
Analysis on the Compliance of Sustainability Reports of Romanian Companies with GRI Conceptual Framework

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Abstract

Non-financial reporting has become a concern of managers because companies are evaluated financially, but also social. The objective of this paper is to show the degree of observance of the items within the Global Reporting Initiative (GRI), the understanding of the ESG dimension (environmental, social and governance) and the conformity of the sustainability reports with G4 GRI Standards, of the Romanian companies indexed on the official website of the Global Reporting Initiative (GRI). Thus, to achieve this objective, were analysed the companies indexed on the official website of the Global Reporting Initiative (GRI). The research method used is based on awarding scores for the level of compliance of the reports with a rating grid developed from the literature review. The case study highlighted three types of isomorphisation mechanisms: coercive, normative and the mimetic isomorphism mechanism, in order to produce sustainability reports. The study demonstrates the growing tendency of companies to publish sustainability reports in line with GRI Standards every year.

Keywords: ESG; GRI; isomorphism; non-financial reporting; Romania

JEL Classification: M14

To cite this article:

Marinescu, A-O., (2020), Analysis on the Compliance of Sustainability Reports of Romanian Companies with GRI Conceptual Framework, Audit Financiar, vol. XVIII, no. 2(158)/2020, pp. 361-375,
DOI: 10.20869/AUDITF/2020/158/011

To link this article:

<http://dx.doi.org/10.20869/AUDITF/2020/158/011>
Received: 3.11.2019
Revised: 17.02.2020
Accepted: 28.02.2020

1. Introduction

The growing evidence that corporate social responsibility (CSR) initiatives play an important role in non-financial disclosure. The CSR initiatives are represented by the improvement of the corporate reputation and the increase of the stakeholders' interest on the effect that the companies have on the society and the environment. Therefore, stakeholders are determined to require companies to have social and ecological behaviour. Corporate social responsibility (CSR) encourages companies around the globe to give special attention to the practices of reporting non-financial information.

The purpose of this study is to analyse whether the Romanian companies are focused on publishing sustainability reports, in order to obtain performance. Thus, the paper is structured as follows: in the second section the literature is reviewed, and afterwards it's presented the research methodology. The fourth section analyses the GRI items, followed by a discussion section, and the sixth section analyses the compliance of the sustainability reports with the GRI indicators and CNVM regulation 1/2006. The last section contains the conclusions and limitations of this study, as well as future research directions.

2. Literature review

Non-financial reporting is a strategic economic engine that paves the way for future success and sustainability (Healy and Palepu 2001; Verrecchia, 1993, Ortas et al., 2015). Non-financial reporting is determined by the aspects that impact on the average impact, as well as social aspects, due to their economic. Non-financial reporting determines companies to be more transparent, responsible for their overall performance and their impact on overvaluation, pursuing the goal of sustainable development (Hartman et al. 2007; Nielsen et al., 2007).

Non-financial reporting is a broad topic and may have different approaches depending on the corporation. One of the approaches to non-financial reporting that corporations adopt is how they report their non-financial activities. The strategic objective or competitive advantage that companies can obtain from non-financial reporting is a key-driver in their need to adopt or abandon reporting of non-financial information (Cummings et al., 2000; Greening et al., 2000).

Over the last 20 years, a large literature on non-financial reporting has appeared, along with several feasible frameworks for non-financial reporting and approaches. One of the most notable are the Global Reporting Initiative (GRI). GRI has issued the version of G4 standards, guidelines that can be applied to corporations of different sizes and locations (GRI 2018). GRI is a non-governmental organization launched in 1997 by the United States of America – from non-profit organizations "Ceres" (Coalition for Responsible Economies of the Environment) and Tellus Institute, with the support of the United Nations Environment Program (UNEP). It has launched an "exposure project" version of the Sustainability Reporting Guide in 1999¹, the first full version in 2000, the second version was launched at the World Summit for Sustainable Development in Johannesburg (2002). Although GRI is an independent body, it remains a collaborative centre of UNEP and works in cooperation with the United Nations Global Compact (UNGC)².

The GRI is the reporting framework that is widely recognized as a leader in the international standardisation of sustainability reports. (Bebbington et al., 2012; Mahoney et al., 2013). It is also considered the basis of the concept of sustainability, as it has a wide application in multinational companies operating in a variety of industries. (Joseph, 2012).

