Corporate Social Disclosure on corporate websites in Germany and Brazil with a Revenue span between 1 and 10 billion US$

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ABSTRACT

Corporate Sustainability and CSR has been getting a lot of media attention lately, and a clear lack of know-how and implementation of those concepts into business has been found by scholars. In this paper at first a theoretical background will be provided, which covers the concepts of corporate sustainability, corporate social responsibility and corporate sustainability disclosure. In this framework the stakeholders for corporate sustainability will be introduced and the motivation for corporate social responsibility will be explained. Then the paper will seek to inform the reader about corporate sustainability disclosure of environmental and social reporting on websites of German and Brazilian corporations with a revenue span of 1 to 10 billion US$ and will give an insight on the extent to which the reporting takes place. A total of 63 Corporations have been researched of which 29 are Brazilian and 34 are German. In this sample unlike in other previous researches there has been no significant link found between firm size, revenue and sustainability disclosure but a significant link between national context and disclosure has been found. Social reporting has been significantly higher in Germany, with more disclosure on the various topics, while Brazilian firms disclose more on their investments in projects to restore biodiversity. The most often disclosed topics for environmental reporting were waste, energy consumption and emissions, while for social reporting product responsibility, community dialogue, occupational health and occupational safety.

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Keywords

Corporate Social Responsibility, Corporate Sustainability, Corporate Sustainability Disclosure, Stakeholder, Websites, Sustainable marketing

1.   INTRODUCTION

Over the past years corporations have been under pressure to not only document and monitor their financial but also environmental and social performance. This is due to a rise in global awareness of environmental and social issues which are partly caused by corporations, pressure from NGOs and societal actors increase on those corporations (Bowd et al., 2006). Sustainability is a key concept which comprises all three elements and is often described as the 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs' (Brundtlandt, 1987, p. 383).

Corporate Sustainability is often used as a boost to marketing performance and is opening ways to new business models (Nikala & Pierce, 2009). Ferrell and Ferrell (2016) found that sustainable practices influence consumers brand evaluations and intended behaviors. This paper aims to find out how corporations communicate their practices in order to reach their stakeholders.

There has been a growth reported about the information that companies present on websites about their business activities including sustainable practices (Guziana & Dobers, 2013). This leads to questions regarding what exactly is reported,to which extent and how companies choose to communicate their efforts to their stakeholders, especially customers.

Corporate Websites are a primary tool for communicating policies and efforts undertaken by companies to stakeholders, since they offer a less expensive alternative and information is accessible for almost everyone. Also, a greater mass of information can be presented to the public and 'the reader has more control to select items they wish to view as compared to traditional media' (Jahdi & Ackidilli 2009, p. 110). Thus, websites will be the primary source of data for this research. The researcher limits himself to website content only for data collection. This means annual reports and other documents that are optional for download or accessible in paper form will not be considered during this research. The reason is, that annual reports even though they are available for everyone for most companies are not a tool common stakeholders, who are roughly interested in the topic of corporate sustainability, will use to get an impression of the image of a company.

In this paper the terms Corporate Sustainability (CS) and Corporate Social Responsibility (CSR) will be used interchangeably and the idea of van Marrewijk (2003) will be applied. In this sense CS is a preamble for the concept of sustainability values that exist within and outside, but are influenced by, corporations. CSR is the mean and the practices in place to reach a sustainable and responsible habit of doing business (van Marrewijk, 2003). In addition to economic performance, both concepts also include environmental and social performance as goals. The focus of this paper will be put on the latter two, especially on what corporations generally disclose on their website in relation to those two concepts, but it will not be judged on whether one corporation operates better in the field of corporate sustainability. Rather it will describe the efforts corporations undertake to communicate their bandwidth of corporate sustainability practices. Corporate sustainability disclosure is an emerging field of interest for environmental and social accounting and extensive research has been done in the context of developed countries (Sobhani et al., 2012).

As defined by the Global Reporting Initiative (GRI), 'sustainability reporting or disclosure is the practice of measuring, reporting, and being accountable to internal and external stakeholders for organizational performance towards the goal of sustainable development' (GRI, 2006, p.3). Corporate sustainability is recognized and common in developed countries in Western Europe, the US, Japan and the UK, but also upcoming in Brazil (Sobhani et al., 2012). Generally scholars found that there has not been enough research carried out for developing nations. That is reason to investigate and why this research will give insight in the differences of reporting practices of a developed country (Germany) on the one hand and a developing country (Brazil) on the other hand.

Adams et al. (2016) found in their study on qualitative research of social investments that there is evidence that corporations try to improve their sustainability reporting. Interestingly those social investments were not discussed by corporations on practical challenges, such as measuring and communicating value. However, the research was carried out for corporations with far greater revenue than it is the case in this study.

CSR topics are increasingly disclosed in reports and as Medrado and Jackson (2015) found the most disclosed keywords for environmental disclosure being waste, water and energy consumption. For social disclosure they found community involvement as the most disclosed topic. Barbu et al. (2014) found that for environmental disclosure environmentally sensitive, thus more polluting corporations have higher quality of reporting.

As the study of Habek and Wolniak (2015) indicates, reporting on sustainability in the EU differs among corporations in the quality and also in the structure. Even though there are differences in quality, they found the overall quality of reports to be low. Also regular disclosure by corporations was found to be done by only 10% of the corporations. Ortas et al. (2015) found that company size and financial situation have an influence on the quality of disclosed data.

Something to be aware of in the context of disclosure is selective disclosing or green washing as indicated by Marquis et al. (2016), where corporations disclose on topics they feel comfortable with to address stakeholder related issues and shift their attention away from criticism. It was found that this kind of selective disclosure is more likely to happen when there are no information disclosure norms from shareholders.

This paper thus intends to research the data of what corporations report concerning sustainability practices and describes differences and similarities of disclosure between a developed and a developing country, namely German and Brazil. Therefore, the sustainability disclosure will be researched for two general constructs: The construct of environmental reporting and social reporting. Both constructs consist of various variables that intend to summarize the range of sustainability policies that are present in a corporation and have been retrieved from the GRI keywords. The data of what corporations report will be analyzed based on the dependent variables of (1) financial performance (revenue), (2) national context and (3) the number of employees.

