

Stakeholder engagement in sustainability reporting by Fortune Global 500 companies: a call for embeddedness

Putu Agus Ardiana

*Department of Accounting, Faculty of Economics and Business,
Udayana University, Denpasar, Bali, Indonesia and
Durham University Business School, Durham, UK*

Abstract

Purpose – The purpose of this paper is to ascertain whether Fortune Global 500 companies embed stakeholder engagement in their sustainability reporting.

Design/methodology/approach – Quantitative and qualitative content analyses were undertaken on 646 sustainability reports written in English over the period from 2015 to 2017.

Findings – This research found a low level of stakeholder engagement disclosures and scant evidence that sustainability disclosures were drawn upon stakeholder engagement practices. The findings indicate that stakeholder engagement was loosely embedded in sustainability reporting.

Research limitations/implications – Sustainability reports are the sole unit of analysis. Besides, this research is limited to a sample of companies and to a specific period, which limits the generalisation of the research findings.

Practical implications – Embedding stakeholder engagement in sustainability reporting holds companies accountable to their stakeholders. This is because the companies' sustainability disclosures acknowledge the stakeholders' concerns and information about the stakeholder engagement methods deployed to address those concerns.

Social implications – Stakeholder engagement promotes accountability by encouraging stakeholders to convey their opinions about corporate sustainability, participate in decision-making processes that impact them, and partake in defining the contents of sustainability reports.

Originality/value – This paper provides insights into the need to link sustainability disclosures with stakeholder engagement disclosures, by articulating who the relevant stakeholders are and how they are engaged on the various sustainability topics – rather than conceiving them to be separate and independent disclosures in a sustainability report.

Keywords Embeddedness, Stakeholder engagement, Sustainability reporting, Fortune Global 500, Content analysis

Paper type Research paper



1. Introduction

The objective of this research is to ascertain whether companies listed on the 2016 Fortune Global 500 embed stakeholder engagement in their sustainability reporting. Generally speaking, the term embeddedness, in the context of sustainability reporting, refers to the

state of a conception of sustainability being deeply ingrained in the reporting organisations (Bini and Bellucci, 2020). According to Payán-Sánchez *et al.* (2018), the embeddedness of sustainability enables knowledge co-creation and sharing between companies and their stakeholders on corporate sustainability issues to occur. Embeddedness in this paper is reflected by *sustainability disclosures* that not only contain information on sustainability issues but also *link them to stakeholder engagement disclosures*, which at the very least, provide information about who the relevant stakeholders are and how they are engaged on those sustainability issues. In other words, the embeddedness connects stakeholder engagement and sustainability disclosures in the same sustainability report, rather than viewing them as separate and independent disclosures.

The Fortune Global 500 represents the top 500 large companies around the world, based on their reported revenues. Prior studies suggest that company size is one of the major determinants for the issuing of sustainability reports (Du and Vieira, 2012; Schreck and Raithe, 2018). Large companies interact with a more diverse range of stakeholders and accordingly encounter a greater potential for conflict with or amongst their stakeholders (Herremans *et al.*, 2016; Qian *et al.*, 2020). In response to such a potential conflict, voluntary sustainability reporting can be considered as a medium to reduce any information asymmetries and tensions. It is also a signal sent by large companies that they are keen to promote sustainability and maintain a good relationship with the stakeholders (Al-Shaer, 2020; Hahn and Lülfs, 2014).

Sustainability reporting has been practised widely around the world. Despite its spread, the extant literature reflects a pessimistic view (Antonini *et al.*, 2020; Gray, 2006; Milne and Gray, 2013). Gray (2006) posits that “sustainability” as a condition described in the term “sustainable development” by the Brundtland Commission (UNWCED, 1987) is extremely hard, if not impossible, for companies to achieve individually. As a result, according to Milne and Gray (2013), sustainability reporting is merely about reporting on Elkington’s (1997) triple bottom line, namely, the economic, social and environmental aspects of corporate responsibilities and impacts. Several studies use the term *sustainability disclosure* to refer to the *economic, social and environmental information contained in sustainability reports* (Herbohn *et al.*, 2014; Hummel and Schlick, 2016) and this is the understanding adopted in this paper.

Although only a voluntary requirement in several countries, companies around the world have been referring to a widely used framework from the Global Reporting Initiative (GRI) in preparing their sustainability reports (Moneva *et al.*, 2006; Safari and Areeb, 2020). The reporting framework suggests companies identify their stakeholders, engage with them in a sustainability context and disclose this engagement in their sustainability reports (see Disclosure 102–40 to Disclosure 102–44 in GRI, 2016). Companies are expected to translate such practices into *stakeholder engagement disclosures*. Another framework, AA1000 Stakeholder Engagement Standard (SES), also suggests that “the organisation should *publicly report* on the aggregate of its *engagement activities* together with the overall outcome and impact, to show the scope and breadth of its outreach and to *demonstrate how its engagements contribute value to its strategy and operations*” (AccountAbility, 2015, 32, emphasis added). This implies that *stakeholder engagement practices* should not only be *translated into disclosures* but also *linked to* the strategy and operations articulated in the corporate *sustainability disclosures*.

The extant literature acknowledges stakeholder engagement is paramount in sustainability reporting (Bellucci *et al.*, 2019; Kaur and Lodhia, 2014; Manetti, 2011; Rinaldi *et al.*, 2014; Thomson and Bebbington, 2005). Kaur and Lodhia (2014) state that “stakeholder engagement is an essential component in the development of sustainability reporting as it informs reporters of the material concerns, issues and aspirations of key stakeholders” (p. 54). Similarly, Manetti (2011) posits that “SE [stakeholder engagement] is a fundamental step in the reporting process

because of its role in defining the materiality and relevance of the information being communicated” (p. 110). In the absence of stakeholder engagement, sustainability reports tend to be compiled by selecting and presenting positive information to demonstrate favourable performances, whilst excluding any unfavourable aspects (Gray and Milne, 2002; Miles and Ringham, 2020), thus potentially resulting in incomplete reports (Adams, 2004; Journeault *et al.*, 2021). These potentially provide less useful information to interested users (De Micco *et al.*, 2021; Manetti, 2011). Disclosing sustainability information in sustainability reports without it being based on stakeholder engagement is like delivering information to unidentified recipients, for whom the information may be irrelevant, where the reporter is likely to hide any information that may threaten his/her reputation (Ardiana, 2019; Rinaldi *et al.*, 2014).

As stakeholder engagement is paramount in sustainability reporting, it needs to be embedded by integrating stakeholder engagement into the company’s strategy, governance and operations (Mason and Simmons (2014) and implementing the GRI’s principles for defining report content (i.e. by engaging with stakeholders *inclusively* in the *sustainability context* and in the *materiality* assessment to deliver *complete* sustainability reports) (Moratis and Brandt, 2017). A plethora of studies show that the embeddedness of stakeholder engagement in sustainability reporting is undertaken by assessing the level of stakeholder engagement disclosures (Bellucci *et al.*, 2019; Beske *et al.*, 2020). Bellucci *et al.* (2019) developed an index to investigate the level of stakeholder engagement disclosures. Their study suggests that “stakeholder engagement serves as one of the most straightforward ways of understanding the degree to which [disclosures on sustainability] are relevant and significant” (p. 1491). In a similar vein, Beske *et al.* (2020) developed an index to examine the extent to which sustainability and integrated reports communicate topics that are deemed important by stakeholders. Their study shows that:

Companies disclose only a small amount of the related information and fail to explain their methods for the identification of the stakeholders and topics/aspects. Thus, the underlying processes to define the report content remain unclear (p. 162, emphasis added).

These two empirical studies imply that stakeholder engagement disclosures are assumed to reflect the actual practices and stakeholder engagement disclosures are closely related to information on topics that matter to the stakeholders, which need to be included in the sustainability reports. There is a paucity of information in the literature looking at embeddedness as the connection between stakeholder engagement and sustainability disclosures, which goes beyond the assessment of the level of stakeholder engagement disclosures in the sustainability report. Therefore, the research question is:

RQ. Does Fortune Global 500 companies embed stakeholder engagement in their sustainability reporting (by not only translating their stakeholder engagement practices into disclosures but also connecting these disclosures to sustainability disclosures in the same sustainability report)?

This study seeks to contribute to understanding the less explored connection between stakeholder engagement and sustainability disclosures. This paper highlights that stakeholder engagement disclosures should not be viewed as separate and independent disclosures from sustainability disclosures, rather both disclosures should be linked, at least by articulating who the relevant stakeholders are and how they are engaged on the various sustainability topics. In the absence of this link between stakeholder engagement and sustainability disclosures, sustainability disclosures are potentially perceived as “boilerplate” statements (Michelon *et al.*, 2015: 67). In this regard, sustainability disclosures are seemingly general statements, made for a general audience, with unidentified stakeholders as the interested users. Moreover, the disclosures may consequently fail to demonstrate how sustainability issues of interest to specific stakeholder groups are

addressed. Linking these two disclosures illuminates the fact that the embeddedness of the engagement of the stakeholders is a critical construct in sustainability reporting (Amran *et al.*, 2014; Bradford *et al.*, 2017).

