various researchers in the SR research community have provided different explanations about why organisations might adopt SR practices. A number of prior studies, for instance, have linked the type and extent of SR practices to the apparent information demands of powerful stakeholders; to various legitimacy threatening events; or, to various institutional pressures (Islam & Deegan, 2008). However, contextual challenges make a difference in SR research and practices (Qian et al., 2021; Kamal & Deegan, 2013; Sweeney & Coughlan, 2008). The dearth of SR research focused on industry context is noted by Sweeney and Coughlan (2008, p. 115): "Firms in a particular industry may be more socially responsible simply by the nature of their activities […] any investigation of CSR that fails to incorporate industry level realities will be fatally deficient".

In some industry sectors, for instance, SR practices are proactive and/or pre-emptive attempts to mitigate adverse regulatory pressures (Benameur et al., 2023; Qian et al., 2021; Gray et al., 2001); whilst for others, SR practices serve as a "tool for influencing the perceptions and actions of social and political stakeholders" (Brammer & Pavelin, 2004, p. 87). Hence, organisations that operate in controversial and/or high-risk industry sector with strong regulatory and normative pressures regarding their social and environmental footprints can be expected to develop substantial SR practices to secure/maintain their legitimacy (Lodhia & Hess, 2014).

However, still, knowledge is lacking in terms of how stakeholders' expectations and/or considerations and corporate desire to seek legitimacy or acceptance from a specific stakeholder or within a specific area of concern combine to influence MNEs' sustainability reporting policies and practices. Additionally, while SR continues to attract the attention of the research community, few studies have sought to investigate SR practices across organisations operating in different industry sectors. To address these shortcomings and improve our understanding of how MNEs' policies and practices influence SR practices, this paper analyses how stakeholders' expectations and/or considerations and corporate desire to seek legitimacy or acceptance from a specific stakeholder or within a specific area of concern combine to influence MNEs' sustainability reporting policies and practices. Specifically, this paper seeks to address the following questions: *RQ1*. How can industry-specific characteristics influence SR of MNEs? *RQ2*. How can the pattern that characterise SR of MNEs be explained?

2. Corporate social responsibility and sustainability reporting: a literature review

Unlike CSR, SR focuses on disclosure of social and environmental performance information of the organisation in relation to its activities (Amos, 2023; Benameur et al., 2023; Qian et al., 2021; Wachira & Mathuva, 2022; Gray et al., 2001; Kamal & Deegan, 2013; Parker, 2005). It is the provision of information in relation to the performance of an organisation in terms of its interaction with the social and physical environment in which it operates. Indeed, as social and environmental accounting has attracted considerable attention from the research community in recent decades (Parker, 2005), it has also become clear that SR "is motivated by a desire, by management, to legitimise various aspects of their respective organizations" (Deegan, 2002, p. 282). This might be a prudent strategy for an organisation, especially when unfolding events are perceived to be detrimental to the organisation's quest for being labelled as socially and environmentally responsible, possibly, for reasons of survival (Deegan, 2002; Sobhani et al., 2009). Moreover, the emergence of norm entrepreneurs such as the GRI that advances frameworks for best practices in SR impact on the adoption of social and environmental issues management by organisations (Sobhani et al., 2009). In fact, since the 1970s SR has become established as a field of research (Deegan, 2002; Kamal & Deegan, 2013), and has gained more prominence among the research community in recent decades (Islam & Deegan, 2008; Kamal & Deegan, 2013). Most of the prior research on SR has focused mainly on the industrialised countries of Europe, US, and Australia (see Benameur et al., 2023; Ali et al., 2017; Kamal and Deegan, 2013; Sobhani et al., 2009). Developing countries in general are still lagging behind in SR research, with a few exceptions (see also Benameur et al., 2023; Wachira & Mathuva, 2022; Ali et al., 2017). Most of the prior research focused on developing countries investigated the nature and frequency of social and environmental disclosure practices using content analysis (see Benameur et al., 2023; Wachira & Mathuva, 2022; Qian et al., 2021; Kamal & Deegan, 2013).