Therefore, this research will try to give an answer to the following research question and the belonging sub-questions:

What and to which extent do German and Brazilian corporations with a revenue between 1 and 10 billion US$ report on their corporate websites and who are the stakeholders corporations address with corporate sustainability topics?

Sub-questions

At first, there is a need to understand why corporations engage in sustainability reporting which directs us to the first question: *1. What is the motivation for companies to implement CSR/CS practices and reporting?* Next it is important to know which stakeholders are addressed by the sustainability disclosure of corporations. This leads to the second question *2. Who are the stakeholders targeted by sustainability reporting?* Then, the paper intends to describe differences based on an analysis of collected data from corporate websites, which is tested for the independent variables. The following questions have emerged: *3. What are the differences related to the revenue corporations generate?* and *4. What are the differences related to the number of employees for disclosure?* After that the national context will be taken into account and a comparison will be made between the countries Germany and Brazil. Therefore the following questions will be answered. *5. What topics and to which extant do Brazilian corporations disclose on?* And *6. What are the differences based on the revenues corporations generate?*

The primary two questions will be answered in the following part of the theoretical framework.

2. THEORETICAL FRAMEWORK

The topic of Corporate Sustainability has increasingly been in the focus of researchers, where most of the research tries to explain the relation between corporate sustainability and financial performance (Campbell, 2007). It is not only in the focus of researchers, but also gained media attention, which expresses a need for higher transparency in reporting (Dando & Swift, 2003). This part of the paper aims to first give a clear image of the terminology, consider the motivations why corporations engage in sustainability, show the relationship between corporate sustainability and economic growth, give a deeper insight in the predetermining factors of CS, identify who the stakeholders are that are addressed by a corporation and finally investigates which investments have to be made to be successfully socially responsible.

2.1 Terminology

Corporate Sustainability as a term covers the three dimensions of economic, environmental and social responsibilities and has a close relation to the triple bottom line approach which includes profit, planet and people in the accounting for firm performance. Corporations have to account for the inputs they use in production, transportation etc., such as energy and materials. On the other hand there is a need for corporations to carefully treat their employees and external communities that are affected by business operations, to reach a sustainable manner of doing business (Gimenez et al., 2012). Campbell (2007) writes that the corporate social performance is dependent on the financial situation of a corporation, the competition in the industry and the health of the economy. Marrewijk (2003) provides a definition of the concept of corporate sustainability and corporate social responsibility that has been adopted in this paper. He sees corporate sustainability as a final goal to reach and CSR as a means to reach this goal. The terms can be used interchangeably, although there is a small distinction made. Corporate sustainability is concerned with value creation, also in terms of environmental aspects, and human capital management (thus the agency aspect), while CSR is concerned with transparency, stakeholder dialogue and reporting practices (the communion aspect).

Corporate Social Responsibility is described by Gamerschlag et al. (2011) as *'CSR refers to a company's voluntary contribution to sustainable development which goes beyond legal requirements'* (Gamerschlag, et al.. 2011, p. 233). As Basu and Palazzo (2008) state in their paper, CSR is driven by three lines: Stakeholders, performance and motivation. The Stakeholder-line hereby is to meet the demands of different internal and external stakeholders, such as lobby groups or NGOs. Performance expresses the need for efficiency in business practices and motivation addresses the own motivation of a corporation, such as improving firm reputation. The general accepted meaning of CSR for businesses is that corporations consider their impact on the environment and social stakeholders and put their concern into business practices that reach farther than just compliance with the law. This also adds another two dimensions to the purpose of organizations, additionally to generating profits (Russo & Perrini, 2010).

2.2 Motivation to engage in Corporate Sustainability

Both, Corporate Social Responsibility and Corporate Sustainability are ways of demonstrating the willingness of corporations to make their businesses more environmentally sustainable and addressing societal issues. Not only do those practices convey a healthier image of a company, but might actually improve corporate performance and stakeholder satisfaction. There are several reasons that motivate companies to engage in corporate sustainability. Campbell (2007) distinguishes between three different types of motivation. The first motive is that CSR policies and sustainable behavior are implemented because the manager or managing partner of the company values those for 'its own right' (Campbell 2007, p. 949). The second motive he names is that CSR practices are implemented for the sake of the financial performance of the company. This means that sustainability will either, through the impact it has on marketing or through different production techniques, enhance the financial performance. The third motive is that sustainable behavior is 'forced' on the company by stakeholders, who pressure the company to engage in sustainability practices. Dependent on the motivation of the company to engage in corporate sustainability, stakeholder groups have either more or less influence on the company. This gives an answer to sub-question one.

2.3 Stakeholders

Readers might ask themselves now, who corporations address by taking two more concepts into account additional to the economic accounting. That is what the stakeholder theory has been developed for. The stakeholder theory tries to identify the different stakeholders, which either have an impact on a business operation of a corporation or are affected by a business operation (Russo & Perrini, 2009). The stakeholders are hereby ordered by three attributes; urgency, power and legitimacy in order to rank the importance of each (Buysse & Verbeke, 2003).

Banerjee et al. (2003) and Buysse and Verbeke (2003) define stakeholders for environmental issues as regulators, organizational members, community members and the media. Regulators are driving firms to comply with environmental standards, while organizational members represent a variety of internal and external stakeholders, mainly employees, shareholders and customers. Community members and media are of interest to corporations as well, because they can mobilize public opinions on environmental issues.

For the stakeholders of social activities Aguilera et al. (2007) argue that on different levels of analysis corporations are motivated to engage in social activities. On an individual level employees judge the corporations on their responsible or

irresponsible social actions in the past and based upon their perception, pressure corporations to act more responsible. Also, if employees perceive a fair treatment by the corporation, their well-being and work attitude will change and be more productive. However, if employees perceive an unjust treatment they will be likely to deliver a weaker performance and vengeful actions toward the corporation (Ambrose, Seabright & Schminke, 2002). Aguilera et al. (2007) further argue that engaging in social responsible actions as a firm will cause a '*chain reaction*' (p. 842), that fosters more and more social responsible actions and idea's coming from the internal and external environment of the corporation. Secondly, on an organizational level, internal actors such as top management have a direct impact on responsible social behavior and external actors such as consumer groups have an indirect impact through their voice on responsible social behavior. Gupta (2016) points out, that by purchasing or not purchasing products consumers try to reward or punish companies based on whether they are perceived as socially responsible. Irresponsible behavior on this level might lead to damage in firm reputation. On a national level of analysis, governments and regulators play a role in pressuring corporations for engaging in social actions. Aguilera et al. (2007) argue that pressure from government in Germany has been more recently come up than in other European countries such as the UK or the Netherlands. Lastly, on the transnational level, especially NGO's are the ones motivating corporations to engage in CSR activities.

