Exploring major reported themes in corporate sustainability disclosures integrating the sustainable development goals: an analysis of Sri Lankan listed firms

R.N.K. Soysa  
Wayamba University of Sri Lanka

Asankha Pallegedara (asankap@wyb.ac.lk)  
Wayamba University of Sri Lanka  
https://orcid.org/0000-0002-2055-8912

Ajantha Sisira Kumara  
University of Sri Jayewardenepura

D.M. Jayasena  
Wayamba University of Sri Lanka

M.K.S.M. Samaranayake  
Wayamba University of Sri Lanka

Research Article

Keywords: Corporate Sustainability reporting, SDGs, thematic content analysis, Sri Lanka

Posted Date: August 24th, 2022

DOI: https://doi.org/10.21203/rs.3.rs-1659805/v1

License: This work is licensed under a Creative Commons Attribution 4.0 International License. Read Full License
Abstract

Despite the existence of sustainability reporting guidelines integrating the sustainability goals (SDGs), the adaption of these guidelines may vary due to various reasons in different country settings. Thus, the purpose of this study is to identify the key disclosure themes in the corporate sustainability reports of Sri Lanka integrating the SDGs. The thematic content analysis technique is employed to identify the disclosed themes of the top 25 firms listed in the Colombo Stock Exchange (CSE) in the year 2019. Four major themes are identified as the major reported themes in the sustainability reports of the selected firms. The results further reveal that, firms tend to report more information on content related to human resources followed by capital-related content, while they report less information on content related to natural resources and technology. The research findings would be valuable in increasing awareness and setting up minimum reporting standards as strategies to improve the practise of corporate sustainability reporting in Sri Lanka.

1. Introduction

The operating context of business firms has transformed dramatically over the past few years with the damages to nature, climatic changes, working conditions over human rights issues and social unrest (World Economic Forum, 2020). Moreover, the global pandemic has aggravated the unequal distribution of economic opportunities worldwide. Underlying numerous problems, the inclination of the firms towards sustainable practices is conceivably a growing trend as it uncovers innumerable options to the business communities amidst the prevalent turbulent environment.

In 2015, the United Nations formulated the Sustainable Development Goals (SDG) as an urgent call to achieve a better and sustainable future for all. These SDGs were forwarded as an inducement or an action plan to engage in sustainable practices more than ever. The Nations have collaboratively gathered to achieve these goals by 2030, and in the process, business organisations were identified as a critical affiliate to attain economic sustainability (Business and Sustainable Development Commission, 2017)

Reporting on the sustainability performance was considered a method of disclosing firms’ strategies towards a sustainable future and communicating their legitimacy to their stakeholders. SDGs offer a foundation for sustainability reporting practices and guide the firms to achieve a sustainable future. Nevertheless, the lack of a consistent reporting framework comparable to the formulated SDGs persisted in being an unresolved problem (World Economic Forum, 2020)

Asia Pacific region has shown to have a higher growth rate of eighty-four per cent (84%), second to the American region with the highest sustainability reporting rate. A lower-middle-income developing country like Sri Lanka has sustainability reporting rates lower than the global average rate, at 60 per cent (KPMG, 2020). Similar to many other developing countries, sustainability reporting in Sri Lanka is not mandatory for business firms according to the laws and regulations of the country.
The GRI guidelines are the dominant global standard practice for corporate sustainability reporting and the most extensively identified global reporting framework (KPMG, 2020). However, there are variations in the understanding and adaptation of the guidelines by the business firms. Extensive work has been conducted by the United Nations Global Compact (UNGC) and the Global Reporting Initiative (GRI) to identify the key actions and disclosure themes for firm sustainable performance pertaining to the globally acknowledged SDGs (Price Waterhouse & Coopers, 2018). However, a uniform set of guidelines is still under consideration to have a more consistent framework that every firm could practice equally to encourage comparability of data between firms (World Economic Forum, 2020; Price Waterhouse & Coopers, 2018). In the absence of a uniform framework for sustainability reporting, uneven reporting content could presumably exist among the disclosures in different nations.

While several studies related to sustainability reported have been conducted previously by employing content analysis of annual reports of listed firms (Singh et al., 2021; Dissanayake, et al., 2019; Dissanayake, et al., 2016; Mudiyanselage, 2018; Dissanayake, 2020; Dissanayake , et al., 2021; Miklosik et al., 2021), none of these studies refers to the SDGs as a foundation in identifying the significant themes reported incorporated in sustainability disclosures. Thus, this study aims to identify the commonly reported themes integrating the SDGs in the sustainability reporting by listed firms of Sri Lanka.

The rest of the paper is organised as follows. Section 2 reviews the literature on concepts of sustainability reporting and SDGs. Section 3 explain the materials and methods used in the analysis. Section 4 will present and discusses the results. Finally, section 5 concludes the paper.