The remainder of this paper is structured as follows: Section 2 reviews the extant literature, Section 3 describes the research methods, Sections 4 and 5 show the results and discuss the research findings, respectively, and Section 6 concludes the paper.

2. Literature review

Stakeholder engagement is an interactive relationship in which stakeholders are viewed as “a source of value and competitive advantage” for the organisation (Lawrence and Weber, 2014, p. 38). Greenwood (2007) defines stakeholder engagement as “a process or processes of consultation, communication, dialogue and exchange” (pp. 321–322). Bellucci *et al.* (2019) collected empirical evidence on dialogic accounting as a critical element of quality stakeholder engagement in sustainability reporting. Their study highlights that:

If an organisation is truly willing to conduct effective stakeholder engagement, then DA [dialogic accounting] could act as a more comprehensive accounting framework that supports the decision-making processes and dialogue (p. 1489).

From this standpoint, dialogue is the critical element of stakeholder engagements quality in sustainability reporting. Furthermore, Manetti (2011) posits that quality stakeholder engagements can be achieved by allowing stakeholders to express their views about corporate sustainability issues, by being involved in the decision-making processes that matter for them and by participating in determining the content of the report. Quality stakeholder engagement, Amran *et al.* (2014) believe, can contribute to the quality of sustainability reporting. Therefore, stakeholder engagement must be embedded in the process of sustainability reporting.

Figure 1 shows the schema for embedding stakeholder engagement in sustainability reporting. Stakeholder engagement practices should be viewed as an ongoing process involving planning, implementing and controlling stages (AccountAbility, 2015). In an empirical study, Kaur and Lodhia (2018) highlight that stakeholder engagement in sustainability planning, accounting and reporting is “a continuous process and [...] stakeholder engagement in each of these stages is of critical importance” (p. 363, emphasis added). Being of paramount importance in sustainability reporting, companies must engage with their stakeholders in the co-creation of sustainability knowledge, the co-participation in problem-solving and the co-determination of sustainability topics to define the report content (AccountAbility, 2015; Bellucci *et al.*, 2019; GRI, 2016; Kaur and Lodhia, 2014, 2018; Manetti, 2011).

GRI (2016) suggests that organisations *shall report* “the basis for identifying and selecting stakeholders with whom to engage” (Disclosure 102–42); “the organisation’s approach to stakeholder engagement” (Disclosure 102–43); “key topics and concerns that have been raised through stakeholder engagement” (Disclosure 102–44); amongst other disclosures on stakeholder engagement. In other words, organisations are expected to disclose their practices for stakeholder engagement in their sustainability reports, such as who the relevant stakeholders are and how they are engaged on various sustainability topics. A plethora of studies (Bellucci *et al.*, 2019; Beske *et al.*, 2020; Kaur and Lodhia, 2014) show that the *embeddedness* of stakeholder engagement in sustainability reporting is measured by *the level of stakeholder engagement disclosures in sustainability reporting* through the development of a stakeholder engagement disclosure index. The index is used to assess who the relevant stakeholders are and how they are engaged, amongst other

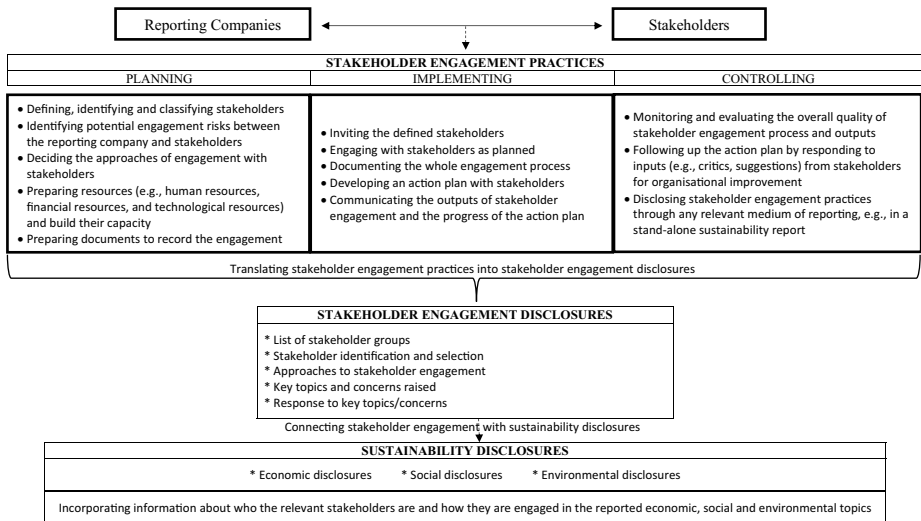


Figure 1. Schema for embedding stakeholder engagement in sustainability reporting

Source: Adapted from AccountAbility (2015); Bellucci *et al.* (2019); Beske *et al.* (2020); GRI (2016); Kaur and Lodhia (2014, 2018)

features of stakeholder engagement practices disclosed by the reporting organisations being studied. In measuring the level of stakeholder engagement disclosures in sustainability reporting, Bellucci *et al.* (2019), for instance, presume that stakeholder engagement disclosures reflect the actual practices. The study by Kaur and Lodhia (2018), however, reveals that Australian local councils seem to have disavowed the presumption. “It was possible that some of the councils were *undertaking stakeholder engagement extensively, but not disclosing their activities in reports*” (p. 346, emphasis added). The possibility of a disconnect between stakeholder engagement practices and disclosures may imply that disclosures cannot be relied upon to represent the actual practices.

Although voluntary, the idea behind disclosing stakeholder engagement practices is to inform the interested users of the sustainability reports that the topics in a sustainability report are not determined solely by the report preparers. Instead, topics are co-determined by the report preparers and the stakeholders (Puroila and Mäkelä, 2019). Even though it is paramount to translate stakeholder engagement practices into disclosures, embedding stakeholder engagement in sustainability reporting by confining it to a stakeholder engagement section in the sustainability report seems to be insufficient to deliver complete and useful information (Adams, 2004; De Micco *et al.*, 2021; Journeault *et al.*, 2021; Manetti, 2011).

Figure 1 illustrates the connection between disclosures concerning stakeholder engagement and sustainability. The connection suggests that sustainability disclosures should not only include information covering economic, social and environmental topics but also demonstrate who the relevant stakeholders are and how they are engaged with on those topics, amongst other relevant stakeholder engagement information disclosed in the report – see the GRI’s (2016, pp. 29–32) stakeholder engagement disclosures. In other words, companies disclose their stakeholder engagement practices and articulate them in their sustainability disclosures. Linking both disclosures indicates that companies are aware of

the sustainability concerns of their stakeholder groups and strive to address those concerns. Not only does such a connection improve the informativeness of a sustainability report but it also demonstrates the reporting organisation's confidence that the sustainability topics disclosed in the report were drawn from stakeholder engagement, rather than "cherry-picking" activities (i.e. picking positive information from the perspective of the report preparers and discarding any adverse topics, which may have reputational threats – see [Giacomini, 2019](#); [Gray and Milne, 2002](#)). In the absence of the connection between sustainability and stakeholder engagement disclosures, the sustainability information in the sustainability report is like general "boilerplate" statements, with a lack of recognition of who the relevant stakeholders are for the reported topics and how they were engaged to address their sustainability concerns ([Michelon *et al.*, 2015](#)).

The literature review section has discussed that stakeholder engagement is of paramount importance in sustainability reporting; hence it needs to be embedded in the reporting. Embedding stakeholder engagement is insufficient if it only involves translating stakeholder engagement practices into disclosures. Stakeholder engagement disclosures need to be linked with sustainability disclosures to inform the readers of the sustainability reports that companies have engaged with their relevant stakeholder groups on the topics included in the reports. The next section outlines the research method.

3. Research method

The population of this research was companies listed on the 2016 Fortune Global 500. Using a purposive sampling method, this research set several criteria to draw samples from the population as follows:

- Companies were listed on the 2016 Fortune Global 500. The list is available on <http://beta.fortune.com/global500/list> (last viewed on 31 December 2016);
- Companies' sustainability reports or equivalents were available in portable document format (PDF) on the GRI database website at <http://database.globalreporting.org/search/> (last viewed on 31 December 2018). Several sustainability reports were available on the GRI database website, but they could not be downloaded. In such cases, the reports were downloaded from the corresponding corporate websites;
- The downloadable PDF reports included in the analysis were written in English.

