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PLURALITY OR CONVERGENCE IN SUSTAINABILITY REPORTING STANDARDS?

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Abstract

Over the last years an increasing number of companies issued Corporate Social Responsibility (CSR) or Sustainability Reports to complement their traditional financial reporting. Companies use various sustainability reporting standards or develop their own reporting frameworks starting from the existing ones. This variation of practices pointed out by empirical research raises questions about the quality and comparability of sustainability reporting, its role in the sustainable development, and also about the suitability of accepting the plurality of reporting frameworks or the need for convergence. This study aims to investigate the issues of plurality and convergence in sustainability reporting standards, by mobilizing the discourses on regulation and the case of a group of companies in the IT industry in order to shed some light on the current challenges in this area. We frame a discussion on the opportunities and pitfalls of convergence in sustainability reporting regulations and contribute to a better understanding of this issue by academics, preparers, users and standard setters.

Keywords: sustainability reports, sustainability reporting standards, plurality, convergence, IT companies

JEL Classification: M14, Q56

Introduction

The Brundtland Report (1987) defines sustainable development as the “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” Therefore, companies’ responsibilities towards society expanded also, including stakeholders, sustainability, business ethics and transparency in the business model (Frías-Aceituno, Rodríguez-Ariza and García-Sánchez, 2013; Dragomir and Anghel (Ilcu), 2011). Consequently, sustainable development is closely related to disclosure, since sustainability reporting is used by entities “to measure, disclose, and be accountable to internal and external stakeholders” (Wensen, et al., 2011: 14). Prior research (Ioannou and

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Serafeim, 2012; Hahn and Kühnen, 2013) finds that the adoption of sustainability reporting also leads to sustainable development.

Over the last years an increasing number of companies issue Corporate Social Responsibility (CSR) or Sustainability Reports to complement their traditional financial reporting. The investors' and other stakeholders' interest in this type of information increased, and even sustainable investment funds appeared over the last years (Koellner, et al., 2005). Yet, many of the reports issued display little linkage with the financial performance and use different (if any) standards to report. Companies use various sustainability reporting standards (or do not disclose what they use) or develop their own reporting standards starting from the existing frameworks. This variation of practices pointed out by empirical research (KPMG, 2008; CSES, 2011) raises questions about the quality and comparability of sustainability reporting (Wensen, et al., 2011; Hahn and Kühnen, 2013) and also about the suitability of accepting the plurality of reporting frameworks or the need for convergence (Bebbington, Kirk and Larringa, 2012; Joseph, 2012; Andrew and Cortese, 2013; Rowbottom and Locke, 2013). In this context, recent studies (Andrew and Cortese, 2013) underline that standards and the policy-making process and their impact on organizations remain poorly understood.

This study aims thus to investigate the issues of plurality and convergence in sustainability reporting standards, by mobilizing the discourses on regulation and the case of a group of companies in the IT industry in order to shed some light on the current challenges in this area. We analyze the disclosure abundance and disclosure occurrence (Joseph and Taplin, 2011) of four IT companies located in different European Union (EU) countries. We do not aim to perform a typical content analysis study intended to reflect organizational practices, but to set the stage for a debate on the opportunities and pitfalls of convergence in sustainability reporting regulations. Therefore, from a methodological point of view, the paper is rather critical and aims to focus on the regulatory process and its impact. To this end, we use the cases of the four companies as an opportunity to explore various issues and implications of the sustainability regulatory process.

The remainder of this paper is organized as follows. We present in the next section the state of the art in CSR disclosure practices and in the existing reporting standards. We continue with a general discussion of the CSR reporting practices of the four IT companies, underlying the lack of disclosure comparability. The next section is focused on discussing the politics of standard setting, and by analogy with the financial reporting, the potential evolutions in the area and effects on CSR reporting practices. The last section regroups the main conclusions and implications.

2. Sustainability reporting

2.1. CSR disclosure practices – the state of the art

While more and more companies report information regarding the sustainable development (CSES, 2011), there are conceptual debates regarding the terminology to be used. Sustainability reporting usually refers to non-financial information, disclosed in the form of sustainability or CSR reports (CSES, 2011; Eccles, Serafeim and Andrews, 2013). A sustainability report is defined as “a document in which the information on sustainability issues is presented, either available in hard-copy, in PDF-format or other online versions via the company's website, apart from or integrated in the annual report” (Wensen, et al.,

2011: 14). The publication in the integrated form is known as integrated reporting, integrated reports being therefore associated also with CSR reporting, even if the meaning of the concept is not stabilized yet (Rowbottom and Locke, 2013). A sustainability report includes the disclosure of the ecological and societal actions of the organisation.