2. Literature Review

2.1 Sustainability reporting integrating the SDGs

To understand the concepts embedded in sustainability, seventeen Sustainable development Goals (SDGs) have been formulated for nations to have a more practical understanding of the concepts of sustainability in all three areas; economic, social and environmental sustainability. The United Nations Member states introduced Sustainable Development Goals (SDGs) as a blueprint to combat the environmental, economic and ethical challenges and achieve prosperity by the end of 2030 (United Nations, 2020). SDGs were initially introduced as intergovernmental initiatives (Business and Sustainable Development Commission, 2017). However, business firms have embraced the concept as the SDGs opening the path for many business opportunities in the global arena. Business firms have a critical role in driving the world economy towards sustainability. Moreover, the SDGs have to be considerably adapted to have a better competitive advantage over other firms. Even though the firms' performance is aligned with the sustainability concepts, communication of the sustainability efforts to all stakeholders is necessary to attract more market opportunities.

Disclosure of sustainability performance in the corporate disclosures is a trending practise among the business firms as an act of transparency of their business processes. Sustainability reporting is
extensively used to demonstrate firms’ commitment to achieving SDGs and sustainable development. Even though several definitions could be found to define “sustainable development”, a universally accepted definition for sustainability reporting is not forwarded (Dissanayake, Tilt, & Xydias-Lobo, Sustainability reporting by publicly listed companies in Sri Lanka, 2016; Gill, 2019). Apart from the advantages of SDGs on the business processes, encouraging the adaptation of sustainability reporting has been specified as the sixth target of the twelfth SDG, “Responsible Consumption and Production”.

The importance of sustainability reporting is delineated in forming the Sustainable Development Goals by the United Nations. Research efforts have been invested in identifying the companies’ contribution to SDGs in managing the legitimacy of firms. Transparency, conciliatory, simulation and transformation strategies are mainly recognised as symbolic strategies that legitimise corporate actions towards SDGs (Silva, 2021). However, the research efforts are minimal in exploring how the companies address the SDGs through their business operations.

Different frameworks have been forwarded as guidelines for the sustainability reporting practices by various organisations. GRI is the most frequently identified framework for sustainability reporting used by most firms worldwide (KPMG, 2020). There are numerous other guidelines; namely, Account Ability Institute (AA1000 series of standards), International Integrated Reporting Council (IIRC), OECD guidelines, Sustainability Accounting Standards Board guidelines (SASB), and United Nations Global Compact, have guided the reporting content on preparing the sustainability reports (Gill, 2019). Moreover, the extensive implementation of these standards and guidelines have led to an improvement of the overall quality of the sustainability reports (United Nations, 2020). However, lack of particular knowledge on specific reporting practices and lack of a standardised framework has resulted in not following the guidelines on corporate sustainability reporting (Dissanayake D., 2020; Gill, 2019; World Economic Forum, 2020).

Nevertheless, researchers have argued that corporations must have standardised sustainability reporting by corporations (Dissanayake D., 2020; Christofii, Sisaye, & Christofii, 2012). Without a standardised and rigid set of economic, social and environmental criteria linked to the performance of the bottom line, the concept of TBL will not function or give the intended and expected outcomes. Therefore, it was suggested to further standardise the TBL reporting method (Christofii et al., 2012).

Huang and Wang (2010) have examined the sustainability reporting practices of a single nation, China, by employing a content analysis on the annual reports of firms in China. The content of the sustainability reports is analysed using 4 key themes; environmental, social, economic and corporate governance. It is revealed that the most commonly reported theme is the social topic, followed by economic and environmental topics. The social topic includes the content of the subcategories such as labour practices, human rights and people-oriented, rural issues, stakeholder engagement and philanthropy.

A study by Erin, et al.(2021) has identified that the corporate SDG reporting practises of Nigeria was at a lower level and have a minimum concern for SDG disclosure on business reporting. Furthermore, the study has examined the extent of reporting SDGs in sustainability reports using the GRI business reporting indicators. Lack of regulatory framework, inability to identify Key performance indicators and
poor management commitment were identified as major challenges faced by the Nigerian companies in SDG reporting (Erin, Bamigboye, & Oyewo, 2021).

2.2 Sustainability reporting practices in Sri Lanka

Sri Lanka has a lower integration of sustainability reporting practices in the corporate reporting cycle. Senaratne and Liyanagedara (2009) argue that Sri Lanka is a country that does not consider the commonly acknowledged GRI guidelines in sustainability reporting practices. Nevertheless, even if a limited number of sustainability reports uses GRI guidelines as a framework, the reports are compiled using minimal level guidelines (Senaratne & Liyanagedara, 2009). Moreover, Wijesinghe (2012) states that reporting among the firms on sustainability has no consistency due to the lack of clear guidelines for disclosing. The sustainability reporting practices are not being mandatory by law.

In Sri Lanka, the sustainability reports focus more on the environmental and social aspects of sustainability (Fernando, Lawrence, Kelly, & Arunachalam, 2015; Senaratne & Liyanagedara, 2009; Wijesinghe, 2012). The economic perspective of sustainability performance is less critical in reporting the environmental and social aspects (Wijesinghe, 2012). Foreign-owned firms in Sri Lanka are identified as more likely to adapt environmental practices than Sri Lankan firms. On the other hand, Sri Lankan owned firms are fond of engaging in marketing and brand image building on the environmental claims. As developing countries focus more on social issues like poverty and unemployment, the sustainability reports are involved with a significant content on social engagement activities (Fernando, Lawrence, Kelly, & Arunachalam, 2015).

