Sustainability reporting standardization: an incentive or a ceiling effect?

A qualitative case study of an oil and gas EPC based on GRI Sector Standards and their prospective implication for Sustainability reporting and Sustainability Performance

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Abstract

The field of sustainability accounting and reporting has developed immensely during the past couple of decades. Various reporting guidelines, recommendations, and standards had hit the market recently. However, Global Reporting Initiative (GRI) has remained the most widely used framework for reporting sustainability and is considered a standard for reporting sustainability. Thus, using GRI 11: oil and gas standard as a proxy, the research was aimed to investigate, if standardization of sustainability reporting is perceived as an incentive, or poses a ceiling effect to potential sustainability reporting and performance. Thereby answering the following questions; (1) Is the organization willing to (or can) do more or less than that is required to be reported as per GRI Framework, in terms of reporting and performance? (2) How does the company perceive the shift from GRI general standards to Sector-Specific Standards with respect to sustainability performance

A case study is conducted on an oil and gas EPC using qualitative research methodology. The data is collected through semi-structured interviews and three sustainability reports of the same organization. It was found that despite the apparent willingness of doing more than what is required to be reported by the standard, KPIs w.r.t. industry relevance are under-reported. Furthermore, it was found that GRI has proved to be an incentive for guiding the organization’s sustainability reporting. Even if the sector-specific standard/guideline is considered a ceiling for sustainability reporting, the ceiling tends to be very high for the current performance of the organization.

Keywords: Sustainability reporting; Global Reporting Initiative; GRI; GRI sector program; GRI oil and gas standard; Ceiling effect; Legitimacy; Isomorphism; Decoupling
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Appendix 1 - Interview Guide
1. Introduction

With the emergence of the concept of Sustainable Development (Brundtland, 1987) and Climate Change; businesses, governments, and other stakeholders, let alone academics, have taken a lot of interest in sustainability and sustainable development. The concept of Sustainable Development as defined in the Brundtland report is “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (Brundtland, 1987, p.24). However, this definition is quite different from that of Sustainability as perceived today in business administration. Sustainability in contemporary academia is mostly referred to as the Triple Bottom Line (Elkington, 1997) or the ESG - Environment, Social and (Corporate) Governance Framework (ESG Services and Strategy, n.d.).

Another definition of sustainability, rather closer to that of the Brundtland Report, is related to sustainable development in business studies and is described as adopting strategies and activities that meet the present needs of the business as well as its stakeholders while protecting, sustaining, and enhancing the human and natural resources for the future (IISD, 1992). As vital as it has become to incorporate social and environmental aspects in business activities, it is equally important for those efforts to be measurable. This idea became the basis of the emergence of Sustainability Standards.

Standardization of Sustainability has been studied in varying contexts (Vigneau et al., 2017; Siew, 2015; Negi et. al, 2020) for instance Vigneau et al. (2017) describe the dynamics of Sustainability standards as three categories i.e., (1) Standards for Policy such as UN Global Compact, (2) Standards for CSR management such as ISO 26000 and (3) Standards for Sustainability reporting such as the Global Reporting Initiative (GRI). Siew (2015) studied the standards and tools being used for reporting sustainability, Negi et. al (2020) assembled the book where they study Sustainability Standards in a Global governance setting.

Among all other dimensions of sustainability management in an organization, reporting is one of them and that is an important tool to evaluate an organization’s view of sustainability and its sustainability performance. Sustainability reporting has been existent for many companies, under
the name of Corporate Social Responsibility (CSR) reporting, however, in the span of a couple of decades, Sustainability Reporting Guidelines and Standards in the form of frameworks have emerged.

Despite the existence of various reporting standards, the Global Reporting Initiative (GRI) has overwhelmingly become the most influential standard/framework that is not only being used by the companies for reporting but also the management of their Environment, Social, and Governance (ESG) efforts (Vigneau et al., 2017).

A considerable amount of research has been conducted regarding the advantages and disadvantages of sustainability reporting. Some say that ESG performance is positively affected if ESG reporting is conducted (Mervelskemper & Striet, 2017), others refer to ESG reporting to have no impact on ESG performance if the business is not robust in innovation within the business model and ESG activities (Eccles et al. 2013). Some have even an extreme view of Sustainability reporting being used as organized hypocrisy(Cho et al., 2015).

The literature is a mix of positive (Herzig & Schaltegger, 2006), neutral (Eccles et al. 2013), and negative(Cho et al., 2015; Wijen, 2014 ) perspectives of corporate sustainability reporting. There is also a considerable amount of literature present regarding the standards and frameworks for sustainability reporting particularly the Global Reporting Initiative which shows how the GRI has influenced the sustainability policy of organizations and the sustainability strategies (Siew, 2015; Dumay et al., 2010, Fonseca et al., 2014). Some argue that there is a need for improvement in the GRI framework to yield more meaningful and apt information in Sustainability Reports (Fonseca et al., 2014), and others deem GRI as a tool to voluntarily disclose sustainability efforts and that the disclosure is based on size, core business and the strategy of the company (Toppinen et al., 2012).

The argumentation regarding positive and negative perspectives of sustainability reporting and Global Reporting Initiative in the literature is diverse, however, the research seems to have missed out on investigating the ‘containing’ or the ‘ceiling’ effect that sustainability reporting standards can pose on the ESG performance or the potential ESG performance of an organization. This is to say that organizations may only conform to what is required to be reported rather than what actually can be done for sustainability.
This study investigates the prospective implications that GRI sector standard may cause with respect to sustainability reporting and performance, by using the institutional theory. As the institutional theory studies the social behaviour of organizations towards a particular phenomenon, the theory seems fitting to understand if the reporting standard will be an incentive for the company or will risk only compliance at prescribed levels of reporting.

1.1 Problematization

We live in a world of standards where many aspects of life are standardized in different ways, be it regulations, laws or other kinds of standards (Timmermans & Epstein, 2010). Previous research on standards and standardization has varying views. For example, Williams (2002) describing the ‘standards’ and ‘standardization’ as related terms suggests that “a standard is set, projected, from ideas about conditions which we have not yet realized but which we think should be realized” (Williams, 2002, p. 251) implying that standards help reach the ideal conditions for any phenomenon. On the other hand, he suggests that standardization as a term is derogatory and creates homogeneity in the industry thence suppressing the individuality. Standards in the form of either regulatory, or voluntary standards, can either be productive or counterproductive but the research in this regard, no matter how extensive, is still inconclusive.

Moreover, standardization and standards are very ubiquitous in nature that even the aspects of sustainable development have become the receptors of standards and standardizations. Vigneau et. al (2017) have categorized sustainability standards into three parts, i.e. Standards for sustainability policy, standards for CSR management and standards for sustainability reporting. Various studies have also shed light on the consequences of standards with respect to sustainable development in forms of regulations or buyer pressures. For instance, Rentizelas et. al (2020) suggest that regulatory measures in terms of increasing social sustainability in supply chain can lead to a ceiling effect in the performance. Baden et. al (2004) studied the consequences of corporate social responsibility pressures from the buyers on SMEs. They found out that external pressures have helped improve CSR performance, however, one of their findings also suggests that external pressures can lead to conformity and compliance thus pose a risk of ceiling effect.

Like other sustainability managing tools, sustainability reporting is also highly standardized in the past one and a half decade. Siew (2015) studies the sustainability reporting tools (SRTs) and
suggested there are three kinds of SRTs, i.e., reporting frameworks, indices, and standards. In the literature, the most studied sustainability reporting standard is GRI- the Global Reporting Initiative as well as the most used framework for sustainability reporting (Chester & Woofter, 2005). In 1997, The Global Reporting Initiative was officially launched as an institute with the intention of creating a globally accepted sustainability reporting framework. There are various studies that have investigated the importance of GRI as a reporting framework, and have suggested that the companies that report based on GRI framework spend less time on responding to disclosure requirements because of a comprehensive guideline, have lower share volatility, have superior financial performance, and score higher in the benchmark quality of the reports (Siew, 2015; Chester & Woofter, 2005).

Since GRI is one of the most popular reporting standards globally, it has also launched its industry specific program recently, in which the first industry standard that hit the market was the oil and gas standard. It addresses the most likely material topics for the corporations/companies that identify themselves among the oil and gas industry. With the literature reviewed regarding GRI standard, I have come to know that it has not yet been studied like other regulatory or coercive standards to investigate the effect on the performance as well as level of reporting. Moreover, the literature does not address if GRI can also lead to conformity and compliance and hence contains the sustainability reporting as well as performance to the prescribed levels of standard. Therefore, this study is conducted to contribute to the literature, whether the GRI standard sets a floor for the organization in terms of sustainability reporting and performance or if it can contain the reporting and performance at prescribed levels.

To cater to the aim of study, institutional theory is also reviewed to be used as a lens to answer the research questions. Different dimensions of institutional theory within legitimacy, isomorphism and decoupling may lead to conformity and compliance (DiMaggio & Powell, 1983; Greenwood et. al, 2008; Göcke et. al, 2021). So, to address the gap in literature as formulated above, the study intends to use institutional theory as a framework.

1.2. Research aim and research questions

The aim of this research is to study the implication of using Sustainability Reporting Standards, particularly Global Reporting Initiative (GRI) sector-standards on the potential sustainability
efforts that an organization is willing to conduct. Henceforth, the following questions are intended to be answered in this paper,

- **Is the organization willing to (or can) do more or less than that is required to be reported as per GRI Framework, in terms of reporting?**

- **How does the company perceive the shift from GRI general standards to Sector-Specific Standards with respect to sustainability performance?**

1.3. **Thesis structure**

The introduction is followed by a literature review that presents literature pertaining to standards, sustainability reporting tools, GRI, as well as reviewing the concept of the ‘ceiling effect’. The third chapter presents the theoretical framework that is used as a lens to identify patterns and themes in the collected data, particularly institutional theory and its dimensions. The fourth chapter presents the research design and methodological choices. The fifth chapter presents the data and findings accumulated from interviews and sustainability reports, which is then followed by an analysis based on the theoretical framework in the sixth chapter. The study is then concluded in the seventh chapter.
2. Literature Review

This chapter presents the literature that was reviewed to problematize the research. As the research aim suggests to find out the perception of standardization in sustainability reporting using GRI as a mediary, literature regarding these phenomena is reviewed, i.e., standards and standardization, sustainability reporting and tools, the global reporting initiative (GRI), and the ceiling effect.

2.1. Standards and Standardization

Our world is surrounded by standards, particularly the industrial world. Standards come in all forms be it regulations, laws or other kinds of standards (Timmermans & Epstein, 2010). Williams (2002) in his book ‘A Vocabulary of Culture and Society’ described ‘standards’ and ‘standardization’ as different, yet etymologically related terms. He suggests that “a standard is set, projected, from ideas about conditions which we have not yet realized but which we think should be realized” (Williams, 2002, p. 251). Meaning that standards are basically the ideal conditions that have not yet been achieved but should ideally be achieved. This implies that the standards can help organizations reach ideal goals. On the other hand, he suggests that standardization as a term is derogatory and creates homogeneity in the industry thence suppressing the individuality (Ibid).

After the world war II, and set up of United Nations Organizations, some international standards organizations have been made (Timmermans & Epstein, 2010). For example International Standards Organization (ISO), which was set up to coordinate between the states and promote inter-state trade. Initially it only launched recommendations but later in 1970’s it started launching international standards that could be applied nationally (Ibid). This is similar to the Global Reporting Initiative, which was initially launched in 1997 for a globally accepted guidelines for corporate reporting, but later on adopted a more standardizing way of creating reporting frameworks (Global Reporting Initiative).

Apart from general research on standards, there are studies about how the standards impact differently with the different sizes of organizations. For example, a study suggests that out of micro, small, medium and large sized organizations, micro-organizations are best performers in terms of applying and complying to standards, because of their flexible nature (Rakić, Milošević,
& Filipović, 2021). However, all sizes of organizations have the potential to achieve compliance and outcomes of standards that are applied (Ibid).

2.2. **Sustainability Reporting and tools**

The concept of sustainability reporting was conceived with the evolution in the field of social and environmental accountability of the firms. There have been a variety of research conducted to study the objectives and benefits of sustainability reporting. For instance, as mentioned in Pütter and Horvath’s book (2017), Blaesing (2013), categorized the objectives and benefits of sustainability reporting in the following figure; (Pütter & Horváth, 2017, p.3 )

![Objectives of Sustainability Reporting](image)

**Figure: Objectives of Sustainability Reporting, (Blaesing, 2013).**

These objectives are categorized into three sets based on the orientation of reporting i.e., (1) public orientation for achieving social acceptance and legitimacy, (2) capital market orientation for looking more transparent in the eyes of investors, and (3) management orientation in order to improve business management processes (Blaesing, 2013). Considering these objectives, various frameworks and tools have been developed for sustainability reporting in the form of Voluntary
Sustainability Standards (VSS) in the past decade. Siew (2015) has reviewed various sustainability reporting tools and categorized them as (1) frameworks, (2) standards, and (3) Ratings/Indices. He concluded that a lack of standardization in the criteria and methodology of formulating these tools leads to difficulty in benchmarking the sustainability performance of different firms and companies.

Although the importance of sustainability reporting cannot be ignored, researchers have varying views regarding the intended and actual purpose of sustainability reporting and sustainability standards (Vigneau et. al, 2017). There is also the perspective that corporations use sustainability reporting tools in order to hide their actual practices and to manipulate stakeholders’ perceptions through ‘green-washing’ (Siew, 2015).

From a rather extreme perspective, Cho et. al (2015), view sustainability reporting as organized hypocrisy. Interestingly, however, their paper concludes that since organizations work on multifaceted fronts and deal with a variety of stakeholder interests, it is inevitable for organizations to engage in organized hypocrisy in order to manage conflicting stakeholder demands. “Thus, organized hypocrisy and developing rational, progressive and reputation façades could be beneficial to corporations or they would not persist” (Cho et. al, 2015, p.91).