The academic literature has identified the need for more SR research to understand the perceptions of managers when it comes to the question 'why' it is important to report the social and environmental performance of their organisations (see Fifka, 2013; Ali et al., 2017; Qian et al., 2021; Wachira & Mathuva, 2022; Benameur et al., 2023; Kamal & Deegan, 2013). This SR research stream has made important contributions to the literature by uncovering findings that organisations undertake SR practices to manage stakeholders (e.g., Amos, 2023; Murguia & Böhling, 2013); to meet community expectations; or, to secure/maintain legitimacy (e.g., Amos, 2023; Kamal & Deegan, 2013; Pellegrino & Lodhia, 2012). There is, however, limited research based on single industry context, and focused on the individual organisation level of analysis that seeks to understand social and environmental performance issues *via* latitudinal (cross-sectional) studies and employing content analysis, with few exceptions (e.g., Bradley & Botchway, 2018).

3. Theoretical perspective: Legitimacy theory and stakeholder theory

In view of the empirical nature and the aim of this paper, two theories will be applied in explaining the results: stakeholder theory and legitimacy theory. The two theories, which will be briefly explained below, were, to the best of our knowledge, first applied together by Mahadeo et al. (2011) in a study of social and environmental reporting practices of listed companies in Mauritius. In their paper, Mahadeo et al. (2011) explain social and environmental reporting practices of companies from stakeholder and legitimacy theoretical perspectives, and this is comparable to the present paper. Mahadeo et al. (2011) assert that these theories of social issues management present distinct understanding and/or appreciation of the legitimacy phenomenon, and as such, the two theories provide a useful foundation for analysing SR practices.

3.1 Legitimacy Theory

The SR literature suggests variety of reasons for organisations to provide social and environmental information; a great deal of which are inspired by legitimacy theory (for an extensive discussion see Islam and Deegan, 2008, pp. 853-854). This paper uses legitimacy theory as lens because we believe that the organisation maintains its 'social license to operate' in society by conforming to the expectations of the society in which it operates.

Legitimacy theory explains that organisations are seen to be 'legitimate' to the extent that there is "congruence between the social values associated with or implied by their activities and the norms of acceptable behaviour in the larger social system of which they are part" (Dowling & Pfeffer, 1975, p. 122). According to Lindblom (1994, p. 2), "when a disparity, actual or potential, exists between the two value systems, there is a threat to the entity's legitimacy". Thus, the organisation is said to be unable to prosper or even survive if it is not seen to espouse outputs, goals, and methods that society finds acceptable (Dowling & Pfeffer, 1975).

Newson and Deegan, (2002, p. 185), suggests that "legitimacy is assumed to be influenced by disclosures of information and not simply by (undisclosed) 'changes' in corporate actions". Hence, the way legitimacy theory is positioned in the SR literature appears to predict that organisations will continue to make their current voluntary disclosures to ensure that their legitimacy is not threatened. Thus, legitimacy theory provides a useful foundation to explain SR practices by organisations. Legitimacy theory explains that 'legitimacy' is considered as a resource on which the organisation is dependent (Dowling & Pfeffer, 1975; O'Donovan, 2002). However, unlike many other resources, 'legitimacy' constitutes a 'resource' that the organisation is deemed to be able to impact/manipulate "through various disclosure-related strategies" (Kamal & Deegan, 2013, p. 121).

3.2 Stakeholder Theory

Stakeholder theory positions the organisation in a constellation of interests or 'stakes' which may lie within or outside the organisation and which may have competing and/or conflicting demands (for an extensive discussion see Islam and Deegan, 2008, pp. 855-856). The social accounting literature discusses two main variants of stakeholder theory: a managerial (i.e., instrumental) and a normative (i.e., ethical) branch (Donaldson & Preston, 1995). There is an overlap between the managerial branch of stakeholder theory and legitimacy theory. Of the two, while the ethical branch can be deemed as a tool for accountability, insofar as it reflects the duty of an organisation to account for its actions; it is the managerial (instrumental) branch that has attracted considerable attention from the social accounting research community. The managerial branch discusses the need to control stakeholders who are deemed to have critical impact because they have more direct relations with the organisation (Mitchell et al., 1997). These stakeholders can withdraw resources on which an organisation is dependent, and thereby, endanger its 'survival'. Hence, stakeholders are to be managed to ensure not only their continued support, but ultimately, ensuring that the objectives of the organisation are archived. From this perspective, SR is deemed to be part of the tools of accountability whose role is to placate any action, actual or potential, that may be detrimental to the organisation. The insights provided by stakeholder theory would suggest that organisations have to identify their target audience, i.e., stakeholders and also provide information, with the potential, to influence and/or distract this group.