This study intends to contribute to the literature by identifying the major reported themes and information in Sri Lankan sustainability reporting referring to the SDGs introduced to all nations.

3. Materials And Methods

Given the study’s exploratory nature, thematic content analysis, which is a qualitative analysis technique, was employed for the analysis. A sample of 25 corporate annual reports in 2019 was selected for the study. The companies were selected based on the highest market capitalisation reported on June 2020 in the Colombo Stock Exchange (CSE). Previous researchers have identified that market capitalisation measuring the firm's size is an essential factor that positively influences the sustainability reporting of the business firms (Bhatia & Tuli, 2017; Farag, Meng, & Mallin, 2015; Rezaee, Dou, & Zhang, 2019). Thus, the firms with the highest market capitalisation were selected for the analysis aiming to obtain a rich extract of sustainability reporting contents.

Thematic content analysis was applied because it is a well-established research methodology to identify, analyse and report patterns across qualitative data. This technique is used to obtain a detailed view of
the data, which cannot be determined using quantitative research methods. The NVivo qualitative analysis software was used for conducting the thematic analysis.

First, free codes or sub-nodes were identified while reading through the text of three annual reports. To increase the validity of the analysis and reduce any reading prejudice, two researchers (NS and AP) reviewed the codes and themes. The coding of the qualitative data was conducted referring to the SDGs. Coding the data refers to encoding the data after reading and identifying crucial moments and constructing themes using the raw data. Codes refer to the labels assigned a symbolic meaning to the information compiled during the study (Miles, Huberman, & Saldana, 2014). The words and phrases denoting important sustainability aspects in the sustainability reports referred to the SDGs were identified. Subsequently, the sub-nodes or the reporting categories were classified into focused nodes referring to the goals of the SDGs. The name of the focused nodes was decided based on the identified sub-nodes and the word cloud diagram results of the respective sub-node coded text. The word-cloud function visualises the most frequent words in a selected coded transcript. Finally, the focused nodes were categorised into overarching themes. The theme is assumed to grab the essential points about the data concerning the research question and represent meaningful information about the data set. With the classification of the coded text and focused nodes, four themes were identified in the data set that answered the research problem on the significant themes reported in corporate sustainability reports of Sri Lankan firms.

4. Results And Discussion

Four key themes were identified while exploring the reported content of sustainability reports of Sri Lanka, as shown in Fig. 1.

The final themes were (1) the content related to natural resources, (2) content related to human resources, (3) content related to capital and (4) content related to technology. These themes respond to our primary research question of “what major themes are being reported in corporate sustainability reports of Sri Lankan firms”. The focused nodes (FN) and sub-nodes of thematic analysis can be used to expand the knowledge about the content reported in the sustainability reports of Sri Lanka. The focused nodes and sub-nodes under each theme are presented in Table 1.
<table>
<thead>
<tr>
<th>Sub-Nodes identified</th>
<th>Focused Nodes</th>
<th>themes</th>
<th>references</th>
<th>percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community investments to supply water and improve the quality of water, measures to improve water efficiency, measuring the water footprint in business operations</td>
<td>Initiatives for sustainable water management</td>
<td>Natural Resource related content</td>
<td>105</td>
<td>19.02</td>
</tr>
<tr>
<td>Policies or targets to reduce the energy consumption and improve energy efficiency, investment in energy projects and renewable energy, energy consumption quantification</td>
<td>Conservation and improving the efficiency of energy sources</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Initiatives to reduce the carbon footprint and carbon footprint quantification</td>
<td>Reduction of GHG emissions and carbon footprint</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sustainable practices in managing the water bodies or catchment areas of water sources</td>
<td>Sustainable practices in managing the water resources and beaches</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Initiatives to enhance and maintain the forests and ecosystems, initiatives for ecosystem protection in all business processes, initiatives to protect the endangered plants and animal species</td>
<td>Conservation and management of ecosystems and biodiversity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investing in enhancing the livelihood of the rural communities and children, providing benefits and staff welfare facilities, a fair living wage approach for the supply chain</td>
<td>Improving the primary living conditions of people</td>
<td>Human Resource related content</td>
<td>227</td>
<td>41.12</td>
</tr>
<tr>
<td>Investing to meet the community health needs, facilitating employees to improve their health, Providing employees and supply chain with safety procedure training and safety equipment</td>
<td>Initiatives on improving people's health</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investing in community-based education programmes, scholarships, etc., initiatives to improve the talent pipeline or workforce training</td>
<td>Satisfaction of the timely educational needs for improving productivity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub-Nodes identified</td>
<td>Focused Nodes</td>
<td>themes</td>
<td>references</td>
<td>percentage</td>
</tr>
<tr>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------</td>
<td>------------</td>
<td>-------------</td>
</tr>
<tr>
<td>A diversified organisational culture promoting gender equality, opportunities for women in supply chain policies, community investment in reducing gender inequality</td>
<td>Minimising the gender inequality within the company and community</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transparency in the employee recruitments, rewards and recognition, providing a fairly distributed service, branch network, providing internships disregarding income or work experience gaining</td>
<td>Improving the transparency of business processes while reducing inequalities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Measures to reduce social impact, bribery or corruption, transparent grievance handling procedures, employee communication modes, possessing corporate code of ethics</td>
<td>Ensure fair and ethical work practices within the company</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Measures to improve the economic value generated, programmes and incentives to enhance the employee and supply chain productivity, community investment aimed at the national economic growth, diverse product portfolio, effective management of shareholder funds</td>
<td>Improving the economic generated value within company and community</td>
<td>Capital-related content</td>
<td>118</td>
<td>21.38</td>
</tr>
<tr>
<td>Possess environmental or other certifications proving responsibility towards society and environment, implementation of disaster management plans</td>
<td>Certifications and initiatives on the best economic, social, environmental sustainability practices</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>International or strategic partnerships on sustainable development</td>
<td>International or strategic partnerships on sustainable development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Working with the suppliers and farmers to improve productivity, investing in providing meals and food rations to low income and people in need, supporting farmers to adopt sustainable practices of new technology to enhance the agricultural products</td>
<td>Sustainable agricultural production and distribution processes</td>
<td>Technology related content</td>
<td>102</td>
<td>18.48</td>
</tr>
</tbody>
</table>
Inclination towards digital platforms, transformations, procedures to include innovation in the value chain, improvement of infrastructure facilities, buildings, investments in community infrastructure facilities

