
Sustainability Reporting and the Compliance to GRI Disclosure Framework: A Cross-Sectional Study of Indian Companies

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Abstract

Sustainability reporting could be viewed as a company's strategic move to meet the demands of various stakeholders who would play a crucial role in its functioning and existence. Some studies considered legitimacy theory as a conceptual framework for social disclosures. Reviewing major cross-country studies, we find that most studies concentrated on the nature and extent of sustainability reporting worldwide. The findings of these studies were exciting and reported different experiences. However, most previous studies focus on the number of GRI factors covered by the reports; there is little examination of the reasons for the variations. Companies' sustainability reporting in the Nifty 100 National Stock Exchange (NSE) index is examined. Sustainability reporting for a period commencing from 2018-19 to March 2021-22 is measured by the GRI compliance index as the GRI standards are applicable for this period. The relationship between sustainability reporting and Firm Size, Economic Performance, Legacy, Industry and Shareholder Dispersion is analysed using panel data regression. A detailed analysis of the annual reports and the regression results revealed that market capitalisation consistently influences all three levels of compliance, i.e., economic, environmental, and social disclosures. The industry profile predicts environmental disclosures and social disclosures. Return on capital employed only predicts economic disclosures but not environmental and social disclosures. The firm's legitimacy is the significant predictor of all three disclosure dimensions. Shareholder dispersion only influences environmental disclosures, and no impact is found on economic and social disclosures. Stock return is another independent variable that predicts economic and social disclosures. The study has some beneficial policy implications, such as ways of improving non-financial reporting, better and uniform reporting, transparency in reporting, etc.

Keywords: Sustainability Reporting, GRI Disclosure Framework, Environmental, Social, and Governance (ESG)

Introduction

With the structural changes brought in by globalisation and privatisation, the private sector comprising businesses is expected to play a significant role by sharing the responsibility of community welfare and sustainable development. The task of social development requires a multi-pronged approach in which the corporate sector has a significant role in ensuring the community's welfare. Today, we can find social intervention in the corporate sector in various areas ranging from poverty alleviation, rural

development and environmental protection. At the same time, growing awareness of the stakeholders and public pressure has necessitated the corporate sector to be more sensitive to society's requirements. With the increased social activism, the stakeholders demand greater responsibility sharing by the companies and urging for accountability. Companies can be regarded as socially responsible only if they provide greater participation for stakeholders and take measures for the welfare of their employees and the larger society. In order to comply with the growing expectations of society, it has become necessary for corporations to

integrate their community and social welfare programs with their main line of business and communicate the same. In this context, Elkington's concept of the triple-bottom-line framework for accounting gained prominence. Many international aid agencies, such as the UK Department for International Development, the United Nations Commission on the Private Sector and Development, and business organisations, such as the World Business Council for Sustainable Development (WBCSD), highlighted the need for social accountability of businesses through various initiatives and deliberations around the world.

Recently, a dramatic change has occurred in how the company and its performance are assessed. In the past, an organisation's performance was evaluated based on profits, financial ratios, market capitalisations and various other financial parameters. However, in addition to the financial indicators, an organisation is being judged based on the value it creates for society and whether such value creation process is enduring. As a result, a company needs to resort to non-financial reporting, which could prove its contribution to society. While we have standard, country-specific guidelines for financial reporting, non-financial reporting has no such accepted standards.

In this context, the Global Reporting Initiative (GRI) has emerged as a globally accepted framework and standard for companies' CSR contribution and disclosure practices. Global Reporting Initiative has been hailed as the *de facto* standard in transparency and sustainability reporting systems worldwide. Compliance with GRI has become imperative and has a far-reaching influence in making a business accepted globally. The GRI was first launched in 1997 by the Centre for Environmentally Responsible Economies (CERES), a network of environmentalists and investors based in the USA. The Global Reporting Initiative produces one of the world's most prevalent standards for sustainability reporting - also known as Ecological Footprint reporting, Environmental Social Governance (ESG) reporting, Triple Bottom Line (TBL) reporting, and Corporate Social Responsibility (CSR) reporting. Sustainability reporting is a form of value reporting where an organisation publicly

