

# THE GLOBAL REPORTING INITIATIVE AND CORPORATE SUSTAINABILITY REPORTING IN SWEDISH COMPANIES



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With empirical evidence from Swedish companies, this paper analyses the phenomenon of corporate sustainability reporting (CSR) in general and the use of CSR guidelines developed by the Global Reporting Initiative (GRI) in particular. The main questions at issue are why companies have chosen to use the GRI guidelines and how this has affected corporate social responsibility and environmental management. From interviews with all Swedish companies that use the guidelines, we have found that companies produce CSRs mainly to seek organizational legitimacy, and that the main reason for use of the GRI guidelines is an expectation of increasing credibility of the CSR, but also that it provides a template for how to design a report. Moreover, we have found that the

CSR report and the GRI guidelines are of more help for internal than external communication at this stage of development. It could help corporations to learn about themselves and to see what has actually been done in the organization. In all, the GRI guidelines would have the potential for gaining visibility and control of the triple bottom line on a corporate level, but they are in need of further development, not least in relation to the issue of verification.

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## INTRODUCTION

For a number of reasons, several companies worldwide began to publish separate corporate environmental reports (CERs) in the early 1990s (Roberts, 1991; Gray

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*et al.*, 1995; Stittle *et al.*, 1997; Kolk, 1999; Ljungdahl, 1999; Cormier and Gordon, 2001; Cerin, 2002). This voluntary reporting activity follows an earlier trend of companies including environmental disclosures in their annual reports, an activity that has been seen as a way for companies to manage public impressions of the organization's operations to establish or maintain organizational legitimacy (Patten, 1992; Blacconiere and Patten, 1994; Neu *et al.*, 1998). The United Nations has shown its interest in environmental reporting and states that corporate environmental reports have quickly become the key channel for companies to communicate their environmental performance and, just as important, have become an effective tool to demonstrate company-wide integrated environmental management systems, corporate responsibility and the implementation of industry voluntary codes of conduct (UNEP/SustainAbility, 1994). However, both the CERs and environmental disclosures have been criticized for being biased and self-laudatory (Deegan and Rankin, 1996; Azzone *et al.*, 1997; Ljungdahl, 1999; Cerin, 2002), only showing what the company is good at, leaving the bad perspectives aside. The reliability of the reports is in doubt.

Following discussions on sustainable development and an increasing stakeholder interest in corporate social responsibility, several companies have now turned their CERs into corporate *sustainability* reports (CSRs), integrating accounting on environmental, social and economic issues into so-called 'triple bottom line' (TBL) accounting. One incentive to corporate sustainability reporting is the Dow Jones Sustainability Group Index (DJSGI) where the companies appear according to their work on sustainability issues (Cerin and Dobers, 2001). Banks and insurance companies use such indexes as DJSGI, when they are making investments in their ethical and ecological funds (Knoepfel, 2001). Somewhat mindful of the critiques towards CERs, the production of CSRs goes

along with the development of an international CSR guideline, i.e. the Global Reporting Initiative (GRI) guideline.

Aiming to shed light on the phenomenon of CSR in general and the GRI in particular, this paper analyses why companies are producing CSRs and especially why they use the GRI guidelines in doing so. It also analyses the effects this has on corporate social responsibility and environmental management. What are the companies' experiences and how will they act on the issue in the future? The GRI guideline is especially interesting as it is a global guideline for CSRs and there is a certain interest to see what the experiences have been from using the guidelines. In all, we want to know whether CSR and GRI are a way to go if a company is thinking about its TBL. Are the GRI guidelines useful for a company and for what purpose?

## METHOD OF INVESTIGATION

In this study, the use and experiences of GRI in ten companies based in Sweden have been investigated: Electrolux, ESAB, ITT Flygt, the Scandinavian Airline System (SAS), Schenker BTL, Swedbank (Förenings-sparbanken), Swedish Meats, Sydkraft, Volvo Car Corporation (VCC) and AB Volvo (Table 1). Volvo is represented as two companies since the Volvo group divides into Volvo Car Corporation (VCC), which is a part of the Ford Company, and AB Volvo.