Companies listed on the 2016 Fortune Global 500 were chosen for several reasons, as follows:

- the list of Fortune Global 500 companies was accessed in 2016 and this list is updated periodically,
- prior studies found a compelling positive relationship between company size and voluntary sustainability reporting ([Bachoo *et al.*, 2013](#); [Du and Vieira, 2012](#)),
- companies listed on the Fortune Global 500 represent a proxy of company size in a global context ([Junior *et al.*, 2014](#)).

Meanwhile, sustainability reports between 2015 and 2017 were included in this study based on the accessibility of those reports on the GRI database website (last viewed on 31 December 2018). This research did not analyse website-based or social media sustainability reporting because the sustainability information in such reporting media tends to change over time and such reporting media tend to be analysed with regard to single company-specific sustainability concerns ([Unerman and Bennett, 2004](#), on Shell; [Hogan and Lodhia, 2011](#), on BHP Billiton; [Arora and Lodhia, 2017](#), on BP).

Table 1 shows the descriptive statistics for the population and sample of this research. The companies listed on the 2016 Fortune Global 500 are based in 34 different countries and operate in 21 different business sectors. Based on the purposive sampling criteria described earlier, this research studied 646 sustainability reports. The company samples comprised 219 companies from 31 different countries, ranging from developed countries to developing countries and they came from 19 different business sectors. On average, the companies had been listed on the Fortune Global 500 for nearly 15 years and 13 years for the population and sample, respectively.

Data were analysed using quantitative and qualitative content analyses. “Content analysis is a research technique based on the objective, systematic and quantitative description of the manifest content of communications” (Bellucci *et al.*, 2019: 1474). According to Bell *et al.* (2019), content analysis is a popular approach in analysing items disclosed in corporate reporting media. The quantitative content analysis is usually conducted by counting the occurrence of words (Krippendorff, 2013). However, the quantitative content analysis in this research was conducted by developing binary stakeholder engagement disclosure indices. The qualitative content analysis was undertaken concurrently, examining relevant statements in the sustainability reports for evidence in support of the quantitative content analysis.

The quantitative content analysis was undertaken by developing binary disclosure indices (Beattie *et al.*, 2004; Bellucci *et al.*, 2019; Beske *et al.*, 2020) to examine the level of stakeholder engagement disclosures and the level of sustainability disclosures that are based on stakeholder engagement. The first binary disclosure index contained five items taken from the GRI’s (2016) stakeholder engagement disclosures (Panel A in Table 2). Disclosure 102–41 on “collective bargaining agreements” is one of the stakeholder engagement disclosures outlined by the GRI (2016) but it was not included in Panel A in Table 2 because none of the 646 reports being studied disclosed it. *Only the GRI’s (2016) stakeholder engagement disclosures that were found in the sustainability reports being studied have been included in the analysis.* The second binary disclosure index consisted of 18 items taken from the GRI’s (2016) sustainability disclosures (Panel B in Table 2). *Only sustainability (economic, social and environmental) disclosures containing statements of, at least, who the relevant stakeholders were and how they were engaged in particular topics have been taken into account.* For example, an economic disclosure on “anti-corruption” (see Disclosure 205 in GRI, 2016) was not included in Panel B in Table 2 because it was not evident in the reports being studied that the disclosure included

Items	Population	Sample
Total number of companies	500	219
Total number of countries	34	31
Total number of business sectors	21	19
Total number of years on the Fortune Global 500 list as of 31 December 2016		
• Maximum	22	22
• Minimum	1	1
• Average	14.52	12.71
• Standard deviation	7.56	6.13
• Median	17	15

Table 1.
Descriptive statistics

No.	Disclosure	Measurement	Reference
<i>Panel A. Stakeholder engagement disclosures</i>			
1	Identification of stakeholder groups	1 if the company provides a list of or mentions stakeholder groups; 0 otherwise	Disclosure 102–40
2	Basis of stakeholder identification and classification	1 if the company reports the basis for identification and classification of stakeholders; 0 otherwise	Disclosure 102–42
3	Stakeholder engagement approaches	1 if the company mentions stakeholder engagement approaches; 0 otherwise	Disclosure 102–43
4	Stakeholder engagement topics/concerns	1 if the company discloses key topics/concerns arising from stakeholder engagement; 0 otherwise	Disclosure 102–44
5	Company's response to stakeholder engagement topics/concerns	1 if the company shows how it has responded to the identified key topics/concerns; 0 otherwise	Disclosure 102–44
<i>Panel B. Sustainability disclosures</i>			
No.	Disclosure	Measurement	Reference
<i>Economic disclosures</i>			
1	Economic value generated and distributed	1 if the company at least mentions who and how the relevant stakeholders are engaged with in generating and distributing economic value; 0 otherwise	Disclosure 201–1
2	Supply chain	1 if the company at least mentions who and how the relevant stakeholders are engaged with in procurement processes as an integral part of the company's supply chain; 0 otherwise	Disclosure 204
3	Direct economic impact due to climate change	1 if the company at least mentions who and how the relevant stakeholders are engaged with in generating substantive changes in operations, revenue or expenditure impacted by climate change; 0 otherwise	Disclosure 201–2
4	Indirect economic impacts	1 if the company at least mentions who and how the relevant stakeholders are engaged with in bringing economic impacts on local community or economy; 0 otherwise	Disclosure 203
<i>Social disclosures</i>			
5	Diversity and equal opportunity	1 if the company at least mentions who and how the relevant stakeholders are engaged in dealing with diversity and equal opportunity at work; 0 otherwise	Disclosure 405
6	Labour and industrial relations	1 if the company at least mentions who and how the relevant stakeholders are engaged with in collective bargaining agreements at work; 0 otherwise	Disclosure 402
7	Occupational health and safety	1 if the company at least mentions who and how the relevant stakeholders are engaged with in work-related health and safety issues; 0 otherwise	Disclosure 403
8	Training and education	1 if the company at least mentions who and how the relevant stakeholders are engaged with in training and education; 0 otherwise	Disclosure 404
9	Human rights	1 if the company at least mentions who and how the relevant stakeholders are engaged with in non-discrimination policy, freedom of association and collective bargaining, including its reporting as an accountability mechanism; 0 otherwise	Disclosure 412

(continued)

Table 2.
Binary disclosure
indices

No.	Disclosure	Measurement	Reference
10	Community involvement	1 if the company at least mentions who and how the relevant stakeholders are engaged with in local community development programmes based on local communities' needs; 0 otherwise	Disclosure 413
11	Product responsibility	1 if the company at least mentions who and how the relevant stakeholders are engaged with in customers' health and safety issues, product labelling, customer satisfaction and customer privacy; 0 otherwise	Disclosure 417
<i>Environmental disclosures</i>			
12	Energy	1 if the company at least mentions who and how the relevant stakeholders are engaged with in the reduction of energy consumption or reduction in energy requirements of products and services; 0 otherwise	Disclosure 302
13	Water	1 if the company at least mentions who and how the relevant stakeholders are engaged with in water management; 0 otherwise	Disclosure 303
14	Waste management	1 if the company at least mentions who and how the relevant stakeholders are engaged with in waste management; 0 otherwise	Disclosure 306
15	Emissions	1 if the company at least mentions who and how the relevant stakeholders are engaged with in the reduction of greenhouse gas emissions; 0 otherwise	Disclosure 305
16	Biodiversity	1 if the company at least mentions who and how the relevant stakeholders are engaged with <i>n</i> biodiversity issues; 0 otherwise	Disclosure 304
17	Environmental compliance	1 if the company at least mentions who and how the relevant stakeholders are engaged with in compliance with the environmental laws and regulations; 0 otherwise	Disclosure 307
18	Supplier environmental assessment	1 if the company at least mentions who and how the relevant stakeholders are engaged in assessing suppliers with environmental criteria; 0 otherwise	Disclosure 308

Table 2.

information on who the relevant stakeholders were and how they had been engaged in that topic.

It is important to note that [Table 2](#) makes reference to the disclosure indicators in GRI standards, which are equivalent to those outlined in earlier versions of the GRI guidelines as referred to by the reporting companies being studied. As suggested by [Bellucci et al. \(2019\)](#), “although the special emphasis was placed on the stakeholder engagement section, the entire report was subjected to a content analysis” (p. 1476). Each item has a value of 1 if the information is available or 0 if it is not. There is no weighting because the purpose of this research is to examine the *extent* of the disclosures rather than the information *quality* in the disclosures ([Beattie et al., 2004](#)). Moreover, a weighting procedure is only relevant when one item is deemed more important than another ([Marston and Shrives, 1991](#)), which does not apply in this research. Data obtained in the quantitative content analysis were tabulated in a Microsoft Excel file.

In addition to the quantitative analysis, the qualitative content analysis in this research followed a similar procedure to Puroila and Mäkelä (2019), that is, via a close reading of sustainability reports. The reports were read several times and highlighted electronically using the PDF-XChange Viewer. The highlighted texts were copied to a column in a Microsoft Excel file so as to trace the source file easily. Relevant statements taken from sustainability reports have been presented in the results section of this paper. This is to show the evidence in support of the results of the quantitative content analysis based on the binary disclosure indices.