CSR disclosures are associated with increased accountability and better decision making (Andrews and Cortese, 2013), with improving credibility and acceptance on key markets (CSES, 2011), and also with enhanced reputation and legitimacy (Wensen, et al., 2011; Hahn and Kühnen, 2013). However, some (Spence, 2007 cited in Andrews and Cortese, 2013: 404) argue that CSR reporting is driven by other factors than accountability, including concerns of legitimacy, stakeholder management and masking conflicts.

Empirical research documents the existence of a large variety of practices (KPMG, 2008; CSES, 2011; Wensen, et al., 2011; Hahn and Kühnen, 2013). The causes of this variation were investigated, and they range from the plurality of the present reporting guidelines (CSES, 2011; Wensen, et al., 2011), the variety of acceptance and enforcement approaches (mandatory or voluntary) (CSES, 2011; Ioannou and Serafeim, 2012), the type of country law (Ioannou and Serafeim, 2012; Frías-Aceituno, Rodríguez-Ariza and García-Sánchez, 2013), organizational factors (such as size, industry, or interests) (CSES, 2011; Wensen, et al., 2011), and the local culture and institutions (Wensen, et al., 2011; Bebbington, Kirk and Larringa, 2012; Hahn and Kühnen, 2013).

This variety of practices impedes comparability and negatively affects the quality of the information for decision making by users. For example, Dragomir (2012) argues that environmental reporting lacks comparability on a yearly basis. He underlines that even when data are consistent, the methodology used and the organizational perimeter are not sufficiently explained. Therefore, this issues decrease the credibility of the reporting. IFAC (2011, cited in Rowbottom and Locke, 2013: 24) emphasizes that “without comparability between entities, it will be very difficult for investors and others to assess the results of one entity versus another”. In line with this, efforts were made over the last years to find solutions that would improve comparability. The main cause of this lack of comparability that might be addressed at the regulatory level is the reporting framework used for CSR disclosure.

2.2. Plurality in CSR disclosure standards

The increasing interest in sustainability was accompanied by regulatory efforts. Besides national and regional initiatives, there are also many international bodies and initiatives related to CSR guidelines. Among the widely used are the Global Reporting Initiative (GRI) and the United Nations Global Compact (UNGC) (CSES, 2011; Wensen, et al., 2011). Empirical evidence indicates that GRI guidelines are rather used by multinationals, while UNGC, which is more simplistic, is rather used by SMEs (Wensen, et al., 2011). Also, the UNGC report might be produced by using GRI guidelines (level C template), in which case each of them might be mentioned in the report. Other reporting standards include ISO 26000, ILO Core Conventions, and The Prince of Wales' Accounting for Sustainability Project (A4S). Organizations interested in this process include Financial Accounting Standards Board (FASB), International Accounting Standards Board (IASB), Institute of Chartered Accountants in Australia (ICAA), World Intellectual Capital Initiative (WICI), Society of Investment Professionals in Germany (DVFA), Sustainability

Accounting Standards Board (SASB), Carbon Disclosure Standards Board (CDSB), and International Federation of Accountants (IFAC).

An Institute of Chartered Accountants in England and Wales (ICAEW) report (ICAEW, 2003) analyzing eleven frameworks for nonfinancial reporting (among which the Balanced Scorecard, the GRI and the Value Reporting Framework) concludes that “none of these models, whatever their merits, has so far succeeded in commanding general support”. More than that, initiatives exist in more specific disclosure areas, such as environment, carbon emissions, etc. For example, in terms on environmental reporting, there are various initiatives to develop standards, such as Climate Change Reporting Framework (developed by Climate Disclosure Standards Board) or GHG Protocol. However, many companies don’t use the specific standard (or don’t disclose that they use them) or developed their own reporting standards based on existing guidelines.

The most recent initiative is the creation in 2010 of the International Integrated Reporting Committee (IIRC), which was announced by the Global Reporting Initiative and The Prince of Wales’ Accounting for Sustainability Project (A4S). The committee is “a coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs” (IIRC, 2013b), and enjoys the support of IFAC, IASB, FASB, United Nations, Carbon Disclosure Standards Board etc. IIRC issued in 2011 a discussion paper titled “Towards integrated reporting”, and received 214 responses from more than 30 countries. The framework of integrated reporting is currently under development (IIRC, 2013a). Integrated reporting doesn’t mean just adding the nonfinancial information to the financial one in the annual report, but showing the connectivity of information, which is selected keeping in mind the materiality principle, and the way in which the company can create value on a short, medium and long term (IIRC, 2011).