communicates their economic, environmental, and social performance. GRI seeks to make sustainability reporting by all organisations as routine as comparable to financial reporting. It is a generally accepted reporting framework designed for organisations across various industries, sectors and locations. To be globally competitive, Indian companies serving their customers abroad must adhere to specific essential behavioural attributes, such as punctuality, honesty, quality and accuracy, and transparency. Compliance with the global reporting standards was one of the ways of ensuring local acceptance in the global markets. Compliance with GRI and other guidelines has a far-reaching influence in making a business accepted globally. Companies have also realised that sound governance practices and socially accepted behaviour can improve their reputation among stakeholders, business partners and regulatory authorities. Due to the influence of civil society organisations, regulatory authorities and trade associations, companies today comply with sustainability reporting, triple-bottom-line accounting, GRI compliance, etc. The sustainability report also enhances organisational transparency through several non-financial disclosures. The increased transparency is also an indication of better corporate governance practices followed by a company.

Sustainability Reporting

Structured and disciplined reporting as per GRI guidelines on sustainability reporting will enable companies to take advantage of this by labelling themselves as responsible regarding social and environmental aspects. The scoring mechanism used in the current study will help companies understand their strengths and weaknesses related to different performance indicators in their sustainability reporting. This will, in turn, provide the scope for improvement. Typically, it is highly demanding for companies to make a genuine effort to obtain the highest possible score in each aspect of sustainability reporting. Many variations in reporting in terms of incomplete information disclosures are also found in the reporting practices of firms (Chapman & Milne, 2003) and (Hedberg & Von Malmberg, 2003) in New

Zealand and Sweden, respectively. Thus, there is an immediate need to report comprehensively on all sustainability reporting dimensions. This may take longer for the companies as it requires strengthening skill sets and the process related to reporting sustainability. From the policy perspective, there is a need to have a benchmark score for all dimensions of sustainability so that it will improve the reporting standards and practices.

Global Reporting Initiative (GRI) Guidelines for Sustainability Reporting

Global Reporting Initiative (GRI) provides a comprehensive approach to reporting companies' performances on three broad dimensions of sustainability reporting: Economic, Environmental, and Social. The sustainability reporting concept was coined in the Brundtland report captioned "Our Common Future" by UNWCED (United Nations World Commission on Environment and Development) in 1987. Further, most countries have considered the elements of sustainability in their policy frameworks to be a mixed phenomenon, both voluntary and mandatory. Sustainability reporting was considered one of the practices for measuring, disclosing, and being more accountable to internal and external stakeholders, thereby achieving the

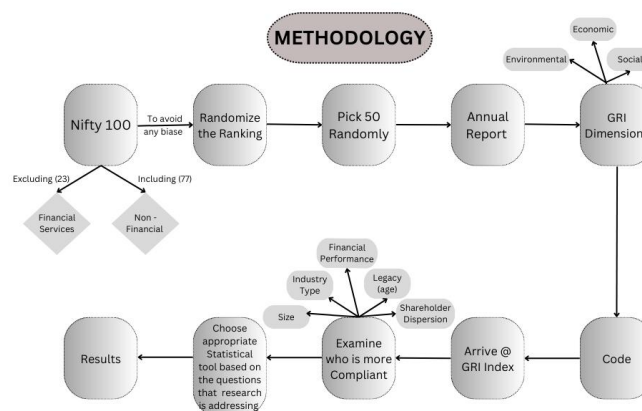
sustainability development goals. In 1999, GRI launched its voluntary disclosure guidelines for reporting sustainability dimensions. These guidelines were revised in 2000, 2002, and 2006 (GRI, 2012). Later, the guidelines underwent several revisions to cater to the expectations of various stakeholders at different phases. At present, we have the latest version of guidelines, termed GRI standards, which was launched in 2018. The sustainability reporting survey undertaken by KPMG in the year 2022 reported that the GRI remains the most widely used reporting standard worldwide, with high adoption across the globe.

Objectives

The objectives of the study are as follows;

1. To determine the extent of sustainability reporting by listed companies in India.
2. To study the relationship between the level of GRI compliance and firm performance.
3. To examine the relationship between industry type and legacy of the firm on sustainability reporting.
4. To study the extent of sustainability reporting of companies with different ownership structures.