### 2.2. Global Reporting Initiative (GRI)

Vigneau et al (2017) and Siew (2015) have presented the dynamics of sustainability standards and sustainability reporting tools respectively. With the presence of other sustainability standards and reporting tools, the Global Reporting Initiative (GRI) has however maintained a major role, not only within reporting sustainability but also management and policy of sustainability in organizations (Vigneau, 2017; Siew, 2015).

The Global Reporting Initiative was established in 1997 by the Coalition for Environmentally Responsible Economies (CERES) and was later joined by the United Nations Environment Programme (UNEP) (Molen, 2015). GRI has since achieved various milestones till now from launching the first GRI guidelines called G1 in the year 2000 to formulating full-fledged sustainability reporting standards in 2016 (Global Reporting Initiative, n.d.). Not only that it has
evolved into the most accepted sustainability reporting framework, but it has also sector-specific standards in the pipeline for 40 different sectors and has already launched the sector-specific sustainability reporting standards for the oil and gas industry as well as the mining and coal industry (GRI, n.d.).

Because of the immense popularity of GRI, many scholars have studied this framework from various perspectives, for instance, one paper studied it as a proxy for comparison of different companies in the same industry, and found huge differences in reporting practices even after applying the framework (Junior et. al, 2017). Another paper studied the diffusion of GRI globally and in different sectors as a guiding framework for sustainability reporting (Alonso-Almaida et. al, 2014). Research from 2010 shows that even though GRI had gained exponential popularity among private organizations, it remained unpopular among public sector and third sector organizations (Dumay et. al, 2010). However, as to facts and figures archived from GRI's official website, many governmental organizations refer to GRI with regard to environmental policies as per updated statistics. (Global Reporting Initiative, n.d.).

2.3. Ceiling Effect

‘Ceiling Effect’ is a concept mainly used in Human Resource Management where it is described by the Federal Glass Ceiling Commission (1995) as “artificial barriers” to the advancement of careers for women and minorities. Cotter et. al (2001) have also given a four-criteria framework for determining the existence of the ‘glass ceiling effect’.

Not only in Human Resources but, ‘Ceiling Effect’ is also noted in the field of business ethics. In his paper, Michael (2006) discusses how, instead of creating more rules and regulations to address unethical behavior, the nature of regulations should be studied. As to how that may or may not affect ethical decision-making. He implies that when code-of-conduct becomes mere rules, these rules triumph over the ethics and become a ‘ceiling’ rather than a ‘floor’ for the desired conduct in the organization (Michael, 2006, p. 477). From this, it can be implied that rules and standards can become a ceiling for the desired performance and organizations may not tend to do more than what is required by the rules.
In this study, I present the perspective of the ‘ceiling effect’ as studied in relation to standardization and sustainability. It may be noted that most literature that is reviewed is based on the concept of Corporate Social Responsibility (CSR) however, the terms CSR and Sustainability, although not the same, can be used interchangeably in some places to make the inference.

In the fields of sustainability, environmental management, or corporate social responsibility, we do not come across definitive literature, that may explain and define the ‘Ceiling effect’, although there are studies, that refer to the ‘Ceiling Effect’ such as Baden et. al (2004), Rentizelas et. al (2019), Hausknost (2020) and Bell & Morse(2001).

In their paper, Baden et. al (2004) studied the impact of environmental and social standards that are imposed by buyers on their suppliers. The standards imposed by buyers can pose a danger of the ‘ceiling effect’. This means that they lead to only prescribed levels of CSR activities and companies do not tend to go beyond compliance levels (Baden et al., 2009, p. 432).

Rentizelas et al. (2019) have studied the inclusion of social sustainability in supply chains in the oil and gas industry, through governmental regulations, mainly In-Country-Value (ICV). The ICV strategy/regulation defines how much a business should benefit the local economy and society where the company intends to operate. One of the findings in the research shows that supplier selection is merely done on the basis of ICV requirements, and not much effort is done to include social sustainability in supplier selection beyond ICV requirements. (Rentizelas et al., 2020, p.294). This finding confirms the notion by Baden et al. (2009) that regulations/standards can put a ‘ceiling effect’ on the sustainability efforts.

Another finding from the same study suggests that the existence of the ‘ceiling effect’ is because of the fact that companies in the oil and gas sector have not incorporated the sustainability aspect into their core business goals. Because of this reason, they tend to comply with standards rather than going beyond standards and applying advanced sustainability efforts (Rentizelas et al., 2020).

Hausknost(2020) studied how the idea of ‘sustainable transition’ is a systemic trajectory that contains the robust efforts that are actually required for a green transformation of the state. And hence is a ‘ceiling effect’ for a complete transition towards sustainability. He defined ‘Ceiling Effect’ in a rather political perspective of the Environmental State as, “The glass ceiling should thus be understood as a system boundary that may be shifted within certain dynamic parameters.
but not transgressed without first changing the underlying structure and identity of the system itself” (Hausknost, 2020, p.19). Hence he explains the ceiling effect more as a bounded pathway or trajectory rather than a barrier itself.

In yet another interesting paper, Frank Wijen (2014), based on the concept of decoupling theory and practice, suggests that standardization enforces compliance and ultimately distracts the attention from achieving the actual or the envisioned goals. According to him, the traditional view of decoupling, i.e., the companies do not practice actually what they are required to do by the standards, has now changed. Instead, the adopters of standards now comply with the standards only so much so that they do not reach the envisioned goals as intended by the institutional standards such as voluntary sustainability standards (VSS) or best practice guidelines. With this assumption, we can say that standardizing sustainability can elicit a barrier to achieving sustainability goals.

2.4. Literature Summary

As the aim of study is to investigate if sustainability reporting standards are perceived as an incentive or ceiling effect, I reviewed the literature relating to standardization, sustainability reporting, and the ceiling effect. A lot of literature suggests that regulations or standards, be it in form of coercive measures or VSS (Baden et al., 2009; Rentizelas et al., 2020; Wijen, 2014) can lead to a risk of ceiling effect and mere compliance.

As the concept of sustainability and ESG emerged, organizations started engaging in social and environmental efforts. This led to conceptualizing measurement of those efforts in the form of sustainability accounting and reporting. There have since been devised varying sustainability reporting tools and standards such as frameworks, standards, and indices (Siew, 2015). Despite the presence of different frameworks, the Global Reporting Initiative has come up as the most popular one among organizations that report sustainability. GRI launched its first reporting guidelines in 2000 and since has been evolving spectacularly as a sustainability reporting standard (Global Reporting Initiative, n.d.). Therefore in this study, GRI has been taken as a proxy to study if standardizing sustainability reporting is perceived as an incentive or as a ceiling effect/compliance mechanism as suggested by Baden et al. (2009), Rentizelas et al. (2020) and Wijen (2014).
3. Theoretical Framework

This chapter focuses on the theoretical grounds on which the research questions will be answered. This paper studies the implication of applying the GRI reporting framework on potential ESG performance through the lens of Institutional Theory. The idea of applying this theory is caused by the observation that the literature suggests that standardization of sustainability and institutional pressures create a ceiling effect on CSR practices (Baden et. al, 2008; Rentizelas et. al, 2018), and ‘standards’ are mere compliance mechanisms that distract the user from its envisioned goals for sustainability (Wijen, 2014). However, in practice, more and more specified sustainability standards, as well as sustainability reporting tools, are hitting the market such as GRI Sector-specific standards and The Sustainability Accounting Standards Board (SASB). Therefore, a tentative thought on the choice of a theoretical framework is to study the research questions in the light of the institutional theory.

The institutional theory helps understand the processes/underlying reasons for particular organizational behavior (Suddaby, 2013). In this study, the aim is to investigate if the given organization’s behavior is that of only conformity/compliance to the institutional pressure of sustainability reporting or is willing to perform as well as report more than what is required by the standardization. The conformity/compliance can be best ascertained by studying the case under the dimensions of institutional theory, which is why I believe it fits in this research.

In this study, I review various dimensions of institutional theory instead of only one or few. The reason for this is as the study builds upon an abductive research approach (stated in chapter 4), it is important to view all aspects of institutional theory. The collected data is then reviewed and analyzed and themes from within the data are looked at according to all dimensions of this theory in an iterative process. After the analyses is done, the discussion chapter then reveals which dimensions came out to be most relevant according to the empirical findings.

It is also intended to have a reflection on why the corporation selects a particular sustainability reporting framework, which is, in this case, the Global Reporting Initiative. This reflection shall be studied in the light of Legitimacy and Isomorphism theories.
3.1. Institutional Theory

Institutional theory in management studies is the concept of studying institutions with a social perspective rather than an economic perspective. It helps understand why organizations behave in a certain way towards different phenomena present in their internal and external environments and those behaviors defy traditional economic rationality (Suddaby, 2013).

To explore the underlying social and cognitive reasons for an organization’s behavior, the institutional theory provides different dimensions to study institutionalized organizations for example legitimacy, conformity, decoupling, and isomorphism.

The choice of theory in this research is motivated by the five basic elements of the Institutional Thesis as presented by Greenwood et. al (2008) that are quoted as follows;

“1. Organizations are influenced by their institutional and network contexts. The institutional context consists of rationalized myths of appropriate conduct;” (Greenwood et al., 2008, p.6)

This particular element of institutional theory helps understand the factors on which the organization seeks legitimization based on institutional contexts. In this case, that is to say, which factors are present in the organization’s internal or external environment that are deemed as appropriate conduct regarding sustainability.

2. “Institutional pressures affect all organizations but especially those with unclear technologies and/or difficult to evaluate outputs. Organizations especially sensitive to institutional context are institutionalized organizations” (ibid)

In this study, this element helps analyze if the selected organization is most affected by institutional pressures because of its context. This is to say, that if the company has sustainability to the core of its business, or is it only pressurized by institutional context to make sustainability efforts and report them.

3. “Organizations become isomorphic with their institutional context in order to secure social approval (legitimacy), which provides survival benefits” (ibid)
In this particular case study, this element of the institutional thesis can explain if the organization’s sustainability activities are driven by the isomorphic processes. This is to say that if there are factors that lead the organization to conform to or follow the practices that are done by others in the industry to achieve social approval from stakeholders.

4. *Because conformity to institutional pressures may be contrary to the dictates of efficiency, conformity may be ceremonial, whereby symbolic structures are decoupled from an organization’s technical core;* (ibid)

This element helps understand if the organization has decoupled its actual practices from the apparent performance of sustainability as it is reported. Under the lens of decoupling theory, it can be understood if some information in the sustainability report is mere information to attract financial stakeholders or to conform to institutional pressures to gain legitimization from the larger society.

5. *Institutionalized practices are typically taken-for-granted, widely accepted, and resistant to change.*” (ibid)

This is to understand how institutionalized practices, which are in this case, reporting sustainability based on GRI standards, are perceived by the research respondents. For instance, if there is a lot of importance given to sustainability within the organization, or is it taken-for-granted and only conformed to standards to look good in the industry. Also, how the company shall respond to change in the standards i.e., shift from general to sector-specific standards.

3.1.1. Isomorphism

As we talk about the standards and institutional pressures, DiMaggio & Powell (1983) argued that because of institutional pressures, organizations begin resembling each other. This process of resemblance or homogenization is called an isomorphism. Isomorphism among organizations is driven by three mechanisms i.e., (1) coercive, (2) mimetic, and (3) normative (DiMaggio & Powell, 1983).

**Coercive isomorphism**
The coercive isomorphism is driven by institutional pressures incurred on the organization either from those institutions that the organization is dependent on or the ones that the organization has to conform to as part of a larger society (Mizruchi & Fein, 1999). Coercive isomorphism can also be related to resource dependence (Mizruchi & Fein, 1999) for instance organizations that are funded through different financial organizations such as World Bank, have to comply with the requirements posed by them.

In this study, the coercive isomorphism theory will help understand the reasons why the company applies certain sustainability standards, whether they are imposed by the state, other regulatory authorities, or financial institutions.

**Mimetic isomorphism**

In the process of attaining homogeneity, some factors lead to organizations mimicking other organizations. This happens in a time of uncertainty, where a clear course of action is not envisioned, and companies tend to copy those in the industry that are deemed successful (Mizruchi & Fein, 1999, p.657). An example of mimetic isomorphism is that community hospitals in the US are most likely to join the multi-hospitals systems in the states where they are already successfully operational. Another example from the same paper can be referred to here, where companies having similar trends of borrowing, most likely appoint bankers to the board of their directors (Mizruchi & Fein, 1999).

In this study, the mimetic isomorphism can help understand the criteria by which the selected company appoints to implement a certain standard. It can help answer the question if the company’s sustainability efforts and sustainability reporting are driven by the actions of other companies in the same industry.

**Normative isomorphism**

Normative isomorphism has gained the most attention in the literature compared to coercive and mimetic processes (Mizruchi & Fein, 1999). As overlapping may be the processes of isomorphism, Dimaggio and Powell (1983) noted that normative isomorphism is the result of professionalism. This is to say, that professionals gain similar knowledge and skills from learning institutes and universities, therefore, no matter how diverse their organizations are, their methods and ways of solutions are similar (DiMaggio & Powell, 1983). Moreover, members of a profession interact
with each other within the industry through different associations, which also diffuses their ideas making them the professional norms (Mizruchi & Fein, 1999). Thus, in a simpler formulation, an organization’s operations can be influenced by its professionals’ experiences in the industry as well as their educational background.

Since the normative pressures are brought about by the profession, this theory can help understand the norms and standards with regard to the sustainability in the selected organization as to how they have been developed over the course of professionalization of sustainability in the company.