2.4   Corporate Sustainability and economic growth

There has not been a generally accepted theoretical framework for CSR practices in large corporations and MNEs (Russo & Perrini, 2010). But with the increasing focus on CSR and the realization that there is more to it than just a shallow approach to polish the reputation, there is a need to investigate how corporations handle CSR approaches internally and how they communicate those efforts to the public. In the following there will be a couple of examples how implementing CSR practices can stimulate business growth.

Gimenez, Sierra & Rodon (2012) found a positive correlation between implementing environmental friendly programs and performance on all three pillars of the Triple Bottom Line (TBL) approach. Also, social action programs have a positive impact on the TBL. However, they increase manufacturing costs in the short run in some companies, since managing production lines becomes more complex, which can lead to a lower unit-production per hour (Gimenez et al., 2012). But social and environmental engagement of corporations may not only lead to an increase in firm performance, it can also be used as a marketing strategy to attract customers through an increase in firm reputation (Goldring, 2015).This is also supported by Jahdi and Ackidilli (2009), who see a more positive and trusted image in a company when it communicates its CSR engagement.. Fraedrich et al. (1991) points out an existing and increasing link between social responsibility, ethics and marketing performance. An example therefore is enviropreneurial marketing, as defined by Varadarajan (1992), a concept that helps companies differentiate their products / services through environment-friendly practices to gain competitive advantage and at the same time promote responsible thinking inside the company. And as Baker and Sinkula (2005) indicate enviropreneurial marketing has a positive influence on product success, which is directly related to an increase in market share and competitive advantage. This also fits with the Resource-Advantage Theory, which is about

developing competitive advantage by getting the best resources in a changing environment. In this case 'best' does not necessarily signify the cheapest but the most fitting one (Galan et al., 2013). Cause-related marketing is another concept linked to corporate sustainability which features a *'firm's contribution to a designated cause being linked to customers' engaging in revenue-producing transactions with the firm'* (Varadarajan & Menon, 1988, p.60). The aim of the concept is to improve a corporation's visibility and strengthen the brand image to increase and retain a customer basis. It usually expresses itself in projects undertaken by a firm to promote itself and at the same time offer something for the greater good or for the benefit for the customer himself (Varadarajan & Menon, 1988).

2.5   Operationalization of Corporate Sustainability in Theory

On the matter how to operationalize corporate sustainability there is no 100% standardized theory or scoring system, even though various measurement methods exist. That is because balancing a scoring system that combines the various dimensions of the concept itself, proofs hard to be developed. The practices in use for different industries vary since limitations exist concerning the structure of the industry. For example, oil businesses or chemical companies can be limited in the ability to completely eradicate their ecological footprint and thus will be likely to try and balance this out with investments in social issues. A way to take industry differences into account can be achieved via the Pacific Sustainability Index (PSI) score card, developed by the Roberts Environmental center, which takes industry differences into account when evaluating the firm (Morhardt 2010). In general the PSI aims to analyze and evaluate sustainability reports and company websites based on a variety of factors.

Michelon, Boesso and Kumar (2013) introduce another concept, called Corporate Social Performance, which has a look on 7 different factors (environment, community, corporate governance, diversity, employee relations, human rights, and product quality) to evaluate the performance.

Independent factors which influence corporate sustainability as named in the introduction are (1) the financial situation of a company, (2) the national context a company operates in and (3) the number of employees, which gives a hint about the firm size. In the following an explanation will be provided why those factors are influential.

(1)   The corporations that were investigated in this research all have a revenue between 1 and 10bn US$ as suggested by Morhardt (2010), who did an interesting and profound research for the sustainability reporting structures for MNEs with larger revenues and scored those on a developed scoring system called the PSI (Pacific Sustainability Index). Companies in this revenue range are especially interesting, because less profitable companies are usually said to implement less or no sustainability practices, simply because of the lack of financial resources, which is also known as the slack resources theory (Campbell, 2007). Morhardt (2010) reports a decrease in sustainability reporting according to company size for the American market It would be interesting to see how this behaves in the market of a developed country and also in the market of an emerging country. Thus, this paper will not

investigate the biggest players in the different industries, but study how medium to large-sized corporations manage to engage in CS and CSR practices and yet be able to manage their thresholds. The guide 'CSR – made in Germany' (Knopf et al., 2011) offers a few insights into sustainability programs of German companies However these are companies generating a far greater revenue, such as Bosch, Deutsche Telekom or Volkswagen. Thus, smaller companies are not that much in the focus of the media attention and it is of interest to shine a light onto those and see how they handle sustainability engagement and communicate it.

This leads to the following hypothesis:

H0: Companies with greater revenue will have more disclosure on sustainability practices than companies who generate lesser revenue.

(2) The companies chosen in this research are from Germany, because in this country sustainability business practices can be traced back to the upcoming of the 'principle of a honorable merchant' which already came into existence in Germany during the rise of the Hanse (Knopf et al, 2011). For an emerging country, Brazil is of interest since it belongs to the BRIC – countries and is seen as the pioneering country in Latin America concerning CSR reporting in accordance to the Global Reporting Initiative and with many companies considering CSR engagement. Also the reporting structure is modeled close to EU guidelines, if corporations chose to engage in CS and CSR practices (Galego-Alvarez, Formigoni, Antunes 2014). Matten & Moon (2008) found that differences exist between US and Europe. In the US CSR practices are more explicitly done, while in Europe mostly implicitly and if explicitly, it is government driven, which makes it valuable to see how it behaves between other countries. In Brazil, there are no legal requirements for reporting on environmental practices, rather corporations voluntarily disclose on their reporting practices concerning investments in emission control, projects that improve / restore biodiversity or waste handling procedures (Ferreira et al.., 2014). In Germany, reporting practices are more structured and in compliance with IRFS-norms. However for environmental issues German firms include less monetary information compared to countries as France and UK, which is a result of Germany only providing disclosure guidelines as opposed to a regulatory framework (Barbu et al., 2011). Gamerschlag et al. (2010) found a positive correlation of CSR disclosure and firm visibility especially for environmental issues in German corporations.

