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The Strategic Nature of Corporate Environmental Reporting: An Analysis of the 250 Largest Multinational Firms

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INTRODUCTION

Increasing international interest in environmental and, more recently, sustainability reporting has spurred research in this field. While studies of environmental reports cover firms of different sizes, sectors and nationalities, frequent attention is paid to large multinational enterprises. In view of their global operations and the potential to affect other firms in their network and chains, the way in which multinationals co-ordinate, perceive and communicate about sustainability issues may have a crucial impact. Only a few surveys have systematically analysed such large firms, usually focusing on the US (Davis-Walling and Butterman, 1997; Lober et al., 1997).

On the basis of an overview of existing studies and methodologies (Kolk, 1999a), a research project was set up to systematically analyse the state of environmental reporting by the largest 250 firms in the world. In addition to obtaining an insight into the number and contents of environmental reports, it also aimed to explore the importance of sectoral differences and firms' nationality in this regard. Whereas the impact of sectoral peculiarities on environmental management, and partly also on environmental reporting, has been widely acknowledged, this applies much less to home country origins (except for the different regulatory settings and traditions, see Kolk, 2000; Vernon, 1999). Research in the areas of strategic management and international business has, however, shown that nationality matters. It affects firms' interactions with governments, suppliers, customers, competitors, financiers, employees and societal organisations - the way in which firms innovate and operate internationally (see, for example, Nelson, 1993; Pauly and Reich, 1997; Ruigrok and Van Tulder 1995) and behave on ethical issues (Langlois and Schlegelmilch, 1990; Vogel, 1992). With regard to environmental reporting, nationality at least plays a role when countries have adopted legislation to publish such a report or emission data.

In addition to analysing the contents, this article also considers the extent to which environmental reporting by the largest 250 firms varies between countries and sectors. Table 1 has been used as a starting point for this examination. It posits the existence of regulatory requirements on reporting against the assumed direct environmental impact of the sector. On the vertical axis, only partial and no requirements are distinguished,

because full legislation does not apply to the countries and firms included here, as will be examined below.

Table 1 Likelihood of environmental reporting by firms, depending on home country and sector characteristics		
	direct environmental impact of the sector	
environmental reporting requirements in home country	large	small
partial	(almost) all report (1)	some report (2)
none	some report (3)	few/none report (4)

To what extent the results fit into this matrix will be explored in this article, in the sections which deal with respectively countries and sectors, and in the conclusions. First, however, the overall results concerning environmental reporting by the 250 firms are given, together with some details on the set-up of the study.