Methodology



The chart above summarises the study methodology and presents the detailed notes in this section. This research investigates the association between the extent of sustainability reporting and size, industry, profitability, firm legacy, and shareholders' dispersion. It is proposed that this objective be achieved by sustainability reporting and relating their reporting levels with the determinants. The GRI Compliance Index would be constructed to measure the level of sustainability reporting for the companies listed in the Nifty 100 indices.

Nifty 100 companies are considered for the analysis based on market capitalisation to understand compliance with the GRI reporting guidelines. Nifty 100's list of companies represents the significant sectors of the economy that are more diversified. As of March 29, 2019, the nifty 100 index represents 76.8 per cent of the market capitalisation of the shares listed on NSE. Based on the total traded value of all index constituents, Nifty 100 represents about 66.2 per cent of the traded value of all stocks on the NSE for the last six months ending March 2019. It consists of the top 100 companies filtered using market capitalisation. Nifty 100 index examines the performance of large companies based on market capitalisation. Nifty 100 companies will help the researchers capture the behaviour of Nifty 50 and Nifty next 50. For analysis in this study, the companies in the financial services sector are excluded. So, the study considers 77 companies, excluding 23 financial service companies. Out of the available 77 companies, 50 were randomly picked for analysis to understand the differences in reporting practices.

Construction of GRI Compliance Index

The extent of sustainability reporting is measured by constructing the GRI compliance index. As pointed out earlier, GRI issues the GRI Sustainability Reporting Guidelines, which sets out the standard disclosures and implementation manual. These guidelines are periodically reviewed considering the changing circumstances in the global business environment. GRI issued the latest version of

sustainability reporting guidelines in 2018 and termed it GRI Standards.

There are three categories on which companies are expected to disclose as per the GRI disclosure framework, covering 19 disclosure aspects. Each aspect includes different topic-specific disclosures. There are 77 topic-specific disclosures (standards) per the guideline.

Data coding uses a three-point scale (01 - No Compliance, 02- Partial Compliance, 03 - Full Compliance) for the 77 topic-specific disclosures listed above. The index would be constructed by assigning the value of 1 to 3 for 77 topic-specific standards. If a specific indicator was not mentioned in the assessed report, then a score of 1 will be given, brief or generic statements receive a score of 2 (e.g., the company does not have any child labour practices), and the maximum score of 3 will be given to an indicator when coverage is complete and systematic. If a firm discloses all the items in the guidelines, the index value would take the maximum value of 231 (77×3). The index so constructed would be taken as the dependent variable. Cronbach's alpha would be used to test the reliability of the index.

Measurement of Independent Variables

The turnover or the market capitalisation will be used to measure the firm's size. Previous studies used total assets/ log of total assets as a proxy for the company's size. (Eng & Mak 2003; Said et al. 2009).

Industry profile will be measured using a dummy variable, i.e. one if the firm belongs to Environment and Socially Sensitive Industry (ESSI), zero otherwise, was used by Michelin et al. (2014), and Brammer & Millington (2005). They categorise pharmaceutical, alcohol, defence, chemical, mining, metals, paper, petroleum and utility industries as ESSI. The same industry classification is proposed for the proposed study.

Prior research used different measures of profitability, such as return on sales, assets and equity, to discover whether using different profitability measures leads to measurable improvements (Callan & Thomas, 2009).

The results of the past studies indicate that return on capital employed is the suitable measure of profitability proxy for economic performance (Kansal et al. 2014; Dawkins & Fraas 2013). Hence, ROCE will be used to measure the economic performance of the companies.

The firm's age would be used as a proxy for the legacy of the firm and would be extracted from the Prowess database as the number of years since its establishment, as used by previous research studies. (Kansal et al. 2014; Roberts 1992).

The technique employed by Chan et al. (2014) It will be used to look at shareholder dispersion. The shareholder's dispersion in their study was measured using the percentage of shares not held by the top 20 shareholders of the firm. The data is extracted from the Bloomberg database.

