

Good example of why
is sustainability
information relevant
to investors? critical...

[Business](#), [Company](#)



Initial post: People, Planet and Profit Insight- discussion board initial post to questions

Introduction

Sustainability report accounts for the non-financial information concerning a company and its operations. Sustainability reporting is a way that companies can disclose their sustainability initiatives to investors, the public, workers and all other stakeholders. The reports also help the company assess their operation impact on government, the environment and the community in general.

An informed investor is a good investor. Investors are becoming more aware of the need to seek as much extra information on a company as possible before investing in it. Sustainability information is becoming more relevant to stock prices. A company that runs environmentally and socially aware operations tends to attract more investors since it represents a model that can run for a longer period.

The process of reporting this extra information can make companies more aware of chances to improve their performance on a social and environmental front. Reporting sustainability information gives stockholders a more comprehensive and accurate picture of a business according to Debra Dunn, a senior Vice President in HP.

In economies such as Europe, considerable attention is given to environmental and social issues. Sustainability information is crucial for a company to attract investors.

Investors seek extra information on companies to assess their credibility,

sustainability and transparency. The information gained serves to increase confidence in the enterprise (Nakabiito & Udechukwu, 2007).

Who should decide the degree to which companies report sustainability issues and the pressures to report more or less?

The stakeholders play a crucial role in determining the extent to which companies report sustainability issues. Stakeholders include the investors, employees, customers, suppliers and the community in which the corporation is based. Sustainability reports serve as a communication tool between a business and its stakeholders therefore it is reasonable to state that their demand for knowledge should guide the degree of disclosure in the reports.

The pressures to publish more or less in the report are mostly driven by three factors: the first one is the need to address more than one stakeholder's needs. The second is the attitude towards the GRI guidelines and finally the view towards identifying legitimating strategies.

The need to communicate with more than one stakeholder is an important factor in determining the degree of disclosure in sustainability reports. The more stakeholders considered as target groups for the report, the more detailed it would be. Different stakeholders require various types of information concerning a company (Nakabiito & Udechukwu, 2007).

Legitimacy theory can influence the level of disclosure. This theory explains why companies willingly reveal their information to the public. An organization that has adopted a positive mentality towards the disclosure of its activities is more likely to unveil a more detailed report compared to one

that has a negative attitude.

Global Reporting Initiative (GRI) is an extensive network of stakeholder experts. This body provides guidelines for formulating sustainability reports for businesses. Companies that choose to follow these guidelines are subject to a certain degree of disclosure. The businesses that choose not to follow these guidelines can dictate the level of exposure in their reports.

Conclusion

Sustainability reports are gaining great importance in today's business landscape. Investors take great importance in these reports since they give more information on a company's operations enabling sound and informed investments. Stakeholders should be the ones to determine the degree of disclosure in the reports presented by companies. The pressure to publish more or less is driven by the target audience of the report, the attitude of the company towards legitimation and the adoption of GRI guidelines.

References

Nakabiito, S., & Udechukwu, D. (2007). Factors influencing the degree of disclosure in sustainability reporting. Sweden.

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