In Europe, the first sustainability reporting program was the Eco-Management and Audit Scheme (EMAS) implemented in 1995. The program failed and many authors consider that a cause was its non-binding character (Dragomir, 2012). Efforts were made for comparability after 2000 (Eccles, Serafeim and Andrews, 2013). In June 2000 the European Commission published the “EU Financial Reporting Strategy: The Way Forward”, which suggested that annual reports should not be limited only to the financial facet of a business, but also that, “where appropriate, an analysis of environmental and social aspects necessary for an understanding of the company’s development, performance or position” should be disclosed (EC, 2000). CSR reporting is covered by the European Directives (the accounting directives including a minimum disclosure), with various requirements (some mandatory, some voluntary) introduced by the member states (CSES, 2011). However, while the EU is a very active region regarding sustainability and CSR reporting, the practices still significantly vary (Wensen, et al., 2011).

3. Sustainability reporting – four case studies

In order to frame the discussion about plurality or convergence, we mobilize the example of the IT industry in Europe through four case studies. The role of IT companies in this undertaking is at least two-fold: on the one hand, IT companies just like any other company can try to better manage the resources they need; on the other hand, by the products that they provide, they bring the best practices into other companies and thus help them better manage their resources.

In Europe, the IT sector represented in 2007 5.6% of EU GDP (670 Billion Euro) and 5.3% of total employment. Half of the EU productivity growth (1.1% between 2000 and 2004) and 25% of research expenditure (2002-2003) were generated by the IT companies (http://ec.europa.eu/enterprise/sectors/ict/competitiveness/ict-brief/index_en.htm).

We base our empirical background on the IT companies included in the top 100 world's most sustainable companies (Forbes, 2013). The top's methodology is considered a leading practice by SustainAbility. The companies are ranked on the basis of twelve key performance indicators: energy productivity, carbon productivity, water productivity, waste productivity, innovation capacity, percentage tax paid, CEO to average employee pay, pension fund status, safety performance, employee turnover, leadership diversity, clean capitalism pay link. The companies are selected using Bloomberg, Factiva and Lexis Nexis databases. The Key Performance Indicators are extracted from the annual reports, sustainability reports, Bloomberg, Carbon Disclosure Project and other third-party sources. The four software companies (whose headquarters are all located in Europe) included in the top in 2013 are: Dassault Systèmes SA, Accenture PLC, The Sage Group PLC and SAP AG (see Table 1 for a brief description of the selected companies).

Table no. 1 Brief description of the selected companies

Rank in Global 100	Name	Country	Type of report published
9	Dassault Systèmes SA	France	Comprehensive report [†]
42	Accenture PLC	Ireland	Corporate citizenship report (two years) CEO letter
47	The Sage Group	UK	Comprehensive report
92	SAP AG	Germany	Integrated report

Source: Compilation of the authors

While the discussions on comparability relate generally to CSR disclosure, the industry specificities represent an important factor of variability which is taken into consideration (Cuganesan, Guthrie and Ward, 2010). For example, GRI issued industry-specific guidelines. Therefore, focusing the analysis on one industry allows to discuss the within industry variation (Cugansea et al., 2010). The sources of data that we used are presented in Table 2:

[†] We use the term “comprehensive report” for the companies which present the financial and non-financial information in the same report, but which are not parts of the International Integrated Reporting Committee pilot program and do not state that they are issuing an integrated report.

Table no. 2 Sources of information

Name	Source of information
Dassault Systèmes SA	Comprehensive report
Accenture PLC	Corporate citizenship report Web site CEO letter
The Sage Group	Comprehensive report
SAP AG	Integrated report Web site

Source: Compilation of the authors

Content analysis of the information in Table 2 for the year 2012 was performed in order to seize the similarities and differences across their disclosure practices. We employed two approaches in the analysis, in line with the methodological approach proposed by Joseph and Taplin (2011). Consequently, we look at the disclosure abundance, analyzing the extent of disclosure in texts (number of pages, lines, sentences, words etc.), but also at disclosure occurrence (a number of items having disclosures, irrespective of the amount of disclosure) (Joseph and Taplin, 2011).