The model below explains the association between sustainability reporting and other variables.

$$GRII_{it} = \alpha + \beta_1 SIZE_{it} + \beta_2 INDUS + \beta_3 PFT_{it} + \beta_4 LEGACY_{it} + \beta_5 SHD_{it} + \beta_6 SR_{it} + v_{it}$$

Where,

GRII_{it} is the GRI compliance index of firm *i* during time *t*

SIZE is the size of the firm measured by the market capitalisation of firm *i* during time *t*

INDUS is the dummy variable used (1 if sensitive industry, zero otherwise)

PFT is the profitability of the firm measured by the return on investment of firm *i* during time *t*

The age of the firm measures LEGACY during the time *t*

SHD is shareholders dispersion measured by the percentage of shares not held by the top 20 shareholders of firm *i* during time *t*

SR is the growth in the stock price during time *t*

To achieve the objectives, 100 companies in the Nifty 100 index of the National Stock Exchange (NSE) were considered at the first level. Fama and French (FF)

(1992) explicitly exclude financial firms because of their high leverage. They suggest this leverage may not indicate the “distress” associated with high leverage of non-financial firms, which could bias the analysis results. The argument for excluding financial services companies states that they are different because they have high leverage and greater sensitivity to financial risk. Nifty 100 has 23 financial services companies excluded from the study horizon. Further, from the available pool of 77 companies, 50 companies were randomly selected and studied in detail. The data of the chosen 50 firms was collected from the annual reports and sustainability reports published by the firms from April 2018 to March 2022. Panel data regression is employed to analyse the relationship between the variables.

Data Analysis

A detailed assessment of sustainability reporting by the companies revealed that the social dimensions are well reported by the Indian companies, both over and above the economic and environmental performance indicators. The score on economic dimensions varied significantly from 3 per cent (Power Grid Corporation of India Ltd) to 88.5 per cent (ACC Ltd). A few significant aspects included in the economic indicators are revenue generation, investment, operation cost, risk and the employee benefit plan. Fewer variations with this performance aspect show that all firms are proactive in maximising economic wealth. The majority of the companies reported well on infrastructure development and investments when it comes to the indirect economic impact of reporting. Local community engagement parameters like the process of local hiring and the proportion of top-level managers hired locally should be reported better by all the companies.

The score on environmental dimensions of selected companies varied from one per cent (Nestle et al.) to 82 per cent (Tech Mahindra Ltd). All indicators related to water, energy, and material are reported reasonably well by the companies, as they lagged in reporting on the effluents and waste, biodiversity, and emission. On social dimensions, all companies adequately reported

on policies and processes of employee training and skill development and also mentioned the details of average training duration during the reporting period. Other aspects of the social dimension, such as

workforce diversity and equal pay for work remuneration for women and men, are covered by all firms to a greater extent.

Particulars	2018-19		2019-2020		2020-2021		2021-2022	
Independent Variables	β	P	β	p	β	P	B	p
1. Market Capitalization	0.22	< 0.01	0.18	< 0.01	0.17	< 0.01	0.23	< 0.01
2. Industry Profile	0.08	ns	0.09	ns	0.05	Ns	0.01	ns
3. Return on Capital Employed	0.39	< 0.01	0.36	< 0.01	0.34	< 0.01	0.44	< 0.01
4. Legacy of the Firm	0.14	< 0.05	0.15	< 0.05	0.13	< 0.05	0.14	< 0.05
5. Shareholder Dispersion	0.02	ns	0.02	ns	0.01	Ns	0.03	ns
6. Stock Returns	0.24	< 0.01	0.26	< 0.01	0.24	< 0.01	0.30	< 0.01
Multiple R	0.695		0.676		0.657		0.706	
R ²	0.483		0.457		0.432		0.498	
Level of Significance (p)	< 0.01		< 0.01		< 0.01		< 0.01	

Regression Analysis Output - Economic Dimension

Years	2018-19		2019-2020		2020-2021		2021-2022	
Independent Variables	B	P	β	p	β	p	B	p
1. Market Capitalization	0.245	< 0.01	0.219	< 0.01	0.256	< 0.01	0.196	< 0.01
2. Industry Profile	0.408	< 0.01	0.378	< 0.01	0.398	< 0.01	0.393	< 0.01
3. Return on Capital Employed	0.079	< 0.10	0.067	ns	0.061	ns	0.085	< 0.10
4. Legacy of the Firm	0.129	< 0.05	0.133	< 0.05	0.112	< 0.05	0.113	< 0.05
5. Shareholder Dispersion	0.002	Ns	0.002	ns	0.004	ns	0.003	Ns
6. Stock Returns	0.001	Ns	0.001	ns	0.009	ns	0.007	Ns
Multiple R	0.618		0.587		0.623		0.612	
	0.382		0.345		0.389		0.374	
	< 0.01		< 0.01		< 0.01		< 0.01	