initiatives to reduce resource consumption or resource optimisation, waste management process implementations, waste disposal mechanisms and quantification processes

<table>
<thead>
<tr>
<th>Sub-Nodes identified</th>
<th>Focused Nodes</th>
<th>themes</th>
<th>references</th>
<th>percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inclination towards digital platforms, transformations, procedures to include innovation in the value chain, improvement of infrastructure facilities, buildings, investments in community infrastructure facilities</td>
<td>Improvements in infrastructure, innovation and digitalisation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>initiatives to reduce resource consumption or resource optimisation, waste management process implementations, waste disposal mechanisms and quantification processes</td>
<td>Resource consumption efficiency and waste management practices</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

552 100

4.1 Theme 1: Content related to human Resources

The theme of human resources was identified with the highest number of references in Sri Lankan sustainability reports (41.12% references). Human resources are generally defined as the employees working under the organisation or the stakeholders of the organisation or firm, including investors, employees, customers and suppliers. Dyllick and Hockerts (2002) acknowledge that human capital is concerned with the aspects of skills, inspiration and devotion of the employees and other stakeholders of the firm. The themes of “content related to human resources” were constructed by classifying and clustering the nodes with a unified feature: the content related to humans or people associated with the firm. Six focused nodes (FN) related to human resources were clustered in the process; (1) improving the primary living conditions of people, (2) initiatives on improving the health of people, (3) satisfaction of the timely educational needs for improving productivity, (4) minimising the gender inequality within the company and community, (5) improving the transparency of business processes while reducing inequalities and (6) ensuring fair and ethical work practices within the company, to better address the aspects related to the people associated with the firm.

FN 1.1: Improving the primary living conditions of people

Improving people’s primary living conditions was identified as an aspect reported in Sri Lankan corporate sustainability reports. Free codes or sub-nodes such as; (1) a fair compensation system for employees and the supply chain, (2) investments in the rural communities and (3) providing welfare facilities or benefits for the employees were identified as reporting categories related to the SDG Goal 1. In the corporate sustainability reports, 7.07% of the total references were clustered under the focused node of improving the living conditions of people. For example, Extracts from 1–4 explain how the sustainability reports have disclosed the sub-nodes identified.

**Extract 1:** “PAY EQUALITY: The remuneration for the staff across various levels is solely based on level-based salary scales.”
“enhances employee and community welfare and well-being.”

“We provide competitive market rewards through flexible and fair compensation and benefits programmes designed to attract, retain and motivate employees.”

“Community Development Projects”, “EMPLOYEE BENEFIT SCHEMES.”

Furthermore, the word-cloud diagram has shown the most frequent words that were identified in the coding process; “provide”, “benefits”, “rural”, “employees”, “families”, and “development” (Appendix A & B). These words arrived at the overarching focused node of “Improving people's basic living conditions”.

Employee and community health is a significant challenge for the economic growth of a country. In the thematic analysis, the focused node “Initiatives on Improving the health of people” was constructed by clustering the three sub-nodes; (1) investing to meet the community health needs, (2) facilitating employees to improve their health and (3) providing employees and the supply chain with safety procedure training and safety equipment, by following the Goal 3 of the SDGs. Extracts from 5–7 show how initiatives on improving people's health, including employees and community, were reported.

“Benefited from free health clinics.”

“dedicated company funds for prolonged sickness, etc. Employee well-being and safety is an ongoing priority for the group.”

“Workplace health and safety regulations are implemented to create a safe working environment. All employees are encouraged to adhere to these safety regulations and protocols implemented to ensure their health and safety.”