This research deployed an inter-rater reliability test that sought to mitigate the subjectivity and possible errors in undertaking a quantitative content analysis (Krippendorff, 2013) by re-examining 50 of the 646 sustainability reports. A final-year doctoral student voluntarily undertook the same process of analysis, as guided by Table 2, in early April 2020. Krippendorff's alpha was determined by following syntax in SPSS by Hayes and Krippendorff (2007). Krippendorff's alpha was 98.71, indicating that there was no significant disagreement between the two coders. Any minor dispute was resolved through a video call using Skype (for instance, the volunteer was rather confused when searching for the basis used for stakeholder identification and classification because several reports did not have a specific stakeholder engagement section). A discussion about the qualitative content analysis was also undertaken via Skype, on the same day, to reach a consensus on whether the highlighted statements in the sustainability reports constituted sustainability disclosures based on stakeholder engagement (as shown in Table 4). The Skype meeting lasted about two hours and was undertaken on 10 April 2020.

This section has outlined the research method deployed in this study. Quantitative and qualitative content analyses were used to assess the level of stakeholder engagement disclosures and the extent to which sustainability disclosures were linked with stakeholder engagement disclosures. The next two sections present and discuss the research findings (Sections 4 and 5, respectively).

4. Results

Table 3, on stakeholder engagement disclosures, shows that 77.55% of the sustainability reports being studied identify the relevant stakeholder groups (Disclosure 102–40 in GRI, 2016). Different reporting companies disclose the different stakeholder groups that they deem to be relevant. A closer look shows that the companies being studied acknowledge a wide range of stakeholder groups, from employees and customers to shareholders and academics, amongst others. An empirical study by Kaur and Lodhia (2018) suggests that prioritising only financial-related stakeholder groups in sustainability initiatives and agendas, whilst disregarding the existence of local communities, is contrary to the spirit of achieving accountability to a wide range of stakeholder groups. To promote accountability, companies need to engage their diverse stakeholders in dialogue and involve them in formulating the sustainability agendas and decision-making processes that matter to them (Bellucci *et al.*, 2019).

In most cases, companies identify their relevant stakeholder groups, but only 14.86% of the sustainability reports disclose the basis for the stakeholders' identification and classification (Disclosure 102–42 in GRI, 2016). This disclosure is important to inform the readers about how companies define their relevant stakeholders (Crane and Ruebottom, 2011). For example, Enel's 2015 Sustainability Report reveals that dependence ("in the sense of the importance of the relationship for the stakeholder"), influence ("importance of the relationship for the company") and urgency ("temporal aspect of the relationship") are the criteria used for identifying and classifying its stakeholders (p. 35).

No.	Disclosure items	2015		2016		2017		Total	
		Total	(%)	Total	(%)	Total	(%)	Total	(%)
1	<i>Identification of stakeholder groups</i>								
	Presence	165	75.34	166	78.30	170	79.07	501	77.55
	Absence	54	24.66	46	21.70	45	20.93	145	22.45
	Total	219	100	212	100	215	100	646	100
	The most important stakeholders are our <i>employees, customers, shareholders</i> and <i>investors</i> , as well as our <i>suppliers</i> . However, civil groups such as <i>NGOs</i> also have legitimate interests that we take into consideration. The same applies to <i>analysts, professional associations, trade unions, media, scientists</i> and <i>politicians</i> , as well as <i>municipalities, residents</i> and <i>neighbours of our locations</i> (Daimler's 2016 Sustainability Report, p. 13, emphasis added)								
2	<i>Basis of stakeholder identification and classification</i>								
	Presence	37	16.89	28	13.21	31	14.42	96	14.86
	Absence	182	83.11	184	86.79	184	85.58	550	85.14
	Total	219	100	212	100	215	100	646	100
	The stakeholder categories identified [...] are assessed and weighted in relation to the following parameters: <i>dependence</i> (in the sense of the importance of the relationship for the stakeholder), <i>influence</i> (importance of the relationship for the company) and <i>urgency</i> (a temporal aspect of the relationship) (Enel's 2015 Sustainability Report, p. 35, emphasis added)								
3	<i>Stakeholder engagement approaches</i>								
	Presence	106	48.40	98	46.23	98	45.58	302	46.75
	Absence	113	51.60	114	53.77	117	54.42	344	53.25
	Total	219	100	212	100	215	100	646	100
	Non-governmental organisations: [...] <i>partnerships</i> [...] <i>meetings</i> [...] Shareholders and investors: <i>dialogue and annual meeting</i> Government bodies and agencies: <i>consultations</i> [...] Employees: [...] <i>employee engagement surveys</i> [...] <i>consultations</i> [...] <i>meetings</i> [...] <i>annual CSR report</i> . Local communities: [...] <i>regular and ad hoc meetings</i> [...] <i>public consultations</i> [...] Suppliers: [...] <i>one-on-one meetings</i> [...] <i>supplier conferences</i> [...] Customers: [...] <i>focus groups, customer satisfaction surveys</i> [...] Academics: <i>face-to-face meetings</i> [...] <i>annual CSR report</i> . Media: <i>performance updates, media releases, interviews with senior management, annual CSR report</i> . . . (Walgreens Boots Alliance's 2015 Corporate Social Responsibility Report, p. 10, emphasis added)								
4	<i>Stakeholder engagement topics/concerns</i>								
	Presence	101	46.12	127	59.91	120	55.81	348	53.87
	Absence	118	53.88	85	40.09	95	44.19	298	46.13
	Total	219	100	212	100	215	100	646	100
	Communities: <i>community development . . . human rights . . . operational impacts . . . environmental performance</i> . Customers: <i>product safety and sustainability; supply chain management; greenhouse gas emissions</i> . Employees: <i>benefits; diversity; development opportunities; safety, health and wellness</i> . Governments: <i>taxes and other revenue sources; climate change . . . job creation; human rights; impact assessments . . .</i> Non-governmental organisations: <i>biodiversity . . . climate change; human rights; transparency; social issues</i> . Shareholders: <i>governance practices; board composition; policy engagement; risk management; climate change</i> . Suppliers: . . . <i>supplier diversity</i> [...] <i>environmental performance</i> (ExxonMobil's 2016 Corporate Citizenship Report, p. 6, emphasis added)								
5	<i>Company's response to stakeholder engagement topics/concerns</i>								
	Presence	70	31.96	57	26.89	55	25.58	182	28.17
	Absence	149	68.04	155	73.11	160	74.42	464	71.83
	Total	219	100	212	100	215	100	646	100
	We take steps to improve our ability to <i>respond to spills</i> , including through <i>simulation exercises, using technology to enhance our response capability and updating our oil spill response plans</i> [...] We regularly <i>conduct oil spill exercises</i> at locations around the world [...] we have trialled <i>the use of satellite imagery</i> as a way to <i>monitor for potential oil spills</i> over large land areas and <i>track clean-up response time</i> [...] We updated our <i>oil spill response plan requirements</i> in 2012 to incorporate learnings from the Deepwater Horizon accident. (BP's 2015 Sustainability Report, p. 41, emphasis added)								

Table 3.
Stakeholder
engagement
disclosures

Furthermore, only 46.75% of the sustainability reports disclose the approaches used during their stakeholder engagement processes (Disclosure 102–43 in [GRI, 2016](#)). In line with the study by [Kaur and Lodhia \(2014\)](#), the approaches vary from issuing reports to having dialogue and a partnership with the stakeholders. For example, Walgreens Boots Alliance's 2015 Corporate Social Responsibility Report mentions various approaches to engagement with its stakeholders, such as partnerships and face-to-face meetings with non-governmental organisations (NGOs) (p. 10).

Moving onto the fourth item of stakeholder engagement topics, a study by [Miles and Ringham \(2020\)](#) reveals only 37 of the FTSE100 companies disclose their stakeholder engagement topics and these are mostly in the form of business-as-usual topics, instead of broader sustainability topics. In contrast to the study by [Miles and Ringham \(2020\)](#), [Table 3](#) shows that 53.87% of sustainability reports disclose topics arising from stakeholder engagement (Disclosure 102–44 in [GRI, 2016](#)). They vary across companies with time, ranging from economic and social to environmental topics. For example, ExxonMobil's 2016 Corporate Citizenship Report discloses sustainability topics, which differ from its 2015 and 2017 reports, regarding community development, human rights, operational impacts and environmental performance topics in the company's engagement with various communities (p. 6).