Market capitalisation, ROCE, the legacy of the firm, and stock returns were significant economic indicators that predicted GRI compliance. These four indicators were consistent predictors throughout the four fiscal years. Shareholder dispersion and industry profile did not predict GRI compliance throughout the four fiscal years. The indicators were found to be significant at p less than 0.01, predicting 48.3 per cent, 45.7 per cent, 43.2 per cent, and 49.8 per cent for the years 2018-19, 2019-20, 2020-21 and 2021-22, respectively. Of all the significant predictors, the strongest predictor was ROCE ($\beta = 0.39, 0.36, 0.34$, and 0.44 significant at $p \leq 0.01$), followed by Stock Returns, Market

capitalisation and Firm legacy, in that order for all four years.

Regression Analysis Output - Environmental Dimensions

Market Capitalization, Industry Profile and Legacy of the Firm were found to be significant environmental indicators predicting GRI compliance. Return on Capital Employed was found to be significant during 2018-19 and 2021-22 and insignificant for two of the study periods, i.e. 2019-20 and 2020-21, respectively. Market Capitalization, Industry Profile and Legacy of the Firm were consistent predictors throughout the four fiscal years. Shareholder dispersion and stock

returns did not predict GRI compliance throughout the four fiscal years. The indicators were significant at p less than 0.01, predicting 38.2 per cent, 34.5 per cent, 38.9 per cent, and 37.4 per cent for the years 2018-19, 2019-20, 2020-21 and 2021-22, respectively. Of all

the significant predictors, the strongest predictor was Industry Profile ($\beta = 0.40, 0.37, 0.39$, and 0.39 significant at $p \leq 0.01$), followed by Market capitalisation and Firm legacy.

Regression Analysis Output - Social Dimensions

Years	2018-19		2019-2020		2020-2021		2021-2022	
Independent Variables	β	P	β	p	β	p	B	P
1. Market Capitalization	0.29	< 0.01	0.27	< 0.01	0.24	< 0.01	0.23	< 0.01
2. Industry Profile	0.14	< 0.01	0.17	< 0.01	0.17	< 0.01	0.15	< 0.01
3. Return on Capital Employed	0.04	Ns	0.07	ns	0.06	ns	0.03	Ns
4. Legacy of the Firm	0.37	< 0.01	0.35	< 0.01	0.39	< 0.01	0.34	< 0.01
5. Shareholder Dispersion	0.02	Ns	0.02	ns	0.01	ns	0.03	Ns
6. Stock Returns	0.10	< 0.01	0.14	< 0.01	0.12	< 0.01	0.08	< 0.05
Multiple R	0.609		0.628		0.644		0.617	
R ²	0.372		0.395		0.416		0.381	
Level of Significance (p)	< 0.01		< 0.01		< 0.01		< 0.01	

Market capitalisation, industry profile, legacy of the firm, and stock returns were found to be significant social indicators that predict GRI compliance. Return on Capital Employed and Shareholder Dispersions were found to be insignificant predictors of GRI compliance throughout the four fiscal years. The indicators were found to be significant at p less than

0.01, predicting 37.2 per cent, 39.5 per cent, 41.6 per cent, and 38.1 per cent for 2018-19, 2019-20, 2020-21 and 2021-22, respectively. The most potent predictor of all the significant predictors was the Legacy of the Firm ($\beta = 0.37, 0.35, 0.39$, and 0.34 significant at $p \leq 0.01$), followed by Market capitalisation and Industry Profile.

Independent variables influencing the level of compliance

Sl.No	Independent Variables	Dependant Variables		
		Level of Compliance		
		Economic	Environmental	Social
1	Market Capitalisation	√	√	√
2	Industry Profile		√	√
3	Return on Capital Employed (ROCE)	√		
4	Legacy of the Firm	√	√	√
5	Shareholder Dispersion		√	
6	Stock Return	√		√

Detailed analysis of the annual reports and the regression results revealed that market capitalisation

consistently influences all three levels of compliance, i.e. economic, environmental and social disclosures. The industry profile predicts environmental

disclosures and social disclosures. Return on capital employed only predicts economic disclosures but not environmental and social disclosures. The firm's legitimacy is the significant predictor of all three disclosure dimensions. Shareholder dispersion only influences environmental disclosures, and no impact is found on economic and social disclosures. Stock return is another independent variable that predicts economic and social disclosures.