Based on the previous, the second hypothesis will be introduced:

H1: Corporations from different national background will disclose on different topics on their websites.

(3) The number of employees is usually related to firm size and as Gamerschlag et al. (2011),who found a relationship between firm size and the disclosure on sustainability states is a valid measure for this.. Employees are often seen as the most important stakeholders for CSR communications (Coppa & Sriramesh, 2012) and thus make up a substantial part of reason for companies to make their commitments accessible. If employees perceive a corporation to act responsibly, their work ethics improve (Aguilera et al., 2007). Also, Turker (2008) found a strong relationship between implementation of CSR practices and the organizational commitment of employees. Therefore this research investigates whether the number of employees has an influence on the content corporations publish on their websites. This leads us to the third and final hypothesis:

H2: The larger the corporation, the more disclosure for sustainability practices will be displayed.

2.6 Investments in Corporate Sustainability

After knowing why corporations act in socially responsible ways and who they want to address, the next concern is what investments are needed to be able to act in a socially responsible manner. Hart provides a resource-based framework for environmental management that consists of 5 'resource domains'. The first domain describes *'Investments in conventional green competencies related to green product and manufacturing technologies'* (Buysse & Verbeke, 2003 p. 455). Those competencies are concerned with waste reduction, water management, usage of recyclable products etc. The second domain is concerned with investments in social capital in the form of environmental training to employees. The third domain emphasizes investments in organizational competencies, meaning innovation, production, purchasing etc. The fourth domain is concerned with investments in formal management systems, to monitor performance and report procedures in input, throughput and output sides. The fifth domain consists of an actual strategic reconfiguration, which allows individuals to participate in the strategic planning process (Hart, 1995). The resource based theory in combination with the stakeholder theory allows corporations to score their environmental performance and as Buysse and Verbeke (2003) claim, poor environmental performance on a micro level can severely damage the relationship with a corporations stakeholders. Another issue this causes is that corporations who perform poorly will have a harder time attracting and retaining their employees. Therefore green competencies are a valuable asset and should be paired with employee involvement to keep a healthy employer – employee relationship (Reinhardt, 1999). It is rather recommended to keep relationships with stakeholders on a good track, especially with regulators, because corporations might qualify for environmental standards and earn certificates (Buysse & Verbeke, 2003).

To evaluate environmental performance of corporations Busch, Bauer & Orlitzki (2016) require financial investments to be consistent with an increase in productivity, investments in renewable energy sources, recycling and reuse of materials and waste, and keeping the local and global ecological systems (rainforests etc.) working. In Brazil there are no legal requirements for reporting on environmental practices. Corporations rather voluntarily disclose on their reporting practices concerning investments in emission control, projects that improve / restore biodiversity or waste handling procedures (Ferreira et al, 2014). In Germany, reporting practices are more structured and in compliance with IRFS-norms However, for environmental issues German firms include less monetary information compared to countries as France and UK, which is a result of Germany only providing disclosure guidelines as opposed to a regulatory framework (Barbu et al, 2011). Gamerschlag et al (2010) found a positive correlation of CSR disclosure and firm visibility especially for environmental issues in German corporations.

Busch et al (2016) require social investments to be made in three different categories. At first in the development of human resources, namely responsibility for employment, education and upgrading, support of self-governing workers, compatibility of family and job and respect for individuals and diversity. Second in the development of social capital, meaning a possibility for gainful employment, treatment without discrimination and a commitment towards responsible corporate citizenship. Third investments in cultural development are required, such as showing respect and acceptance for different cultures and protection of human rights.
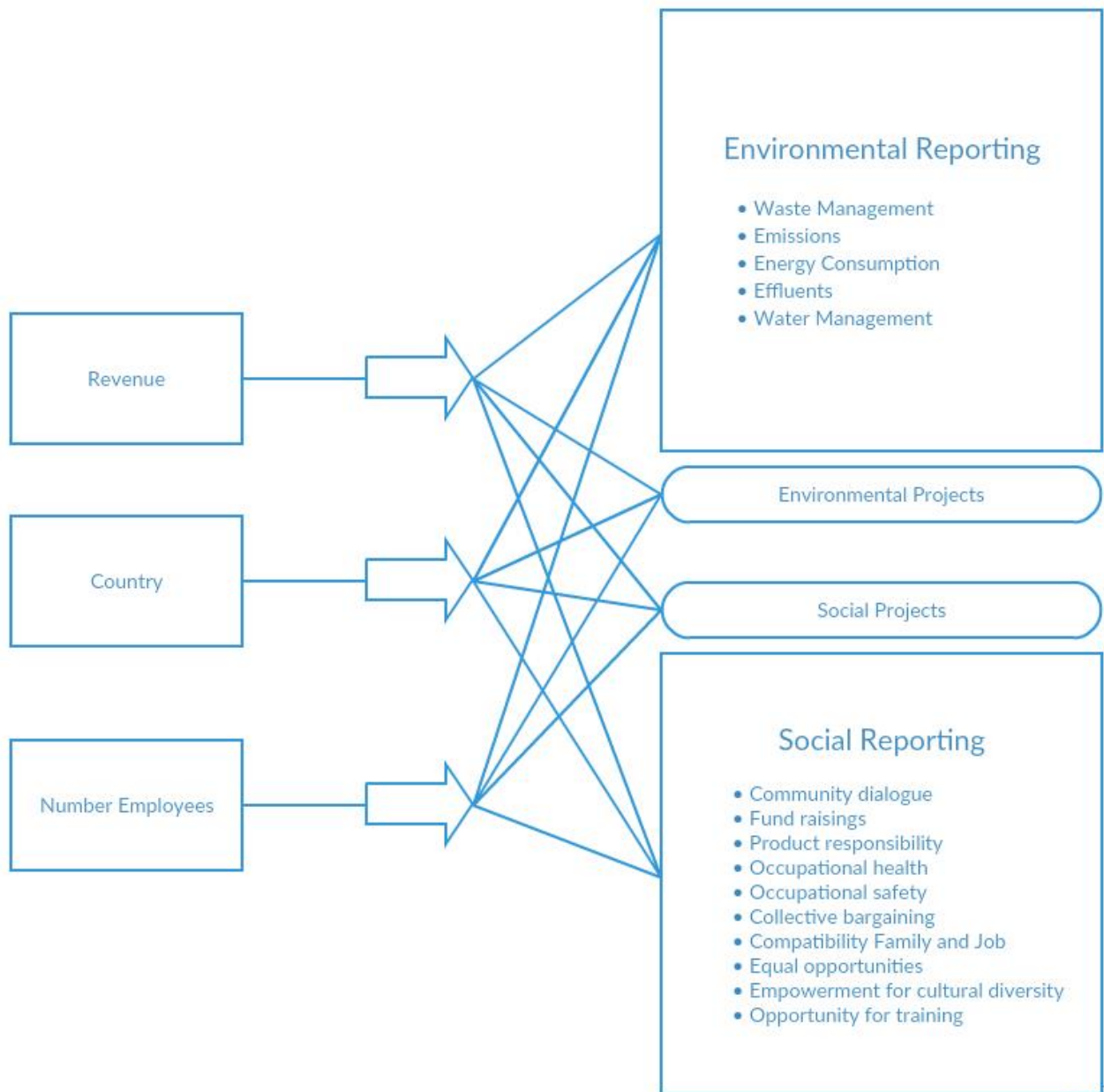
Figure 1 – This is the model used that is described in the methodology, which describes the relationships between the various independent (left) and dependent (right) variables.