The institutional theory assumes that organisations adopt management practices that are considered legitimate by others, regardless of their real usefulness (Carpenter et al., 2001). Thus, stakeholder interest on the impact of entities on the natural environment forces companies to adopt new reporting practices (Hussain et al., 2002; Tsamenyi et al., 2006). From this perspective, reporting non-financial information is an important factor for a legitimization strategy as well as for managing corporate reputation (Clarke et al., 1999). Corporate social responsibility is considered an important channel for companies to communicate and persuade their multiple stakeholders that they are receptive to society, they have such concerns.

The reporting practices can be disseminated to organisations through three mechanisms: coercive;

¹ <https://www.sustainability-reports.com/global-reporting-initiative-gri-presents-exposure-draft-of-the-sustainability-reporting-guidelines/>

² https://en.wikipedia.org/wiki/Global_Reporting_Initiative

normative; and mimetic isomorphism (DiMaggio and Powell, 1983). DiMaggio and Powell, (1983), Jennings et al., (1995), Milstein et al., (2002) and Delmas, (2002) define „coercive isomorphism” as a result of government pressure, the capital markets or the wider society, such as the legal regulatory system in which the organisations operate, whereas Peng (2002) defines it as a result of informal game rules. „Normative isomorphism” is defined by DiMaggio and Powell, (1983) and represents the pressures exerted by the profession and the irregular organisations. Mimetic isomorphism is the company's tendency to imitate best practices, it helps entities gain legitimacy.

In Romania, the communication of non-financial aspects was voluntary until the appearance of Directive 2014/95/EU, with applicability from January 1st, 2017 and through OMFP 1938/2016, which introduced the "Non-financial statement" in the annual reports. The reporting of non-financial information in Romania is characterised by an increasing global influence, and the practices of non-financial reporting are closely linked to corporate sustainability. KPMG reports (2013) showed that 14% of the 100 largest companies in the world use the term "corporate responsibility", 25% of companies use "corporate social responsibility" and 43% of companies use "sustainability".

This study is focused on the general standards related to the reporting of non-financial information, respectively those that include the three pillars of sustainable development: financial, social and environmental. Regarding the evaluation of the overall performance of the company, Friedman (1970) considers that the reporting of non-financial information is an agency (*agency theory*) problem and suggests that this reporting has a negative effect on performance. financial because it involves costs. Brown et al. (2006), invoking the agency's cost theory, it indicates that managers can benefit from the use of firm resources through corporate philanthropy, while shareholders have losses through charitable expenses. Lee et al., (2009, 2018) and Barnea et al. (2010) considers that the leading companies in the field of corporate sustainability weaken the market portfolio and cease counterparties, which implies a negative effect of reporting non-financial information on performance. On the other hand, Freeman (1994) suggests that from the stakeholder' perspective reporting non-financial information has a positive effect on the financial performance of

companies. Because firms have relationships with different stakeholders. These relationships directly lead to improved relationships with stakeholders, leading to cost reductions and increased market opportunities. Statman et al. (2009) considers that companies with a high rating in reporting non-financial information generally offer higher returns than those that do not publish non-financial information. Jo et al., (2011, 2012) show that commitment to reporting non-financial information positively affects performance. Also, the publication of non-financial information increases the identification of the new stakeholders and their confidence, as well as the quality but also the results of the company (Su et al., 2017, You et al., 2019). Kim et al. (2017) found that there is a positive relationship between the perception of publishing non-financial information and between contract staff. Their quality, working conditions, leads to affective commitment, organizational behaviour and performance in the workplace.

Sustainability reports provide an overview of the organization in terms of its social activities and provide a supplement to the financial statements, providing information about a particular set of activities of the organization (Orhan et al., 2011). Sustainability reports reflect all ESG dimensions (see Table no. 1) of sustainable performance, and their reliability, objectivity and credibility are affirmed by ISO certifications and the GRI Reporting Framework. Therefore, sustainability reports are focused on performance management within the organization and stakeholder relationships (Thiel, 2020).

The ISO 14000 environmental standard and ISO 26000 regarding the disclosure of non-financial information provide the reports with an external assurance on the credibility and legitimacy of the management processes and the effective communication of the sustainable performance to all stakeholders.

This study shows the potential of companies indexed on the Global Reporting Initiative website to achieve performance by respecting and aligning with the principles of the GRI conceptual framework. This research contributes to a better understanding of the practices of reporting non-financial information in terms of compliance with the GRI framework, as well as demonstrating the degree of compliance of the sustainability reports of companies indexed on the Global Reporting Initiative (GRI).