4. Method

4.1 Data sample

The selection of three MNEs, i.e., Royal Dutch Shell Plc.; Vodafone Group Plc.; and Volvo Car Corporation was first by a careful consideration of their visibility in their industry sectors, i.e., oil and gas; telecommunications; and automobile respectively. Then the MNEs considered in this paper had to display a sufficient sustainability reporting (or information) about their business in areas of the official company Websites which are designed to present "the identities that a corporation claims for itself as a unit", which should be widely accessible to the public (Maignan & Ralston, 2002, p. 500). A theoretical sample of three MNEs, i.e., Royal Dutch Shell Plc.; Vodafone Group Plc.; and Volvo Car Corporation is used in this paper (Table I). Theoretical sampling provides researchers with qualitative methods to gain insights into unusual phenomena studied (Eisenhardt, 1989; Eisenhardt & Graebner, 2007). Thus, although the sample companies were not randomly selected, they suit the aim of the paper, which is to analyse how stakeholders' expectations and/or considerations and corporate desire to seek legitimacy or acceptance from a specific stakeholder or within a specific area of concern combine to influence MNEs' sustainability disclosure policies and practices.

4.2 Data sources

Publicly accessible sustainability reports were retrieved from the official company Websites of the sample companies and saved as PDF files for subsequent analysis. Following Amos (2023), Maignan and Ralston (2002) and Bradley and Botchway (2018), the search for data was typically limited to Websites areas that focused on the responsibilities and commitments of the sample companies; and were typically located in the "about us", "who we are", "our strategy", "sustainability", "sustainable business", "responsibility", "employees" and "communities" areas of the official company Websites. Within these Websites, links to other areas were searched for information deemed to be relevant for the paper. Following the observation that the contents of corporate Websites tend to change frequently (van Staden & Hooks, 2007), the sustainability reports preserved on the official company Websites were accessed in the relatively short period from April 2019 to February 2020. Although the sustainability reports had written and visual information, because of the interpretative subjectivism of visual data (Steenkamp & Northcott, 2007), only qualitative and quantitative data were collected and analysed.

4.3 Content analysis
The technique of content analysis is used in this paper because it provides researchers with a systematic approach to analyse large and unstructured dataset, such as sustainability reports. Guthrie et al. (2004, p. 287) state that content analysis aims at analysing published information systematically and objectively by "codifying qualitative and quantitative information into pre-defined categories in order to derive patterns in the presentation and reporting of information". As a technique for analysing the content of text, the importance of a particular subject is assumed to reflect in the frequency at which it is captured in a report (Krippendorff, 2004). The use of content analysis is well established in the SR literature (e.g., Amos, 2023; Soobaroyen et al., 2023; Ahmad & Hossain, 2019; Amoako et al., 2017). Amos (2023) and Soobaroyen et al. (2023), for instance, note that content analysis is the dominant research method for collecting empirical evidence on accounting reporting.

4.4 Visual presentation of data
Our results were gathered in a tabular form, presenting the sample companies' Core Values and Geographical Spread of Operations (Table I); Sustainability Reporting and Strategic Priorities (Table II); The Workers' Policies and Practices (Table III); and Community (Table IV). In presenting most of our results in a tabular form, this paper sought to allow for ease of comparison across the sample companies.

5. Results
5.1 Overview of the sample companies
In the sample companies, the core values resonate with people-centric characteristics of the company's operations. Being described as 'people-centric' appears to capture the dynamics of people in the capacities of employees and the need for trust to be embedded in the sample companies' dealings with people, i.e., employees. In this way, the core values of the sample companies may be reflected in the extent of emphasis given to social responsibility actions (or inactions) and strategic priorities. Royal Dutch Shell Plc, for instance, enthusiastically stresses on operating in a "socially and environmentally responsible way", while Vodafone Group Plc pays attention to the "three pillars of responsible, ethical and honest behaviour", and Volvo Car Corporation, in turn, relies on the Global Reporting Initiatives https://www.globalreporting.org Guidelines on Sustainable Development of Economy, Environment, and Social Responsibility through profitability, environmental care, and safety". One can note the striking similarity in the CSR terminology used by Royal Dutch Shell Plc. and Volvo Car Corporation; suggesting, therefore, the relationship or the complementary nature of their operations and/or products (or service). Tables I and Table II provide overview of the sample companies in terms of company-specific core values and social responsibility strategic priorities.