3. METHODOLOGY

In the following paragraph the choice of the research method will be explained. In this context, the research design, the units of analysis, the procedure and the measurement instrument of the study are described.

3.1 Units of analysis

Selection of the units of analysis has been carried out through selective sampling. There have been three selection criterions for corporations to qualify for this study. First that the annual revenue lies in the span of one to ten billion US$, second corporations had to be of either German or Brazilian origin and third, that they proclaim at all to be engaged in the field of Corporate Sustainability. After those criterions were fulfilled the sampling has been done randomly, without preferences for any other kind of attribute a corporation could have. In the course of this study qualitative input from corporate websites has been gathered and quantified. In total the websites of 63 corporations have been researched, 36 of those are German and 27 Brazilian. The companies operate in a total of 20 different industries. The number of employees those corporations have range from 480 to 163.098 with a mean of 17.583 and a Standard deviation of 27.102. Revenues for those corporations had a maximum value of 1bn$ and 10bn$ with a mean of 3.22bn$ and a standard deviation of 2.17bn$. The corporations that were studied come from a variety of industries, such as Research Design and Measurement Instruments

3.2 Model and the independent variables

The model used in this research is displayed in the figure 1 above and shows the relationships between the different variables. Primarily the type of Industry should have been used as a moderator in this research, however it has been deemed impossible, since the corporations researched could not be clustered into even groups of industries and the sample size has been too small.

For the dependent variables of the ecological aspect a Likert-scale of 1 to 5 was used that is ajar to the research of Turturea (2015) with the following interpretation:

Scale 1: No Disclosure – This topic is not mentioned on the website.

Scale 2: Disclosure to a lesser extent – The topic is only mentioned briefly on the website (which might include measured results) with little or no context provided.

Scale 3: Disclosure to some extent – The topic and measured results are discussed and a measurable target is provided for the current and/or future.

Scale 4: Disclosure to a large extent – The current year performance is discussed against the target and mitigation is provided to improve performance.

Scale 5: Significant disclosure – Full integration is achieved by linking the risk, target, and mitigation with the financial aspects.

The dependent variables related to environmental (internal) reporting (in the following called only environmental reporting) on corporate websites are *waste management, effluents, water management, energy consumption,* and *emission control.* A sixth dependent variable was introduced called *environmental project* that recognizes the external projects corporations undertake to improve their environmental performance. This variable is not based on a Likert-scale but is rather a descriptive qualitative variable. Those variables have been computed and together make up the main variable of environmental reporting

In the following the variables will be described:

(1) *Waste management*: This variable is concerned with how corporations a) use waste disposal systems to discharge of their waste (composition, burn etc.), b) try to prevent the emergence of waste by improving efficiency of production methods and c) prevent the emergence of waste through the use of sustainable and recyclable materials

(2) *Effluents:* This variable is concerned with how corporations report the a) cleaning and b) drainage of their used water resources

(3) *Water management:* The effort corporations undertake to a) limit and decrease their overall water consumption and b) reuse the used water for purposes of heating etc.

(4) *Energy consumption:* The effort corporations undertake to a) limit and decrease their overall energy consumption and b) make use of sustainable energy sources to produce their own energy.

(5) *Emission control:* The effort corporations undertake to a) limit the emergence of CO_2 gases in production and logistics, b) limit the emergence of Greenhouse gases in production, c) monitor their ecological footprint and d) use filtering systems to disperse less damaging gases into the environment.

(6) *Environmental Project:* This variable describes external projects corporations disclosed, which are connected to investments in environmental performance.

The variables that make up a construct for environmental reporting on corporate websites were computed with the mean of all 5 dependent variables and the construct has a reliability of 0.828. The reliability doesn't change significantly if one of the items would be deleted.

For the concept of social reporting a total of ten independent variables has been used. Those are: *Community dialogue, fund raisings made, product responsibility, Occupational health, occupational safety, collective bargaining, compatibility of family & job, equal opportunities, empowerment for cultural diversity* and *opportunity for training*. For the social performance there is also an additional variable that recognizes the external projects corporations undertake in this field. For the independent variables data has been collected with an arbitrary binary value designed to which is either 0 or 1 and can be interpreted as following:

Scale 0: No disclosure – this topic is not mentioned on the website.

Scale 1: Disclosure – this topic is mentioned at least briefly on the website.