Table no. 1. Items of GRI framework			
Financial	Environmental	Social	
GRI 102 General Disclosures	GRI 301 Materials	GRI 401 Employment	GRI 410 Security Practices
GRI 103 Management Approach	GRI 302 Energy	GRI 402 Labor/Management Relations	
GRI 201 Economic Performance	GRI 303 Water and Effluents	GRI 403 Occupational Health and Safety	GRI 412 Human Rights Assessment
GRI 202 Market Presence	GRI 304 Biodiversity	GRI 404 Training and Education	GRI 415 Public Policy
GRI 203 Indirect Economic Impacts	GRI 305 Emissions	GRI 405 Diversity and Equal Opportunity	GRI 416 Customer Health and Safety
GRI 204 Procurement Practices	GRI 306 Effluents and Waste	GRI 406 Non-discrimination	GRI 417 Marketing and Labeling
GRI 205 Anti-Corruption	GRI 307 Environmental Compliance		GRI 418 Customer Privacy
GRI 206 Anti-Competitive Behavior			

Source: Author's processing

3. Research methodology

The analysis of the Romanian companies was performed on an initial sample of 8 entities (see **Table no. 2**), indexed in the database of the GRI Sustainability Reporting Standards (GRI Standards) site and considering the information available on the websites of these entities (**Appendix 1**).

The selection process is based on five criteria:

- companies must belong to the category of large companies;
- companies must belong to Romania and the region – Europe;
- companies must publish according to GRI 4 standards indicators;
- companies must have sustainability reports for 2016 and 2017;
- the financial and non-financial information of the companies must be made public for the interested parties.

The purpose of this study is to analyse whether the Romanian companies are oriented to publish sustainability reports, in order to obtain the performance. To achieve this objective, we have proposed the following hypotheses.

H1: The Romanian companies indexed in the database of the GRI site comply with the non-financial reporting according to the GRI framework.

H2: The analysed companies obtain performance due to the use of non-financial information communication practices.

H3: Romanian companies present non-financial information as a result of a behaviour determined by an institutional isomorphism.

The reference years analysed are 2018, 2017 and 2016. The analysis resulted in a total of 22 sustainability reports, of which 16 sustainability reports were included in the analysis. The company SIVECO ROMANIA SA (SIV) was partially eliminated because it did not submit a report for 2017. Oltenia Distribution Company (CEZ Romania) joined the sustainability report for 2017 with the one for 2018 and GlaxoSmithKline Romania (GSK) joined the report. of sustainability from 2016 to 2017. Therefore, the companies listed above have not been eliminated because they present sustainability reports for at least one or two years: 2016 and 2017.

Table no. 2. The sample of Romanian companies indexed in the database of the GRI website

Name	Size	Sector	Region	Reports
Distributie Oltenia (CEZ Romania)	Large	Utilities	Europe	2017 – GRI-G4; 2016- GRI- G4
GlaxoSmithKline Romania (GSK)	Large	Care products	Europe	2015 – GRI – G4; 2014 – GRI – G4; 2013 – GRI – G4
KMG International (KMG)	Large	Energy	Europe	2018 – GRI – G4; 2017 – GRI – G4; 2016 – GRI – G4; 2015 – GRI – G4
OMV Petrom (SNP)	Large	Energy	Europe	2017 – GRI – G4; 2015 – GRI – G4
Raiffeisen Bank Romania (RBRO16)	Large	Financial services	Europe	2016 – GRI – G4; 2015 – GRI – G4
SIVECO ROMANIA SA (SIV)	Large	Other	Europe	2016 – GRI – G4; 2014 – GRI – G4
Telekom Romania (DTE)	Large	Telecommunications	Europe	2017 – GRI – G4
Ursus Breweries, a subsidiary of SABMiller plc.	Large	Food products and beverages	Europe	2016 – GRI – G4; 2015 – GRI – G4

Source: Author's processing

Also, in order to obtain a high-quality analysis, relevant, useful, consistent and comparable, we have also used the "Guide on reporting non-financial information", which shows that the objective of entities is to publish non-financial information (environmental, social and governmental issues) and Regulation of the National Securities Commission – CNVM no. 1/2006. The publication of non-financial information leads to economic growth in a sudden and sustainable way and ensures transparency for stakeholders. For the complete understanding by the stakeholders of the key components of an entity's value structure, the entities focused on voluntarily publishing information about non-financial reporting. Thus, the information on non-financial reporting allows the identification of the essential aspects and their evaluation.

The sustainability reports were taken from the GRI website, and in order to show "the conformity of the annual reports on the ESG Dimension", we adapted the methodology used in the study of Skouloudis et al. (2010). We have created a model based on scores from 1 at 3, applied on GRI indicators.