Not only do companies disclose topics deemed important by their stakeholders but companies also need to address them. [Table 3](#) shows that only 28.17% of the sustainability reports include statements about the companies' responses to the identified sustainability topics (Disclosure 102–44 in [GRI, 2016](#)). This finding is in line with a study by [Moratis and Brandt \(2017\)](#), who found that less than half of the sustainability reports under study disclosed companies' responses to stakeholders' concerns. BP's 2015 Sustainability Report presents key stakeholder groups and issues, including "accidents and oil spills" (p. 10). In this regard, BP has demonstrated how the company responds to accidents and oil spills, namely, by conducting oil spill simulation exercises, using technology (i.e. the use of satellite imagery to monitor for potential oil spills and track the clean-up response time) to enhance the company's response capability and to update the company's oil spill response plans to incorporate what was learned from the Deepwater Horizon accident (p. 41).

The results in [Table 3](#), numbers 4 and 5 indicate that the sustainability reporting undertaken by the companies being studied is more about *reporting sustainability topics/concerns* than *reporting the companies' responses to stakeholder engagement topics/concerns*. Assuming that stakeholder engagement practices translate into disclosures ([Bellucci et al., 2019](#); [Beske et al., 2020](#); [GRI, 2016](#); [Kaur and Lodhia, 2014](#); [Manetti, 2011](#)), the small percentage of reports disclosing the companies' responses to the identified sustainability topics reflects a lack of effort to address the stakeholders' concerns. Empirical research by [Manetti \(2011\)](#) suggests that quality stakeholder engagement disclosures need to reflect the co-creation of knowledge amongst companies and stakeholders, through a discussion of the sustainability topics. Equally important, companies need to disclose how they respond to the identified sustainability topics.

[Table 4](#) shows scant evidence that companies relate their disclosures of stakeholder engagement to those of sustainability. The number of sustainability reports in which economic disclosures were informed by stakeholder engagement ranged from about 20% to 30%. Social disclosures informed by stakeholder engagement were found in 10 to 15% of the sustainability reports being studied. The percentage of sustainability reports with environmental disclosures informed by stakeholder engagement was only between 5% and 10%. The low level of economic, social and environmental disclosures informed by stakeholder engagements is likely due to the voluntary nature of the GRI Standards, as the sustainability reporting framework

Table 4.
Sustainability
disclosures based on
stakeholder
engagement

No.	Disclosure items	2015 (n = 219) Total	(%)	2016 (n = 212) Total	(%)	Total	2017 (n = 215) (%)	Total	Total (n = 646) (%)
<i>Panel A. Economic disclosures</i>									
1	<i>Economic value generated and distributed</i> ... the value distributed for the community amounted to nearly €7.9m for 2015... It includes the corporate projects sponsored by the Group... and the budget allocated by the PSA Foundation to selected projects. The Group also creates value in its host communities by using local suppliers (PSA Group's 2015 Corporate Social Responsibility Report, p. 222)	70	31.96	62	29.25	65	30.23	197	30.50
2	<i>Supply chain</i> ... we are working across the entire supply chain, preparing check sheets for our suppliers to help to assess their own initiatives and promoting sustainability initiatives at sub-tier suppliers... When selecting suppliers for components and raw materials based on [Supplier CSR Guidelines], we look into their initiatives on QCDD (quality, cost, delivery and development), human rights, labor, the environment, safety, compliance, risk, protection of information... to determine the best supplier (Honda's 2015 Sustainability Report, p. 88)	69	31.51	63	29.72	62	28.84	194	30.03
3	<i>Direct economic impact due to climate change</i> Our shareholders are increasingly asking for greater transparency about the measures we are taking to respond to climate risk and to ensure that our business model evolves in line with changing realities and expectations... Annual General Meeting passed a shareholder resolution calling for greater disclosure around all aspects of how we are responding to climate change... Statoil's business model evolves in parallel with the energy transition, allowing us to embrace low-carbon solutions as an opportunity rather than a threat whilst monitoring the regulatory, market, technological and physical impact of climate change (Statoil's 2015 Sustainability Report, p. 10)	68	31.05	68	32.08	62	28.84	198	30.65
4	<i>Indirect economic impacts</i> In Sub-Saharan Africa, access to financial services can be extremely challenging, particularly in rural areas... Business Women Connect – a partnership between TechnoServe, Vodacom, the World Bank and the Centre for Global Development – ... is designed to increase business income and economically empower female microbusiness owners in Tanzania... increase their earnings and break the poverty cycle (Vodafone's 2015 Sustainable Business Report, p. 11)	62	28.31	62	29.25	61	28.37	185	28.64
<i>Panel B. Social disclosures</i>									
5	<i>Diversity and equal opportunity</i> Our 215000-plus employees work in nearly 400 facilities on six continents across 23 time zones and speak 70 languages... GM team members are valued for their unique contributions... We have completed the second year of a five-year plan to further increase workforce diversity. With an aggressive focus on women and minorities... 34% of all US hires were minorities and more than 26% of all global hires were women (General Motor's 2015 Sustainability Report, p. 88)	23	10.50	20	9.43	22	10.23	65	10.06
6	<i>Labour and industrial relations</i> The collective agreement between Hitachi, Ltd. and the Hitachi Workers Union states that any transfer or reassignment of an employee for work-related reasons should adequately take into consideration the situation of the employee, as well as requiring the company to promptly inform the Hitachi Workers Union of the decision. More specifically, in cases of large-scale transfers or reassignments, the company will consult with the labor union regarding the basic issues involved (Hitachi's 2017 Sustainability Report, p. 50)	27	12.33	25	11.79	29	13.49	81	12.54

(continued)

No.	Disclosure items	2015 (n = 219) Total	(%)	2016 (n = 212) Total	(%)	2017 (n = 215) Total	Total (n = 646) (%)
7	<i>Occupational health and safety</i> ... health and safety professionals assess the safety risks of Microsoft work activities and engage with workers and management to implement safe work practices, hazard controls and training to minimise safety risks (Microsoft's 2015 Citizenship Report, p. 29)	25	11.42	24	11.32	32	81
8	<i>Training and education</i> ... we run mandatory online training courses for our global nonmanufacturing employees and other key personnel ... such as bribery and corruption ... we are incorporating a short animation about our anti-bribery philosophy ... to help our people appreciate why companies need to take a stand against corruption. We want them to understand that, not only is bribery against the law and contrary to our policy but it also hurts people in the communities in which we live and do business (Ford Motor Company's 2015 Sustainability Report, p. 108)	29	13.24	25	11.79	36	90
9	<i>Human rights</i> To meet growing expectations for more transparency and clarity from regulators, investors, civil society organisations and others, we have opted for an integrated approach to human rights reporting that is based – for the first time – on the UNGP Reporting Framework (Nestlé's 2015 Creating Shared Value and Meeting Our Commitments, p. 226)	18	8.22	20	9.43	34	72
10	<i>Community involvement</i> ... community involvement supports the company's strategic goal to act responsibly with regard to the environment and society in all areas of our business ... over 110,000 employees provided support to non-profit projects in their communities ... We also provide financial support to local community projects in which our employees are involved as volunteers (Deutsche Post's 2015 Corporate Responsibility Report, p. 99)	28	12.79	25	11.79	32	85
11	<i>Product responsibility</i> Whilst the primary responsibility rests with our suppliers to design and manufacture sustainable and compliant products, we work to engage our stakeholders on the front end ... We hold our suppliers to high standards and do not tolerate animal mistreatment. We recently began the rollout of a comprehensive auditing and tracking programme for pork that includes the installation of video monitoring in US barns. This will help ensure that we purchase only from farms that meet the standards of the National Pork Board's Pork Quality Assurance Plus Programme (Walmart's 2015 Global Responsibility Report, pp. 91–92)	19	8.68	24	11.32	31	74
12	<i>Energy</i> ... in order to minimise the use of airplane trips, which requires high energy consumption, the company also discourages unnecessary business trips, especially by air and instead encourages video conferencing - webcams were given out to employees above manager level in 2007 and are available to any staff who needs one (Hyundai's 2015 Sustainability Report, p. 77)	15	6.85	18	8.49	20	53

(continued)

Table 4.

Table 4.