3.1.2. Decoupling

As the institutional pressures or standards force organizations on how they should perform and look, the organizations are faced with the problem of inconsistency between the external requirements and internal capability of fulfilling those requirements. To achieve legitimacy as well as stay efficient in the actual action, organizations decouple their practice from their structure (Greenwood et al., 2008). According to Boxenbaum and Jonsson (2008), decoupling can be a rational response to the institutional pressures that are harmful to the organization. By decoupling, organizations achieve legitimacy without actually practicing what it says they will. A proposition to decoupling is that the organizations that have decoupled their actions from their apparent structure, tend to avoid most of the scrutiny and inspections. (Boxenbaum & Jonsson, 2008)

In this study, the decoupling theory helps understand the difference between the company’s sustainability reporting and sustainability performance as is perceived by the respondents. This is to say, that if the selected company actually does what is written in the sustainability reports, or it is mere information to attract funds and gain legitimacy from other stakeholders.

3.1.3. Legitimacy

Legitimacy or organizational legitimacy refers to the cultural support for an organization for its existence, functioning, and jurisdiction. A completely legitimate organization is the one against which no questions are raised and is not confronted by any alternatives. (Meyer & Scott, 1983,
p.201). In simple words, legitimacy theory helps study the acceptance of an organization by all the stakeholders. The evolution of legitimacy theory has given us four dimensions of studying legitimacy, i.e. (1) regulative, (2) normative, (3) cognitive, and (4) pragmatic legitimacy (Greenwood et al., 2008, p. 52).

The regulative legitimacy refers to the adherence to legal regulations that are relevant to the context of the organization, for instance, national and industrial regulations with regards to labor practices, data protection, etc., and compliance to internal regulations such as code of conduct, corruption laws, etc. (Göcke et al., 2021). Normative legitimacy refers to the perceived compliance with the normative (moral) system of stakeholders, for example, a company’s compliance with ethical standards as required by stakeholders (Göcke et al., 2021). Cognitive legitimacy on the other hand helps understand the organizations’ activities in light of stakeholders’ expectations. This is mostly related to the organization’s performance (Cruz-Suarez et al., 2014). Pragmatic legitimacy refers to the organization’s capacity to achieve practical outcomes for its stakeholders (Göcke et al., 2021).

In this study, the legitimacy theory can help understand the reasons behind sustainability reporting by Samsung Engineering Co. Ltd. (SECL) and what drives the contents of their sustainability reports.

Moreover, the discussed dimensions of institutional theory help understand if the company is only conforming/ complying with the sustainability reporting standards, based either on isomorphic processes, legitimacy, or decoupling. Particularly in this case study it helps understand as to what factors lead the selected organization to apply the GRI standards. Adding to that, if the organization is only conforming / complying with standards alone and is taking the importance of sustainability for-granted at the core of its business. Also, does it then set a ceiling effect to the sustainability performance or does it also act partially as an incentive as well. This inference can help understand Wijen’s(2014) view on standardization and regulative measures as being sources of mere compliance and divergence from actual sustainability goals.
4. Research Methodology

The following chapter discusses the selected research methods and philosophy for this project. The project is aimed at answering the following questions i.e., if the organization is willing to (or can) do more or less than what is required to be reported as per GRI Framework with respect to all dimensions of Sustainability (Environment, Social, Governance);

How is the shift from GRI general standards to Sector-Specific Standards perceived by the organization with regard to affecting sustainability performance? To answer these questions, I followed the ‘Research Onion’ levels (Saunders et al., 2019) to formulate a coherent research design.

4.1. Research philosophy

According to the ‘Research Onion’ by Saunders et al. 2019, the first layer of a coherent research design is understanding the research philosophy. Research philosophy is a system of beliefs and assumptions that lead to knowledge creation (Saunders et. al., 2019). That is to say, that research philosophy is at the source of the research question, data collection, and analysis.

Considering the research questions of this study, and the purpose of understanding how sustainability reporting standards are perceived by the organization, it seems more fitting that this research adopts an interpretivist research paradigm. Since the data collection (as mentioned in a later section) is based on the interviews and sustainability reports, the analysis is done by interpreting the content gained from those interviews and reports. This is to say, that according to the interpretivist view, this research shall interpret the view of respondents as to how they perceive sustainability reporting standards i.e., either as an incentive or a ceiling effect for sustainability performance. In this way, interpretivist view is used to interpret the experiences and narrative of the research participants to create a new and richer understanding of the context (Saunders et al., 2019, p.149). I believe that this research will also create new knowledge in terms of studying ‘Sustainability Reporting Standards’ and explore a new dimension of it being a ‘Ceiling effect’ or not w.r.t. Sustainability efforts of the company.
4.2. Research Approach

The research question in this study are aimed at understanding how standardization of sustainability reporting is perceived, either incentive or as a ceiling effect. Based on the questions, the research will adopt an abductive approach to theory building. As this research does not build on testing and existing theory (deductive approach), neither does it build on examining data before coming to a theoretical framework (inductive approach), the theory building approach goes back and forth from theory beforehand, and then data analysis to theory. This approach, where combining the inductive and deductive, is called the abductive theory building (Suddaby, 2006).

Following the abductive approach, institutional theory is studied before collecting the data, and data is analyzed before coming up with a definitive answer to underlying phenomena of research questions i.e., the importance of sustainability reporting for the company, how it perceives the reporting standards (either as incentive or ceiling effect for the sustainability efforts), and a prognostic perception of a shift from general standards to sector-specific standards.

4.3. Methodological Choice

Furthermore, based on the research philosophy and the research approach, it is also important to select the most appropriate methods for the study. Looking back at the research questions of this study, a complex phenomena is intended to be studied that requires an in-depth knowledge of how a company perceives a certain standardization of reporting, I would use qualitative research methods. Statistical methods ignore the complexity, persona, and context of the study. So, to deal with these phenomena and the multitude of factors that can otherwise be not ascertained by statistical numbers, a qualitative approach is required (Gummesson, 2006).

Within the qualitative methods, Case studies are useful strategies in order to study processes in companies and also for explanatory purposes (Gummesson, 2000, p.85). The case study is a better strategy to use when studying a phenomenon in its real-life setting and the researcher does not have control over any variables (Saunders et al., 2019). Therefore, in this paper, I shall conduct a case study to have an in-depth answer to the research questions whereby having no control over any variables in the context of the case. I intend to present an exploratory case of Samsung Engineering’s adaptation of GRI Guidelines and then its intended shift to Sector-specific standards.
later on. The research is conducted using a multi-method data collection in qualitative study, in which semi-structured interviews and content from available sustainability reports are analyzed.

4.4. Research strategy

As mentioned in an earlier section, the main research strategy that will be used is the case study. Case studies are in-depth inquiries into a phenomenon within its real-life setting (Yin, 2018). In this study, an exploratory case study is conducted. The exploratory study helps gain an in-depth insight into the case by answering open-ended questions starting from “what” or “how”(Saunders et al., 2019). An exploratory case study helps understand an issue, a problem, or a phenomenon, such as if the researcher is not sure of its exact nature (ibid). In this study, it is understanding the standardization of sustainability reporting as either a ceiling effect or an incentive.

4.5. The Case Subject

The case subject in this project is Samsung Engineering, which is an Engineering Procurement and Construction (EPC) Oil and Gas Company with a project portfolio ranging from refineries, industrial projects, construction projects, and environmental projects. The company was founded in the year 1970, and since has delivered around one thousand projects. The headquarters of Samsung Engineering are based in Seoul, South Korea, however the project sites are around the globe. According to latest Sustainability report that was published in 2021, The company, as of December 31, 2020, has 5,602 employees (Samsung, 2021).

The relevance of selecting this corporation in this study is that it has been reporting its sustainability practices for almost a decade now implementing the GRI Guidelines, then the GRI Standards. It is also prospected that the company shall move towards implementing the Sector Specific Standards for Oil and Gas Corporations, that have been launched recently in October, 2021, by GRI.

4.6. Data Collection

Data collection in this case is composed of a combination of two different forms of data. First and foremost, three sustainability reports (SRs) from the years 2007, 2011, and 2020 are analyzed in order to see how the reporting has developed after applying the GRI standard. In addition to the
analysis of SRs, one-to-one interviews in a semi-structured setting, of the HSE Manager and Global Sustainability and Environment Manager, who are closely related to sustainability management, policy, and reporting at the corporate level are also conducted in order to have a deeper knowledge of how they perceive the standardization of sustainability reporting.

The interviews were conducted with preparation beforehand, as unprepared interviews are nothing but a waste of resource and opportunity (Hannabuss, 1996). Therefore, an interview guide was prepared with well-thought-out open ended thematic questions that could actually steer the conversation with interviewees in the desired direction. The interview guide was carefully created with keeping the prior research in mind (Rentizelas et al. 2020; Baden et. al, 2004) as well as the relevance of GRI framework for the company. To make sure that the interview questions were relevant to research topic and fully understandable by a respondent, the interview guide was thoroughly peer-reviewed. The guide contained following main themes i.e., (1) Introduction, (2) Sustainability at SECL, (3) Sustainability reporting and Frameworks at SECL, (4) Importance of GRI and (5) Shift to Sector-specific GRI.

The interviews were conducted through video call mediums such as Zoom and Skype and were recorded for the purpose of full transcription so that no perspective is missed out while writing down the findings and results of the study. The purpose of conducting telephone/internet-based interviews was that the interviewees are based in a very distant location, i.e., South Korea, and could not be reached physically in the given circumstances and period of time. Using telephone or internet-based interviews is a convenient way when there is distance between researcher and the interviewee and it is the only feasible way to conducting interviews (Saunders et al., 2019, p. 442).

4.6.1 Sampling

As the research is a single case study, the sampling of interviewees was done based on non-probability purposive sampling. Saunders et. al (2019) describe that the non-probability purposive sampling needs to be done by researcher’s own judgement based on the research questions. Purposive sampling is non-representative of all population however suffices to answer particular research questions. As this study investigates the case of Samsung Engineering in terms of its sustainability reporting and performance w.r.t GRI framework, I invited the participants that belong to sustainability department, have deep knowledge of company’s operations w.r.t sustainable development and have worked with sustainability reporting. The judgment of selecting
the sample was based on purpose of research as well as convenience, since two of the three participants I had prior work-related contact with. And the third participant was the product of snowballing technique where one of other participants recommended the third participant.

4.6.2 Initial Contact

Three prospected interviewees were initially contacted via their company e-mails and were informed with the reason of contact. A summary of the research purpose was presented and invitation for participation in the research interview was put forward. After receiving the agreement of participation in the form of e-mail, the participants were notified of the sub-topics that were to be discussed during the interview to avoid unprepared and irrelevant answers while the interview. However, the third prospect responded to e-mail after about two months, stating that they shall respond to interview questions via email. Therefore, the third interview became a text-based interview conducted via a series of emails.

4.6.3. Interviews

One-to-one interviews, in an online setting using video-calling mediums and email were conducted. One of the interviews was conducted through emails, and other two via Zoom and Skype. Use of different platforms was based on participant’s convenience.

Table 1: Respondent Profile

<table>
<thead>
<tr>
<th>Designation</th>
<th>Gender, Age</th>
<th>Roll in the company</th>
<th>Tenure at company</th>
<th>Time of interview</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate HSE Manager</td>
<td>Male, 42</td>
<td>Formulating HSE requirements for clients and contractors, as well as conducting safety and risk</td>
<td>15 years +</td>
<td>1 hour and 20 minutes</td>
</tr>
<tr>
<td>Role</td>
<td>Gender</td>
<td>Position Description</td>
<td>Tenure</td>
<td>Time of Interview</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>--------</td>
<td>---------------------------------------------------------------------------------------</td>
<td>--------</td>
<td>-------------------</td>
</tr>
<tr>
<td>Global Sustainability and Environment Manager</td>
<td>Male, N.A</td>
<td>Involved in the environmental and social performance for overseas plant group project.</td>
<td>7 years +</td>
<td>40 minutes</td>
</tr>
<tr>
<td>Senior Manager in HSE team</td>
<td>Female, N.A</td>
<td>Involved in environment-based management as well as compiling sustainability and annual reports.</td>
<td>12 years+</td>
<td>Text-based (5 email conversations)</td>
</tr>
</tbody>
</table>

This table presents the profile of respondents including age, gender, designation, roll in the company, tenure at the company and time of interview.

4.6.4. Sustainability reports

In addition to interviews, sustainability reports were downloaded from the official website of the company i.e., Publications - Archive - Media Center - Samsung Engineering. Since the company began reporting for international stakeholders based on GRI standards in 2011, reports prior to that period were asked to be provided from the participants. However, during interview and post-interview contact regarding sustainability reports prior to period 2011, different narratives were
given. For instance, during an interview, when asked about sustainability reporting prior to GRI, one of the participants said,

“I would say that we did the CDP reporting and we also had the CDP of projects before that…. Before coming onto the GRI reporting, we’ve been reporting in different ways. Those reports have been compiled in our annual reports. But the GRI, as I said, was tied to coming into the stock market internationally” CHSEM

The other participant on the other hand, when asked if there was no sustainability reporting prior to GRI, said,

“No, no that was when they started doing the GRI reporting and the public disclosure. Um… they… I think in terms of being read for the Dow Jones sustainability index. And it goes back to 2004, 2005”. GSEM

However, around a month after doing follow-ups in attaining a report before the period of 2011, one of the participants sent the sustainability report from the year 2007 which was in Korean and was required to be translated.

Table 2: Analysed Reports

<table>
<thead>
<tr>
<th>Report</th>
<th>Reporting period</th>
<th>Publishing year</th>
<th>Language of Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020 Samsung Engineering</td>
<td>2020</td>
<td>2021</td>
<td>English</td>
</tr>
<tr>
<td>Sustainability Report</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011 Samsung Engineering</td>
<td>2011</td>
<td>2012</td>
<td>English</td>
</tr>
<tr>
<td>Sustainability Report</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007 Sustainability Report</td>
<td>2007</td>
<td>2008</td>
<td>Korean</td>
</tr>
</tbody>
</table>
This table presents reports that were analysed, their reporting period, publishing year and the
language in which reports were written.