The GRI indicators were adapted to the reporting conditions of the Romanian companies, eliminating:

- GRI 408 Child Labor;
- GR 409 Forced or Compulsory Labor;
- GRI 419 Socioeconomic Compliance;

- GRI 308 Supplier Environmental Assessment;
- GRI 407 Freedom of Association and Collective Bargaining;
- GRI 414 Supplier Social Assessment;
- GRI 411 Rights of Indigenous Peoples;
- GRI 413 Local Communities.

In order to obtain a score of 3, companies must provide complete and systematic coverage of the analysed elements, score 2 is obtained by companies that partially comply with GRI requirements, for example, they do not provide detailed information and score 1 is obtained when one of the elements GRI was not mentioned or is presented generically in the statements (for example, they only presented the indicator regarding GRI elements).

4. Analysis of the GRI items

In order to determine the degree of adoption and compliance with the GRI requirements, we analysed the sustainability reports of the selected companies, published on the official website of the GRI database, as well as their website for three years: 2016, 2017 and 2018.

The compliance of the sustainability reports of the analysed companies was measured for the three dimensions (corporate, social and natural governance) using scores from 1 to 3, resulting in several charts. To

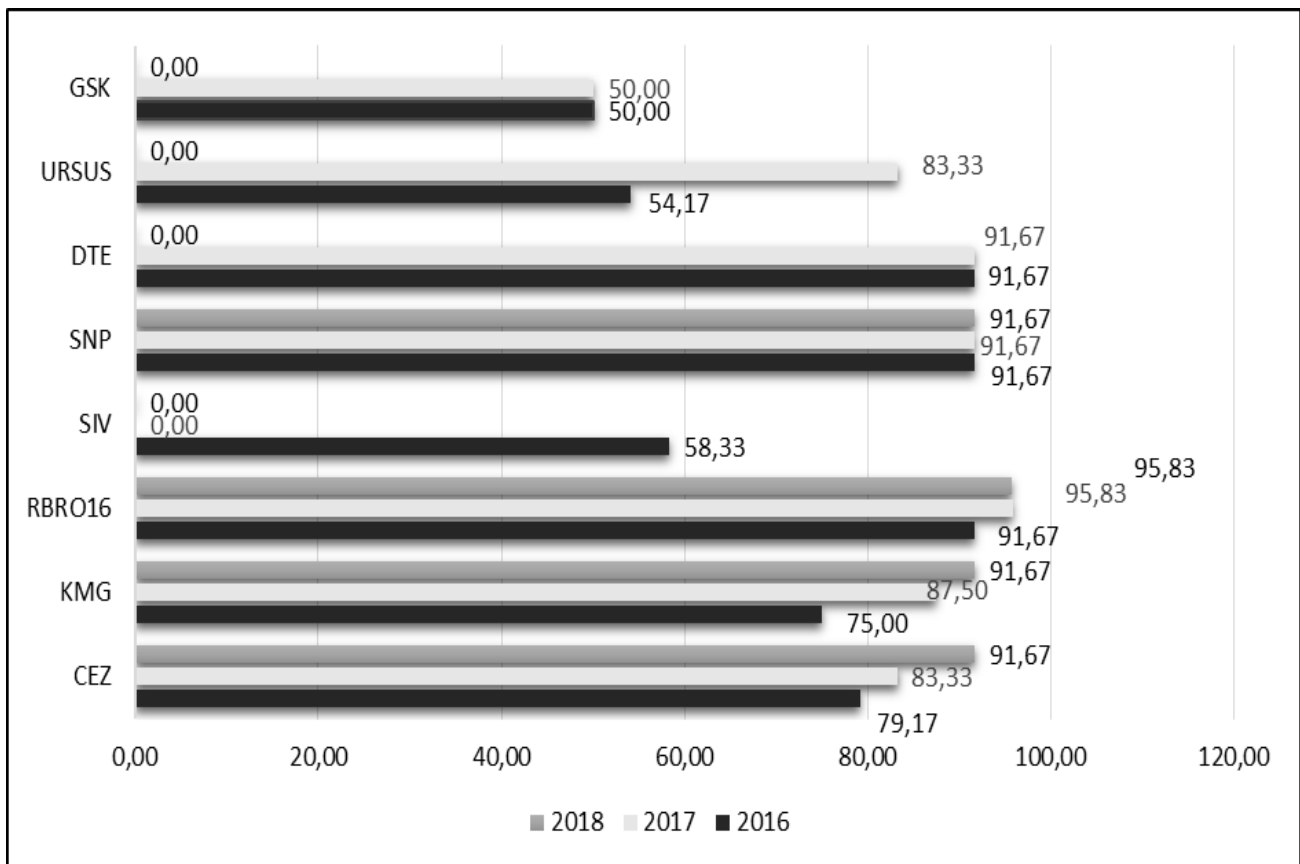
make the diagrams, we calculated the scores in relative values.