Table I: The sample companies

Firms	Core values	Geographical spread of operations
Royal Dutch Shell Plc.	Honesty, integrity and respect for people	Royal Dutch Shell Plc. is a global group of Energy and Petrochemical companies. Royal Dutch Shell Plc. has market presence in more than 80 countries and employs approximately 90,000 people worldwide. Royal Dutch Shell Plc. is headquartered in The Hague (the Netherlands), and produces an average of 3.2 million barrels of oil and gas products daily.
Vodafone Group Plc.	Passion for customers, employees, results and people	Headquartered in London (England), Vodafone Group Plc. is the world's second largest telecommunications company. It owns and operates networks in more than 30 countries, and has partner networks in more than 40 countries. Vodafone Groups Plc.'s product portfolio includes fixed-line and cellular, internet services, and digital television.
Volvo Car Corporation (VCC)	Safety, quality, and environment	VCC used to part of the Swedish Volvo Group until 1999, when it was acquired by Ford Motor Company. In 2010, VCC was subsequently acquired by the Zhejiang Geely Holdings of China. VCC directly employs more than 20,000 people and has more than 2,000 dealers in more than 100 countries. VCC is headquartered in Gothenburg (Sweden) and has production plants in Sweden, Belgium and China.

5.2 The workers' policies and practices
In the sample companies, there is evidence of the implementation of inclusive and diversity policies as part of the workers' policies and practices, probably in recognition of the growing importance of equal opportunity and respect for diverse capabilities. Table **III** provides examples of initiatives focused on the existing workers' policies and practices of the companies. The sample companies appeared to emphasise their commitment to ethical labour practices by way of upholding human rights, labour standards, zero tolerance for child and/or

forced labour, safeguard employees' health and safety and respect for country-specific labour regulations and/or practices. Additionally, the sample companies enjoin their employees to uphold the codes of conduct which stress an obligation on employees to work with a high standard of business ethics and integrity in order to show to their stakeholders that they are socially responsible companies.

Moreover, some dimension of ethical practices can be found in relation to how the sample companies engage with, and solicit views from, their labour organisations (or unions). There is explicit evidence (e.g., VCC) in terms of workers' participation in identifying and initiating steps towards improving the workplace. Here, such initiatives include using employees' feedback, discussion and dialogue to implement improvement at the workplace. Additionally, employees' commitment to ethical standards and labour rights can be seen from the sample companies' declaration of acceptance and implementation of voluntary codes of conduct including, for instance, in the case of Royal Dutch Shell Plc., the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work https://www.ilo.org/declaration/lang--en/index.htm; the United Nations Declaration on Human Rights https://www.un.org/en/global-issues/human-rights; and the Organisation for Economic Co-operation and Development (OECD) Guidelines for MNEs https://www.oecd.org/corporate/mne. Volvo Car Corporation, in turn, shows its commitment to human rights by signing onto the United Nations Global Compact https://unglobalcompact.org (UNGC), as well as participates in the United Nations Global Compact Nordic Network https://unglobalcompact.org/engage-locally/europe/nordic%20countries.

Additionally, in all the sample companies, there is some evidence of professional development and training programmes forming an integral part of employees' development strategy. Particularly, the training and development programmes appear to have been designed to address the contextual challenges of the sample companies' operations. To that end, the training and development programmes seem to take into consideration the cultural settings, as well as the legal regime of the countries and/or locations in which the sample companies operate. In other words, the sample companies appear to enjoin (or expect) their employees to comply with various codes of conduct, as well as prescribing various sanctions (or penalties) for non-compliance with of specific code of conduct.