The CSR disclosure of our case companies was based on the following guidelines (see Table 3):

Table no. 3 Standards/principles used

Indicator	Dassault Systèmes SA	Accenture PLC	The Sage Group	SAP AG
GRI	No	G3	No	G3.1
UNGC	No	Yes	No	Yes
CDP	Yes	Yes	Yes	No
ISO	No	ISO 14001	No	ISO 14001
Other	The French commercial code	Global Water Tool	No	Internal criteria based on GHG Protocol

Source: Compilation of the authors

Our content analysis leads to the following results regarding the extent of disclosure of the four companies (see Table 4):

Table no. 4 The extent of disclosure

Items	Dassault Systèmes SA	Accenture PLC	The Sage Group	SAP AG
Report's addressees	Impersonal	Stakeholders	Shareholders	Shareholders and stakeholders
Total number of pages	220	32	136	304
Number of pages financial reporting	80	-	60	199
Number of sections in the table of contents	7	9	4	4
Report title	The age of customer experience	Our journey forward	Giving small and medium sized companies the confidence and freedom to be successful	Helping the world run better
Assurance provider	PricewaterhouseCoopers Ernst & Young	Not disclosed	Pricewaterhouse Coopers LLP	KPMG AG Wirtschaftsprüfungsgesellschaft
Assurance for CSR reporting	Ernst & Young	Not disclosed	Not disclosed	KPMG Sustainability International Standard on Assurance Engagements 3000 and the AA1000 Accountability Principles Standard
Annual report	PDF/Online	PDF/online (different forms)	PDF/online	Online (integrated report); PDF/Online (annual report)

Source: Compilation of the authors

These results testify for the great variety of practices regarding the presentation of the CSR disclosures, starting from the title of the report and the number of pages and continuing with the assurance for the information disclosed and the number of sections. The occurrence analysis created for us the opportunity to investigate in depth the information disclosed. Details follow in Table 5:

Table no. 5 Occurrence analysis results

Items	Dassault Systèmes SA	Accenture PLC	The Sage Group	SAP AG
Greenhouse gas data	Yes	Yes	Yes	SAP's own internal criteria based on the Greenhouse Gas Protocol
Number of pages of CSR sections	Social, societal and environmental responsibility – 25 pages	Not disclosed	7 pages	Combined management report – 99 pages
Code of ethics	Yes	Yes	Yes	Yes
Injury/accident (employees)	7	Not disclosed	Not disclosed	Not disclosed
Renewable energy	Yes	10 percent of office electricity	Not disclosed	Yes
Corruption	General	General	General	General
Bribery	Not disclosed	Not disclosed	Not disclosed	Not disclosed
(Eco-)efficiency	Not disclosed	Not disclosed	Not disclosed	Not disclosed
Clean technologies	Not disclosed	Not disclosed	Not disclosed	Not disclosed
Waste	Yes	Yes	Yes	The link doesn't work
Water	Not disclosed	Yes	Not disclosed	The link doesn't work

Source: Compilation of the authors

While the four companies are recognized as having good CSR practices, their disclosures are hardly comparable, and the presentation of the information and the indicators disclosed vary to a high extent. For example, for the GHG reporting, all the companies except for SAP AG use the Carbon Disclosure Project. SAP AG declares that it developed its own internal criteria based on the GHG Protocol (SAP Annual Report 2012: 1). The information is not presented on scopes. Even if it takes part in the Carbon Disclosure Project, at The Sage Group “scope 1 and scope 2 carbon emissions are measured [only] for the electricity and gas consumption paid for” (The Sage Group Annual Report 2012: 48). It follows another methodology, using the GHG Protocol and “the emissions factors provided by the UK’s Department for Energy and Climate Change.” It only includes the offices with more than 25 employees. Dassault Systèmes SA uses the GHG Protocol as well, but its disclosure covers just 81% of the employees (it selected the offices with more than 40 employees). It presents information for all the scopes. Accenture PLC includes all the offices in the response to the CDP, but in the Corporate Citizenship Report, the GHG is presented only per employee. The information regarding the water, on the other hand, is only disclosed by one company within the report, even though there are authors that argue that the water crisis is bigger than the GHG emissions one (Eccles and Krzus, 2010). While there are

previous studies (Eccles, et al., 2012; Eccles and Serafeim, 2013) arguing that the companies should present the KPIs that are common for the industry, the case studies suggest the lack of comparability.

This variety of CSR reporting found within the same industry at companies recognized as having sound CSR practices recalls for an analysis of the factors causing this variety. As shown in the literature review section, the factors explaining this variety in our cases might be regrouped on two dimensions:

- A regulatory (macro) dimension – including the variety of the frameworks used for reporting, the country of origin and the institutional context regarding the CSR disclosure;
- An entity-based (micro) dimension – including various interests in the reporting process, since disclosure is a means to gain legitimacy and reputation, and a reflection of the business model and of the interaction between actors at the organizational level.