Chart no.1 presents the degree of compliance of the sustainability reports with the corporate governance elements required by the GRI for 2016, 2017 and 2018. The maximum score that a company could obtain for the compliance with the corporate governance elements required by the GRI is 24. Those 8 corporate governance indicators required by GRI for which we have given scores from 1 to 3 are: **GRI 102** General Disclosures; **GRI 103** Management Approach; **GRI 201** Economic Performance; **GRI 202** Market Presence; **GRI 203** Indirect Economic Impacts; **GRI 204** Procurement Practices; **GRI 205**

Anti-Corruption; **GRI 206** Anti-Competitive Behaviour.

We can see in *Chart no.1*, that the relative score regarding the compliance of the sustainability reports with corporate governance elements required by the GRI for 2018 was the highest obtained by the companies: Raiffeisen Bank Romania with 95.83%, followed by OMV PETROM, KMG International and Oltenia Distribution by 91.67%. In addition, we can note that the lowest percentage was obtained by GlaxoSmithKline Romania and SIVCO ROMANIA SA. The score of 50.00%, respectively 58.33%, obtained by the two companies is because they published sustainability reports only for 2016 and 2017, which shows that the orientation of the company to publish non-financial information is not a priority.

Chart no. 1. The degree of compliance with the corporate governance elements of GRI for the years 2016, 2017 and 2018



Source: Author's processing

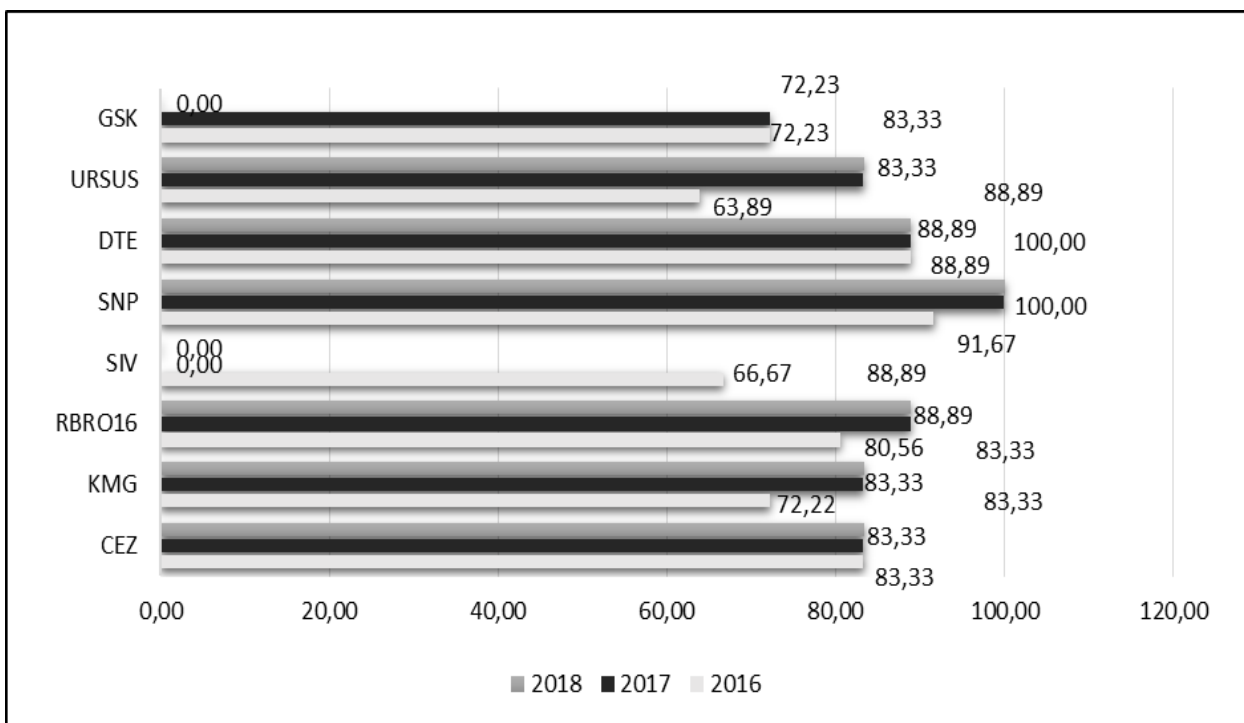
Chart no. 2 presents the degree of compliance of the reports on the social elements required by the GRI for the years 2016, 2017 and 2018. The maximum score obtained by a company for the social elements is 36. For 2018, the maximum score of 100% is obtained by OMV PETROM, which shows that this entity fully respects the twelve social elements required by GRI, respectively: **GRI 401** Employment; **GRI 402** Labor/Management Relations; **GRI 403** Occupational Health and Safety; **GRI 404** Training and Education; **GRI 405** Diversity and Equal Opportunity; **GRI 406** Non-Discrimination; **GRI 410** Security Practices; **GRI 412** Human Rights