4.7. Ethical Considerations

When conducting interviews, in a research setting, it is immensely important to consider ethical
implications. The general principles regarding ethical issues that should be considered while
conducting interviews are the privacy and dignity of the interviewee, the process should pose no
harm, and confidentiality of the research findings (Punch, 1986, p. 35). Based on these principles,
the interviewees were notified to be entitled to complete anonymity and naturally, they can opt-
out of the interview at any time they feel uncomfortable. Moreover, the EU’s General Data
Protection Regulation (GDPR) has been adhered to while processing any personal data related to
interviewees. This means that any form of personal data collected for the study is solely used for
the study itself, and that the participant had all the right to withdraw from participation or make
any requests for the correction of their personal data. (Södertörns Högskola, 2020)

4.8. Data Analysis

As mentioned earlier that the study is based on qualitative research consisting of interviews as well
as sustainability reports as data sources, the data analysis is also done accordingly using content
analysis. Firstly, the reports are analyzed with a coding method using GRI oil and gas sector-
specific indicators to analyze how the reporting had developed in Samsung Engineering over time
and what differences are present in the reports based on research questions. The data from
interviews is coded in alignment with the theoretical framework and literature.

4.8.1. Interview analysis

The following steps were conducted for analysing the interview data.

1. The interviews were recorded and saved with the name of job title of the respondent along
with the date on which the interview was conducted. For instance the file name for Global
Sustainability and Environment Manager’s interview was Interview-
GlobalSustainabilityManager-230322.
2. After recording the interviews, they were fully transcribed in word files and were named by the initials of designation of participant. For instance the file name for Global Sustainability and Environment Manager’s interview was InterviewTranscript-GSEM.docx.

3. Thematic analysis was done according to Braun and Clarke’s (2006) six step thematic analysis process. Firstly, familiarizing with the data by reading and re-reading along with listening and watching the recorded interviews. Secondly, initial codes were generated according to theoretical framework of this study. Thirdly, the data was searched for related themes as well as other relevant themes were noted that emerged while analysing the data. Fourthly, the generated themes were reviewed for relevance to study and irrelevant data was excluded. Then for the fifth step, relevant themes were given names, such as (1) legitimization, (2) isomorphism, (3) decoupling and (4) ceiling effect. Finally, a results and findings report was created using extracts from the thematically coded data that can be read in the next chapter.

4.8.2. Sustainability Reports Analysis

Three sustainability reports were taken for analysis based on the adoption of reporting standards’ time-line. This is to say that one report was taken from the period before shifting to international disclosure of sustainability. Another report was taken from the first reporting period after adoption of international disclosure through GRI guidelines, and the last report was taken from the very recent reporting period that is based on GRI standards. As analyzing sustainability reports along with conducting, transcribing and analyzing interviews, was an extensive process, no more than three reports were selected because of time limitation for the thesis period.

The content of reports was then analyzed based on the topics of GRI-sector standards. This is done in order to differentiate between the information that is present in the current reports from what is perceived to be reported after applying the sector-specific standards in next reporting period. Before commencing the analyses, the content of oldest report was translated using Google translate, tallying the GRI index at the end of the report to GRI G3 reference list, and finally
verifying any ambiguities in the translated text by one of the Korean speaking participants. Following is an illustration of how the reports were analyzed in tables.

<table>
<thead>
<tr>
<th>GRI O&amp;G KPIs</th>
<th>Reporting Period</th>
<th>Present</th>
<th>Not Present</th>
<th>Particular KPI Included/Excluded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Topic 11.1 GHG Emissions</td>
<td></td>
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<tr>
<td>Topic 11.2 Climate adaptation, resilience, and transition</td>
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<tr>
<td>Topic 11.3 Air emissions</td>
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<tr>
<td>Topic 11.4 Biodiversity</td>
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<tr>
<td>Topic 11.5 Waste</td>
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<tr>
<td>Topic 11.6 Water and effluents</td>
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<tr>
<td>Topic 11.7 Closure and rehabilitation</td>
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<tr>
<td>Topic 11.8 Asset integrity and critical incident management</td>
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<tr>
<td>Topic 11.9 Occupational health and safety</td>
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<tr>
<td>Topic 11.10 Employment practices</td>
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<tr>
<td>Topic 11.11 Non-discrimination and equal opportunity</td>
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<tr>
<td>Topic 11.12 Forced labor and modern slavery</td>
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<tr>
<td>Topic 11.13 Freedom of association and collective bargaining</td>
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<td>Topic 11.14 Economic impacts</td>
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<td>Topic 11.15 Local communities</td>
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<tr>
<td>Topic 11.16 Land and resource rights</td>
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<tr>
<td>Topic 11.17 Rights of indigenous peoples</td>
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<tr>
<td>Topic 11.18 Conflict and security</td>
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<tr>
<td>Topic 11.19 Anti-competitive behavior</td>
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<tr>
<td>Topic 11.20 Anti-corruption</td>
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<tr>
<td>Topic 11.21 Payments to governments</td>
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<tr>
<td>Topic 11.22 Public policy</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>EXTRA INFORMATION</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

This table presents the analysis table of sustainability reports as how they were analyzed based on sector-specific topics of GRI oil and gas standard.

The analysis table depicts four columns, whereby the first column shows topics of GRI sector-specific standard for oil and gas industry. The second and third column is to check mark if the key performance indicators (KPIs) in corresponding topic exist in the report or not, respectively. The fourth column may describe if any particular KPIs from the corresponding topic are either included in the report or excluded. In the end, the last row of the table explains which information is present in the report that is beyond the consideration of GRI sector-specific standard topics.

Why sector-specific standard?

GRI sector-specific standard for oil and gas industry is more of a compilation of KPIs from general standards; the KPIs that are relevant for the aforementioned industry. The reports that are analyzed are based on general standards, and the intention to tally reports compared to sector-standard is to know what efforts, and information is already reported that might not have been in the sector-
specific standard. This way, it helps to see if the company is already doing and reporting more (or less) than that is considered to be relevant for the industry.

Since the KPIs of sector standard are already present in the general standard, it is easy to analyze the report using GRI index at the end of the report. This is to say, that which KPIs, that are reported according to general standard and are not part of GRI sector-standard but are still reported by the company. The analysis of reports, however, was done only after analysis of interview data. Meaning, that findings from the interviews informed that the company shall adopt GRI sector-specific standard in the next reporting period, which led to analyzing the reports based on sector standards.
5. Results and Findings

This chapter presents the case company’s profile followed by the results and findings derived from both the interviews as well as the sustainability reports that were analyzed. The data from the interview transcripts is presented based on the themes of interview guide as well as sub-themes that emerged during the familiarization process. The findings from sustainability reports are then presented by taking the content of reports against the topics covered in GRI oil and gas sector-specific standards as a base. Each report is seen under the lens of those topics as to which information/sustainability efforts are reported that does or does not belong in the sector-specific standard.

5.1. Samsung Engineering

Korea Engineering was established in 1970 in South Korea as public ltd. Company. Later it was acquired by Samsung in 1978 and was named Samsung Engineering. The company is an Engineering-Procurement-Construction and Management (EPC&M) corporation that provides services from feasibility studies, engineering solutions, procurement, project management and construction of facilities for oil & gas projects. These projects include oil & gas processing facilities, refineries as well as petrochemical facilities. The projects are related to hydrocarbons (petroleum and natural gas) and thus the company comes under the oil and gas industry.

Apart from hydrocarbons, the business portfolio of the company also includes various industrial projects such as manufacturing facilities for pharmaceuticals, electronics companies, electromechanical manufacturing facilities etc. Moreover, the portfolio includes environmental projects mostly water-treatment plants. However, these projects do not come under the Oil and Gas division of the corporation and are smaller projects.

In recent years the company has also started to leverage for the Carbon-Capture-Use-Storage technologies in order to address the GHG emission goals as per Paris Agreement.

5.2. Findings from interviews

The data from the transcripts of two video interviews and a text-based interview that was conducted through email was analyzed based on the theoretical framework of this study as well as
the concept of the ceiling effect. However, in this section, I present the findings based on the interview guide’s themes.

5.2.1. Participants’ introduction

The first respondent was a male aged 42 and is designated as Corporate HSE Manager at Samsung Engineering headquarters in Seoul, South Korea. He has worked in the company since 2005 in the Middle East and in 2008 was posted at the headquarters. His main role involves, during the first six months of basic design engineering of the project, conducting multiple workshops, including risk workshops, health and safety, impact assessment, environmental impact assessment, and ENVID (environmental impact identification). He along with his team also conducts an occupational health risk assessment and multiple other workshops on what will be the outcome of the project and how is it going to impact the environment, people, and community. He is also involved in business development where he needs to find new clients, bid the projects, prepare tender requirements, and so on, so he is actively in contact with clients as well.

The second respondent was also a male and is designated as the Global Sustainability and Environment manager at the company’s headquarters. He is responsible for environmental and social performance of plant group projects that are predominantly overseas. He has served the company for more than seven 7 years and has been part of International Finance Corporation (IFC) performance standards and Environment Health and Safety (EHS) guidelines revision 2012.

The third respondent was a female and had been designated as a Senior Manager in the Health, Safety and Environment (HSE) team for over 12 years. She had been in charge of environment-oriented sustainability management and was involved in the preparation of sustainability reports and annual reports. She also managed external disclosures on the website and response to external evaluations such as Dow Jones Sustainability Index (DJSI), Carbon Disclosure Program (CDP), and MSCI world index etc.

5.2.2. Participants’ view of sustainability

Two of the participants gave their different views on sustainability during the interview. The main take-away however from their statements was similar to that of Brundtland Report’s (1987)
definition of sustainability. This is to say that sustainable development is “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. For instance one of the participants noted that,

“And sustainable development is, in my views something that, you kind of keep recycling stuff and not making... or making less impact on the planet. You are still developing but you are making less impact on the planet, you are making less impact on the species, you are making less impact on human.” CHSEM. The other participant noted that “Corporate Social Responsibility I see being related to being a good corporate neighbor,...And sustainability is a overarching concept, having... incorporating environmental, social and economic.” GSEM

However, it was also noted during the interviews that the respondents feel that conducting sustainable development is not an easy task. It seemed that they understand the severity of problem yet know that it is a very difficult challenge to take up since an abrupt change is not possible. For instance one of them said that, “Its not the easiest thing in the world to do especially when you look at the.. the resource usage that there currently is. Um.. look at the various countries’ ecological and environmental footprints and you see that they are way far out of balance. And the rebound thing is not gonna be easy. “ GSEM

One of the participants, that responded in a text-based interview did not have a clear answer to how they understand, or what is their view of sustainability. Rather the question was rendered by making it more about the respondent’s educational background and experience in the field of sustainability, for instance, while answering the question “what is your view of sustainability?” this was the reply,

“I graduated from the master's program in 2005 with a thesis on research on the development of sustainable indicators, and worked as a sustainability management consultant at a Korean and multinational consulting firm. Since 2006, as a consultant, I have been consulting on sustainability management strategy establishment and sustainability report. Also, as an auditor belonging to a global certification body, I have the qualifications to perform the verification of greenhouse gas data, sustainability report and CDP climate change report.” SMHSET

This answer was extremely irrelevant to what was asked. However, the reason for this can be that the correspondence with this participant was done via a series of e-mails. This process takes a lot
of time and therefore the participant can lose their interest as well as focus while answering the questions in a text-based email interview (Saunders et al., 2019, p.478).

5.2.3. Sustainability and reporting at SECL

The data regarding sustainability and reporting at SECL is divided into three categories in order to create coherence while presenting the interview data. These three categories are (1) sustainability reporting timeline, (2) sustainability reporting frameworks, and (3) factors leading to sustainability and reporting.

1. Sustainability reporting timeline

SECL began reporting sustainability from the period 2011. This was the first time a sustainability report in English was published for international stakeholders. Prior to that, sustainability was only being reported locally, mostly in the Korean language. This was noted during the interviews as well as verified by looking at the published sustainability reports. The respondents however had varying views regarding the reports prior to the 2011 reporting period. Following were the views of respondents while describing the sustainability reporting timeline;

“Since 2011, SECL has recognized the importance of sustainable management, established a sustainable management system, published the first report, and started responding to external evaluations such as DJSI. Previously, we built an IT system to collect environmental data, established and achieved environmental goals such as greenhouse gas and energy, and participated in the CDP climate change since 2009” SMHSET

“That, I don’t know. Uh.. longer than I’ve been here. Um so... at least 10 years that they’ve been reporting both in terms of the GRI standards and the Dow Jones Sustainability index. So they... they have been reporting for quite a considerable period of time...” GSEM

When asked about if 2011 was the first ever period when they began reporting any kind of sustainability efforts, the respondents mentioned that it was even being conducted quite some time before the aforementioned period. For instance the global sustainability manager said,

“no that was when they started doing the GRI reporting and the public exposure. Um... they... I think in terms of being read for the Dow Jones sustainability index. And it goes back to 2004, 2005,
something around that time. But that did not necessarily include the full disclosure to the level that they do now. But there was surely some disclosure to financial industries”. GSEM

Before conducting interviews, it was assumed that sustainability might have been reported under the name of corporate social responsibility (CSR), before the proper disclosure in 2011. The assumption was based on the factor, that some of the archived reports/presentations from the period before 2011 contained financial data regarding donations by the company. In an instance, to verify the assumption, when asked, the Corporate HSE manager mentioned that CSR was being taken care of by the human resources (HR) department, “Yeah, we have been doing the corporate social responsibility CSR…. Used to be... as I said in the... in the old mindset the CSR activity was part of the human resources.” It was also mentioned that the CSR reports were part of the annual reports before shifting to GRI standard. “Before coming onto the GRI reporting, we’ve been reporting in different ways. Those reports have been compiled in our annual reports.” CHSEM. However, this statement could not be verified by looking at the reports/presentations from the period before 2011.