Except for Sydkraft, the criterion for choosing companies was that they were on the list of companies at the GRI homepage<sup>1</sup> when the study commenced in November 2001. This list presents all companies worldwide that have claimed that they use the GRI guidelines. The reason for us to include Sydkraft is that we

<sup>1</sup> Global Reporting Initiative <http://www.globalreporting.org> [5 November 2001].



Table 1. Companies studied (data for year 2000)

Company name	Industry sector	Number of employees	Annual turnover (MSEK)	First CER published	Number of CERs
Electrolux	Home appliances	22 000	124 500	1994	6
ESAB	Welding equipment	8 000	9 000	1997	4
ITT Flygt	Pumps and valves	4 000	5 500	1997	3
SAS	Air transports	31 000	47 500	1995	6
Schenker	Logistics	4 000	8 600	1994	6
Swedbank	Finance	13 000	24 000	1997	4
Swedish Meats	Food and beverages	4 800	7 600	1995	7
Sydskraft	Energy	5 800	14 300	1987	6
Volvo Car Corp.	Cars	27 400	Ford Corp.	1990	1
AB Volvo	Transport solutions for commercial use	50 000	130 000	1990	10

stumbled over the fact that they are about to use the guidelines in their forthcoming report. Sydkraft was also previously involved in the GRI structure feedback companies and is on the list as a stakeholder, which means that they have been commenting on the design of the guideline. We think it is interesting to include the opinion of a company at the beginning of their work. Besides Sydkraft, Swedbank and ITT Flygt have also been involved in the GRI development. ITT Flygt was of special interest as their Corporate Environmental Manager, Magnus Enell, is a representative in the GRI steering committee. His experience was interesting for getting a picture of the work behind the GRI guidelines. Along the journey, there has also been brief communication with the Sweden office of the consulting firm Deloitte and Touche, as their international branch is part of the development of the GRI guidelines. Deloitte and Touche is also of interest as they have developed their own version of CSR guidelines.

The data was mainly collected through personal qualitative interviews with representatives from each company, but also by communicating with the GRI interim secretariat in Boston. Along with the interviews, which took place in December 2001 and

January 2002, the actual reports of each company have been compared with the instructions in the June 2000 edition of the GRI guidelines, and with each other.

## THE GLOBAL REPORTING INITIATIVE

GRI was established in 1997 by a number of companies and organizations belonging to the Coalition for Environmentally Responsible Economies (CERES), with the mission of developing globally applicable guidelines for reporting on economic, environmental and social performance, initially for corporations and eventually for any business or governmental or non-governmental organization (GRI, 2002). The GRI organization contains representatives from several companies in different areas, NGOs and the United Nations Environment Program (UNEP). To make sure that the guidelines are serving its purpose, a stakeholder council continuously evaluates what the layout should be and what the reports should contain. It is also free for anyone to become a stakeholder to the GRI and leave comments on the work with the guideline, as



it continues. Stakeholders are encouraged to develop the guidelines and the GRI encourages the companies that are using the guidelines to communicate with their stakeholders.

The main reason for starting the GRI project was that there was no guideline on what a voluntary CER or CSR should contain. Because of this, there was no possibility to compare reports from different companies. The guidelines, which have been released in two versions so far, are constructed to be applicable to the ISO 14001 standard. The first version was released in 1999 and tested on a number of pilot companies worldwide, one of which was ITT Flygt, Sweden. The version that we have been looking at was published in June 2000, but a third revised version was released in September 2002, after this study was finished. Stakeholders and companies are continuously commenting on the guidelines by discussing them at meetings and filling out forms that the GRI secretariat has designed. GRI has the ambition to continuously improve the guidelines in an ongoing process. To develop the guidelines they have established a group of so-called *structured feedback companies* (SFCs), which have filled out a form in order to tell the GRI what they have found to be in need of improvement in the guidelines.

In its second version from June 2000 (GRI, 2000), the guidelines recommend the following parts to be included in the report:

- (i) *EO statement*, including a statement from the organization's CEO describing the key elements of the report;
- (ii) *profile of reporting organization*, including an overview of the reporting organization;
- (iii) *executive summary and key indicators*, showing an overview of the GRI report;
- (iv) *vision and strategy*, giving the organization's vision and how the vision integrates economic, environmental and social performance;
- (v) *policies, organization, and management systems*, including an overview of the organization's governance structure and

the management systems that are in place to implement the vision, and

- (vi) *performance*, covering a report of the organization's economic, environmental and social performance.