Assessment; **GRI 415** Public Policy; **GRI 416** Consumer Health and Safety; **GRI 417** Marketing and Labeling; **GRI 418** Customer Privacy.

The second score was obtained by Raiffeisen Bank Romania, with 88.89% and by the companies KMG International and Distributie Oltenia (CEZ Romania) with 88.33%.

Regarding the company SIVECO ROMANIA SA we can note that for the social dimension of sustainability reporting it has a low score, obtaining 66.67%.

Chart no. 2. The degree of compliance of the GRI social items for 2016, 2017 and 2018



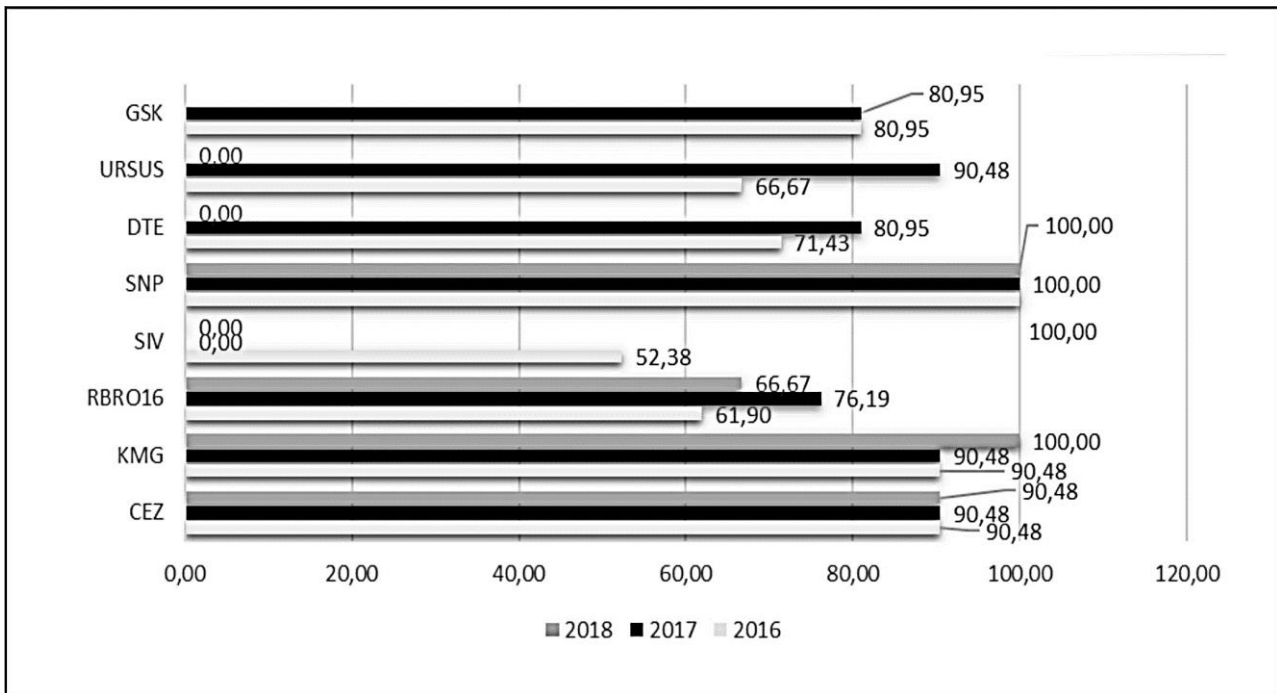
Source: Author's processing

In **Chart no. 3** presents the degree of compliance of the sustainability reports with the elements of natural environment required by the GRI, for the years 2016, 2017 and 2018. The maximum score for reporting the size of the natural environment according to the GRI for a company is 21. The seven indicators of natural environment for which scores from 1 to 3 were awarded are: **GRI 301** Materials; **GRI 302** Energy; **GRI 303** Water and Effluents; **GRI 304** Biodiversity; **GRI 305** Emissions;

GRI 306 Effluents and Waste; **GRI 307** Environmental Compliance.