No.	Disclosure items	2015 (n = 219)		2016 (n = 212)		2017 (n = 215)		Total (n = 646)	
		Total	(%)	Total	(%)	Total	(%)	Total	(%)
13	<i>Water</i> Engage with governments, partners, local communities and other stakeholders on significant freshwater resource issues in areas where we operate ... Our upstream operations reuse approximately 75% of the water that is brought to the surface when extracting oil and gas. One example of how we reuse this water is by heating and reinjecting it into another well to aid in our production processes, rather than using fresh water ... By reusing water, we reduce the amount of freshwater we withdraw from the environment (Chevron's 2015 Corporate Responsibility Report Highlights, p. 19)	18	8.22	18	8.49	22	10.23	58	8.98
14	<i>Waste management</i> Our waste and recycling programmes continue to save money each year, resulting in cumulative savings of more than \$1.25m since 2010. In 2015, Bank of America launched our first global recycling campaign, <i>Recycle Now</i> – a six-week, six-market competition aimed at encouraging employees to recycle 100% of all items in the workplace that can be recycled (Bank of America's 2015 Business Standards Report and Environmental, Social and Governance Addendum, p. 74)	14	6.39	17	8.02	18	8.37	49	7.59
15	<i>Emissions</i> ... we challenged our employees to reduce a total of 5.2 million pounds of greenhouse gas emissions in their homes. We exceeded the pledge amount, reaching 293% of the goal and reducing more than 15 million pounds of greenhouse gas emissions (Verizon's 2015 Corporate Responsibility Supplement, p. 39)	18	8.22	20	9.43	20	9.30	58	8.98
16	<i>Biodiversity</i> ... collaborate with local communities, research centres and environmental and local associations to identify biodiversity values and develop studies and projects for their safeguarding and valorisation ... (Enel's 2016 Sustainability Report, p. 184)	17	7.76	19	8.96	19	8.84	55	8.51
17	<i>Environmental compliance</i> The IBM Global Procurement organisation assesses suppliers (existing and new) regarding their compliance with the IBM Social and Environmental Management System requirements as a component of its overall supplier management and assessment process (IBM's 2015 Corporate Responsibility Report, p. 59)	15	6.85	22	10.38	19	8.84	56	8.67
18	<i>Supplier environmental assessment</i> We seek to work with contractors and suppliers that behave in an economically, environmentally and socially responsible way, as stated in our Shell General Business Principles ... The Shell Supplier Principles cover what is required from our suppliers regarding business integrity, health and safety, social performance and labour and human rights ... In close collaboration with suppliers and contractors, we work towards our safety goal of no harm and no leaks at our sites ... The number of assessments follows our risk-based approach and is dependent on the level of project activity and the number of new contracts awarded throughout the year. If gaps are identified, we sometimes work with our suppliers and contractors to help them understand how to close these gaps. We also work closely with specific suppliers – such as those in developing countries – to help them develop the right skills, policies and management systems (Royal Dutch Shell's 2015 Sustainability Report, p. 46)	16	7.31	20	9.43	18	8.37	54	8.36

requiring companies to do so. The way that the majority of companies being studied communicate sustainability (economic, social and environmental) disclosures show a disconnect between stakeholder engagement and sustainability disclosures as if they are separated and independent disclosures. As [Table 2](#) suggests, if the sustainability disclosures in this study mention, as a minimum, who the relevant stakeholders are and how they are engaged in communicating economic, social and environmental topics, then the sustainability disclosures are considered to have involved stakeholder engagement – assuming that the disclosures reflect the practices ([Bellucci et al., 2019](#); [Beske et al., 2020](#); [GRI, 2016](#); [Kaur and Lodhia, 2014](#); [Manetti, 2011](#)). In this way, stakeholder engagement has been embedded in sustainability reporting.

Panel A in [Table 4](#) demonstrates four economic disclosures mentioning who the relevant stakeholders are and how they are engaged. A disclosure on economic value generated and distributed (EVG&D) (see Disclosure 201–1 in [GRI, 2016](#)) by the Peugeot Société Anonyme (PSA) Group, for instance, not only states the amount of economic value distributed but also links stakeholder engagement disclosures to this economic disclosure. The company discloses who the relevant stakeholders are and how they are engaged in this topic. From this, readers can easily identify the company’s relevant stakeholders, namely, the PSA Foundation, local communities and local suppliers. Engagement with those stakeholder groups was undertaken through participation in corporate projects. When the EVG&D disclosure is not linked to a stakeholder engagement disclosure, as found in a study by [Haller et al. \(2018\)](#), the disclosure tends to reflect an attempt to obfuscate the reality of the economic value generated and distributed, hence resulting in unverifiable information.

Panel B in [Table 4](#) shows four social disclosures articulating who the relevant stakeholders are and how they are engaged. Deutsche Post’s 2015 Corporate Responsibility Report, for example, connects information on stakeholder engagement with a social disclosure regarding community involvement (see Disclosure 413 in [GRI, 2016](#)). The disclosure reveals that the relevant stakeholders in this topic are local communities and the company’s employees. They are engaged through a number of voluntary projects. When community involvement disclosures do not state who the relevant stakeholders are and how they are engaged, as is evident in a study by [Soobaroyen and Mahadeo \(2016: 467\)](#), the disclosures tend to provide “only basic information” or “boilerplate statements” about charitable activities to benefit local communities.

Panel C in [Table 4](#) reveals seven environmental disclosures stating who the relevant stakeholders are and how they are engaged. Looking at the disclosure on biodiversity in Enel’s 2016 Sustainability Report, the readers could easily identify the nature of the engagement with the relevant stakeholders on this topic. The disclosure clearly states that local communities, research centres and environmental and local associations were engaged in collaborative studies and projects on biodiversity. When the biodiversity disclosure is not linked to a stakeholder engagement disclosure, as found in a study by [Hassan et al. \(2020: 1420\)](#), the disclosure tends to be “rife with impression management and often apparently lacking in a genuine commitment to biodiversity and species preservation”.

This section has outlined the research findings. The level of stakeholder engagement disclosures is low and there are few sustainability reports which connect stakeholder engagement and sustainability disclosures. These findings are probably because of the nature of the GRI Standards, as they are a voluntary sustainability reporting framework. The next section discusses the research findings.

5. Discussion

From the findings outlined in the previous section, there was a low level of stakeholder engagement disclosures and scant evidence that economic, social and environmental disclosures were informed by stakeholder engagement in the sustainability reports being studied. The low level of stakeholder engagement disclosures reflects a lack of awareness of how to translate practice into disclosure. In addition, there is an apparent disconnect between sustainability and stakeholder engagement disclosures, indicating that stakeholder engagement is loosely coupled to the reporting of economic, social and environmental issues. Therefore, this research calls for the embedding of stakeholder engagement in sustainability reporting.

[AccountAbility \(2015\)](#) suggests that “organisations should *integrate reporting on stakeholder engagement* with appropriate other forms of public organisational reporting (e.g. *sustainability-related reports*, annual or financial reports, website reporting, social media reporting)” (p. 32, emphasis added). Empirically, a study by [Bouten et al. \(2011\)](#) reveals that sustainability disclosures need to provide stakeholders with information that will enable them to assess the companies’ social and environmental performance more comprehensively and assist with their decision-making processes. Meanwhile, [Torelli et al. \(2019\)](#) conclude that disclosing stakeholder engagement practices is “a necessary condition but not a sufficient condition” (p. 480) in sustainability reporting to produce a report that meets the information needs of stakeholders. From this standpoint, it is critical that companies need to *link stakeholder engagement disclosures with their disclosures on economic, social and environmental topics (i.e. sustainability disclosures) in a sustainability report*.

Nestlé’s human rights disclosures in its 2015 and 2017 reports provide contrasting examples of the connection and disconnection between sustainability and stakeholder engagement disclosures. The company’s human rights disclosures in its 2015 report (see [Table 4](#) Panel B Number 9) connected with the company’s stakeholder engagement disclosures in the same report. The report showed that Nestlé had responded to the human rights’ issues of the interested *regulators, investors and civil society organisations* (i.e. the relevant stakeholders) *by undertaking human rights’ reporting* based on the United Nations Guiding Principles (UNGP) Reporting Framework (i.e. how the relevant stakeholders should be engaged). In contrast, Nestlé, in its 2017 report, disclosed human rights’ issues in a more general way without stating who the relevant stakeholders were concerned about or what the human rights’ issues were and how they were engaged to address the human rights’ issues:

In order to ensure that we uphold our corporate responsibility to respect human rights in line with the [UNGP] on Business and Human Rights, we must focus on where we have the greatest potential impact (p. 60).

Nestlé’s 2015 and 2017 reports suggest that not only should stakeholder engagement practices translate into disclosures, the disclosed stakeholder engagement practices should also be tightly coupled with sustainability disclosures. This paper suggests that sustainability and stakeholder engagement disclosures need to be linked, stating at the very least, which relevant stakeholders are engaged and how they are engaged in the sustainability topics concerned. Sustainability disclosures expressed in this way show readers that a company is aware of the particular concerns of its various stakeholder groups and, moreover, show how the company is addressing those concerns through engagement methods in the reporting period. Linking stakeholder engagement and sustainability disclosures, as outlined in [Table 4](#) (including Nestlé’s 2015 report discussed above), demonstrates more confident reporting about who the relevant stakeholders are and how

they became engaged on various sustainability topics; this is likely to provide more comprehensive and useful information to the interested users of the sustainability report (Manetti, 2011). When sustainability and stakeholder engagement disclosures are loosely coupled (as is evident in the vast majority of the sustainability reports being studied, including Nestlé's 2017 report), sustainability information merely shows a general "boilerplate" statement with the possibility of self-serving bias drawn upon cherry-picking activities (Giacomini, 2019; Gray and Milne, 2002; Johnson *et al.*, 2018; Michelon *et al.*, 2015).