The micro dimension of CSR reporting was more extensively investigated in literature. For example, Cho (2009), Cuganesan, Guthrie and Ward (2010), Tilling and Tilt (2010), Lungu, Caraiani and Dascălu (2011) and Dragomir (2012) investigated the content of disclosure, the use of disclosure as a legitimating device and the factors influencing reporting practices. The macro dimension of CSR reporting was less investigated (Andrew and Cortese, 2013). The next section is dedicated to this issue.

4. The regulatory dimension of CSR reporting

“Standards exist to protect interests [...], to enable comparative judgements [...] and to enable the co-ordination of actions [...]” (Rowbottom and Locke, 2013: 4). The same authors also underline that different reporting frameworks capture different organizational views and support or inhibit different interests. Therefore, both companies and regulators are interested in adopting or issuing a specific regulatory framework.

The current situation in which a plurality of reporting frameworks exists, most of them voluntary, allows companies (in many countries) to choose the preferred reporting framework. The benefit of this situation is that “companies choose schemes which fit their business” (Eldeman, et al., 2008 cited in Wensen, et al., 2011: 47), but this impedes comparability, aspects underlined by the four cases from the IT industry previously discussed. On the other hand, at the regulatory level, each regulator competes for adoption, acceptance, resources, and legitimacy (Rowbottom and Locke, 2013).

The regulatory process of financial reporting, which is of course elder than that of CSR reporting, serves as a good analogy for discussing the issues related to regulation (Bebbington, Kirk and Larringa, 2012; Gorgan, 2013). After many harmonization attempts in financial reporting after 1950s, the support (mainly political) obtained by the IASB recently and the wider application worldwide of the International Financial Reporting Standards (IFRS) might suggest that CSR reporting should match the same desire for a single global set of standards. This match is effectively realized by the creation of IIRC previously mentioned, with the aim of creating the globally accepted ‘integrated’ framework for accounting for sustainability (IIRC, 2013b).

The creation of IIRC should be also discussed from the point of view of actors involved. It is acknowledged that “standard setting occurs and evolves only when there is a shift in the balance of power between the actors that seek to influence accounting standards in order to

pursue their self-interest” (Bengtsson, 2011: 569). The creation of IIRC and the actors involved have to be analysed. First, IIRC regroups or has a large support from many pre-existing bodies, claiming that they will co-ordinate and preserve existing work, adopting “a convergence approach” (Bebbington, Kirk and Larringa, 2012). Participating organizations accepted this scenario because they failed to obtain a majority in making their standards accepted and they want to preserve their work. For example, the GRI framework was the mostly used, but with a share of app. 34% of the sustainability reports issued in 2010 (Eccles, Serafeim and Andrews, 2013) and with multinationals as the main applicants. Also, the GRI framework is “a trade-off between principles and rules, with reduced emphasis on normative principles and a rather simplistic pursuit of ‘objective’ measurement largely adapting to traditional accounting goals” (Joseph, 2012: 93). Rowbottom and Locke (2013) also underline that GRI was successful in presenting a friendly, voluntary alternative to governmental regulations in CSR, but has unresolved ideological tensions, especially prioritizing the orientation towards stakeholders or shareholders. All of these might justify why GRI, while recognized as “the de facto global standard” (KPMG, 2011 cited in Hahn and Kühnen, 2013: 1), accepted this “global cooperation” under the form of IIRC.

The history of IIRC resembles that of the convergence process between IASB and FASB in the early 2000s, when each body had strengths and weaknesses (such as: more and more countries, including the EU, accepted to adopt the international standards, which risked to decrease the applicability of the American standards; however, their quality was still criticized by IOSCO, while American standards enjoyed a better position, although being negatively affected by the financial scandals in the 2000s etc.) (see Botzem and Quack, 2009 for the history of IASB; and Bengtsson, 2011 about the political aspects of the regulatory process). But while the convergence between FASB and IASB progressed well at the beginning, recently it is at a standstill (PWC, 2012). The recent evolutions (Street, 2012) raise questions about the possibility of having only one global set of financial reporting standards. Other issues related to this debate include the lobbying process (multinationals, accountancy firms) and the politics, the actors involved and the financing of the regulatory body. All these issues impact the degree of acceptance of standards by various countries or companies, and ultimately the reporting practices.