For the year 2018, the relative maximum score of 100% regarding compliance with the seven GRI indicators regarding the dimension of natural environment is obtained by the companies OMV PETROM and KMG International. The second score is obtained by the companies Oltenia Distribution and Ursus, which have a score of 90.48%.

Chart no. 3. The degree of compliance of the GRI environmental items for 2016, 2017 and 2018



Source: Author's processing

5. Discussions

Following the analysis of the three ESG dimensions – social, environment and governance we can observe that companies are oriented to partially publish non-financial information in accordance with GRI. Partial reporting of non-financial information by companies is a phenomenon found by other authors, such as Crane et al. (2008) for European companies, Birth et al. (2008) for Swiss companies and Chan et al. (2005) for listed companies in Hong Kong. At the same time, the communication of non-financial information is essential to reduce the asymmetry of non-financial information (Narayanan et al., 2000). Providing non-financial information allows investors to better evaluate performance and to have a broader view of corporate performance (Holder-Webb et al. 2009), in order to make comparisons between entities in different industries (Riley et al. 2003).

In our study, the only Romanian company that achieves a balanced compliance of the reports reaching an average of 97.23% scores on the three ESG dimensions is OMV PETROM. This degree of compliance of non-

financial reports regarding compliance with the elements required by the GRI can be explained by the fact that OMV Petrom has voluntarily published sustainability reports since 2011. The voluntary behaviour of publishing sustainability reports before the adoption of Directive 2014/94 / EU underlines a mimetic isomorphic as well as coercive isomorphic behaviour, for the period when the sustainability reports became mandatory, through legal measures, starting with the reporting for 2017.

Apart from OMV Petrom which has a high degree of compliance on all three dimensions, we can note that for the dimension regarding the elements of natural environment the highest scores are obtained by the companies that are part of the industrial field. This high score of over 90%, even 100% obtained by OMV Petrom, can be explained by the fact that these companies must comply with the environmental legal norms (see *Chart no. 3*).

Thus, each sustainability report represents a well-structured basis of the materiality of performance in terms of sustainability.

6. Compliance of sustainability reports with the GRI indicators and CNVM regulation 1/2006

Currently, the communication of non-financial information is obligatory or voluntary, which is a common practice among entities to mitigate business costs and reduce information asymmetries. Also, companies are actively oriented to meet customers' needs and expectations by implementing social aspects to achieve business performance.

In *Chart no. 4* was calculated the average of the total scores of the three dimensions of non-financial corporate reporting for each year – 2016, 2017 and 2018 – in relative values, because the maximum possible scores are different. Comparing the three years we can see that the analysed elements increase every year, each company paying greater attention to these elements. For each company we calculated the average of the maximum scores of each dimension (financial, social and natural environment) in percentages.

As a result of the analysis, we can see that in 2017 and 2018 the companies are oriented towards providing higher compliance for the three ESG dimensions of non-financial reporting. In 2017 and 2018, the degree of compliance is higher than in 2016. Analysing the three years – 2016, 2017 and 2018 – it can be noticed that the indicators start to reach a maximum score of 3, so companies start to pay a higher interest. to this topic, to respect and publish information according to the three dimensions.

In 2016, for the social dimension, the score is 78.19%, in 2017 the score increases to 87.97%, and in 2018 it reaches 88.99%. The orientation of companies for the year 2017 is on the elements of GRI 403 Occupational Health and Safety and GRI 405 Diversity and Equal Opportunity, these ensuring a higher score, of maximum 2 or 3, according to the grid of scores.

However, the compliance of the Romanian companies with the three dimensions, as well as with the GRI standard in 2016, for the element of natural environment is very low, although the companies are obliged to comply with the environmental legislative norms, not giving enough attention to this element. In contrast, starting with 2017 and 2018, the orientation of companies to publish non-financial information on the natural environment dimension is increasing. The best scores awarded in 2017 are for GRI 303 Water and Effluents and GRI 307 Environmental Compliance, compared to 2016.