The GRI is recommending the company to report information for the current period as well as two previous periods. In the edition of June 2000 it is mentioned that guidance on indicators is in need of revision. This is since the only part that has reached a ready phase is the way to present the environmental indicators. The indicators that are included so far are giving some guidance on what the report needs to contain. It should also be noticed that the guidelines do not provide guidance for implementing data collection. One of the general ideas with the GRI report is to provide the company with information to be able to make continuous improvements among with the illumination of the connection between the three elements of sustainability: economic, environmental and social performance. The guideline is designed for use in the entire organization but the GRI is also accepting an incremental application of the guidelines.

In January 2002 the recommendations for the revised version 2002 were presented. Several subjects have been discussed in the guideline revision process, e.g. changing the order and content of the main headlines of the guidelines. Other issues are the key indicators and whether there should be a guide how to use the guidelines included. The official third, revised, version of GRI was released in September 2002. It is more extended than previously, containing a developed chapter on the report content. This chapter describes the indicators on TBL performance. Also, the recommended parts of a GRI report are slightly changed as they recommend that the CEO statement be included in 'Profile of the reporting organization'. The order of the headlines is also changed. The linkage between sustainability reporting and financial reporting is discussed in four pages. In this version the issue of credibility is



highlighted and GRI encourages, more than in the previous version, dialogue with the stakeholders.

## CORPORATE SUSTAINABILITY REPORTING AND GLOBAL REPORTING INITIATIVE IN SWEDEN

### *What the Reports Look Like*

A general impression of the so-called CSRs released so far by Swedish companies using the GRI guidelines is that they are of very different standards, despite the fact that all companies have used the guidelines in some way. The level of ambition is diverging among the companies, as some companies use the guidelines as a template for their report while others use them only as a source of inspiration. Moreover, some companies have used GRI to help include TBL in their report and thus to develop their CER to a CSR, while others have just been looking at the guidelines and then produced a report without the actual TBL approach, excluding both social and economic aspects. A similarity among all studied companies though is that they came to look at GRI while looking for a way to develop the way to report on environmental and sustainability issues. Interestingly though, none of the companies have made a complete CSR, at least not according to the GRI guidelines. Some of the companies called their report a *sustainability report*, e.g. ESAB, ITT Flygt and Swedbank. VCC chose to name theirs *corporate citizenship* and Swedish Meats named theirs *annual report including environment and ethics*. All the other companies called theirs *environmental reports*. So far, there is no company in Sweden that has produced more than one CSR 'using' the GRI guidelines. During 2002, however, there will be a second generation of reports presented from both companies new to this reporting procedure and companies that have already been using the GRI guidelines.

Taking a more specific look at the CERs/CSRs of the companies included in this

study and their use of the GRI guidelines, ESAB has chosen an own alternative and produced three versions of their report to suit different readers. SAS has chosen to make theirs according to the checklist of Deloitte and Touche, which is comparable with the GRI guidelines (Deloitte and Touche Sweden, 2002). At the time, back in 1995, when SAS decided to produce their first report, the guidelines were not ready to use. According to Kristin Haaland, Environmental Advisor at SAS, they have focused their report on the environmental issues with economical elements. The social issues have not been considered as relevant in the same way as they are in countries outside Scandinavia and Europe. A similar statement is found in the evaluation by Deloitte and Touche Sweden (2001). Electrolux did not make their report according to the guidelines either; instead, they made a report to fit their annual report and presented more details on their official homepage. According to Henrik Sundström, Vice President Group Environmental Affairs, Electrolux only used the GRI guidelines as a source of inspiration.