Table II: Sustainability reporting and strategic priorities

Companies	Terminology used	Industry sector	CSR strategic priorities
Royal Dutch Shell Plc.	Sustainable development, Safety, Health and Environment.	Oil and Gas	Contributes to meeting the global energy challenge by: • Providing extra energy needed to fuel development and reduce poverty; • Keeping fuel supply secure from disruption; and • Acting in socially and environmentally responsible ways.
Vodafone Group Plc.	Sustainability	Telecommunications	Focuses on the three pillars of sustainability strategy through: • Promoting responsible, ethical and honest behaviour by: - maintaining the trust of customers, employees and other stakeholders. • Promoting eco-efficiency – doing more for customers with less through: - reducing environmental impacts in operations and across the value chain. • Creating sustainable societies by: - delivering innovative products and/or services to achieve low carbon economy.
Volvo Car Corporation (VCC)	Sustainable development, Safety, Quality and Environment.	Automotive	Sustainable development with focus on Economy, Environment and Social Responsibility: • Economy (Profitability) – a long-term good deal for the company, the customer and society. • Environment (Environmental care) – the environmental adaptation of a Volvo car's entire life cycle and the availability of Volvo cars that will have a reduced impact on the environment. • Social Responsibility (Safety) – prevention of serious injuries (or fatalities) in new Volvo cars through safety programmes based on research and real traffic situations and on the basis of innovation.

Table III: The workers' policies and practices

Royal Dutch Shell Plc.	Vodafone Group Plc.	Volvo Car Corporation
• Promotes inclusive and diversity working policies through external opportunity, representation of women and local nationals in senior leadership positions. • Signatory to external (voluntary) codes that focus on the work environment including: (i) the UN declaration on Human Rights, (ii) the OECD Guidelines for MNEs, (iii) the ILO's declaration on fundamental principles of rights at work, and (iv) the UN Global Compact LEAD programme. • Zero tolerance for abuse of basic rights such as Child Labour or Forced Labour practices. • Respects country-specific labour-related regulations and practices. • Provides training and development programmes for employees. • Enforces sanctions on non-compliance of codes of conduct. • Integrates safety into employees' working culture.	• Focuses on safety (for e.g., ensures a zero fatalities culture, mindset and behaviour). • Provides external audits on safety management systems. • Ensures employees' talents are developed and recognizes the value of diverse experiences. • Ensures inclusive and diversity working environment (for e.g., improves gender balance and increases the number of women in senior positions).	• Creates best possible conditions for the employees through the project "Designed Around You @ Work". • Recognises and rewards the efforts of individual employees and work groups. • Promotes inclusive and diversity in working policies and practices (for e.g., improvement in the gender balance and in senior position). • Ensures that all employees comply with code of conduct in all activities carried out in the name the company. • Shows commitments to human rights, labour standards, environment and anti-corruption by signing onto the UN Global Compact and participates in the Global Compact Nordic Network. • Uses employees' feedback through discussion and dialogue.

Table IV: Community

Royal Dutch Shell Plc.	Vodafone Group Plc.	Volvo Car Corporation.
Includes local views (opinions) into the decision-making process and projects. • Implements global operating standards in communities where Royal Dutch Shell Plc. operates (for e.g., conserving the traditional • way of life of indigenous people and avoidance of involuntary resettlement of communities). • Collaborates with local communities to identify mutually satisfying approaches to needs and expectations. • Hires and/or buys products and/or services locally from firms operating in countries with lower incomes. • Recruits and trains people in line with local content requirement. • Invests in training (for e.g., training of local suppliers. • Invests in community programmes (for e.g., "Shell livewire (R)" aims at developing local enterprises,	• Respects human rights and customers' privacy. • Provides parental guidance in co-operation with handset manufacturers and software developers to cater for child internet safety. • Works with other organisations to incorporate privacy into the design of new phones in line with Vodafone's in-house privacy commitment. • Uses mobile phone technology to enhance the economic situation of women, to improve healthcare and to extend financial services to rural communities. • Considers the plight of vulnerable and/or disadvantaged groups in society in relation to the development of new products and services (for e.g., servicing handsets for the hearing-impaired and elderly customers.)	• Promotes the traditional role (or practice) of local communities in finding sustainable solutions (for e.g., the "Volvo Adventure 2011 Project" from the Shanghai-China Team). • Recognises the role of people to contribute to a none-sustainable world through research and development programmes. • Enhances security in and around Volvo Cars through research and development programmes. • Creates training and development partnerships with the community (for e.g., Volvo Cars Graduate Programme). • Collaborates with non-profit organisations to identify topical social issues.