This section has discussed the research findings. Embedding stakeholder engagement in sustainability reporting, by connecting stakeholder engagement and sustainability disclosures, results in sustainability disclosures with more comprehensive and useful information. Otherwise, sustainability disclosures tend to be boilerplate statements containing self-serving bias. The next section concludes this paper.

6. Conclusion

This research was aimed at ascertaining whether Fortune Global 500 companies embed their stakeholder engagement in their sustainability reporting. The research objective was achieved by examining the level of stakeholder engagement disclosures and the extent to which the sustainability disclosures were based on stakeholder engagement. The research found that the level of stakeholder engagement disclosures was low. Even though the majority of the sustainability reports being studied identified the relevant stakeholder groups (Disclosure 102–40), only 14.86% of them disclosed the basis for stakeholder identification and classification (Disclosure 102–42) and less than half disclosed the stakeholder engagement methods (Disclosure 102–43). Besides, even though about half of the reports being studied disclosed sustainability topics, only 28.17% of them included statements about the companies' responses to the identified sustainability topics (Disclosure 102–44). This indicates a lack of awareness of translating practice into disclosure. In addition, very few sustainability disclosures were informed by stakeholder engagement in the 2015 to 2017 sustainability reports being studied. Economic disclosures, stating at least who the relevant stakeholders were and how they were engaged, made up only about 20 to 30% of the sustainability reports being studied. Social and environmental disclosures informed by stakeholder engagement were even fewer (10 to 15% for social disclosures whereas it was 5 to 10% for environmental disclosures). There appears to be a disconnect between the disclosures of stakeholder engagement and those of sustainability.

Disclosing stakeholder engagement practices is paramount, but it is not enough for companies to only translate their stakeholder engagement practices into disclosures and have a stakeholder engagement section in their sustainability report. Stakeholder engagement disclosures need to be linked to sustainability disclosures. Report preparers need to be sufficiently thorough when reporting on sustainability issues, particularly the sustainability concerns of the relevant stakeholders and how the company strives to address those concerns. Incorporating stakeholder engagement information into the economic, social and environmental disclosures in a sustainability report does not only meet the information needs of stakeholders but also allows them to evaluate the company's sustainability performance more comprehensively and assists them with their decision-making processes. That is because sustainability report readers are informed about who the relevant stakeholders are and how they are engaged on various sustainability topics. The low level of stakeholder engagement disclosures and the scant evidence that sustainability disclosures draw on stakeholder engagement practices, however, reflect how stakeholder engagement is only loosely embedded in sustainability reporting. Therefore, this research calls for the

embedding of stakeholder engagement in sustainability reporting, linking the disclosed stakeholder engagement practices with sustainability disclosures.

Rather than merely providing general statements on sustainability disclosures and viewing these disclosures as separate and independent from stakeholder engagement disclosures, this paper contributes to the literature of embedding stakeholder engagement in sustainability reporting by providing insights into the need to connect both disclosures to deliver more complete and useful sustainability information. This research offers a practical contribution in that embedding stakeholder engagement in sustainability reporting, by linking sustainability and stakeholder engagement disclosures, holds companies accountable to their stakeholders, as the companies acknowledge in their sustainability disclosures the sustainability concerns of their stakeholders and the ways to address those concerns through stakeholder engagement. Consultants on sustainability reporting could play an important role in promoting stakeholder engagement in their advisory services for their clients' sustainability reporting.

The findings of this study have to be seen in light of some limitations. Firstly, sustainability reports are the sole unit of analysis over the period from 2015 to 2017. Secondly, language barriers prevented non-English reports from being included in this study. Thirdly, the limitation of this research lies in the assumption that stakeholder engagement disclosures reflect actual practices, which might not always be the case. Fourthly, the institutional contexts of countries in the Fortune Global 500 were not taken into account in this content analysis study. The consideration of the political, economic, social, cultural and legal contexts of the country or countries being studied is more commonly found in a case study or multiple case studies. Fifthly, this research is limited to a sample of companies listed on the 2016 Fortune Global 500 and to a specific time period for the sustainability reports being studied (2015 to 2017). Therefore, it is possible to have different research findings if a different time frame is used.

Future research could explore the motivation for translating stakeholder engagement practices into disclosures, either fully or otherwise, through interviews with the report compilers. This study also provides a future research avenue for exploring the reasons for not linking sustainability and stakeholder engagement disclosures. In addition, several companies may include their sustainability disclosures in their annual reports, websites and other reporting media not considered in this study. Therefore, future research could deploy one or a combination of such media concerning one company or through conducting a comparative study of two or more companies.

References

- AccountAbility (2015), "AA1000 Stakeholder Engagement Standard", AccountAbility, Washington, DC.
- Adams, C.A. (2004), "The ethical, social and environmental reporting-performance portrayal gap", *Accounting, Auditing and Accountability Journal*, Vol. 17 No. 5, pp. 731-757.
- Al-Shaer, H. (2020), "Sustainability reporting quality and post-audit financial reporting quality: empirical evidence from the UK", *Business Strategy and the Environment*, Vol. 29 No. 6, pp. 2355-2373.
- Amran, A., Lee, S.P. and Devi, S.S. (2014), "The influence of governance structure and strategic corporate social responsibility toward sustainability reporting quality", *Business Strategy and the Environment*, Vol. 23 No. 4, pp. 217-235.
- Antonini, C., Beck, C. and Larrinaga, C. (2020), "Subpolitics and sustainability reporting boundaries: the case of working conditions in global supply chains", *Accounting, Auditing and Accountability Journal*, Vol. 33 No. 7, pp. 1535-1567.

- Ardiana, P.A. (2019), "Stakeholder engagement in sustainability reporting: evidence of reputation risk management in large Australian companies", *Australian Accounting Review*, Vol. 29 No. 4, pp. 726-747.
- Arora, M.P. and Lodhia, S. (2017), "The BP Gulf of Mexico oil spill: exploring the link between social and environmental disclosures and reputation risk management", *Journal of Cleaner Production*, Vol. 140 No. 3, pp. 1287-1297.
- Bachoo, K., Tan, R. and Wilson, M. (2013), "Firm value and the quality of sustainability reporting in Australia", *Australian Accounting Review*, Vol. 23 No. 1, pp. 67-87.
- Beattie, V., McInnes, W. and Fearnley, S. (2004), "A methodology for analysing and evaluating narratives in annual reports: a comprehensive descriptive profile and metrics for disclosure quality attributes", *Accounting Forum*, Vol. 28 No. 3, pp. 205-236.
- Bell, E., Bryman, A. and Harley, B. (2019), *Business Research Methods*, 5th ed., Oxford University Press, Oxford.
- Bellucci, M., Simoni, L., Acuti, D. and Manetti, G. (2019), "Stakeholder engagement and dialogic accounting: empirical evidence in sustainability reporting", *Accounting, Auditing and Accountability Journal*, Vol. 32 No. 5, pp. 1467-1499.
- Beske, F., Haustein, E. and Lorson, P. (2020), "Materiality analysis in sustainability and integrated reports", *Sustainability Accounting, Management and Policy Journal*, Vol. 11 No. 1, pp. 162-186.
- Bini, L. and Bellucci, M. (2020), *Integrated Sustainability Reporting: Linking Environmental and Social Information to Value Creation Processes*, Springer, Switzerland.
- Bouten, L., Everaert, P., Van Liedekerke, L., De Moor, L. and Christiaens, J. (2011), "Corporate social responsibility reporting: a comprehensive picture?", *Accounting Forum*, Vol. 35 No. 3, pp. 187-204.
- Bradford, M., Earp, J.B., Showalter, D.S. and Williams, P.F. (2017), "Corporate sustainability reporting and stakeholder concerns: is there a disconnect?", *Accounting Horizons*, Vol. 31 No. 1, pp. 83-102.
- Crane, A. and Ruebottom, T. (2011), "Stakeholder theory and social identity: rethinking stakeholder identification", *Journal of Business Ethics*, Vol. 102 No. S1, pp. 77-87.
- De Micco, P., Rinaldi, L., Vitale, G., Cupertino, S. and Maraghini, M.P. (2021), "The challenges of sustainability reporting and their management: the case of Estra", *Meditari Accountancy Research*, Vol. 29 No. 3, pp. 430-448.
- Du, S. and Vieira, E.T. (2012), "Striving for legitimacy through corporate social responsibility: insights from oil companies", *Journal of Business Ethics*, Vol. 110 No. 4, pp. 413-427.
- Elkington, J. (1997), *Cannibals with Forks: Triple Bottom Line of 21st Century Business*, Capstone, Oxford.
- Giacomini, D. (2019), "Debate: should there be rules governing social media use for accountability in the public sector?", *Public Money and Management*, Vol. 40 No. 6, pp. 471-472.
- Gray, R. (2006), "Does sustainability reporting improve corporate behaviour? Wrong question? Right time?", *Accounting and Business Research*, Vol. 36 No. sup1, pp. 65-88.
- Gray, R. and Milne, M. (2002), "Sustainability reporting: who's kidding whom?", *Chartered Accountants Journal of New Zealand*, Vol. 81 No. 6, pp. 66-70.
- Greenwood, M. (2007), "Stakeholder engagement: beyond the myth of corporate responsibility", *Journal of Business Ethics*, Vol. 74 No. 4, pp. 315-327.
- GRI (2016), "GRI standards, global reporting initiative", The Netherlands.
- Hahn, R. and Lüfß, R. (2014), "Legitimizing negative aspects in GRI-oriented sustainability reporting: a qualitative analysis of corporate disclosure strategies", *Journal of Business Ethics*, Vol. 123 No. 3, pp. 401-420.
- Haller, A., van Staden, C.J. and Landis, C. (2018), "Value added as part of sustainability reporting: reporting on distributional fairness or obfuscation?", *Journal of Business Ethics*, Vol. 152 No. 3, pp. 763-781.
- Hassan, A.M., Roberts, L. and Atkins, J. (2020), "Exploring factors relating to extinction disclosures: what motivates companies to report on biodiversity and species protection?", *Business Strategy and the Environment*, Vol. 29 No. 3, pp. 1419-1436.