Sydskraft, Schenker AB, VCC and ITT Flygt have one particular thing in common, as their majority owner is a foreign corporation. The companies do diverge though when it comes to reporting sustainability. ITT Flygt was one of the pilot companies that tested the draft version of the guidelines from 1999 and therefore their report is according to the guidelines, at least within the areas where they were able to collect data. Schenker AB does not report according to every point in the guideline and their report is rather to be considered an ordinary environmental report. They have a table at the beginning of their environmental report telling what is included in the report. This is in conformity with what the guideline says should be mentioned: 'It is essential for a reporting organization to state precisely what is included and what is excluded' (GRI, 2000, p. 7). Schenker even tells in their report that the GRI has not controlled the content. VCC states that their report does not follow every point in



the guidelines but mentions clearly on the other hand that they have the ambition to do so in the future.

AB Volvo, however, does not report sustainability and has only used the guideline as an example. According to Lena Gevert, Director Environmental Affairs, AB Volvo does not have any ambitions to make a sustainability report. Regarding the subject of experiences of making environmental reports, Lena Gevert responds that Volvo has a renowned reputation on environmental issues and the corporation has a picture of what they need to improve. AB Volvo wants to show that they are not hiding any data. The Volvo report has been separate but is now included in their financial report, with additional information on environmental issues available on the Internet. Swedbank is reporting sustainability in a similar way to ITT Flygt, but Swedbank has put their focus somewhat away from the environmental issues in favour of the social issues. The focus on social issues relates to the personal interest of Britt-Marie Lundh, Senior Vice President Environmental Affairs at Swedbank. Swedish Meats did first begin with a sustainability report but due to their financial status they had to reduce their efforts to a shorter version focusing on the animal situation, a focus they chose because of the general interest of the public. During their work on the report, Swedish Meats changed their board of directors, something that influenced the ambitions on the reporting issue. Olov Osmark at Swedish Meats says that they prioritize their real work towards sustainability before reporting on the matter.

There are different possible explanations of the differences in report design. The fact that the companies have used the GRI guideline to different extents, as a template or a mere source of inspiration, is one. Even if all had used it as a template it would, however, not automatically imply that they would have included all the headlines in the guideline and produced similar reports. However, this is in line with the guideline, as it is a voluntary guideline aiming to assist the company in reporting activities

while at the same time giving a lot of room for personal adjustment to the user. There are no concrete demands in the guideline, only recommendations as for how to design a CSR. It does not say that the company should include everything to be able to use it. However, the guideline does tell the user to explain why the excluded parts are not included.

The differences in the reports could also be explained by new institutional theory (DiMaggio and Powell, 1991) as the reporting activities and environmental management depend on their apprehension of their market situation and relation to the stakeholders. Similarly, it could be related to the thoughts of Schwartz (1997) that companies act according to their own perception of their effect on the environment. In our case this could be stretched to include even the social dimension. As in the case of SAS, they believed that the social issue is not an argument as they are a Scandinavian company and do not have any social problems such as mentioned in the GRI guideline. AB Volvo found problems in defining where their responsibility ends. According to Lena Gevert, they consider that the use of the product is not within their control. However, not only differences but also similarities in CSR design could be explained by new institutional theory. For sure, companies interact with each other and create isomorphic patterns for the design of environmental and sustainability reports. The companies are watching each other in order not to do anything that is considered too much.

#### *Why Companies Publish CSRs*

This leads us to the question of why the companies produce their CERs/CSRs. A general finding from the data collected is that the companies in this study were particularly interested in reporting their environmental and ethical/social statistics to their financiers. The companies also press to present what they actually do for 'sustainability'. In some cases, they feel that they have an unfair reputation on