5.3 Community

Good community relations are essential for the success of a MNEs' operations. In recognition of best practices in company-community (or business-society) relationship strategies, the sample companies appear to work in collaboration with multiple stakeholders to identify community expectations (or issues of concern) and how to address them. In working this way, a community's traditions and/or practices that may be deemed to be acceptable corporate socially and environmentally responsible behaviour are given respect while at the same time a company's core expertise could be of benefit in addressing community-related expectations (or issues of concern). The philanthropic motive that may be the rationale behind company-community (or business-society) relationship may give way to the instrumental CSR approach, i.e., the business case for CSR – resulting in a win-win situation for the community and the company. The creation of "Vodafone Foundation", "Shell Foundation" and "Shell Live-Wire" and "Volvo Adventure" are examples of CSR-related initiatives that appear to show the sample companies' readiness to contribute in addressing societal expectations (or issues of concern) in a sustainable way.

Table **IV** provides a summary of CSR initiatives that may be aimed at improving (or deepening) company-community (or business-society) relationships and undertaken by the sample companies in this paper. All of the sample companies appear to appreciate the need to contribute in building local communities' economic capacity by improving the sustainability of community livelihood (Table IV). These initiatives include CSR-related interventions, such as training of local suppliers, creating opportunity for training and development of local people, developing local enterprises, providing access to healthcare, supporting the development of products and services of high social values and monitoring and assisting suppliers to comply with companies' in-house code of ethical purchasing.

The sample companies in this study appear to encourage their local (or overseas) subsidiary firms to source their input materials from the local community (or market). Royal Dutch Shell Plc., for instance, requires its local (or overseas) subsidiary firms to source their input materials within the local community, as well as buying from firms operating in lower income countries. In recent decades, the notion 'local content requirement' has assumed a wider discussion in the CSR and/or SR literature (see Amos, 2023, 2018a; Bradley & Botchway, 2018; Amoako et al., 2017). This may be as a result of various call for MNEs' to take a particular interest in doing business with firms *operating* in the underserved and/or disadvantaged communities in which they operate. Here, initiatives such as recruiting and training local people in pursuance of local content objectives may be deemed to be appropriate in promoting the public image of the sample companies in this paper.

6. Discussion and conclusion

From a legitimacy theory perspective, it can be expected that the sample companies would disclose sustainability information targeted at particular stakeholder groups in light of an apparent expectation and/or concern from powerful and legitimacy conferring stakeholders, including the communities in which the sample companies operate and their employees. From a legitimacy theory perspective, an organisation seeks to accrue acceptance from the social system in which it operates by fulfilling its (expressed or implied) social contact (Dowling & Pfeffer, 1975; Suchman, 1995). With an increasing societal expectations on organisations, our sample of companies could be expected to increase their sustainability disclosures to ensure that their legitimacy is not threatened, and thus, have continued access to resources. The sustainability report is thus a tool by which acceptance may be accrued to the organisation related to the 'business case' for producing social and environmental report. Hence, the sustainability disclosures appear to have been used by the sample companies to highlight some level of congruence between their activities and the "norms of acceptable behaviour in the larger social system" (Dowling & Pfeffer, 1975, p. 122).

Stakeholders are expected to have pre-set a notion of the form of social information that suggests fulfillment of social contract by the organisation. Stakeholder theory would suggest that an organisation will respond to the expectations and/or concerns of powerful stakeholders, and some of the response will be in the form of strategic disclosures. Consistent with this perspective, one of such types of social information is strategic disclosures on corporate relations with the community in which it operates in – one of the groups deemed to be the most powerful stakeholders. Hence, the sample companies, presumably, sought to show their socially responsible character by reporting on their "good deeds" to the community in which they operate. In essence, the sample companies can be said to have acted and reported out of their interests in stakeholders' concerns and expectations, which also would be in the sample companies' interest to address those concerns and expectations.

The sample companies in this study can be argued to show varied degrees of vertical integration. For example, the operations of Volvo Car Corporation, i.e., a company in the automotive industry sector are vertically integrated with the operations of Royal Dutch Shell Plc., i.e., a company in the oil and gas industry sector. For example, Volvo Car Corporation (VCC) reports on initiatives aimed at enhancing security in and around its vehicles, Vodafone Group Plc. provides disclosures on parental guideline in co-operation with handset manufacturers to cater for child internet security, while Royal Dutch Shell Plc. works with local communities to identify mutually satisfying approaches to achieve community expectations. These disclosures would suggest that the sample companies report on sustainability issues of concern that may be directly related to their business operations and/or the contextual challenges in which they operate. It would therefore be unthinkable to suggest that one of the sample companies performs better than others only on the basis of its sustainability disclosures. Consequently, Amos (2023), Bradley and Botchway (2018) and Amoako et al. (2017) caution that reliance on sustainability disclosures alone may be insufficient evidence and that an appreciation of the contextual challenges in which a company operates is essential to improving our understanding of SR.