In the following variables will be described:

(7) *Community dialogue:* This variable describes whether or not a corporation has a system in place that allows open communication with local communities

(8) *Fund raisings made:* This variable describes whether or not a corporation raised funds in the past years for a charitable purpose

(9) *Product responsibility:* This variable describes whether corporations report on the safety and quality of their products for consumers

(10) *Occupational Health:* This variable describes whether or not corporations report that they actively maintain and improve the health situation for employees at the workplace

(11) *Occupational Safety:* This variable describes whether or not corporations have report on having rules and regulations in place to guarantee the safety of their employees

(12) *Collective Bargaining:* This variable describes whether or not corporations report on having a) a fair salary structure that allows their employees to live well without struggle and b) have the possibility to renegotiate their salary with the corporation

(13) *Compatibility Family and Job:* This variable describes whether corporations have structures in place that allow employees a good balance between working and spending time with the family. Examples are maternity vacation and flexible working hours

(14) *Equal opportunities:* This variable describes whether corporations a) treat their employees fairly with respect to gender, ethnicity or nationality and b) employ people irrespectively of gender, ethnicity or nationality

(15) *Empowerment for cultural diversity:* This variable describes whether corporations actively engage to form a strong corporate culture and empower employees to integrate their own cultural values into this culture

(16) *Opportunity for training:* This variable describes whether corporations offers possibilities for its employees to receive further education within the firm to broaden the horizon and be able to climb up in the hierarchy

(17) *Social Project:* This variable describes external projects corporations disclosed, which are connected to investments in social performance.

3.3 Validity

All these dependent variables are in line and retrieved from the framework of the Global Reporting Initiative (GRI). In the context of CSR disclosure the GRI is regarded as the most relevant institution (Moneva et al., 2006). The guidelines of the GRI cover all aspects of CSR, from an economic, social and environmental perspective. Although some keywords have been merged together, such as spills, recyclability and waste have been merged together to 'waste management' simply, because reporting on websites is more superficial than it would be in actual annual or sustainability reports. For the social component keywords such as 'forced labor', 'fines' or 'sanctions' have been left out since corporations will be unlikely to report on this on their own website, as it will severely damage the reputation of the firm. By deriving the dependent variables from such a well-grounded framework as the GRI, the results validity is improved, since they seem to capture the full concept of CSR (Gamerschlag et al., 2011).

The independent variables as described in the theoretical framework are *'Revenue', 'Country'* and *'Number of employees'*. The annual revenue has been retrieved from financial reports, as well as the number of employees. Number of employees is a measurement of the firm size as it is also used in Gamerschlag et al. (2011).

3.4 Communication channel

The communication channel is websites only, and no attached documents like sustainability reports or annual reports. The reasons therefore have been explained in the introduction section.

3.5 Analysis

For the relationship between the constructs of social / environmental reporting and the number of employees a regression analysis has been used. This is a viable method of researching since it is a general statistical technique used to analyze the data of a single dependent and one or more independent variables (Hair Jr. et al., 2014). The same analysis is used for the relationship between the constructs of social / environmental reporting and the revenue, since both independent variables are continuous. For the relationship between social / environmental projects and the revenue, th number of employees and the national context a logistic regression analysis is used, since the dependent variable has a dichotomous outcome (Hosmer & Lemeshow, 2004).

The relationship between the social / environmental reporting is tested with the help of a T-test. This test is viable, because it compares the population means, especially in a small sample size (Haynes, 2013).

4. RESULTS

For the environmental aspect there has only been a significant relation found between the environmental projects undertaken compared with the country. The logistic regression analysis showed: $X^2_{(1)=11.58, p<.05}$. In total 21 Brazilian firms reported on undertaking an environmental project, with 81% having a project that is concerned with restoring the biodiversity. On the other hand only 10 of 34 German corporations had environmental projects in place.

There has not been a statistically significant relation found between the number of employees and environmental reporting, neither for the revenue. The regression analysis delivered the following values: $F_{(1,61)} = 1.165; p = .285$ for the number of employees and $F_{(1;61)} = 2.08; p = .15$ for the revenue. For countries the T test did not show any statistical significance either with $t_{59,2} = 1.2; p = .783$. Concerning the independent variables very little reporting has been found on *'effluents'*, with only 16 out of all 63 have at least disclosure to a lesser context on their website, whereof only 6 have disclosure to some context, and nothing above. For the variable *'water'* 61.8% of German firms had disclosure one their websites, whereof 9% had disclosure to a large extend, and 0% significant disclosure. Of the Brazilian firms 51.7% had disclosure on the content, whereof 6.7% had significant disclosure on their website. 74.3% of all websites reported on *'Energy'*-related content, and only 14.7% of German corporations researched had no disclosure of this topic. The figures for *'emission'*-related content are similar, 23.8% and 17.6% respectively. *'Waste'* has disclosure on 66.7% of the researched websites, whereof 42.9% has a disclosure to a lesser extent, 26.2% to some extent and only 7% had a disclosure to a large extent. Not a single corporation researched has significant disclosure on their website for this variable.

Social projects didn't show any statistical significance, neither when tested against the country via a student's t-test, revenue or the number of employees with a logistic regression analysis. Almost all corporations researched in this sample had some kind of investment into a social project. In total 25 of 29 Brazilian corporations and 28 of 34 German corporations have at least one kind of a social project, they report on their website. The most named project-type was Education, which was found 47 out of 63 times, followed by Cultural, which was encountered 20 times, Childcare 10 times, 9 times Sport and8 times childcare. However a statistical significance was found for social reporting and the national context $t_{42,7}=3.42$; p>.05. Differences here become clear especially for the variables *'Equal opportunities'*, where 91% of German firms report on in comparison with only 48% in Brazil, *'Opportunity for training'* with 100% and 69% respectively and *'Compatibility Family and Job'* with 70% and 40% respectively. 72.4% of Brazilian and 61.8% of German corporations reported on a *'Community dialogue'*, which indicates that the majority of corporations have such a forum for discussion of problems and opportunities for corporations. Generally little '*fundraising*' has been reported, of Brazilian corporations only 3 of the 29 (10.3%) reported on this on their webpages. For German firms this is a little higher, in total 12 (35.3%) had a fund raising program in place. For the variable *'Product responsibility'* the numbers indicate the direct opposite, with 100% of German corporations report on the quality of their products and 82.8% of Brazilian corporations. A large difference has been found for the reporting on *'Occupational Safety'* as 88.2% of German corporations report on this issue on their webpage, but in comparison only 55.2% of Brazilian firms. Less difference is reported on *'Occupational Health'*, with 79.3% of Brazilian corporations reporting on this issue and 91.2% of German corporations. For the construct of social reporting German corporations in average report on 7.17 of the 10 independent variable, while Brazilian corporations only report on 5.34. For the other two independent variables, number of employees and revenue again no statistical significance has been found. Even though a trend was visible for number of employees with $F_{(1,61)} = 2.969; p = .09$.