this issue. However, it should be mentioned that most companies in our study seem to have difficulties in defining sustainability and sustainable development. Besides financiers and other primary stakeholders, some companies see the general public and potential employees as target groups too. In all, most companies seem to seek legitimacy in their organization fields and the general society from their CSR activities. For instance, SAS wants to legitimize their line of business and attain more credibility on their environmental work by telling stakeholders what their actions on environmental issues are. As a result, SAS has received prizes for 'Best CER of the year' a number of times, something that in itself could improve the image of the company. Moreover, Swedish Meats has been and is under serious criticism because they are dealing with animals, which come with a certain responsibility to care for them. By presenting what their operation routines are like, they could gain a possibility to form a dialogue with their critics and stakeholders. Sydkraft is also a subject of criticism as their energy production originates from different more or less unsustainable sources. Volvo and VCC are producing transport equipment run by fossil fuels, which they continuously need to legitimize. Although not all companies are active in 'dirty' areas, they publish their reports to provide information mainly showing how responsible and well organized they are. As mentioned by Magnus Enell at ITT Flygt, practicing sustainable development is to look after the company brand. Our argument has bearing also in company statements that they all came up with the idea to make a CER/CSR by themselves; no one has asked them to do it. In all, our findings resemble what others have argued earlier as a driving force for voluntary environmental and social reporting (see e.g. Gray *et al.*, 1995; Neu *et al.*, 1998). However, we have found another driving force too, namely internal capacity building. ITT Flygt not only wanted to provide a tool for stakeholders to compare ITT Flygt with other companies but they also had the

intention to use the report as education material internally in the company. In addition, Schenker wanted to learn more about how the company operates.

#### *Why companies use the GRI guidelines*

Why then use the GRI guidelines when developing their CSRs? The main finding from our interviews is that companies considered the guidelines to be a generally accepted standard or framework when they started and that this would lend credibility to their reports. All of them were looking for a way to develop their CERs and they liked the idea of a global standard that would attest to the seriousness of the voluntary report. Swedish Meats, for instance, wanted to give the possibility of an external audit of their operation as a prime motive for using GRI. They had the impression that GRI would verify the report. As mentioned, Sydkraft was on its way to producing the first CSR using the GRI guidelines when this study was undertaken. Sydkraft was looking for a way to integrate different areas of accounting and reporting, i.e. to account for TBL. They do not consider GRI to be generally accepted today, but they have the impression that it will reach acceptance and that this motivates the use of the guidelines. Another important reason for using GRI, mentioned by several company representatives (e.g. Schenker, Swedish Meats and VCC), is that the guidelines provide the companies with a good and established structure for their reports, including sets of indicators in areas that are rather new to the companies, as well as ways to report transparent information.

#### **EXPERIENCES AND MANAGEMENT EFFECTS FROM USING GRI**

As a result of using the GRI guidelines, some of the companies have started with a forum for sustainable development in which they are dialoguing with all kinds of stakeholder, as



encouraged by the GRI. Other companies have just begun to have this dialogue. This relates to their level of ambition with the guideline. A pattern discovered among the studied companies is that the ones that just have been looking at the guideline and not using it do not mention any effects of their work at all. Internal effects that these users have experienced are that they in several cases need to develop their internal communication within the area of TBL. In fact, Sydkraft has already noticed that the communication between the different business areas has increased and been improved since they began their work with the forthcoming report. TBL is not always considered as a part of the ordinary business, which is a matter that needs to be overcome. On the other hand, they have discovered that the integration of TBL throughout their organizations has increased by producing CSRs and using the GRI guidelines. The fact that TBL is not considered as part of ordinary business could relate to the fact that it expands the organization field to include more organizations such as the local community and other undefined stakeholders.

An early experience at ITT Flygt was that most people, e.g. the personnel at ITT Flygt, do not know that the environmental issues are integrated in sustainable development. At ITT Flygt they also discovered that they did much more within the sustainability area than they actually knew they did when they began to collect data for their first sustainability report. Thanks to developing the report, they also developed a way to communicate their actions within the organization. ITT Flygt has internal focus groups concerning sustainability and they have also developed a control documentary on sustainability. Representatives throughout the organization form the focus groups within the company as cross functional groups. This together with stakeholder group meetings is giving them required inputs on the demands on sustainability. The company has developed a special action-plan handbook to act according to.

When interviewing Britt-Marie Lundh at Swedbank, she said that it is hard to reach out to all employees, as they do not know what sustainability really is, but she believes the sustainability report has given the personnel a greater knowledge. She added that some people have discovered the possibility to do business on sustainability especially towards communities, which has helped the integration of the sustainability work. They have noticed that the report is a driving force, especially in the company's local offices, where a greater knowledge has emerged and nobody reacts negatively against the concept. At Swedbank the focus on the pure environmental issues decreased when sustainability was put on the agenda. Instead, they focus on the social issues such as establishing a bank office in a district with many immigrants. At one office they have adapted to this and hired personnel who know the languages and culture in the area. This is also a way to attract customers from ethnic minorities. Swedbank does however continue with an on-going project implementing ISO 14001, so they have not left the environmental issues completely.