- Hayes, A.F. and Krippendorff, K. (2007), "Answering the call for a standard reliability measure for coding data", *Communication Methods and Measures*, Vol. 1 No. 1, pp. 77-89.
- Herbohn, K., Walker, J. and Loo, H.Y.M. (2014), "Corporate social responsibility: the link between sustainability disclosure and sustainability performance", *Abacus*, Vol. 50 No. 4, pp. 422-459.
- Herremans, I.M., Nazari, J.A. and Mahmoudian, F. (2016), "Stakeholder relationships, engagement, and sustainability reporting", *Journal of Business Ethics*, Vol. 138 No. 3, pp. 417-435.
- Hogan, J. and Lodhia, S. (2011), "Sustainability reporting and reputation risk management: an Australian case study", *International Journal of Accounting and Information Management*, Vol. 19 No. 3, pp. 267-287.
- Hummel, K. and Schlick, C. (2016), "The relationship between performance and sustainability disclosure – reconciling voluntary disclosure theory and legitimacy theory", *Journal of Accounting and Public Policy*, Vol. 35 No. 5, pp. 455-476.
- Johnson, Z., Ashoori, M.T. and Lee, Y.J. (2018), "Self-reporting CSR activities: when your company harms, do you self-disclose?", *Corporate Reputation Review*, Vol. 21 No. 4, pp. 153-164.
- Journeault, M., Levant, Y. and Picard, C.F. (2021), "Sustainability performance reporting: a technocratic shadowing and silencing", *Critical Perspectives on Accounting*, Vol. 74, pp. 1-23.
- Junior, R.M., Best, P.J. and Cotter, J. (2014), "Sustainability reporting and assurance: a historical analysis on a world-wide phenomenon", *Journal of Business Ethics*, Vol. 120 No. 1, pp. 1-11.
- Kaur, A. and Lodhia, S.K. (2014), "The state of disclosures on stakeholder engagement in sustainability reporting in Australian local councils", *Pacific Accounting Review*, Vol. 26 Nos 1/2, pp. 54-74.
- Kaur, A. and Lodhia, S.K. (2018), "Stakeholder engagement in sustainability accounting and reporting: a study of Australian local councils", *Accounting, Auditing and Accountability Journal*, Vol. 31 No. 1, pp. 338-368.
- Krippendorff, K. (2013), *Content Analysis: An Introduction to Its Methodology*, Sage, Los Angeles, CA.
- Lawrence, A.T. and Weber, J. (2014), *Business and Society*, McGraw-Hill, New York, NY.
- Manetti, G. (2011), "The quality of stakeholder engagement in sustainability reporting: empirical evidence and critical points", *Corporate Social Responsibility and Environmental Management*, Vol. 18 No. 2, pp. 110-122.
- Marston, C.L. and Shrivies, P.J. (1991), "The use of disclosure indices in accounting research: a review article", *The British Accounting Review*, Vol. 23 No. 3, pp. 195-210.
- Mason, C. and Simmons, J. (2014), "Embedding corporate social responsibility in corporate governance: a stakeholder systems approach", *Journal of Business Ethics*, Vol. 119 No. 1, pp. 77-86.
- Michelon, G., Pilonato, S. and Ricceri, F. (2015), "CSR reporting practices and the quality of disclosure: an empirical analysis", *Critical Perspectives on Accounting*, Vol. 33, pp. 59-78.
- Miles, S. and Ringham, K. (2020), "The boundary of sustainability reporting: evidence from the FTSE100", *Accounting, Auditing and Accountability Journal*, Vol. 33 No. 2, pp. 357-390.
- Milne, M.J. and Gray, R. (2013), "W(h)ither ecology? The triple bottom line, the global reporting initiative, and corporate sustainability reporting", *Journal of Business Ethics*, Vol. 118 No. 1, pp. 13-29.
- Moneva, J.M., Archel, P. and Correa, C. (2006), "GRI and the camouflaging of corporate unsustainability", *Accounting Forum*, Vol. 30 No. 2, pp. 121-137.
- Moratis, L. and Brandt, S. (2017), "Corporate stakeholder responsiveness? Exploring the state and quality of GRI-based stakeholder engagement disclosures of European firms", *Corporate Social Responsibility and Environmental Management*, Vol. 24 No. 4, pp. 312-325.
- Payán-Sánchez, B., Plaza-Úbeda, J.A., Pérez-Valls, M. and Carmona-Moreno, E. (2018), "Social embeddedness for sustainability in the aviation sector", *Corporate Social Responsibility and Environmental Management*, Vol. 25 No. 4, pp. 537-553.
- Puroila, J. and Mäkelä, H. (2019), "Matter of opinion: exploring the socio-political nature of materiality disclosures in sustainability reporting", *Accounting, Auditing and Accountability Journal*, Vol. 32 No. 4, pp. 1043-1072.

-
- Qian, W., Tilt, C., Dissanayake, D. and Kuruppu, S. (2020), "Motivations and impacts of sustainability reporting in the Indo Pacific region: normative and instrumental stakeholder approaches", *Business Strategy and the Environment*, Vol. 29 No. 8, pp. 3370-3384.
- Rinaldi, L., Unerman, J. and Tilt, C. (2014), "The role of stakeholder engagement and dialogue within the sustainability accounting and reporting process", in Bebbington, J., Unerman, J. and O'Dwyer, B. (Eds), *Sustainability Accounting and Accountability*, Routledge, Oxford, pp. 86-107.
- Safari, M. and Areeb, A. (2020), "A qualitative analysis of GRI principles for defining sustainability report quality: an Australian case from the preparers' perspective", *Accounting Forum*, Vol. 44 No. 4, pp. 344-375.
- Schreck, P. and Raithe, S. (2018), "Corporate social performance, firm size, and organizational visibility: distinct and joint effects on voluntary sustainability reporting", *Business and Society*, Vol. 57 No. 4, pp. 742-778.
- Soobaroyen, T. and Mahadeo, J.D. (2016), "Community disclosures in a developing country: insights from a neo-pluralist perspective", *Accounting, Auditing and Accountability Journal*, Vol. 29 No. 3, pp. 452-482.
- Thomson, I. and Bebbington, J. (2005), "Social and environmental reporting in the UK: a pedagogic evaluation", *Critical Perspectives on Accounting*, Vol. 16 No. 5, pp. 507-533.
- Torelli, R., Balluchi, F. and Furlotti, K. (2019), "The materiality assessment and stakeholder engagement: a content analysis of sustainability reports", *Corporate Social Responsibility and Environmental Management*, Vol. 27 No. 2, pp. 470-484.
- Unerman, J. and Bennett, M. (2004), "Increased stakeholder dialogue and the internet: towards greater corporate accountability or reinforcing capitalist hegemony?", *Accounting, Organizations and Society*, Vol. 29 No. 7, pp. 685-707.
- UNWCED (1987), "Our Common Future", Report of the United Nations World Commission on Environment and Development.

About the author

Putu Agus Ardiana is a Lecturer in the Department of Accounting, Faculty of Economics and Business at Udayana University, Denpasar, Bali, Indonesia and a PhD student at Durham University Business School, UK with a research interest in sustainability reporting. He is a chartered accountant and a certified sustainability reporting practitioner in Indonesia. Putu Agus Ardiana can be contacted at: putu.a.ardiana@durham.ac.uk

For instructions on how to order reprints of this article, please visit our website:

www.emeraldgrouppublishing.com/licensing/reprints.htm

Or contact us for further details: permissions@emeraldinsight.com