Although, there was no published data about it, the CHSE manager mentioned that in 2017 a committee for CSR was formed within the HR department that carried out campaigns based on CSR, “Back in 2017, Samsung engineering has made a separate organization out of the human resources, a separate organization as the CSR organization. Those people do domestic campaigns and overseas campaigns” CHSEM.

Therefore, it was found out that the timeline for sustainability reporting by SECL though began somewhere before 2011, however a proper disclosure was commenced only after the year 2011 based on regulatory requirements.

2. Sustainability reporting frameworks.

It came to knowledge during the interviews that Samsung Engineering, though using GRI as main guideline for their sustainability reports, also considers other reporting frameworks/standards. For instance, two of the three participants mentioned the membership to Dow Jones Sustainability Index (DJSI) and that SECL has been conducting external disclosures based on DJSI. Following are the extracts from interview transcripts that mention the adoption of DJSI,

“... They’ve been reporting both in terms of the GRI standards and the Dow Jones Sustainability index.” GSEM
“Since 2011, SECL has recognized the importance of sustainable management, established a sustainable management system, published the first report, and started responding to external evaluations such as DJSI” SMHSET

Apart from GRI and DJSI, the company also considers other reporting standards while conducting sustainability reporting. These standards include Carbon Disclosure Program (CDP), United Nations Sustainable Development Goals (SDGs), Taskforce for Carbon-related Financial Disclosures (TCFD) and Sustainability Accounting Standards Board (SASB) reporting standards. The senior manager in HSE, who was also responsible for compiling sustainability reports, mentioned as follows,

“Regarding sustainability reporting, we are participating in DJSI and CDP Climate Change and reporting sustainability according to SASB and TCFD. In addition, sustainability is communicated through business reports, website and media.” SMHSET

Similarly, the CHSE manager also mentioned the frameworks that SECL is reporting in consideration with, “... for instance we do the carbon disclosure of our projects and it’s called CDP. We have been awarded multiple times nationally and internationally on the CDP reporting. You have to do your CDP... SDGs which are your sustainable development goals. We have to report... um.. we have to comply with the GRI guidelines. So, our sustainability reports... you know consist all that data”. CHSEM

The reference to other sustainability reporting and accounting frameworks was verified even in the recent sustainability reports. For example in the report pertaining to period 2020, has referred to CDP, SDGs and TCFD alongside GRI. Nevertheless, the report is built and indexed on the basis of GRI guidelines. Hence, it was found out the despite having referred to other standards, GRI remains the main framework for reporting sustainability in SECL. As the global sustainability manager mentioned, “...so essentially we do report to other standards but our sustainability report is based on the GRI” GSEM.

3. Factors leading to sustainability and reporting

This was one of the most valuable part of interview data, as it provides an insight into factors leading to sustainability reporting and sustainable development in one of the least sustainable industries. These factors help understand the reasons behind compliance and conformity to
standards. Statements that identified the factors that lead SECL to report sustainable development were accumulated in a separate document. Following is the data presentation of factors leading to sustainable development and sustainability reporting at SECL.

3.1. Local laws and regulations

One of the factors that affect company’s decisions on sustainable development and sustainability reporting are the local laws and regulations. This is to say that, depending on the size of a company, local laws require them to perform sustainability reporting. For instance, the companies that are listed on Korean stock exchange, are required to report sustainability on a regular basis. For instance, the global sustainability manager mentioned, “And the law has very very recently changed here so that all companies listed on the Korean Stock Exchange will have to carry out sustainability reporting but there’s quite a long leading period before that’s fully implemented. So, it’s gonna be implemented based on the size of the company.” GSEM.

Similarly the corporate HSE manager also mentioned that it is a requirement for the companies to report sustainability once they are listed on the stock market. He said, “So once, the companies go to the stock exchange, they list themselves as an open stock in the stock market, they are bound to report their sustainable values or their sustainable data into the GRI” CHSEM. This statement also implied that one of the criterias to selecting a reporting framework is that it is regulated by the laws and regulations. However, there are frameworks, as mentioned in the earlier section that are being considered by SECL, are voluntary such as the SDGs, and might be used because of other reasons that will be discussed in the analysis section.

There were other instances where it was noted that governmental regulations and law play a great role while adopting sustainability reporting. The large corporates are held accountable for any non-compliance w.r.t. local laws. The corporate HSE manager mentioned at one place, “But then corporates like us we are also accountable to make sure that we comply with the domestic laws and regulations and also some of the laws and regulations which are relevant to our industry.” Moreover, the local laws and regulations vary for each country that the company operates in. For example, the requirements for local community efforts will be different in Korea than that in any other developing country. The CHSE manager mentioned at one instance that, “…the compliance requirements vary from country to country even in certain cases, region to region within the country so all those aspects we have to check. So we have to make sure that we have to comply
with everything and at the end of the day completing those projects.” Therefore, it was found that the local laws and regulations play a very important role when it comes to sustainability efforts and then reporting of it.

3.2. Contractual requirements

The second leading factor that could be ascertained while familiarizing with interview data, was the contractual requirements by suppliers, vendors, or clients. This is to say that, with increasing awareness and external pressures like laws and regulations, the clients of the EPC also put forward requirements related to sustainable development while stepping into a contract with the company. For instance, it was mentioned in an interview, “There are contractual requirements now... so this is how things are changing. There are contractual requirements now that contractor: us, have to make sure that if there is no hospitals; so, during the time of the project, we have to build a hospital and then once we go out of the country, once we finish the project, we have to donate or handover that hospital facility...a running hospital to the community” CHSEM. Another example of contractual requirements was given that, “... I’m not naming any country here but you won’t actually believe in what they put in the contractual requirements. They just say that we have to use solar energy for the temporary electricity because they don’t want to use the hydropower or coal power.” CHSEM

3.3. Financial factor

The third, very prominent factor that drives sustainability and reporting in the company is the financial factor. It was evident through various statements that the company’s sustainability is a lot more driven by financial factors than any other factors. In an instance, when asked about the importance of sustainability at SECL, the global sustainability manager mentioned that, “it is primarily I would say, financially driven as both lending companies and investment companies have an increasing focus on environmental, social and global interest than the companies themselves who need access to financial capital.” This is to say, that lending institutions such as World Bank, International Financial Corporation (IFC), etc have increasing requirements with regard to sustainable development. So if the company wishes to acquire funds from such financial institutions, it would have to comply with the requirements posed by those institutions.
The financial factor also overlaps with the contractual requirements. Meaning, to win a contract and earn from the project, the company must comply with those requirements. It also helps in gaining new clients and bidding for a better sustainable project. As it was said in the interview, “...The other benefit... this is the cost benefit like you can make more money. So, it’s in the financial sector, you can be more distinctive and say.... Tell your clients we can do this better, we can make it even better.” CHSEM

Moreover, the sustainability and its reporting is coerced in a way that in case of non-compliance the company has to face some sort of penalties, most likely financial penalty. This implies even carbon taxation, and other fines if the company does not comply with regulatory requirements. For instance, a participant noted in the interview,

“Compliance laws and regulations, actually they are kind of you know a carrot and a stick in both hands. It tells you that we will reduce your taxes, we will give you certain monetary benefits. But at the same time, it has got a stick of penalties and there are monetary penalties on the companies. The corporate sector was hit... in recent years with so many penalties, so many fines have been done by different regulatory organizations from around the world and within the countries themselves; from their ministries. So, it’s like a carrot in one hand and a stick in the other hand.” CHSEM

3.4.Survival in the market

The fourth factor that was noted is survival in the market. This implied sustainable development as well as the selection of a framework for sustainability reporting. The company’s ESG efforts are not only affected by state laws, finance and contractual requirements, but also by the notion that they need to survive in the market and stand out as a sustainable EPC.

“...we have to make sure that we are taking care of the environment and we are taking care of the welfare of the social workers and the people around us. We can only survive in the market if we are serious about environment.” CHSEM

Sustainability compliance not only helps the company conform to laws and regulations but also align with new clients and gaining trust in the market. It depicts that the company is considerate enough to take care of ESG pillars. Talking about the advantages of sustainable development and sustainability reporting, a participant mentioned,
going back to your question, why sustainability is important. There are too many factors. It gives you trust in the market. It gives you trust among the client, it also aligns you with new investment partners and you kind of report your data into high-quality data.” CHSEM

Sometimes, however, companies tend to manipulate the information provided in sustainability reports in order to attract the stakeholders in the market. As discussed in the literature, Cho et. al.(2015) meant that it is beneficial for companies to have a spurious facade in order to persist in the market context. A similar finding was made during the interview. Speaking about sustainability reporting at SECL, a participant noted that, “...there is a lot of spurious statements made to try and give the impression that the companies are doing something in those fields but its very easy to realize which ones have value and which ones are just statements made to try and please somebody but as a concept of implementation, it has very little value” GSEM

Hence, based on various statements from the interviews, the major factors that affect or lead sustainable development and reporting were found to be the following four, i.e., (1) local laws and regulations, (2) contractual requirements, (3) financial factors and (4) market survival.

5.2.4. Importance of GRI

Despite having a reference for TCFD, SASB and CDP in the sustainability reports, there was no elaborate information on which particular KPIs were addressed in alignment with these standards. When asked about this, one of the respondents answered,

“The one which goes for public disclosure is reported to the GRI standards. But I do have to say that the verifying body, it comes in to verify before we issue our report, also verifies the SASB and TFCD parts of our sustainability reporting as well. They are not, in their entirety, reported publicly” GSEM

Therefore, it is to say that other reporting standards are being incorporated as well, however, GRI remains the main guideline for public disclosure.

As GRI was found to be the main guideline / standard on which SECL’s sustainability reporting is based, it was further inquired if it were being seen as a reporting tool alone or more than that. The GRI standard in some way has worked also as sustainability management tool. This is to say, that it may not only be a standard on ‘what’ and ‘how’ to report, rather it also streamlines the
management of sustainability at SECL. For instance, one respondent said in the interview, “... It is clear that the GRI standards are not just reporting standards, but have also provided a direction and guide for implementing sustainable management.” SMHSET

Within sustainable management, it was noted during the interviews that GRI has helped streamline company’s sustainable management by introducing the relevant topics that the company was not focusing on before applying GRI guidelines. One of the participants mentioned the topics that were not taken care of before adopting GRI guidelines, “GRI has given us some key topics that we were doing before or we were not focusing on those topics before. For instance your organizational structure, your leadership, your campaigns, your emissions to the environment, your spending of the energy, your... so it also told us that we could make expenditure of energy more efficient or more better. So, energy efficiency was one of the things that we have realized in practice after reporting this GRI standards” CHSEM

Moreover, it also helped benchmark company’s own performance in the market as one of the respondents said, “it actually helped us you know.... To do a benchmark within the market” CHSEM.

5.2.5. GRI sector-specific standards

When asked about shifting to GRI sector-specific standards, the respondents had a positive overview regarding shift. This is to say that it seemed positive that the company shall shift from general GRI standard to sector-specific standard in the next reporting period. However, since the company’s portfolio is not only confined to oil and gas, there will be a combination of Sustainable Development Goals (SDGs), TCFD and GRI oil and gas sector standards.

Mentioning the application of a more industry specific reporting standard, it was noted that the participants perceive it as being beneficial. That is to say, that industry-specific standards streamline the sustainability information as to what is specific to the particular sector, and leaves out the ‘un-important’ disclosures that are not supposed to be considered by the sector. Speaking about the complexity caused by GRI general standard, a participant mentioned, “GRI is quite detailed, quite complex. And its entirety doesn’t lead itself to simplification. Although one of your further questions later of your focus areas (talking about GRI-sector standards) I think will help streamline that.” GSEM
As the GRI-sector specific standard, in the original document, relates each topic with sustainable development goals; the participants find it even more beneficial based on that. This is to say that by adopting sector-specific standards, it will be easier for the company to steer the sustainability report based on SDGs as well. The GSE manager also mentioned in an instance, when speaking of pros or cons of sector-specific standards such,

“I don’t see that… as in… currently there isn’t too many negative from following the oil and gas guidelines. I guess in many ways it streamlines the approach in process, the way it breaks it down, the way it ties in with the sustainable development goals and the way that it provides additional information that’s oil and gas specific, I think it can all be a benefit to our sustainability reporting. And again, because of the way its laid out, it sure will streamline our reporting by making us focus on the things which are important within the oil and gas industry”

GSEM

It also came to knowledge that shifting to sector-specific standards may also improve data and reporting accuracy. This can imply, that previous reports may have lacked the accuracy in data that the company perceives not to be relevant to the industry. For instance, the CHSE manager said, “Advantages would be data, analysis of the data or the people who review the data, it will be more sector specific and the data accuracy may increase. The data input and accuracy and the way it is taken in the market, it may increase…. You know... as a value or the authenticity of the data.”

Other than streamlining the industry-specific sustainability KPIs and improving data accuracy, the trend factor also plays a great role in shifting to sector-specific standard. Different institutions such as SASB, ISSB along with GRI are adopting sector segmentation in sustainability reporting standards. One of the participants mentioned it while discussing industry-specification within sustainability reporting, “The recently released ISSB Sustainability Disclosure Standard also adopted the SASB Standard, which provides standards for 77 industries, giving strength to ESG information disclosure according to industry-specific standards. I see segmentation as an overall trend.”

SMHSET
5.3. Findings from Sustainability reports

The selected sustainability reports are analysed based on the topics of GRI sector-specific standard for oil and gas industry. All three reports were created using GRI guidelines. The reports from 2007 and 2011 are based on GRI G3 guidelines, whereas the report from 2020 is based on GRI standards 2016. Before hopping onto findings, I present short descriptions of GRI G3, GRI reporting standards 2016, and GRI sector-specific oil and gas reporting standard.