At Swedish Meats there has been a sustainability driving force by the work on the report, which has given the company a comprehensive view on TBL. The collection of data at Swedish Meats has improved as a direct consequence of the work with the report. They believed that there were internal advantages to gain with GRI and it led towards integrating all issues in operational management. A deeper understanding of the products' life cycles is another subject mentioned by Olov Osmark.

At ESAB, Stefan Larsson says that the sustainability report has helped pushing the internal work on the matter. He also says that the issues that before had the ability to fall between chairs are now being integrated. He continues by mentioning the economical aspects as an example. The conclusion at ESAB is that work on sustainability and environment has been given a push and gained depth. At VCC, the sustainability reporting has forced



them to follow up on the report and this has affected their organizational structure. Moreover, the sustainability reporting has made environmental management at VCC change from a manufacturer/customer relationship towards a broader mindset. An example mentioned is a bioenergy initiative for the city of Gothenburg. However, Catarina Paulson at VCC did not think that the GRI guidelines gave them anything other than a structure for the report from a third party, which she on the other hand believes give credibility. AB Volvo believed that their work with collecting data for their environmental report affected all their data collection in a positive direction, which helped them develop their routines and systems for collecting data. Furthermore, Electrolux has changed their environmental focus from the manufacturing phase to the user phase as a result of environmental and sustainability reporting. Their products have more environmental impact than their production processes. At Schenker, as a contrast to the other interview statements, it is not believed that using the GRI guidelines has affected their work in any way.

In all, all companies have positive experiences from the use of GRI. According to the interviews with the Swedish corporate representatives their corporations have received greater credibility as they are using GRI guidelines, externally but also internally. The company appearance on a list like the GRI list is most certainly giving credit to the internal work; it probably also gives the sustainability issue legitimacy within the company. When the company representatives were asked whether they would continue to make this kind of report they all answered yes, but if it was going to be a printed version there was serious doubt in several cases. The possibility to distribute the information on the company website is offering greater flexibility and provides the possibility to make updates continuously. In fact, all companies publish their CERs/CSRs on the Internet today. The website alternative is often cheaper than the printed version as it

is produced in a large quantity. The alternative to combine the printed version with a web-based version is also mentioned. In this combination, the details would be available on the Internet and a shorter compilation in their annual report in order to save paper and money. A web-based report is also recommended by the GRI, as it will facilitate frequent updating of the content.

## CONCLUDING REMARKS

As always in a corporate environmental management context, the management's behaviour and statements are most essential for the internal engagement and results and so are their knowledge and expertise (Schwartz, 1997, p. 304). The intention of GRI is to provide a guideline for companies that want to report their work externally, but from the results of this study the most important fact is that, by looking at the guidelines and collecting the required data, the management achieves a useful overview of the company. The company does not have to report the information to begin with, but the management will have the information available if there is an external demand for the information. As some of the companies in our study discovered that they already were acting in areas they did not know they were acting in, it is possible to say that the data collection procedure also affects the company's apprehension of itself on the market as well as between its departments. Unknown interactions between departments, events, individuals and outside factors are discovered and used to serve a purpose internally as well as externally. Interestingly, a similar effect has been found in local authorities when they implement environmental management systems (Burström, 2000; Burström von Malmberg, 2002). Among the companies included in this study, it was common that they began with working out who wanted the report, i.e. who were the stakeholders. An analysis of this kind could also be of help in



working out in what organizational field they are acting. It could also help in finding out which stakeholders they have to address first. As an example, Swedbank did make a nationwide investigation to make sure they provided proper information in their report.