The subjectivity nature of SR is well represented in the literature (Amos, 2023; Soobaroyen et al., 2023; Bradley & Botchway, 2018; Amoako et al., 2017) and it could be argued that the sustainability disclosures by the sample of companies in this paper may not be an objective reality, but rather what they consider salient or relevant to their stakeholders. Essentially, as SR is a voluntary practice (Amos, 2023; Soobaroyen et al., 2023; Bradley & Botchway, 2018; Amoako et al., 2017), and particularly, sustainability disclosures in SR may be 'cherry-picked' to signal what a company considers to be of strategic and/or commercial value, i.e., capable of legitimizing its operations and/or behaviours in the face of powerful and legitimacy conferring stakeholders (see also Amos, 2023; Soobaroyen et al., 2023; Bradley & Botchway, 2018; Amoako et al., 2017; Fonseca et al., 2014). The sustainability indicators a company opts to disclose in its SR could be interpreted as those that it perceives to be of strategic and/or commercial value and therefore a source of legitimacy (Amos, 2023; Soobaroyen et al., 2023; Bradley & Botchway, 2018; Amoako et al., 2017; Fonseca et al., 2014). It could therefore be argued that sustainability reporting may be used as a tool, particularly from the insights provided by the instrumental CSR approach, i.e., the business case for producing sustainability reports, and thereby, acceptance may be accrued to the sample companies. This, in turn, may suggest that as some stakeholders may be perceived the sample companies to demand or expect sustainability information that are not directly related to the companies' core operations, the provision of such information may serve as further sources of legitimacy.

Unlike community-related disclosures, human resources disclosures may draw attention to equitable and fair female participation at higher level of organisational hierarchy. Bradley and Botchway (2018) argue that the prevalence of this disclosure suggests that organisations consider it as a source of legitimacy. In the sample companies' sustainability disclosures, we observe the prevalence of disclosures on "inclusive and diversity" in the workers' policies and practices. With an increasing awareness of gender issues in organisations' human resource policies, it is imperative that the sample companies in this paper show their commitment to gender balance, and thereby, gain, repair and/or maintain legitimacy. From a legitimacy theory perspective, this disclosure further shows accountability, and thereby, suggesting attempts to fulfil a different kind of social contract depending on from whom, i.e., particular stakeholder group, legitimacy is sought.

In relation to *RQ1*, "How can industry-specific characteristics influence SR of MNEs?" the evidence from the sustainability reports and Websites of the sample companies would suggest that these companies have learnt to adopt and adapt their CSR initiatives and SR to the different characteristics and/or societal expectations prevalent in the industry sector or the contextual challenges in which they operate. In this regard, it could be inferred that a combination of proactive and reactive logic is inherent in their CSR initiatives and SR. In relation to *RQ2*, "How can the pattern that characterise SR of MNEs be explained?", the evidence from the sustainability reports and Websites of the sample companies would suggest that these companies appear to have adopted and/or adapted the instrumental CSR approach, i.e., the business case for CSR, presumably, in response to societal expectations and/or to respond to powerful and legitimacy conferring stakeholders' concerns about the industry sectors and/or the contextual challenges in which they operate.

The results of this paper have implications for practice and society. Managers of MNEs can better develop their sustainability disclosure contents by analysing the sources of their legitimacy. Depending on the context, i.e., industry characteristics and/or site/location in which a company operates, managers should consider the sustainability information interests of powerful and legitimacy conferring stakeholders, as well as the parent-company's policies and practices in developing their own sustainability disclosure strategies. This paper has some limitations. First, this paper relied on self-reported corporate sustainability disclosures, as opposed to verifying the activities associated with the claims by the sample companies. A limitation of this study lies in the lack of field interviews which would have allowed us to triangulate our data sources and added qualitative depth to our results and discussion. A second limitation is that as this paper is based on a few illustrative case studies, i.e., using the theoretical sampling approach, it can only claim to be theoretically – not statistically generalisable to other organisations operating in the oil and gas, telecommunications and automotive and industry sectors. Future research could attempt to overcome the limitations identified in this paper by exploring managers of organisations' unpublished opinions about SR disclosures *via* in-depth interview study to add qualitative depth to this paper's results and discussion.

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