MIR Series in International Business

Péter Horváth
Judith M. Pütter
Editors

Sustainability Reporting in Central and Eastern European Companies

International Empirical Insights

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Springer

Sustainability Reporting in Central

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Sustainability Reporting in Central and Eastern European Companies

International Empirical Insights

This collection of expert articles highlights the standards and practices concerning sustainability reporting among companies in Central and Eastern Europe (CEE). Due to the growing interest in corporate social responsibility issues, sustainability reporting has become increasingly common among businesses that claim to adhere to certain social, environmental and economic standards. While it can be observed that sustainability reporting is widely practiced in Western and Northern European countries, only few studies have been conducted on this topic in the CEE region. Drawing on a major empirical study involving researchers from 10 different CEE countries, this book addresses the status quo of sustainability reporting, outlines future prospects and provides essential recommendations for practitioners.

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Preface of the Editors

Management International Review (*mir*) is one of the world's leading international business journals. Founded in 1960, it publishes research-based articles that reflect significant advances in the key areas of International Business/International Management and Cross-cultural Management. Yet, not all research in the fields of International Business/International Management and Cross-cultural Management can—in terms of length and depth—be published in the condensed format of a journal paper. Many research topics of these fields are too multifaceted and complex to be sufficiently explored and discussed within a frame of approximately 25 pages. One might even argue that multi-facetedness and complexity are among the core defining characteristics of International Business/International Management and Cross-cultural management in general. Thus, it is not surprising that over decades most research work of these fields was provided in the format of monographs. This holds especially true for academic qualification theses at the doctoral and postdoctoral level which are generally characterized by a sound theoretical foundation, a careful derivation of hypotheses, an extensive and rigorous empirical analysis as well as a detailed discussion of findings. Based on the arguments presented above, one might even argue that the current predominant format of journal articles suppresses many interesting and promising research endeavours.

Furthermore, it is interesting to notice that monographic and paper-based research works differ significantly with respect to the durability of their reception in the scientific community. Although there are some outliers from the general pattern, the quotation of many journal articles lasts only a few years. After a short peak of intensive reception, quite early their footprint starts to fade. Unlike this, there are numerous examples of research books which influence academic thinking over decades. Often, whole generations of scholars revert to them.

In a further dimension, relevant work of practitioners might deliver rich and helpful insights and profound knowledge in the field of International Business/ International Management and Cross-cultural Management. But normally such work seems not to be suitable for a publication in an academic journal. Due to these reasons in the year 1993, Gabler (now Springer Gabler) has launched the

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mir-edition as a German-language book series which by now provides a well-established highly visible resource for publications complementing *mir*'s journal articles. Since then the series has written a remarkable success story.

However, the world of scientific and more applied books is changing in terms of an ongoing internationalization of the knowledge exchange. It is therefore only consequent that Springer and *mir*'s Editors-in-Chief are now introducing an English-language version of *mir*-edition—the **MIR Series in International Business**. This will hopefully help to attract more non-German-speaking readers and authors to the respective topics. The editors think that there is a considerable potential for research- and practice-based books providing firsthand knowledge to both scholars and practitioners. While this series is primarily aiming at scholars and researchers interested in International Business/International Management and Cross-cultural Management, we believe it should also be of interest to managers and consultants who struggle with the same topics in the real world. In this sense, the editors highly appreciate that the first book of the new series is dealing with a topic which is of interest to a real international audience: up to now only little is known about the sustainability reporting in Central and Eastern European companies. This is contradicting the fact that sustainability is of growing importance not only for business and respective decision-makers in the European Union but also all over the world. English as modern lingua franca is therefore a must in order to attract and inform readers coming (not only) from those countries under study.

We do hope that the new series will be as successful as the already existing German-language version and see this as a possibility to further improve the quality of the *mir* product program. It is our intention to publish outstanding work from authors all over the world. We are looking forward to receiving your manuscript and hope to further stimulate the academic and practical discussion in the area of International Business/International Management and Cross-cultural Management.

Stuttgart, Germany
Kiel, Germany

Michael-Jörg Oesterle
Joachim Wolf

Preface

Sustainability reporting has gained a great degree of practical and scientific relevance in the past two decades. Indeed, it has become very difficult to keep up with the plethora of literature on both the theory and practices of sustainability reporting.