The most frequent words through the word-cloud under the respective focused node were; “working”, “employees”, “safety”, “children”, “health”, “programme”. The focus of the firms on the health and safety of the employees and community, specifically on the children's health and well-being, was significantly observed when coding the text in the sustainability reports of Sri Lanka. This situation could be justified as malnutrition and health are considered significant challenges for the sustainability development of Sri Lanka (Thilakasiri, 2013).

FN 1.3: Satisfaction of the timely educational needs for improving productivity
Education and training are essential factors that influence the sustainability of a business firm in the long term. The node “Satisfaction of the timely educational needs for improving productivity” was constructed by clustering the sub-node; (1) investing in community-based education programmes, scholarships, etc. and (2) taking initiatives to improve the talent pipeline or workforce training. Considering the central theme “content related to human resources”, the focused node about education was the most commonly reported, with a referencing percentage of 10.69% (Appendix C). Specifically, investing in community-based educational programmes and scholarships (5.8%) were shown to have written more significantly in corporate sustainability reports of Sri Lanka. For example, extracts from 8–9 explain the focus on the scholarships and educational support to school children, while extracts from 10–11 show how sustainability reported content includes improving the firm’s talent pipeline.

**Extract 8**

“Educational Scholarships.”

**Extract 9**

“Enriching coding skills for school students.”

**Extract 10**

“Training programmes conducted.”

**Extract 11**

“Management Development Programme – an extensive programme designed to upskill existing middle managers and high potential assistant managers.”

The naming of the focused node was further supported by the most frequent results in the word-cloud diagram; “educational”, “training”, “development”, “programme”, “skills”, “employees”.

**FN 1.4: Minimising the gender inequality within the company and community**

The node “minimising the gender inequality within the company and community” was constructed considering the SDG 5, with the clustering of 3 sub-nodes; (1) a diversified organisational culture promoting gender equality, (2) opportunities for women in supply chain policies, (3) community investment in reducing gender inequality. For example, extracts from 12–14 show the firm’s initiatives reported, emphasising the opportunities to the female community while minimising gender inequality within the firm and community.

**Extract 12:** “aim to foster a culture that supports females in the workplace, where they are given equal opportunity to utilise their skills and talent and grow in the company.”

**Extract 13**
“Gender equality has consistently been a priority.”

**Extract 14**

“female representation in Corporate Management.”

The node name construction was supported with the most frequent words from the word-cloud diagram; “employees”, “gender”, “workforce”, “female”, “equal”, “women”, “diversity”.

FN 1.5: Improving the transparency of business processes while reducing inequalities

This node was formulated by following the SDG 10 - Reduced Inequalities. The sub-nodes clustered in the process were (1) transparency in the employee recruitments, rewards and recognition, (2) providing a fairly distributed service and branch network and (3) providing internships disregarding income or work experience gaining. Extracts from 15–17 give examples of the reported content to reduce inequality and promote transparency.

**Extract 15:** “ensures internal and external equity, aligning with the company policy on reward and recognition by ensuring employees.“

**Extract 16**

“expanded to 139 branches across the country to ensure its services are available with ease.”

**Extract 17**

“adopt a stringent recruitment process to ensure the best talent is hired for the relevant role.”

The frequent words such as “individual”, “branch network”, “recruits”, “employees”, and “customers” were supportive in the construction of the node name.

FN 1.6: Ensuring fair and ethical work practices within the company

Maintaining law and order within the firm and ethically managing operations are general obligations of well-established business firms. The node was constructed focusing on the content reported concerning the SDG 16 by clustering the sub-nodes; (1) measures to reduce social impact, bribery or corruption, (2) transparent grievance handling procedures, (3) employee communication modes, and (4) possessing corporate code of ethics. Extracts from 18–21 have shown examples of the company's disclosure of ethical work practices.

**Extract 18**

“Anti-bribery and corruption.”
Extract 19: “nurturing a respectful work culture, and committing to zero tolerance for any form of harassment.” Extract 20: “grievance management.”

Extract 21:
“open door culture encourages employees to interact with senior management.”

The words such as “customer”, “work”, “policy”, “grievances”, “labour”, “culture”, “employees”, “encourage”, and “management” helped to arrive at the name of the node. The content related to ensuring fair and ethical work practices is identified as a frequently reported content in sustainability reports of Sri Lanka. This practice could be justified as the country’s labour laws and regulations are mandatory. Firms need to only report them without rendering extra efforts and costs on them (Dissanayake D., 2020).

4.2 Theme 2: Content related to capital

The second most reported content identified in the sustainability reports of Sri Lanka was the capital-related content (21.38% references). Capital accumulation is considered an essential focal point in economic development (McConnell, Brue, & Flynn, 2012). Capital goods consist of buildings, machinery, equipment, and public utilities that a firm utilises in manufacturing a product. The theme of content related to capital was formed as all related nodes have a common feature of contributing to the generation of wealth by increasing the firm’s output and productivity. The focused nodes clustered in the process were; (1) improving the economic generated value within the company and community, (2) certifications and initiatives on the best economic, social, environmental sustainability practices and (3) international or strategic partnerships on sustainable development. Some of the nodes boosted the firm’s investment opportunities and thereby contributed to capital formation. Dyllick and Hockerts (2002) state that economic sustainability is built on the effective management of three types of capital. Financial capital includes equity, debt calculations, tangible capital, including the physical machinery, land, stocks and intangible capital, consisting of reputation, technical knowledge, organisational procedures and innovations (Dyllick & Hockerts, 2002). Therefore, in the analysis, the theme related to capital was identified with the relation of the three focused nodes.