Discussions

India is new to sustainability reporting. There are so many ways of improving how non-financial reporting takes place. Currently, disclosures of sustainability activities may be reported in various ways. For instance, some companies report CSR activities during management discussions and analysis. Some others show it under the Chairman's report. The extent of money spent may not find a definite place under the Profit and Loss account or notes to the Profit and Loss Account. Some companies report CSR spent before taxes and some post-tax. Such anomalies should ideally be corrected under better and uniform reporting standards. Besides uniformity, there are also issues of transparency in reporting. For instance, the current regulation requiring companies to set aside 2 per cent of their profit after tax should ideally be reflected as an item after PAT. However, examining several current reports does not subscribe to this requirement. There are also implications on reporting formats that may be improved.

This GRI disclosure framework will significantly affect how publicly traded companies' non-financial data should be reported. This will span reporting format, uniformity of reporting by various companies, and proposals for standardising such reports. The uniformity in sustainability reporting can help agencies like the Ministry of Corporate Affairs, SEBI, CII, other industry associations, and other researchers in the field.

Twenty years ago, sustainability was considered as business nonessential; decades ago, it counted as a passive investment, and today, it is a responsible business practice. Business houses realised the

importance of social accounting or nonfinancial disclosures. The number of corporates reporting sustainability increased with the heightened pressure from various stakeholders. GRI Database has 15109 organisations, 63789 Reports, and 38481 GRI Compliant reports across the globe. There are 425 companies and 1112 reports from India, and 238 reports adhere to G4 guidelines from 120 organisations. There are 63 organisations with 100 reports adhering to the latest GRI standards. GRI standards are the latest guidelines for nonfinancial reporting, released on June 28, 2018. Structured and disciplined reporting as per GRI guidelines on sustainability reporting will enable companies to take advantage of this by labelling themselves as responsible regarding social and environmental aspects. The scoring mechanism used in the current study will help companies understand their strengths and weaknesses related to different performance indicators in their sustainability reporting. This will, in turn, provide the scope for improvement.

In the analysis of fifty sustainability reports of prominent Indian companies listed at NSE, satisfactory compliance is found on indicators related to social aspects. The reporting on social aspects is comprehensive primarily due to the recent CSR rule 2014 in India, which mandates companies to spend 2 per cent of their net profit on CSR. Further, the assessment of sustainability reports through the scoring mechanism followed in the current research would help the companies to have a comparative analysis of reporting levels on different parameters described in the disclosure manual of the Global Reporting Initiative's guidelines. This will also promote brand equity by informing them of their reporting practices and listing the progress achieved in corporate accountability.

Analysis of fifty prominent Indian firms depicted that the reporting on social dimensions scored more than the other two reporting dimensions, namely economic and environmental. Yadava and Sinha (2015) have found that the reporting on the economic dimension is more against environmental and social dimensions. In their study, researchers have compared the reporting of

five prominent Indian public and private sector firms. The deviation in results is mainly attributable to the CSR rule 2014 in India, which mandates CSR spending of 2% of their earnings (net profit).

Theoretical Implications

Sustainability reporting makes the company understand its impact on society and ensures it is more transparent about the risks and opportunities it may encounter regarding sustainability issues. There needs to be more than a simple claim about the extent of sustainability to cater to the varied expectations of the stakeholders. Companies are expected to follow a high level of sustainability through credible demonstrations of sustainability by adhering to the social disclosure frameworks. Voluntary disclosures will enhance trust amongst the stakeholders and will impact economic performance. As per the business axiom – you cannot manage what you cannot measure; transparency is a currency that builds trust, which builds businesses.

Sustainability reporting is a means for better risk management, as sustainability is about understanding business resilience and identifying an opportunity to promote transparency and collaboration. Along with the traditional risks, modern firms face increasingly higher levels of social and environmental risks that are external and beyond the firm's control. In this regard, the company has to consider long-term capacity building and follow adaptive strategies to manage the risk; a good disclosure in the form of a sustainability report will help here. Sustainability reporting also helps the firm improve its operating efficiency.