While some support the concentration of the regulatory power, others (Sunder, 2002) back up the regulatory competition in order to increase the relevance, credibility, comparability and assurance (Deloitte, 2011). Sunder (2002) argues that plurality and competition lead to higher quality and efficiency and to a better reflection in reporting the substance over the form. Also, the author claims that the meaning of the information disclosed depends on the institutional background, and that a plurality of frameworks might contribute to a better reflection of this. This observation is in line with research on IFRS suggesting that the standards are applied in different manners and that IFRS data is not completely comparable, because national patterns continue to exist (for example, Kvaal and Nobes, 2012; Gorgan, 2011).

Also, at a country level, prior initiatives and regulations and the type of law are important factors in influencing reporting practices. For example, Delvaile, Ebbers and Saccon (2005) explain how IFRS are received differently in three European Continental countries because of each country’s prior attitude towards the standards. In the same line, in the area of CSR reporting, Bebbington, Kirk and Larringa (2012) illustrate how in Spain, despite the

enforcement by law, environmental reporting is not fully developed, while in the UK, without formal requirements, there are better practices as a result of a coalition of local actors.

In line with this, the results of our case studies might be further explored. One of the case companies is based in France, while another one is based in the UK. France was the first country to make mandatory CSR reporting, and several legislative initiatives were taken in this area (Wensen, et al., 2011). This explains the reference of Dassault Systèmes SA to the French Commercial Code. However, this case has to be analysed in the context of a mandatory CSR framework, which might also involve formal compliance. On the other hand, in the UK there is a preoccupation for a balance between voluntary and mandatory regulations (Wensen, et al., 2011), while many actors, including multinationals and accountancy professional bodies were involved in promoting CSR reporting (Bebbington, Kirk and Larringa, 2012). While other UK companies enjoy a good CSR reporting, our case company from the UK (Sage) has a reduced level of information disclosed. These current practices of the case companies will influence future CSR disclosures, even in the case of a new, unique CSR reporting framework, because the current framework and practices inhibit future experimentation and innovation and also generate a status quo because of the switching costs (Rowbottom and Locke, 2013).

Consequently, this analysis suggests that while comparability is needed and expected by users, it is difficult to be achieved in practice, and a single regulatory framework will not generate full comparability. In relation to our case companies, the national type of law, prior initiatives in the area of CSR reporting, the main stakeholders to which the report is addressed to, and the perceived ratio of costs and benefits in CSR reporting, will influence further reporting, despite the regulatory framework used.

Conclusions

Over the recent years an increasing number of companies publish CSR/sustainability reports. Prior literature investigated CSR reporting practices, and one major issue underlined was the lack of comparability, mainly generated by the plurality of existing reporting guidelines. This study investigated the issues of plurality and convergence in sustainability reporting standards, taking into consideration both the regulatory level and the reporting practices. We consider reporting a main issue of the company's actions for sustainability.

Therefore, we analysed in a general manner the CSR disclosure abundance and disclosure occurrence of four IT companies located in different EU countries, in order to illustrate the variety of practices across a single industry. The case companies employ various reporting guidelines and manifest a great variety in disclosure, starting with the name of the report, its length and structure, and continuing with how various measures are presented or discussed.

This empirical analysis sets the stage for a discussion about the opportunities and pitfalls of convergence in sustainability reporting regulations. We analyze the creation of the IIRC and discuss the politics in this process by analogy with the standard setting in financial reporting. Following the convergence path in financial reporting, the normative discussions and the empirical results of applying a unique set of accounting standards, we anticipate that a unique (converged) standard for CSR reporting will not responsively generate a

significant improvement of disclosure practices. The convergence process rather serves various actors to preserve their interests and power (Bengtsson, 2011) and is not necessarily the best solution for standard setting in an area (Sunder, 2002).

Therefore, today both researchers (to conduct studies) and other users (for analysis and decision making) have to cope with a diversity of CSR reporting practices generated by various factors, including the plurality of reporting frameworks. In the case of convergence, they will also face a reduced level of comparability, because other factors influence disclosure practices, such as legitimacy strategies, the cost-benefit analysis of reporting, prior practices, actors' expectations for each company, the level of enforcement in the area etc. Consequently, we argue that standards serve various purposes of reporting, and comparability is rarely an objective from the companies' point of view. They use standards and reporting for signalling, for attracting resources, or for complying with powerful actors' expectations. A unique set of reporting guidelines will not achieve comparability at a micro level, but will allow actors at a macro stage to re-arrange their influence.

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