GRI G3 guidelines

G3 guidelines were an updated version of G1 and G2 sustainability reporting guidelines, launched in 2006 by the Global Reporting Initiative. These included elaborate guidelines for sustainability reporting ranging from report’s content management, materiality, company profiling and all indicators related to environmental, social and governance aspects of sustainability.

GRI standards 2016

In the year 2016, GRI launched the sustainability reporting standards. These standards, compared to the guidelines had a better modular structure. The standards are divided into different modules including three universal standards and 33 topic related standards (DFGE, 2016). The universal standards include (1) requirements and principles for using GRI, (2) disclosures about the organization, and (3) disclosures about material topics. The topic standards are divided into three groups namely economic, environmental and social standards (GRI, 2020). The topics and related KPIs are elaborate and flexible for all businesses.

GRI sector-specific oil and gas standard

The GRI oil and gas reporting standards are a part of a sector program by GRI where more than 40 sector-specific reporting standards are in pipeline (GRI, n.d.). These were one of the first sector standards that were launched in the year 2021 along with an update in the GRI universal
standards (Ibid). The standard is an elaborate guide for reporting sustainability for the companies that identify as part of the oil and gas industry. It states 22 topics that are likely material topics for the industry. It should be noted that with most of the topics’ guidelines, it is mentioned that ‘If the organization has determined (topic’s name) to be a material topic, this sub-section lists the disclosures identified as relevant for reporting on the topic by the oil and gas sector’ (GRI, 2021). This implies that it is the company’s choice to either identify a topic as material or not, which in this case was another important finding.

The standard encompasses following 22 topics with relevant performance indicators/disclosures for the sector i.e., (1) GHG emissions, (2) Climate adaptation, resilience, and transition (3) Air emissions, (4) Biodiversity, (5) Waste, (6) Water and effluents, (7) Closure and rehabilitation, (8) Asset integrity and critical incident management, (9) Occupational health and safety, (10) Employment practices, (11) Non-discrimination and equal opportunity, (12) Forced labor and modern slavery, (13) Freedom of association and collective bargaining, (14) Economic impacts, (15) Local communities, (16) Land and resource rights, (17) Rights of indigenous peoples, (18) Conflict and security, (19) Anti-competitive behavior, (20) Anti-corruption, (21) Payments to governments, and (22) Public policy. A reference list for all the relevant disclosures and performance indicators can be seen in GRI 11: Oil and Gas Sector 2021 that is available for free download on GRI official website. The KPIs in the GRI sector-standard topics are part of general standard, however, particular to the oil and gas industry. This means, that it is more of a compilation of relevant KPIs taken from GRI general standards. Only a few new KPIs have been introduced as part of sector standards. For instance, the first topic in the GRI sector standard 11.1: GHG Emissions holds a compilation of disclosures from GRI general standards “302 Energy” and “305 Emissions”. A tabular illustration of the comparison of topic 11.1 with General GRI disclosures is given as under.
### Reporting on GHG emissions

If the organization has determined GHG emissions to be a material topic, this sub-section lists the disclosures identified as relevant for reporting on the topic by the oil and gas sector.

<table>
<thead>
<tr>
<th>STANDARD</th>
<th>DISCLOSURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI 3: Material Topics 2021</td>
<td>Disclosure 3-3 Management of material topics</td>
</tr>
<tr>
<td></td>
<td>Additional sector recommendations</td>
</tr>
<tr>
<td></td>
<td>• Describe actions taken to manage flaring and venting and the effectiveness of actions taken.</td>
</tr>
</tbody>
</table>

### Management of the Topic

<table>
<thead>
<tr>
<th>STANDARD</th>
<th>DISCLOSURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI 3: Material Topics 2021</td>
<td>Disclosure 3-3 Management of material topics</td>
</tr>
<tr>
<td></td>
<td>Additional sector recommendations</td>
</tr>
<tr>
<td></td>
<td>• Describe actions taken to manage flaring and venting and the effectiveness of actions taken.</td>
</tr>
</tbody>
</table>

### Topic Standard Disclosures

<table>
<thead>
<tr>
<th>STANDARD</th>
<th>DISCLOSURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI 302: Energy 2016</td>
<td>Disclosure 302-1 Energy consumption within the organization</td>
</tr>
<tr>
<td></td>
<td>Disclosure 302-2 Energy consumption outside of the organization</td>
</tr>
<tr>
<td></td>
<td>Disclosure 302-3 Energy intensity</td>
</tr>
<tr>
<td>GRI 305: Emissions 2016</td>
<td>Disclosure 305-1 Direct (Scope 1) GHG emissions</td>
</tr>
<tr>
<td></td>
<td>Additional sector recommendations</td>
</tr>
<tr>
<td></td>
<td>• Report the percentage of gross direct (Scope 1) GHG emissions from CH₄</td>
</tr>
<tr>
<td></td>
<td>• Report the breakdown of gross direct (Scope 1) GHG emissions by type of source (stationary, combustion, process, fugitive).²</td>
</tr>
<tr>
<td></td>
<td>Disclosure 305-2 Energy indirect (Scope 2) GHG emissions</td>
</tr>
<tr>
<td></td>
<td>Disclosure 305-3 Other indirect (Scope 3) GHG emissions</td>
</tr>
<tr>
<td></td>
<td>Disclosure 305-4 GHG emissions intensity</td>
</tr>
</tbody>
</table>

The illustration above shows the disclosures to be conducted by oil and gas company for GHG emissions.
The illustration above is the excerpt from GRI general consolidated standards for the topics of energy and emissions.

As it can be seen in the above illustrations that in the general standards there are many disclosures to be conducted under the topics of energy and emissions separately, however in the sector-specific standard, a few disclosures from both are compiled under one topic of GHG emissions. Similarly, other sector-specific topics also contain disclosure KPIs from general standards along with a few newly introduced disclosures. Therefore, it was deemed easier by my own judgement to conduct analysis in this way to see if the company has already reported more than the industry relevance or not, based on the standards. Moreover, some information that was not part of any of the standards, for instance reporting on pandemic relief activities, digitalization, management innovation etc. was noted based on my subjective observation as well as tallying with both the standards.
An analysis table is created for each report whereby the first column from left to right shows the material topics of GRI oil and gas standard; the second column shows if the topic is present in the sustainability report then it is marked with X; the third column shows if the topic is not present in the SR; and the fourth column identifies particular KPIs that might be included for a topic that is not wholly present in the report, or excluded from a topic that is present in the SR.

Findings from SR 2007

The sustainability report from the year 2007 was prepared based on the GRI G3 guidelines that were launched in 2006. This implies that SR 2007 would be the first ever sustainability report that might have been published by SECL. This can also be confirmed by the data acquired from interviews, since the interviewed personnel did not mention a specific time when the sustainability reporting started at SECL. However, it was mentioned that the first international disclosure was conducted in 2011, and some time earlier than that sustainability was reported locally. As the G3 guidelines only landed the market in 2006, it does not seem possible to have reported earlier than that. Below is the analysis table for the sustainability report 2007.

Table 4. Analysis table of SR 2007

<table>
<thead>
<tr>
<th>GRI O&amp;G KPIs</th>
<th>Year 2007</th>
<th>Present</th>
<th>Not Present</th>
<th>Particular KPI Included/Excluded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Topic 11.1 GHG Emissions</td>
<td>X</td>
<td></td>
<td></td>
<td>exc = flaring and venting</td>
</tr>
<tr>
<td>Topic 11.2 Climate adaptation, resilience, and transition</td>
<td>X</td>
<td>NA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Topic 11.3 Air emissions</td>
<td>X</td>
<td>x = assessment of health and safety impacts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Topic 11.4 Biodiversity</td>
<td>X</td>
<td>inc = mention of importance only</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Topic 11.5 Waste</td>
<td>X</td>
<td>NA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Topic 11.6 Water and effluents</td>
<td>X</td>
<td>inc = water consumption</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Topic 11.7 Closure and rehabilitation</td>
<td>X</td>
<td>NA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Topic 11.8 Asset integrity and critical incident management</td>
<td>X</td>
<td>NA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Topic 11.9 Occupational health and safety</td>
<td>X</td>
<td>Mention of HSE standards like OSHA, and NIOSH</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Topic 11.10 Employment practices</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Topic 11.11 Non-discrimination and equal opportunity</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Topic 11.12 Forced labor and modern slavery</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Topic 11.13 Freedom of association and collective bargaining</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Topic 11.14 Economic impacts</td>
<td>X</td>
<td>inc = economic value generated, order backlog</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Topic 11.15 Local communities</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Topic 11.16 Land and resource rights</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Topic 11.17 Rights of indigenous peoples</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Topic 11.18 Conflict and security</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Topic 11.19 Anti-competitive behavior</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Topic 11.20 Anti-corruption</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Topic 11.21 Payments to governments</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Topic 11.22 Public policy</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EXTRA INFORMATION</td>
<td></td>
<td>Materials used, recycled material, environmental costs incurred, HSE management innovation, projects information</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The sustainability report 2007 turned out to be the most minimalistic report out of all three reports that were analyzed. The report is about 40 pages long including all the appendices. This in itself depicts that the report does not contain elaborate information regarding sustainability activities in the company given the size and portfolio of the company. Apart from business information, organizational structure, and economic value etc, the information in the report mostly focused on occupational health and safety, greenhouse gas (GHG) emissions and some mention of biodiversity. Though the report is based on G3 guidelines, the GRI index of the report shows that out of a number of performance indicators, only a few were reported in the report. Comparing the indicators of oil and gas standards with what was reported in 2007, it was found that only 3 relevant topics were appropriately covered in the report i.e., (1) GHG emission, (2) air emission and, (3) occupational health and safety. Other than that, a lot of information was provided on the profile of the company for instance organizational structure, economic performance, order backlog (monetary value of working contracts), and various projects in different countries.

The purpose of analyzing sustainability reports was to ascertain which information is being provided other than that is required by the oil and gas standard; which in turn could then imply that in some areas of sustainability the standard can pose a ceiling effect on sustainability in the organization. However, the findings from the report 2007 depicted otherwise. The information that was beyond the oil and gas standard was a few KPIs namely ‘materials used’ , ‘recycled material’, ‘management innovations in HSE’ and some information on the ongoing projects and relevant occupational health and safety concerns. It turned out that these KPIs were part of G3 guidelines and were not beyond the standard that the report was prepared on the basis of.

Since the available information in the 2007 report was very minimalistic concerning the oil and gas standard, the GRI G3 index was then tallied with the G3 reference list to see the compliance of the report with those guidelines. It was found out that from a long reference list of performance indicators, the report only contained a few environmental indicators, only two labor practices indicators and one product responsibility indicator. This showed that despite using an elaborate set of guidelines for sustainability reporting, the company chose to address only a few disclosures as material topics for the company.
Findings from SR 2011

The SR 2011 was the first sustainability report that was published after the company was listed on international stocks. The report, although based on the same GRI G3 guidelines, was more elaborate than the 2007 report. It was an 80 pages long report including all the appendices. The appendices included GRI application check certificate from GRI other than GHG assurance statement, company profile and review opinion from third party. It was an important finding that despite using the same guidelines/framework, both the reports 2007 and 2011 were immensely different from each other. Following is the analysis table of the 2011 report.

Table 5. Analysis table of SR 2011

<table>
<thead>
<tr>
<th>GRI O&amp;G KPIs</th>
<th>Present</th>
<th>Not Present</th>
<th>Particular KPI Included/Excluded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Topic 11.1 GHG Emissions</td>
<td>X</td>
<td></td>
<td>Ex= Flaring and Venting</td>
</tr>
<tr>
<td>Topic 11.2 Climate adaptation, resilience, and transition</td>
<td>X</td>
<td></td>
<td>Inc= GHG reduction</td>
</tr>
<tr>
<td>Topic 11.3 Air emissions</td>
<td>X</td>
<td></td>
<td>Inc= projectbased desulfurization etc.</td>
</tr>
<tr>
<td>Topic 11.4 Biodiversity</td>
<td>X</td>
<td></td>
<td>ex= management of topic, red list species, significant impacts</td>
</tr>
<tr>
<td>Topic 11.5 Waste</td>
<td>X</td>
<td></td>
<td>ex= waste breakdown, waste impact</td>
</tr>
<tr>
<td>Topic 11.6 Water and effluents</td>
<td>X</td>
<td></td>
<td>Inc=water consumption and discharge</td>
</tr>
<tr>
<td>Topic 11.7 Closure and rehabilitation</td>
<td>X</td>
<td></td>
<td>NA</td>
</tr>
<tr>
<td>Topic 11.8 Asset integrity and critical incident management</td>
<td>X</td>
<td></td>
<td>NA</td>
</tr>
<tr>
<td>Topic 11.9 Occupational health and safety</td>
<td>X</td>
<td></td>
<td>NA</td>
</tr>
<tr>
<td>Topic 11.10 Employment practices</td>
<td>X</td>
<td></td>
<td>ex= notice period, supplier screening</td>
</tr>
<tr>
<td>Topic 11.11 Non-discrimination and equal opportunity</td>
<td>X</td>
<td></td>
<td>ex= incidents reported, proportion of senior management hired,</td>
</tr>
<tr>
<td>Topic 11.12 Forced labor and modern slavery</td>
<td>X</td>
<td></td>
<td>inc= operations identified for child labor and forced labor risks</td>
</tr>
<tr>
<td>Topic 11.13 Freedom of association and collective bargaining</td>
<td>X</td>
<td></td>
<td>NA</td>
</tr>
<tr>
<td>Topic 11.14 Economic impacts</td>
<td>X</td>
<td></td>
<td>NA</td>
</tr>
<tr>
<td>Topic 11.15 Local communities</td>
<td>X</td>
<td></td>
<td>inc= Social contributions (within and outside Korea)</td>
</tr>
<tr>
<td>Topic 11.16 Land and resource rights</td>
<td>X</td>
<td></td>
<td>(givensons info from an interview, a site in Vietnam)</td>
</tr>
<tr>
<td>Topic 11.17 Rights of indigenous peoples</td>
<td>X</td>
<td></td>
<td>(mentioned in the GRI index but not present in the report)</td>
</tr>
<tr>
<td>Topic 11.18 Conflict and security</td>
<td>X</td>
<td></td>
<td>(mentioned in the GRI index that company’s partners are responsible)</td>
</tr>
<tr>
<td>Topic 11.19 Anti-competitive behavior</td>
<td>X</td>
<td></td>
<td>NA</td>
</tr>
<tr>
<td>Topic 11.20 Anti-corruption</td>
<td>X</td>
<td></td>
<td>inc= Training about anticompetition</td>
</tr>
<tr>
<td>Topic 11.21 Payments to governments</td>
<td>X</td>
<td></td>
<td>(some overlapping information with topic 11.14)</td>
</tr>
<tr>
<td>Topic 11.22 Public policy</td>
<td>X</td>
<td></td>
<td>( company’s code of ethics does not allow political activities)</td>
</tr>
</tbody>
</table>