All the statistical data can be retrieved from the tables 2-9 in the Appendix B section.

5.   DISCUSSION, CONCLUSION & IMPLICATIONS

In the following part a discussion about the results will be held, a conclusion drawn and the implication of this research will be explained.

First subquestion 3. '*What are the differences based on the revenue corporations generate?*' will be answered.

The fact that Revenue hasn't shown any statistical significance with the concepts of social and environmental reporting is not in line with the findings of Morhardt (2010), who found that corporations with less revenue also report less on sustainability, however he did not research in the area of 1-10bn$ but above. Hypothesis H0 is thus not supported by this finding. It might be that corporations, who earn more show more differences in the way they report, and what kind of sustainable actions they engage in, because the budget for those activities are less limited than for corporations in this revenue range. Also he did not only research the websites of corporations but got a more in-depth view on sustainability practices of corporations through the annual and sustainability report.

Subquestion 4. '*What are the differences in relation to the number of employees for disclosure?*' will be addressed in the following:

The number of employees of a firm also did not significantly impact the sustainability reporting in this sample, which is surprising as they are often viewed as the most important internal stakeholders of a corporation, and as firm size increases an increase in sustainability disclosure fore annual reports has been found previously (Gamerschlag et al., 2011) (Ortas et al., 2015). However in this sample this is not the case. Hypothesis H3 is thus also not supported. The reason therefore could be that not the number of employees a corporation has is influential, but rather the number of employees which are committed to sustainability. Also it depends, whether a corporation communicates its efforts to all its employees, or rather handles the subject only on a higher level, such as the executive level. It might also be that it can be explained by another variable that determines firm size as Gamerschlag et al. (2011) introduces, who additionally takes the return on assets into account. This could also be interesting for future researches to explore.

Sub-questions 5. '*What topics and to which extant do Brazilian corporations disclose on?*' and 6. '*What are the differences in relation to the revenue corporations generate?*' are addressed in the following section:

The results of environmental reporting, being in most cases to a lesser or only some extent, are in line with the findings of Turturea (2015) and Habek & Wolniak (2015), who also found that corporations fail to show a clear image of their environmental performance and social performance. The fact that for social reporting variables weren't score-able on a Likert-scale due to the superficial descriptions given on firm websites supports this even more.

The significant difference in environmental projects undertaken by German and Brazilian corporations can probably be explained by the urgent need in Brazil for projects that restore the biodiversity, because various *'global biodiversity hotspots'* (Chaves et al., 2015, p.257) are located in Brazil and many projects are execute which offer a good alternatives for corporations to invest their money to communicate environmental awareness. German corporations probably do not

easily have the connections to invest in this kind of projects, and see no necessity to invest. The corporations that did report investments in environmental activities usually engaged in projects that develop some kind of sustainable energy concept, for example Wiesenhof, who invest in fabricating biofuel from poultry. Hypothesis H2 is thus partly supported, also as seen for the social reporting.

In the sample social projects have been in place for 53 out of 63 corporations, whereof 47 firms had an educational project in place followed by 20 firms who had a cultural project in place. Other projects undertaken were related to childcare, housing and sports. Since 86.2% of Brazilian and 82.4% of German corporations invest in at least one social external project, it can be said that corporations from both countries value this topic. Educational projects in Germany are usually in collaboration with universities, while in Brazil they also focus on education from a young age.

Social reporting has been significantly different for German corporations as they convey a more complete image of their practices and opportunities than it is the case for Brazilian corporations. This is especially visible for the variables *'equal opportunities', 'Opportunity for training', 'Compatibility Family and Job'* and *'Occupational safety'*. The first can be explained, that Brazilians don't see the need to disclose this on their website as they see it as a natural given, which does not have to be explicitly named. The second variable is surprising, since in Germany it is reported by every single corporation researched, which shows that there is a need to disclose on this, probably also because potential employees see it as a must-have for corporations to offer. In Brazil this seems to be also the case, but not in such an extreme way. Compatibility of Job and Family also had a larger disclosure in Germany, which could be explained through the fact that Brazil as a pretty collectivistic country, with a score of 38 for the individualism-index of Hofstede's cultural research, sees compatibility between those two as self-evident. However as Medrado & Jackson (2015) indicate corporation should disclose on this topic to attract the best and most talented candidates for the job. The variable *'Product responsibility'* has been disclosed on in almost all cases, which is consistent with the findings of Sobhani et al. (2012), who even found that reporting of this particular variable exceeds the disclosure in annual reports.

Of the three hypotheses only H2 has been partly supported, in so far that for environmental projects and the social reporting a significant difference exists. From the websites selected in this research it can be concluded that generally most corporations for environmental reporting only have disclosure to a lesser or some extent on its websites, and if they want to convey a convincing and consistent image of their sustainability practices to their stakeholders, there is a lot of room for improvement left. Corporations could use marketing tools such as their website more effectively to their stakeholders and especially customers, since from the work in the theoretical framework marketing and economic benefits can be achieved by conveying a healthy image.

This research's implications in practice are valuable to corporations, who decide to include their stakeholders in their sustainable actions, because it gives a consistent image of what to include when willing to convey a uniform message. Also this study shows scholars the current status on sustainability disclosure on corporate websites, which in general delivers a weak performance by corporations. Also based on this study stakeholders know, which practices can be found solely on websites for detailed information, and which ones have to be looked up in the annual report or sustainability report.