According to an A.T. Kearney survey, businesses that adopted sustainable practices performed "above average" in the financial markets during the 2008 recession, adding an average of \$650 million to each company's market capitalisation. They were dubbed "Green Winners" by the study. Businesses are attempting to add value through sustainability by employing efficient resource management techniques, such as energy and waste management, to improve return on capital while lowering operational expenses. Companies can avoid stringent laws and political expenses by implementing value chain management

fuelled by more ethical and transparent business practices. Each of these encourages operational effectiveness.

Managerial Implications

As a result of stakeholder activism, there is a greater demand to report a higher level of transparency when it comes to non-financial reporting by companies. As far as the business world is concerned, there is an urgent need to respond to the stakeholder pressure about the disclosure of information relating to good governance to avoid negative impacts of business on the society in which it operates. Therefore, to keep up with the growing preferences of various stakeholders and wish to comply with the country's regulations, it is high time to delve into non-financial reporting. It helps the company to formulate strategies for making business more sustainable and manage the change effectively and efficiently. When stakeholders are involved directly in the sustainability reporting process, businesses become more responsible, have higher accountability and a more excellent reputation, and fetch the trust of all stakeholders.

GRI connects the government and business and also provides a platform that contributes positively to attaining sustainable development goals. GRI compliance will help the companies identify the potential risks and convert them into opportunities. The process of GRI compliance makes the company understand the effect of their non-financial performance on financial performance. Companies can comply with quality and performance standards, laws, codes, and business norms by adhering to the GRI framework. GRI Compliance will clearly understand possible environmental, social, and governance failures. It also facilitates intra- and inter-sector comparisons of business performance. Apart from the above-listed internal benefits, some are external to the reporting firm. GRI reports ensure environmental safety and adherence to social and governmental laws. Stakeholders will be well-informed about the core values of the firm and about both tangible and intangible assets. This study focuses on gauging the extent of sustainability reporting by

large listed companies, SMEs, and MNEs in India, thereby giving insights on - GRI compliance amongst Indian Companies and emergent trends in sustainability reporting by Indian firms. The study concentrates on identifying the pattern of disclosures amongst companies.

Future scope for research

The present study considers the non-financial services companies in the Nifty 100 index of the National Stock Exchange of India. However, future researchers may undertake a country-specific study to understand the firms' disclosure practices in different locations. There is also a scope for conducting sector-specific studies to understand reporting compliance. The present study aimed at establishing the relationship between firm-level characteristics such as firm size, industry profile, legacy, shareholder dispersion, and firm performance measured by ROCE and stock return. However, future researchers can include governance-related variables like board composition and independence.

Conclusion

The current study revealed that companies need more skills in comprehensive reporting of economic and environmental dimensions. All companies reported well on earnings, operating costs and revenue generation. However, poor reporting is found with indicators such as market presence covering the proportion of senior managers hired from the local community and indirect economic impacts, which were also reported in Norway (Vormedal & Ruud, 2009). Reporting on environmental dimensions could have been better as reporting differed significantly; besides, many indicators were found to be not reported by the companies. There is a need for a comprehensive reporting of environmental dimensions, as suggested by Sahay (2004).

Typically, it is highly demanding for companies to make a genuine effort to obtain the highest possible score in each aspect of sustainability reporting. Many variations in reporting in terms of incomplete information disclosures are also found in the reporting practices of firms (Chapman & Milne, 2003) and

(Hedberg & Von Malmberg, 2003) in New Zealand and Sweden, respectively. Thus, there is an immediate need to report comprehensively on all sustainability reporting dimensions. This may take longer for the companies as it requires strengthening skill sets and the process related to reporting sustainability. From the policy perspective, there is a need to have a benchmark score for all dimensions of sustainability so that it will improve the reporting standards and practices. Based on the present study analysis, an average score can be set as a benchmark for companies in the same sector. The CII (Confederation of Indian Industries) and FICCI (Federation of Indian Chambers of Commerce and Industry) may formulate and recommend a minimum percentage of score attainment on each aspect of three sustainability reporting dimensions that must be achieved in different phases. Benchmarking of reporting based on a scoring pattern will empower stakeholders to realise the impact of companies' activities and actions on sustainability-related issues. It will also help the companies, as they will be able to understand their reporting procedures and to what extent they promote adequate communication to the stakeholders.

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