FN 2.1: Improving the economic generated value within the company and community

Economic aspect reporting is necessary for corporate sustainability reporting as shareholder wealth maximisation is the ultimate objective in almost all business firms (Wijesinghe, 2012). Reporting on the performance of the firms towards economic sustainability is essential in corporate reporting as the reports provide necessary future directions of the firms for investor evaluations. A higher percentage of references is attributed to the firm’s commitment to improving the economic value generated within the firm and community (15.40%). The focused node was created referring to the eighth Goal of SDGs, which is “decent work and economic growth”. This node included the sub-nodes on (1) firms’ commitment for enhancing the supply chain and employee productivity, (2) community investment aimed for national economic growth, (3) diversification of the product portfolios and (4) effective management of the shareholder funds. Extracts from 22–26 show examples of the disclosure of firms’ economic value.
It is observed that more emphasis is given to the reporting of improving the supply chain productivity and enhancing the employee and community based economic value generated. The results are consistent with the most prioritised SDGs in corporate reporting processes. In recent findings related to sustainability reporting, it is revealed that more than 50% of the global companies highly prioritise the “decent work and economic growth” goal in their sustainability reports (KPMG, 2020; Price Waterhouse & Coopers, 2018).

FN 2.2: Certifications and initiatives on the best economic, social, environmental sustainability practices

Possessing the certification related to best economic, social and environmental sustainability by a firm attracts and retains many investment opportunities and supports a firm's long-term economic growth. Moreover, the capital resources could be best utilised by implementing initiatives such as disaster management plans. The node following SDG 11 was constructed on clustering the sub-nodes (1) possessing environmental or other certifications proving responsibility towards society and environment and (2) implementation of disaster management plans. Some examples of the reported content in Sri Lankan sustainability reports are shown in extracts from 27–31.

Extracts 27: “gold standard in global healthcare.”


Extracts 31: “...people benefitted from a flood preparedness programme.”

The word-cloud diagram named the node with the most frequent words identified; “environmental”, “ISO”, “certification”, “management”, “systems” (Appendix A & B).

FN 2.3: International or strategic partnerships on Sustainable development
A partnership could be defined as an agreement between two parties agreeing to own and operate a business together, sharing their profits and losses (McConell, Brue, & Flynn, 2012). The formulated node ensures that SDG 17 contributes to capital accumulation.

**Extracts 32:** “*Since our inception, we have established long-term, interdependent relationships with multilateral and bilateral institutions that share similar goals and values.*

**Extracts 33:** “…has partnered with the multinational enterprise software company IFS Sri Lanka and pioneering manufacturer of …..to launch a resourceful recycling campaign for PET bottles across the Colombo District.”

The word-cloud diagram has supported in naming the node referring to the words; “partnerships”, “sustainability”, “initiative”, etc.

### 4.3 Theme 3: Content related to natural resources

Firm environmental performance is grounded on the commitment of the firms to conserve natural resources and ecosystem services. The industry is considered a living organism, referring to “industrial metabolism”, where industrial processes consume energy and resources, creating the anticipated output (Dyllick & Hockerts, 2002). The theme was identified on clustering the nodes about the natural resources; (1) initiatives for sustainable water management, (2) conservation and improving the efficiency of energy sources, (3) reduction of GHG emissions and carbon footprint, (4) sustainable practices in managing the water resources and beaches, and (5) conservation and management of ecosystems and biodiversity.

**FN 3.1: Initiatives for sustainable water management**

Water is an essential natural resource for all living beings, and effective management is critical as the consumable water percentage on earth is diminutive. The sustainability reports of Sri Lankan firms are much inclined towards reporting their sustainable performance on managing the utilisation of water resources by their firm operations on the SDG 6. Several codes were identified as frequently reported content in the annual reports; (1) community investments to supply water and improve the quality of water, (2) measures to improve water efficiency, and (3) measuring the water footprint in business operations.

**Extracts 34:** “*SAFE DRINKING WATER PROJECT.*”

**Extracts 35:** “*Reduce the total amount of water withdrawn by 35% and increase water recycling to 15% by 2025.*”

**Extracts 36:** “*Optimising Water Consumption…. demonstrated its focus on water usage by introducing tap aerators and shower regulators to guestrooms to regulate the flow rates of basin taps and showers which substantially brought down water consumption; in the leisure properties during the year.*”
Extracts 37: “WATER CONSUMPTION OUR TARGET Baseline Current 352,690 m3 11.5% reduction Water Consumption....”

The word-cloud diagram for the free codes supported in naming the code, with the most frequent words being “project”, “school”, “water provided”, “consumption”, and “programme.”