6.   LIMITATIONS

Unfortunately the type of industry could not be used as a moderator for this study, as it was in Banerjee et al. (2003), who in their study of corporate environmentalism recognize that the type of industry acts as a moderator and has an influence on the compliance with environmental regulation. Morhardt (2010) also recognizes that the industry type will alter the amount of reporting done for both sectors, social and environmental that is because the sample size has been too small to group the type of industry in an evenly distributed way for statistical test-purposes, with those much kind of different industries the various corporations researched were part of. For future researches the sample size should be bigger, so it can be tested whether the type of industry has an influence on the disclosure presented on websites.

Also there could have also been a 6th variable added to the concept of environmental reporting, which is packaging and has influence on improved logistics, thus the management of CO_2 emissions and the usage of recyclable materials. It has partly been taken into account in the two variables *Waste* and *Emissions*, but adding it to the construct might give a clearer image for further researches. Additionally interesting to look at would be the concept of corporate governance, as this also makes up a part of sustainability, but in this study could not be fit into the concepts of social or environmental reporting. The construct of corporate governance would add a dimension of how corporations are structured and could compare this to the sustainability reporting undertaken by firms to see which type of governance stimulates sustainable behavior the most in corporations.

Another limitation to this research is that Data has been gathered and scored by a single researcher, which could have influence on the judgment, especially for the variables used for the concept of environmental reporting, since it might be subjective. Some webpages of Brazilian corporations also only offered some content only in Portuguese, even though the website was supposed to be in English, descriptions of projects sometimes were only available in Portuguese, which is not the native language of the researcher and could thus not be used.

In this research only websites have been used as a source to see what corporations report, it would be interesting to see how this compares to the reporting done in annual reports by corporations, because there will be more knowledge transferred and a clearer image given, which would reveal how much of the sustainability practices in place are actually reported on webpages of corporations. A similar as the proposed research has been carried out by Sobhani et al. (2012), but limited to Islamic and conventional banks. The study found that sustainability disclosure on annual reports is far superior over the sustainability disclosure on websites.

Furthermore it has to be taken into account that corporations might disclose on sustainability practices, however not everything has to be taken for granted, as some corporations might also only add hollow claims to improve their reputation (Campbell, 2007). The term 'greenwashing' also comes to mind, which describes the excessive spending on marketing, more than actually is spend on improving the environmental performance (Stecker, 2016).

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Appendix A – SPSS Descriptives – Type of industry

Table 1

Industry

Country			Frequency	Percent	Valid Percent	Cumulative Percent
BR	Valid	Aerospace&Defense	2	6,9	6,9	6,9
		Automobile&Parts	1	3,4	3,4	10,3
		Chemical	1	3,4	3,4	13,8
		Financial	1	3,4	3,4	17,2
		Food	2	6,9	6,9	24,1
		Forestry&Paper	6	20,7	20,7	44,8
		IndustrialGoods&Services	3	10,3	10,3	55,2
		Materials&Construction	4	13,8	13,8	69,0
		Metal&Mining	4	13,8	13,8	82,8
		PersonalGoods	2	6,9	6,9	89,7
		SupportServices	1	3,4	3,4	93,1
		Telecommunications	1	3,4	3,4	96,6
		Tobacco	1	3,4	3,4	100,0
		Total	29	100,0	100,0	
DE	Valid	Aerospace&Defense	1	2,9	2,9	2,9
		Automobile&Parts	2	5,9	5,9	8,8
		Chemical	6	17,6	17,6	26,5
		Electricity	2	5,9	5,9	32,4
		Food	3	8,8	8,8	41,2
		GeneralRetailers	1	2,9	2,9	44,1
		Healthcare	1	2,9	2,9	47,1
		Household	2	5,9	5,9	52,9
		IndustrialEngineering	2	5,9	5,9	58,8
		IndustrialGoods&Services	5	14,7	14,7	73,5
		Materials&Construction	4	11,8	11,8	85,3
		Metal&Mining	1	2,9	2,9	88,2
		PersonalGoods	1	2,9	2,9	91,2
		Technology	3	8,8	8,8	100,0
		Total	34	100,0	100,0	

Appendix B – SPSS Tables

Logistic regression, social projects

Table 2

Variables not in the Equation^a

			Score	df	Sig.
Step 0	Variables	Revenue	2,370	1	,124
		NoEmployees	,237	1	,626
		Country(1)	,174	1	,677

a.   Residual Chi-Squares are not computed because of redundancies.

Logistic Regression environmental Projects

Table 3

Variables not in the Equation^a

			Score	df	Sig.
Step 0	Variables	Revenue	,060	1	,807
		NoEmployees	2,556	1	,110
		Country(1)	11,579	1	,001

a. Residual Chi-Squares are not computed because of redundancies.

T-test, social reporting

Table 4

Independent Samples Test

	Levene's Test		t-test for Equality of Means					95% Confidence Interval of the Difference	
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
SocialReporting	13,613	,000	3,569	61	,001	1,83164	,51325	,80533	2,85795
			3,423	42,691	,001	1,83164	,53503	,75242	2,91087

T-test, environmental reporting

Table 5

Independent Samples Test

| | Levene's Test | | t-test for Equality of Means | | | | | | |
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference Lower	Upper
EnvironmentalReporting	,077	,783	1,201	61	,234	,20872	,17380	-,13881	,55626
			1,200	59,241	,235	,20872	,17395	-,13932	,55676

Regression, environmental reporting & employees

Table 6

ANOVAᵃ

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,553	1	,553	1,164	,285ᵇ
	Residual	28,967	61	,475		
	Total	29,520	62			

a. Dependent Variable: EnvironmentalReporting

b. Predictors: (Constant), NoEmployees

Regression, environmental reporting & revenue

Table 7

ANOVAᵃ

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,974	1	,974	2,081	,154ᵇ
	Residual	28,546	61	,468		
	Total	29,520	62			

a. Dependent Variable: EnvironmentalReporting

Regression, social reporting & employees

Table 8

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14,109	1	14,109	2,969	,090[b]
	Residual	289,891	61	4,752		
	Total	304,000	62			

a. Dependent Variable: SocialReporting

b. Predictors: (Constant), NoEmployees

Regression social reporting & revenue

Table 9

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,656	1	,656	,132	,718[b]
	Residual	303,344	61	4,973		
	Total	304,000	62			

a. Dependent Variable: SocialReporting

b. Predictors: (Constant), Revenue