Nevertheless, there is a striking regional gap in the literature: our understanding of the state of sustainability reporting in the new EU member states in Central and Eastern Europe is fragmented. In particular, what we lack is a comprehensive country comparison with all ten countries of this region.

This book attempts to close that gap. We carried out a comparative empirical study which includes all the countries in the region. Additionally, eminent academic experts from the countries involved report on the specific situation of the individual countries.

It is hoped this book will not only provide new information for further research but also benefit the sustainability community by creating a network of the researchers and universities involved.

This book also has benefits for sustainability reporting practitioners as it provides extensive information on the design of sustainability reports with consideration of country-specific aspects and characteristics.

We would like to thank all those involved for their work on this project over the past few years:

Lina Dagilienė, Dzineta Dimante, Toomas Haldma, Cezary Kochalski, Nidžara Osmanagić Bedenik, Renata Paksĭová, Adriana Rejc Buhovac, Voicu-Ion Sucală, Tamás Tirnitz and Jaroslav Wagner.

Our thanks also go to the publishers Springer for their interest and support during printing and to Ruth Milewski and Dr. Prashanth Mahagaonkar for their editorial support.

Last but not least, let us not forget all the work that went on 'in the background' but that is essential to the completion of any book project. Nicholas Mann, Matthias Kaufmann, Pascal Mangold and Gianmarco Seliger demonstrated great patience and diligence in the correction and formatting of the contributions to this book.

Stuttgart, Germany
November 2016

Péter Horváth
Judith M. Pütter

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Péter Horváth
Judith M. Pütter

Publisher's Note

MIR Series in International Business

Management International Review has a long-standing reputation as a core scientific resource for researchers working in the fields of International Business, Cross-Cultural Management and Comparative Management. The journal, now in its 57th volume, has been publishing outstanding research that builds and extends International Management theory so that it can contribute to practice of International Management practice. As research communication in these fields is expanding as never before, an additional avenue is needed to portray academic knowledge in the form of well-developed monographs and contributed volumes.

We are pleased to launch the MIR Series in International Business, which we hope to see as a home for the best academic books in the field. Books in this series will help place the vast output of academic research in its relevant contextual form and also become valuable reference works for future academics and researchers to understand the academic trajectory of the topics they are working on.

We hope to build this book series to be a useful complementary resource not only for the patrons of Management International Review but for the International Business research community as well.

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1 Why This Topic?

Reporting on corporate social, environmental and economic responsibility has broadened widely within the last decade. Sustainability reports (SR) are nonfinancial reports which provide information to all stakeholders about the organization's involvement in corporate sustainability issues. Results of the KPMG survey support this increasing trend within their reports from 2013 and 2015 (KPMG 2013, 2015). There are two factors in particular which can explain the rise in sustainability reporting.

First, traditional financial reporting mechanisms no longer seem sufficient as businesses are increasingly confronted with growing demand by internal and external stakeholders for transparency about corporate contributions to sustainable development (Epstein and Buhovac 2014; Horváth et al. 2012; Kolk 2008). Investors and consumers demand the disclosure of reliable information from companies (Epstein and Buhovac 2014) in order to be able to make informed and conscious investment decisions (Nam et al. 2014). Also the European Accounting Directive 2013/34/EU stresses social and environmental aspects which should be disclosed in the management report of annual reports filed by big companies.[1]

Second, in a highly competitive or saturated market, disclosing information on a company's sustainability commitments including ethics and governance leads to positive differentiation in the market and to enhanced company performance (Marimon et al. 2012). Further, recommendations according to reporting standards such as the Global Reporting Initiative (GRI) make it easier for companies to design and structure the content of reports (Hahn and Lülfs 2013; Milne and Gray 2013).

The European Union (EU) is the most active region in the world in terms of SR, largely on a voluntary basis (Stubbs et al. 2013). The number of published sustainability reports increases from year to year (KPMG 2013, 2015). Most large European companies have established contemporary SR practices, although country-specific legal obligations (e.g. in Germany, France and the Netherlands) are seldom and apply only to certain companies. As there are no detailed rules for disclosing nonfinancial data, companies are free to disclose information they deem relevant in the way they consider the most useful, which results in notable and substantial variances in the form, content and quality of these reports (Blaesing 2013).

[1]The directive 2013/34/EU will be replaced by the new directive 2014/95/EU. Large companies will be required to submit nonfinancial statement(s) either within the annual corporate report or as a separate filing. The new directive still provides companies with significant flexibility in tailoring nonfinancial disclosure.

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