FN 3.2: Conservation and improving the efficiency of energy sources

Energy is widely acknowledged in sustainability reports as it is necessary to run almost all business operations, whether in the manufacturing or services sectors. Sustainability disclosures of Sri Lanka were identified on the content related to (1) policies or targets to reduce the energy consumption and improve energy efficiency, (2) investment in energy projects and renewable energy and (3) energy consumption quantification in the sustainability reports.

Extracts 38: “We continue to strive to improve energy efficiency across our operations. Energy audits are carried out across all sectors to identify and monitor energy consumption. Meanwhile, we continue to invest in more energy-efficient equipment such as LED lighting and inverter AC units across our operations while continuously exploring new technologies to improve energy efficiency across the Group.”

Extracts 39: “.... own branches to solar power to minimise energy usage while promoting renewable energy.”

Extracts 40: “Between 2012 and 2014, a total saving in power consumption amounting to Rs. 15,500,000 was noted. This roughly translates to 583,000 KWh (estimated 800 KWh per day).”

The word-cloud diagram results supported in specifying the node name for the sub-theme with the words “renewable”, “power”, “consumption”, “energy”, “solar”, and “electricity.”

FN 3.3: Reduction of GHG emissions and carbon footprint

Failure of climatic change mitigation and adaptation has been identified as a significant risk associated with the world economic condition and global development (World Economic Forum, 2019). Sustainability reports of Sri Lanka have focused their attention on reducing the impact of their operations on the climatic changes mainly by reporting on (1) initiatives to reduce the carbon footprint and carbon footprint quantification. For example,

Extracts 41

“Carbon neutral by 2030; Reduce our Scopes 1 and 2 CO₂ emissions by 30% by 2025.”

Extracts 42: “EMISSION MANAGEMENT Carbon emissions are tracked and reported based on guidelines of the Greenhouse Gas Protocol of the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD)....”
The word-cloud diagram has emphasised the words “reduce”, “emission”, “carbon footprint”, “gas”, and “greenhouse” in the coded text, which support in gaining an understanding of the naming of the nodes.

FN 3.4: Sustainable practices in managing the water resources and beaches

Sri Lanka, an island in the deep waters of the Indian ocean, is endowed with tourist attractions and an ideal place for a tourist holiday destination. The firm’s performance on conservation and sustainable use of the oceans, seas and marine resources under the SDG 14 was shown to be least reported by the firms in Sri Lanka allegedly because of the less involvement in the business operations and activities (Dissanayake D., 2020). Nevertheless, in their sustainability reports, some firms have shown interest in reporting on sustainable practices in managing the water bodies or catchment areas of water sources, including beaches. For instance, the word-cloud diagram on this node has emphasised “clean” and “beach” in the coded text.

Extracts 44: “Beach clean-up campaigns; In January 2019, a beach cleaning campaign was held in Hikkaduwa. Another beach cleaning campaign was held in September 2019 at Mount Lavinia with the participation of many staff members and their families, including both the CEO and the DCEO.”

FN 3.5: Conservation & management of ecosystems and biodiversity

Sri Lanka is rich in biodiversity with an abundance of ecosystems and endemic species. The firms are more attentive in reporting their contribution to protecting Sri Lanka's ecosystems. They have included reported content on (1) initiatives to enhance and maintain the forests and ecosystems, (2) initiatives taken for ecosystem protection in all business processes, (3) initiatives to protect the plants and animal species. It was revealed in the study that most of the firms focused on planting trees and conserving forests, even though their operations have no direct impact on the environment. The words “conservation”, “tree project”, and “planting” were emphasised as the most frequently reported words in the word-cloud.

Extracts 45: “…7,000 trees were planted under the annual tree planting campaign in different locations in Sri Lanka.”

Extracts 46

“Environmental impact assessment and mitigation of impacts.”

Extracts 47: “…….. Support the conservation of Sri Lankan elephants through our involvement with the Elephant Transit Home under the Department of Wildlife Conservation of Sri Lanka. In addition to creating a documentary to create awareness on Sri Lankan Wild Elephant to be shown at the Elephant Transit
4.4 Theme 4: Content related to technology

Sustainability reports of Sri Lankan firms have least focused on the content related to technology in disclosing about their sustainable performance (18.48%). Industries are compelled to report more on how they have adapted the new technologies with rising global economic and technological developments. Technological developments are essential in achieving real sustainability as efficiency of the processes could be enhanced through the technological components (Dyllick & Hockerts, 2002). The theme was formulated by clustering the nodes (1) Sustainable Food production and distribution processes, (2) Improvements in infrastructure, innovation and digitalization and (3) Resource consumption efficiency and waste management practices. All the three nodes identified share a common concept of using technology to achieve sustainability in the business processes.

FN 4.1: Sustainable food production & distribution processes

Sustainable Food production and distribution processes was identified as a focused node pertaining to the SDG 2: Zero Hunger. The content related to the node was shown to have less reported in the sustainability disclosures in Sri Lanka as per the thematic analysis conducted (2.9% references). Moreover, Sustainability disclosures have reported agricultural practices with a higher emphasis on technological application and innovation pertaining to the cultivation and food production processes in Sri Lanka. The node FN 4.1 was constructed clustering the codes; (1) Working with the suppliers and farmers to improve productivity and (2) Supporting farmers to adopt sustainable practices of new technology to enhance the agricultural products.