All the companies studied had their report design as the main reason for using the guidelines. Considering this as a general fact, they have gained more than design by using the guidelines. That is, most of them indicate that their internal communication has improved thanks to the guidelines, between parts of the organization that normally do not communicate that much. This fact is important, because if TBL is to be properly integrated there has to be communication between departments and operations (Post and Altman, 1994; Welford, 2000, p. 101ff). As a bonus, there will most certainly be advantages in other areas as well when people and organizations start to communicate. If a corporation seeks legitimacy, perhaps it will get it by presenting these kinds of report. The experience is that it has become easier to obtain information within the company. If the report gives legitimacy for the company externally, then perhaps the report gives the sustainability work legitimacy within the company. As it has become easier to obtain the information and they have reached integration in some areas, this theory might have ground. The companies' attitudes towards their products' environmental effects and whose responsibility the product impact is varies. Is the environmental impact of driving a car or a truck the user's responsibility or the manufacturer's, or maybe both? Is it the product itself or the service the company provide with a product that is the issue? The GRI report could help corporations to be able to see what actually has been done in the organization and make improvements from the accounted result.

From the empirical data in this study, our conclusion is that the GRI guideline would be a potential tool to gain control and visibility of the TBL on a corporate level and highlight the

importance of collecting internal information. By collecting the information that is needed for the report, the company discovers details that were previously unknown. Furthermore, by using the guidelines or at least parts of them the management and the stakeholders will see what is going on within the company. The transparency that is provided by a GRI report may shorten the distance between the company and society as well as between the management and its employees. To report according to the GRI guidelines is also a natural way to take the environmental management at any company a step further in order to reach continual improvements. The guidelines are compatible with the already common ISO 14001. Thus, it should not be that hard to try this kind of reporting. As the external report seems to give internal communication and reporting a push, it is possible to gain advantages in more than one area. The possibility with the guidelines is not only to report externally; it is also to report internally. The report could be used as commercial material but also as pure informative material to external and internal stakeholders who demand and need the information. In the interviews, it was mentioned that the employees did not know what sustainability was. In such cases the work with a GRI report gives the employees something to touch and look at; the sustainability becomes visible. By using the guidelines and determining the company's intentions on each point in the guideline would give a specification of requirements on employees and suppliers.

A final reflection though is that we have found that companies are mentioned on the GRI list although they have only been using the guidelines as a source of inspiration, not using them strictly. Notable in this context is the fact that the list of companies presented on the GRI homepage is not verified by the GRI. The companies have not shown the report to the GRI, which gives a lot of space for companies that have the ambition to be on the list. According to Mark Brownlie at GRI interim



secretariat, the routine with the list of companies is that the company reports to the GRI that they have used the guideline in some way and then the GRI puts them on the list. Since the GRI guidelines are just a guide, there are no concrete demands, only recommendations. The comparability suffers though from the fact that the organizations are free to use whatever level of report suits the company and their level of ambition. This we believe gives a lack of credibility for the GRI and maybe it could affect the company credibility in the long run as well. As mentioned, at least one of the companies in our study chose to use GRI since they had the impression that GRI would verify the reports and account for seriousness in corporate environmental and sustainability reporting. After correspondence with Magnus Enell at ITT Flygt and a member of the GRI Stakeholder Council Working Group, he clarifies that the intention is that stakeholders would react if the information on the list were false. He also confirms that there are ongoing discussions on the verification issue. If a verification system is established by the GRI headquarters, and a clearer definition on how to use the guideline in the different levels of ambition, there is a possibility to compensate the different ways of using and help interpret the GRI guideline ambitions. The GRI does not, however, have the required funding to perform verification and, according to Magnus Enell, such activities would compete with the consulting firms that are involved with the GRI. In all, the lack of possibility to provide verified and comparable reports would certainly be a key issue to solve if GRI is going to be a guideline that reduces the criticisms of voluntary corporate reporting as being biased and self-laudatory. In our opinion, the release of the revised version of GRI in September 2002 will hardly relieve this criticism; it concerns the contents of the report rather than the use of the reports. Thus it continues to be a key issue. In the meanwhile, CSRs and the GRI guidelines could be seen as a potential tool for companies that want to get a better picture of

themselves and use it for internal capacity building.

To end, one should keep in mind the fact that GRI guidelines are a rather new way of reporting. The guidelines ought to be treated as the dynamic instrument they claim to be and therefore will continuously be developed. The transparency that the guidelines provide is perhaps more important than having identical reports to compare.

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