EXTRA INFORMATION

It was noted by tallying, that out of 22 topics of the oil and gas standards, at least eight were present in the report, and a few topics, though not wholly present, had some relevant KPIs in the report. For instance, the topic 11.2 Climate adaptation, resilience and transition was not completely present in the report however one of the relevant disclosures that is GHG reduction policy was mentioned in the report. Similarly, many KPIs relevant to topic 11.15 Local communities were not reported in 2011 however mention of social contributions towards local communities was made in the report.
The information was considerably increased in all dimensions of sustainability i.e. environment, social and governance (ESG) as compared to the previous report that was analysed. It was an important finding, that though both reports used same guidelines for disclosure, the format, level of information and third party-verification were highly improved in 2011. This may imply, that the G3 guidelines may not have relevant effect on the sustainability reporting rather the purpose behind reporting steers the information. This is to say, that since the company got listed in the international stocks, the stakeholder spectrum also enhanced and thus more sustainability efforts were reported to achieve business and investments. This finding aligns with the factors that were found in the interview analysis.

As the analysis included looking for information beyond the standard, there were a few things that were noted. The company reported all the awards received domestically as well as internationally. The GHG emission data was also verified by the DNV assurance institute, which is an independent assurance and risk management provider working in over 100 countries. Moreover, a breakdown of HSE data was done on the basis of country of operation, which was in fact not required by the G3 standard or the oil and gas standard.
Findings from SR 2020

The sustainability report 2020, unlike the other analyzed reports, was based on the GRI standards 2016. The GRI standard 2016 are an elaborate set of disclosure indicators that include reporting guidelines for environmental, economic, social and governance dimensions of sustainability. These standards are based on the principle of ‘what’ and ‘how’ to report. Below is the analysis table for the sustainability report 2020.

Table 6. Analysis table of SR 2020

<table>
<thead>
<tr>
<th>GRI/O&amp;G KPIs</th>
<th>Present</th>
<th>Not Present</th>
<th>Particular KPI Included/Excluded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Topic 11.1 GHG Emissions</td>
<td>X</td>
<td></td>
<td>flare, venting</td>
</tr>
<tr>
<td>Topic 11.2 Climate adaptation, resilience, and transition</td>
<td>X</td>
<td></td>
<td>internal carbon pricing</td>
</tr>
<tr>
<td>Topic 11.3 Air emissions</td>
<td></td>
<td>X</td>
<td>health and safety impacts of product and services (mentioned in GRI index)</td>
</tr>
<tr>
<td>Topic 11.4 Biodiversity</td>
<td>X</td>
<td></td>
<td>Ex-red list species (biodiversity is mentioned in report but not in the GRI index)</td>
</tr>
<tr>
<td>Topic 11.5 Water</td>
<td>X</td>
<td></td>
<td>water consumption, water discharge</td>
</tr>
<tr>
<td>Topic 11.6 Waste</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Topic 11.7 Closure and rehabilitation</td>
<td>X</td>
<td></td>
<td>employee skill development and transition assistance</td>
</tr>
<tr>
<td>Topic 11.8 Asset integrity and critical incident management</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Topic 11.9 Occupational health and safety</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Topic 11.10 Employment practices</td>
<td>X</td>
<td></td>
<td>new employee hires, minimum notice period, new suppliers screening</td>
</tr>
<tr>
<td>Topic 11.11 Non-discrimination and equal opportunity</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Topic 12.2 Forced labor and modern slavery</td>
<td>X</td>
<td></td>
<td>only mentioned prohibition of forced labor in report however no KPIs reported</td>
</tr>
<tr>
<td>Topic 11.13 Freedom of association and collective bargaining</td>
<td>X</td>
<td></td>
<td>only mentioned once in report but no KPIs reported</td>
</tr>
<tr>
<td>Topic 11.14 Economic impacts</td>
<td>X</td>
<td></td>
<td>proportion of senior management hired, proportion of spending on local suppliers</td>
</tr>
<tr>
<td>Topic 11.15 Local communities</td>
<td>X</td>
<td></td>
<td>grievances, actual and potential impacts</td>
</tr>
<tr>
<td>Topic 11.16 Land and resource rights</td>
<td>X</td>
<td></td>
<td>only instance was mentioned in interviews (Vietnam groves)</td>
</tr>
<tr>
<td>Topic 11.17 Rights of indigenous peoples</td>
<td>X</td>
<td></td>
<td>NA</td>
</tr>
<tr>
<td>Topic 11.18 Conflict and security</td>
<td>X</td>
<td></td>
<td>NA</td>
</tr>
<tr>
<td>Topic 11.19 Anti-corruptive behavior</td>
<td>X</td>
<td></td>
<td>NA</td>
</tr>
<tr>
<td>Topic 11.20 Anti-corruption</td>
<td>X</td>
<td></td>
<td>incidents of corruption</td>
</tr>
<tr>
<td>Topic 11.21 Payments to governments</td>
<td>X</td>
<td></td>
<td>financial assistance received from govt. and by country breakdown</td>
</tr>
<tr>
<td>Topic 11.22 Public policy</td>
<td>X</td>
<td></td>
<td>political contributions, (only mentioned association with different institutions)</td>
</tr>
</tbody>
</table>

The report was a 121 pages long document including all appendices. It was the most elaborate sustainability report out of all three analyzed reports. When tallied with the oil and gas standard, it came to knowledge that out of 22 topics, atleast 13 were included in the report with exception of some relevant KPIs. For instance, topic 11.1 GHG Emissions was reported with almost all relevant disclosures excluding ‘flaring and venting’. Flaring and venting was only recently added in the oil and gas standard as a relevant disclosure for the industry. A few of the topics that were not wholly included had some of the relevant KPIs in the report. For example, topic 11.7 closure and rehabilitation was not included in the report with relevant disclosures. However, one indicator was reported regarding site closure i.e., employees’ skill development and assistance in transition.

The information in the report was highly improved and looked much more enhanced with regards to the ESG dimensions of sustainability. Unlike other two reports, it contained economic indicators
related to sustainability, which are not only the part of GRI but also the TCFD standard that the company had recently adopted.

It was also tallied, if any ESG information was being reported beyond the GRI standard as well as oil and gas standard. It came to knowledge that the report contains the following information that was not required to be reported by the GRI.

1. Efforts in global crisis i.e., the COVID-19 pandemic, such as monetary and equipment donation and employee safety and health considerations etc.

2. A detailed account for digitalization in business processes for sustainable development was also provided.

3. The company went an extra mile to report local community expenses, volunteering activities, and by country mention of social contributions such as creating Hope libraries, water management for local communities etc, however this was referred to local communities KPI in the GRI index.

4. Apart from the GRI disclosures, the information was also aligned with (although not all) most of the Sustainable Development Goals (SDGs).

5. Third-party assurances and verifications were increased, for instance three different assurance stamps were present in this report unlike the other two reports.

6. Apart from GRI index, an index for TCFD and SASB standards was also given to navigate the information within the report based on these standards.

Considering the findings of all three reports, the sustainability reporting has improved over the period of time in SECL. The company has been using GRI as a guide to compile the sustainability reports ever since the sustainability reporting started. In the first two reports that were analyzed, the information had not exceeded the requirements of the standards in ESG, rather covered only a few disclosures as material topics. However, the recent report from 2020 included some information that was not part of GRI. This shows that the company has the potential of doing more than that is required to be reported by one standard. Moreover, it can also be directed by the motives that were found in the interview analysis. For instance an increase in the sustainability
requirements from laws and regulations, contractors, clients, suppliers, financial institutions and external pressures within the market.

It should be noted that even in the 2020 SR, not all topics from the GRI oil and gas sector were covered. This implies that some topics, that are relevant to the industry are not considered material by the corporation itself. However, with the adoption of sector-specific standard, the company might be able to streamline its sustainability reporting according to sector requirements.
6. Analysis and Discussion

This chapter presents the analysis based on the empirical findings as seen under the lens of theoretical framework in order to answer the research questions i.e. (1) Is the organization willing to (or can) do more or less than that is required to be reported as per GRI Framework, in terms of reporting and performance? and (2) How does the company perceive the shift from GRI general standards to Sector-Specific Standards with respect to sustainability performance?

6.1. Is the company willing to do more than that is required by the standards?

To address the first question, I analyze the findings based on dimensions of Institutional theory as they can give a general idea of organization’s behavior, i.e., if it is based merely on conformity/compliance (Greenwood et. al, 2008) then it is more likely that the organization is only willing to report and perform on the prescribed levels. Moreover, the findings are analysed based on the concept of ceiling effect to view if the GRI standard has proven to be an incentive that sets floor for sustainability reporting or a confined ceiling that may contain reporting at prescribed levels.

6.1.1 Legitimacy

Legitimacy is the cultural and societal support towards an organization for its existence, functioning and jurisdiction (Meyer & Scott, 1983). The company adopted sustainability reporting as part of local as well as international regulations as it was listed on the local and international stock markets. There are particular local regulations that bind the companies of this size to report their sustainability. So, it will not be wrong to say that all companies that belong to this sector with a similar size adopt sustainability reporting majorly because of regulations. This aligns with the concepts of regulative legitimacy, where companies adhere to legal regulations within the national or industrial context in order to keep functioning (Göcke et al., 2021).

The findings from interviews as well as sustainability reports suggest that sustainability reporting in the company is subject to achieving legitimacy in its industrial context. For instance, it was found that the company is supposed to engage in sustainability efforts as different standardizations require it to do so. Moreover, the company adheres to the requirements posed by the stakeholders such as financial institutions, contractor, suppliers and various clients. Seeking legitimacy from
stakeholders and adhering to the ethical compliance as expected by external stakeholders aligns with the concept of normative legitimacy (Göcke et al., 2021).

Building upon the theory of legitimacy, it was also seen that the company, in its recent report has published various external verifications of its sustainability data. For instance, the report of 2020 contained the GRI application certificate, where the company achieved a B+ grade in that certification. Getting verified by the GRI institute itself depicts that despite having reported the sustainability efforts, company strives to achieve legitimacy from the institutions that have credibility in the field. Moreover, on a local level, the earlier reports were also being reviewed and verified by local authorities.

Considering the findings from interviews, it can be seen that one of the objectives of reporting sustainability is the acceptance and survival in the market. Apart from regulative legitimacy, company also strives to achieve normative legitimacy by looking ‘good’ in the market and that the company’s actions are perceived as appropriate. There were instances where a participant mentioned how important it was to perform sustainably as to survive in the market, it clearly shows the efforts of the company to be legitimized as a sustainable oil and gas EPC company. The CHSE manager mentioned, “We can only survive in the market if you are serious about the environment and sustainable development.”

Therefore, the findings suggest that achieving legitimacy in the industrial context, be it regulative, normative or cognitive, is one of the major drivers of sustainability reporting in SECL. However, the research question requires to see if there is any relevance of adopting GRI particularly as reporting tool to achieve legitimacy. In this matter, it can be said that since GRI is deemed as one of the most accepted reporting tools and is most elaborate one, and is also accepted by stakeholders and investors as a guiding tool; the company’s adoption of GRI has definitely a relevance to legitimization of sustainability efforts.

6.1.2 Isomorphism
Isomorphism refers to the process of homogenization of institutions based on coercive, mimetic or normative processes (DiMaggio & Powell, 1983) as described in chapter 3. Building upon the above argument of legitimacy based on institutional pressures, the institutional thesis by Greenwood et. al. (2008) suggests that the organizations become isomorphic within their institutional context in order to achieve legitimacy. This provides survival benefits to the
organization (Ibid). While analysing the findings from sustainability reports as well as the interviews, patterns of isomorphism theory were noted.

For instance, it was noted that reporting sustainability efforts is part of regulatory obligation for the company if it remains listed on the local as well as international stock market. Moreover, the company is obliged to report sustainability because of the requirements posed by financial institutions that may fund company’s projects. Conforming to the requirements of institutions that the company depends on financially, aligns with the coercive isomorphism (Mizruchi & Fein, 1999).

Isomorphic processes seem to have an influence on company’s decisions regarding engaging in sustainability as well as adopting certain reporting standards. The global institutions have come up with various agreements and goals, however, there is yet a lack of clear course of action for the companies to achieve those goals. For instance, the Paris Agreement or COP26, the carbon reduction goals seem promising, but to achieve the net zero carbon in given period of time needs clear course of action. In the absence of a clear course of action, organizations tend to follow the actions of those that are deemed successful in the given industrial / social context. This mimicking of actions is known to be mimetic isomorphism in institutional theory (Mizruchi & Fein, 1999). Adoption of GRI reporting standards by SECL seems to be part of mimetic process. As around more than 70 percent of corporations have adopted GRI standard for reporting sustainability as compared to other standards such as TCFD, SASB and ISO (KPMG, 2020), SECL also jumped the bandwagon.