The words “programme”, “agriculture”, “farmers”, “practices”, “farming.” were identified on the word cloud diagram results and used in the formulation of the focused node “Sustainable food production and distribution processes”.

Extract 48: “‘Wayamba Isuru’ organic farmers empowering programme.”

Extract 49: “…Sustainable Agricultural Development Programme (SADP) is designed to uplift communities and develop a platform for sustainable agriculture through knowledge transfer, resource assistance and empowerment.”

Extract 50: “…………… addresses health and nutritional needs of the nation through pioneering Rice Fortification technology patented….”

FN 4.2: Improvements in infrastructure, innovation and digitalization

Technological development and innovation are essential in driving economic growth and for the wellbeing of the society. The sustainability disclosures have reported more on the content related to (1) inclination towards digital platforms, transformations procedures to include innovation in the value chain,
(2) improvement of infrastructure facilities, buildings and (3) investments in community infrastructure facilities with respect to achievement of SDG 9. The words “investment”, “hospital”, “innovative”, “digital technology”, “products.” were identified to have frequently reported in the sustainability disclosures and used in the formulation of the FN 4.2.

Extract 51

“Investment in cutting edge technology to drive the digital transformation of the insurance sector in Sri Lanka.”

Extract 52

20 branches opened island wide within 30 days, a milestone in the Bank’s history

Extract 53

“Construction of state-of-the art pharmaceutical research and manufacturing facility at Homagama”

FN 4.3: Resource consumption efficiency and waste management practices

The focused node FN 4.3 was formulated pertaining to SDG 12, Ensuring sustainable consumption and production patterns, by clustering the sub nodes; (1) initiatives to reduce resource consumption or resource optimization, (2) waste management process implementation and (3) waste disposal mechanisms and quantification processes. It was observed that firms in Sri Lanka are focused on disclosing about utilizing the scientifically and technical knowledge usage in the areas of resource consumption and corporate waste management practices to improve the productivity and efficiency of their business processes. Extract 54–57 shows examples of the disclosed information related to FN 4.3. The words “plastic”, “recycling”, “use”, “waste”, “paper”, “reduce.” Were identified to have frequently reported in the word cloud diagram and the results were used in identification of the node FN 4.3.

Extract 54

“We have in place an online document retrieval system which has reduced the need to reproduce physical copies of certain documents”

Extract 55

“In the Rubber production process, the factories have well designed effluent treatment plants, and water used in the production process is treated and adequately purified to reduce the effluent at an acceptable level as per the environment policy.”

Extract 56

“All sectors engage in the segregation and responsible disposal of waste, in compliance with regulatory requirements and industry best practice while improving the processes in place on an ongoing basis.
During the year a total of 1.2 million Kg of waste was generated, of which 83.2% was non-hazardous waste.”

5. Conclusion

Corporate sustainability reporting may differ from firm to firm and country to country due to the differences in understanding the established reporting guidelines and choice of the firms. The objective of the present research was to explore the major reported themes in corporate sustainability reporting integrating SDGs by top listed firms in Sri Lanka. A qualitative thematic content analysis approach was employed to identify the major themes. Based on analysis, 48 reporting categories were identified, with 17 focused nodes about the 17 SDGs. The identified 17 focused nodes were classified into 4 major themes; (1) content related to human resources, (2) content related to capital, (3) content related to natural resources, and (4) content related to technology. The highest number of references were quoted on the content related to human resources, followed by content related to capital, content related to natural resources and content related to technology, respectively. Previous studies also found that Sri Lankan firms disclose more on content related to human resources (Fernando, Lawrence, Kelly, & Arunachalam, 2015; Seneratne & Liyanagedara, 2009; Wijesinghe, 2012). The focused node “improving the economic value within company and community” related to the SDG 8 was revealed to be the most frequently reported theme in the corporate sustainability disclosures. In addition, the nodes “satisfying the timely educational needs” and “improving the health of employees and community” were shown to have a high reporting frequency. In contrast, the node “sustainable practices in managing the water resources or beaches” were observed to be given less priority.

As every country committed to achieve SDGs, it has opened up new business opportunities for firms globally. Thus, firms should focus more on achieving the SDGs and communicating their sustainable performance through corporate sustainability reporting. The research findings of this study would aid business firms in increasing awareness to stakeholders, policy makers in formulating new guidelines or in setting up minimum reporting standards and procedures related to sustainability reporting integrating SDGs. Further, findings could help investors to evaluate business firms based on sustainability practices when they make future investment decisions.

References


KPMG. (2020). *The Time has come; The KPMG Survey of Sustainability Reporting 2020*. KPMG.

Accountancy Research, 29(3), 405-429.


**Declarations**

**Competing interests**

The authors declare no competing interests.

**Data availability statement**

Data used in paper can be given on reasonable request.

**Acknowledgements**

Authors would like to thank the Accelerating Higher Education Expansion and Development (AHEAD) operation for awarding Development Oriented Research (DOR) grant (grant no: AHEAD HEMS R2 DOR 04) to conduct this study.

**Figures**

![Diagram]

**Figure 1**

Major reported themes