DiMaggio and Powell’s hypothesis for professional isomorphism states, “*The greater the extent of professionalization in a field, the greater the amount of institutional isomorphic change*” (DiMaggio & Powell, 1983, p.156), patterns were ascertained within this case. Sustainability reporting is now professionalized and various certifications, and professional education in sustainability accounting and reporting have hit the market. Not only university courses, but institutions like GRI itself provide professional certification programs (GRI, 2022). It could be seen that professionalization over the course of time, has improved sustainability reporting in SECL.
6.1.3 Decoupling

Considering the results from sustainability reports, it was seen that the reports have evolved to be more and more elaborate over the course of time. The changes in the reports tend to depict a drastic improvement in sustainability performance of the company. It is however not possible, with the current research design, to measure if the actual on-site sustainability work has improved or is it mere information that is communicated in the reports. Building upon the above arguments that the company’s sustainability efforts may be subjected to legitimacy and isomorphic processes, the institutional theory suggests that to achieve legitimacy as well as stay efficient in the actual action, organizations decouple their practice from their structure (Greenwood et al., 2008). In this particular case, we may also consider Wijen’s idea of decoupling theory, where he rebuttals the traditional decoupling, and suggests that conformity and compliance to standards increases so much so that it deviates the organization from focusing on the actual institutional goals hence decoupling action from goals (Wijen, 2014).

It is established, that sustainability reporting at SECL is subject to legitimacy and compliance with various regulations. There were however seldom instances that could imply that the company’s sustainability theory is decoupled from its actual actions. However, it was noted that sustainability efforts themselves are subject to financial and legal requirements. One of the participants mentioned that “But I’d say it’s financially driven. It’s my view. Something I have to report to the stakeholders and to the stock exchange, it’s not done on an altruistic basis.” GSEM.

The compliance requirements have recently become so elaborate that the company cannot avoid looking out for sustainable development. Moreover, the increased financial awareness and risk awareness connected to climate change has had a positive impact on the industry. As one participant mentioned, “It hasn’t been the core of the business goals. Um... it’s been a requirement of the stock exchange and it’s also a requirement of the... the ISO standards communication. That is changing because of the increased financial awareness or risks associated particularly with climate change um... the necessary adaptation and mitigation of risks that have to be adopted. So, we are beginning to take it more seriously”. GSEM

This analysis does not however account for decoupling between the practice and what is being reported in the SRs, because of methodological limitations.
6.1.4. Incentive or a ceiling effect?

With all the accumulated data from both sources, and the above analyses, the better way to analyzing the standardization of sustainability reporting is to do it in both ways. This is to say, that first I analyze, if GRI standard has in any way proved to be an incentive for the sustainability performance, and then build upon the existing arguments of legitimacy, isomorphism and decoupling to see if it poses any ceiling effect on the performance.

**Incentive**

Looking back at the timeline of sustainability reporting at SECL, it turned out that the organization, even before switching to international disclosures used the GRI guidelines to formulate their sustainability report. This means, that prior to GRI, the company had little idea on how and what to report based on sustainability data. It has helped the corporation in order to compile and report sustainability data in an appropriate way as well as been a mediary agent for initiating sustainability reporting on international level. Hence, proved to be an incentive as a guiding principle for sustainability reporting.

Moreover, the GRI standard not only was used as a reporting tool but assisted the corporation to manage sustainability. This is to say, that although, various other standards (ISO, SASB, World bank IFC best practice guideline, DJSI, MCSI etc) were being considered, GRI helped streamline the materiality of sustainability issues. As was mentioned in the findings, one of the participants said, “... It is clear that the GRI standards are not just reporting standards, but have also provided a direction and guide for implementing sustainable management.” SMHSET

It was also noted, that sustainability reports have developed to become better over the course of time as the GRI guidelines were updated to GRI standards. With an improvement in the standardization, the reporting has also improved, regardless of the fact the decoupling effect cannot be measured accurately in this case.

Hence, GRI reporting standards has proved to be an incentive in one way or the other for sustainability reporting and sustainability management in the SECL.

**Ceiling Effect**
With all the literature reviewed on ceiling effect in chapter 2, it can be said that the ceiling effect is an invisible barrier that can halt performance after reaching a certain level. The phenomena of ceiling effect here may be taken as described by Baden et al. (2009), Rentizelas et. al. (2020) or Hausknost (2020). Baden et. al. and Rentizelas et. al have similar view of a ceiling effect. They describe standardizations, regulations or institutional pressures as compliance mechanisms which can lead to holding sustainability performance at the prescribed levels. However, Hausknost (2020) describes the glass ceiling as a systemic pathway or a trajectory out of whose bounds it is not possible to perform. Meaning, that ceiling effect is not only a plain barrier, but a way of systems, which if not transgressed can halt performance.

In this research, it was meant to find out if the application of GRI standards keeps the company at prescribed levels of performing and reporting sustainability or not. Looking back at the findings, it can be said that the participants did not necessarily perceive the standardization to keep them only at prescribed levels of reporting. As it was mentioned that apart from GRI standards, other reporting tools are also being considered by the company that are not majorly for public disclosure rather financial institutions, such as the TCFD and SASB standards. However, the question is, if the company is indeed reporting beyond the bounds of GRI standards or not? The answer is, no. If we look at the findings from sustainability reports that were tallied with GRI 11: Oil and Gas Standard, we can clearly see that the information not only remained within the bounds of GRI, but was under-reported with respect to industry relevance as well as the used GRI guidelines and standards. Only very minor level of information regarding social section of ESG may be beyond bounds of GRI, but that is then subject to the general GRI standards that were being implemented. Hence, the company did not actually exceed the reporting standard. This depicted as well in the GRI indexes that were given at the end of each report.

While it is established that the company’s report stayed within the boundaries of reporting standard, it is difficult to say that the standard poses ceiling on the performance. The company did not consider every KPI to be material for sustainability issue which is reflected in the reports. This can depend on the scope of business operations, perspective on sustainability, motives behind pursuing sustainability reporting and so on. Moreover, even in the sector-specific standard, most materiality topics begin with the statement, ‘If the organization has determined (topic’s name) to be a material topic, this sub-section lists the disclosures identified as relevant for reporting on the topic by the oil and gas sector’ (GRI, 2021). This depicts that GRI is not binding the sector to
address each and every topic, rather the topics can be chosen by the company which it believes to be material issues. These material issues, as said earlier, have other drivers such as regulations, market trend, financial motives, stakeholder requirements and so on.

Based on the analysis, there are patterns that lead to dimensions of legitimacy, isomorphism and a smaller part of empirical findings relates to decoupling. This shows that the company’s general behavior towards standards is conformity. Be the standards in form of regulatory, contractual or market pressures, the company shall abide by the rules that it is presented to. Therefore, it can be said that organization may not be willing to report or perform beyond the prescribed levels of sustainability. However, it cannot be ascertained with this research if actual sustainability performance of the company aligns truly with what is being reported.

6.2. How is the shift from GRI general to sector-specific standard is perceived?

Regarding the shift from general to sector specific, participants’ response seemed positive, and it appeared that there is an ambition to address most of the sector-specific topics that GRI offers. So much so, that the responses depicted willingness to report more than what the oil and gas sector specific standard has to offer. However, the data from the reports showed otherwise. The information remained always within the bounds of the standards and various topics and KPIs were not considered material in early reports as based on industry relevance. But speaking of perception, the data from interviews suggested that GRI sector specific will only help the sustainability reporting to be more industry relevant.

The general GRI standards are much more elaborate and extensive, that it is very difficult to materialize each and every KPI by one company. However, there are chances that if the company shifts to sector-specific standard, as expected, the previous reports’ data as well as instances from interview data show that there might be conformity to the standards. As one participant mentioned, “...because of the way its laid out, it sure will streamline our reporting by making us focus on the things which are important within the oil and gas industry” GSEM. Hence, leaving out the elaborate general standards and focusing on the sector specific data alone. This can pose a ceiling, where the company would only focus on KPIs that it will select as material within the sector-specific standard. This narrative aligns with Hausknost’s (2020) description of the glass ceiling as
a trajectory. The perception of the shift, however, remains that of an incentive and that it is going to help streamline the information of sustainability reports for the company based on industry-relevance.
7. Conclusions

The research was aimed at finding if standardization of sustainability reporting can have a containing effect on sustainability performance and reporting or is deemed as an incentive, thereby answering the following questions; (1) if the organization is willing to do more or less than that is required to be reported, and (2) how does the organization perceive a shift from GRI general standard to sector-specific standard. It was found that, despite the apparent willingness of the company to do more sustainability work and go beyond standardization, the indicators in the report were underreported when tallied with the sector-specific standard. The following narrative emerged after analyzing findings from both interviews and sustainability reports’ data, which can be listed in the following points:

1. The participants perceived the standardization of sustainability reporting (particularly GRI) to be helpful in guiding what and how to report in terms of ESG.

2. The perception also notified that GRI not only helped as a reporting tool but also a guide to managing sustainability for the company.

3. Adoption of GRI as a reporting tool is subject to a mimetic isomorphic process since many stock-listed companies in the given context adhere to GRI, thus the selected company also does that.

4. Reporting sustainability, on the other hand, is subject to the various factors of which major factors are compliance with regulations, contractual requirements, financial motives, and market survival. These motives are somewhat similar to what Blaesing (2013) had pointed out.

5. Patterns of isomorphic behavior and seeking legitimacy were found both in interviews as well as reports. This implies compliance and conformity to institutional pressures (Greenwood et. al, 2008) that leads to the decoupling of performance from actual goals (Wijen, 2014).

6. It can be said, based on the findings, that there shall be mere compliance to reporting standard if the sector-specific standard is adopted. The company may seem to do (report)
more than that is being already reported, but it can seldom be that it shall do more than that the sector-specific standard states.

7. Thus, the standard may pose a ceiling effect on the sustainability efforts, but the ceiling is a little too high than the reach of the company’s current ability regarding sustainability.

7.1. Methodological Limitations

This research stands subjected to some methodological limitations that might have affected the findings of the study. The first and foremost challenge that a case-study research faces is that of generalisability of the findings. As the study is based on a single case in its contextual setting, it cannot be ascertained if the findings are accurate enough for another context. Case studies are criticised for their inability to provide generalisable, reliable, and theoretical contributions (Saunders et al., 2019; Lincoln & Denzin, 2011).

Moreover, the techniques that were used to collect interview data may have also affected the quality of some part of the data. For instance, one of the interviews was conducted through email based correspondence. This can open room for orchestrated answers because it gives a lot of time for reflection to the participant, as well as risks the focus and interest of the participant (Saunders et al., 2019). Furthermore, the research is based only on one reporting standard i.e., GRI, thus limiting the scope of research even more.

7.2. Academic contribution and Suggestion for further research

There has previously been research on role of standards and institutional pressures that affect organizational behavior in various ways. Such as, how ‘standards and institutional pressures lead to compliance mechanisms’ and contain the efforts at prescribed levels of standards (DiMaggio & Powell, 1983; Rentizelas et. al, 2020; Baden et. al, 2004; Michael, 2006). Different standards and institutional pressures have been studied in this regard. However, GRI one of the most studied standardization mechanism, has yet not been studied in the regards of institutional pressures. Therefore, this study contributes in the discussion by taking this particular standardization to see how the company responds to a sustainability reporting standard.
Because of the limitations that the research has faced, and the limited work that has been done on evaluating how standardization of sustainability reporting has affected sustainability performance on the ground level, I would suggest a more on-site internal and longitudinal research be conducted on this matter. This could enhance the knowledge in the field of standardizing sustainable development and could further lead to improvement in business models for the companies that today belong to less sustainable sectors.
References


Appendix 1- Interview Guide

Introductory Part

- Self-introduction
- Purpose of Research
- Mention of recording and GDPR guidelines
- Building rapport

Question 1

Please tell me a little about yourself, like age, gender, tenure at the company, and so on.

What is your role in the Sustainability department.

Sustainability And CSR at SECL

Question 2

What is your view of Sustainability? / How do you understand sustainability?

Question 3

What do you perceive is the importance of Sustainability at SECL?

Follow up… Do you believe there is a difference between CSR efforts and Sustainability efforts?

Sustainability Reporting and Framework
Question 4

How long exactly has your organization been reporting its CSR or Sustainability?

Follow up

Would like to see any CSR reports before GRI.

Question 5

I see that SECL’s current reports have intensively applied GRI Framework, I am curious to know what is the criteria for selecting a reporting framework when it comes to the Oil and Gas industry.

Follow up

Does it happen that oil and gas companies tend to copy each other in terms of using frameworks, or do they have their own criteria?

GRI perception

Question 6

Since there are many International Standards with regard to Environmental Management and Sustainability, how important do you believe the GRI framework is?

Follow up

Does your company consider GRI for formulating Sustainability management and policy? Or is it only being used as a reporting tool?

Question 7

Do you believe if there were no reporting standards on ‘what’ and ‘how’ to report, would your company still be interested in reporting Sustainability?

Question 8
If we look at the reporting guidelines, do you feel there is a need for improvement, and if so, which area of ESG performance indicators do you think require improvement in GRI?

**GRI Sector-Specific Standards**

**Question 9**

GRI Oil and Gas Sector-specific Standards will soon be effective next year, is SECL going to shift reporting from general to specific standards?

**followup**

Please elaborate on why? Do you think there are advantages/disadvantages to that?

**Question 10**

What sustainability efforts is SECL making without being part of GRI guidelines?