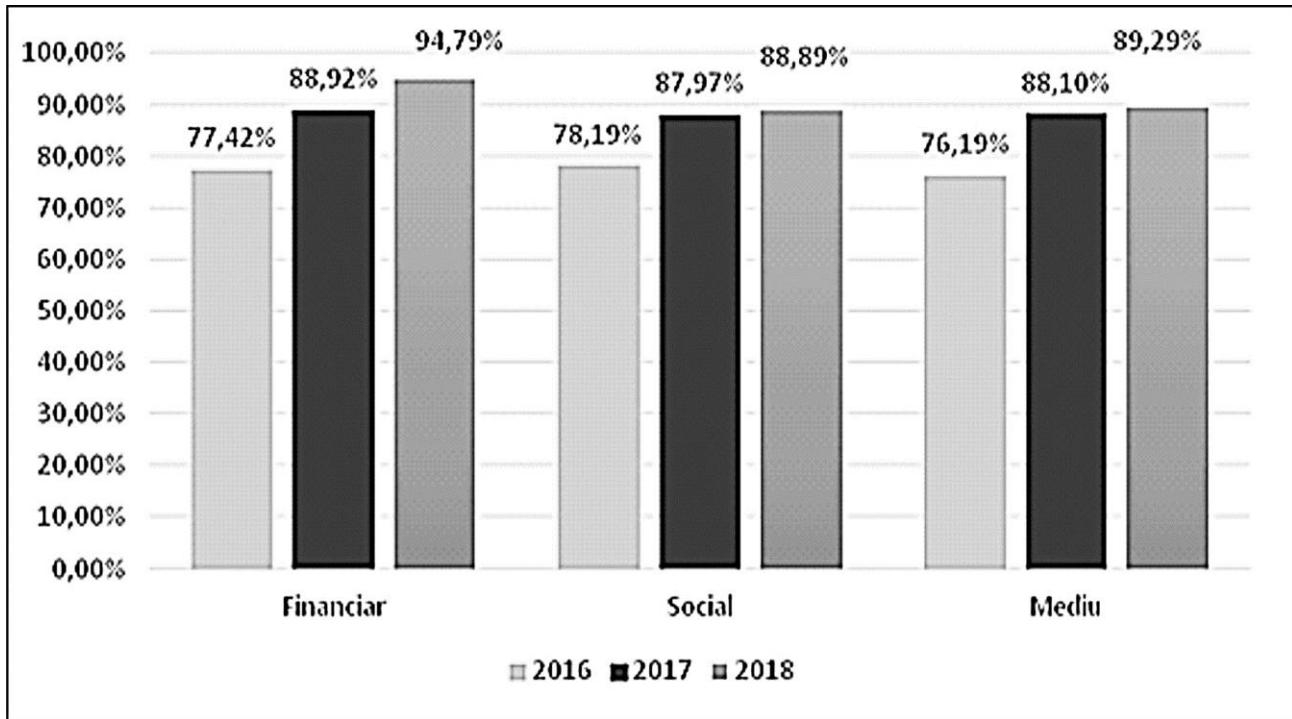
This phenomenon of increasing sustainability reports in providing information on the three dimensions is due to the adoption of Directive 2014/95/EU, applicable from January 1st and through OMFP 1938/2016, where the “Non-financial statement” was introduced, which signifies that companies are required to publish information on CSR.

As regards compliance with CNVM Regulation 1/2006, the companies analysed showed a full applicability of this regulation, because compliance with this regulation implies the presentation of information regarding:

- Business patterns;
- Risk management policies;
- Risk (of financial nature);
- Environmental impact;
- Environmental litigation;
- Vocational training (structure of employees);
- Relations between management and employees;
- Disputes with employees;
- Number of union members.

All these items of the CNVM regulation 1/2006 are present in the items of the GRI Standards framework, therefore the level of compliance of the items regarding the non-financial information is fully respected by the Romanian companies.

Chart no. 4. The compliance of the ESG Dimension with the GRI standard



Source: Author's processing

From **Chart no. 4**, it can be seen that companies are more and more oriented to apply the GRI reporting framework, compared to 2016, when companies generally comply with CNVM regulations.

To make **Chart no. 5**, the total scores were calculated in relative values of the 3 dimensions for 2016, 2017 and 2018. For 2016 we can see a low orientation of companies for reporting non-financial information. The company that has the same degree of compliance with the GRI framework is OMV PETROM, with a score of 92.59%, and in 2017 and in 2018 it reaches the score of 96.30%. The second company with the same degree of compliance with the GRI framework is Oltenia Distribution (CEZ Romania), which for the year 2016 reaches a score of 83.95%, and for the years 2017-2018 it obtains 85.19%.

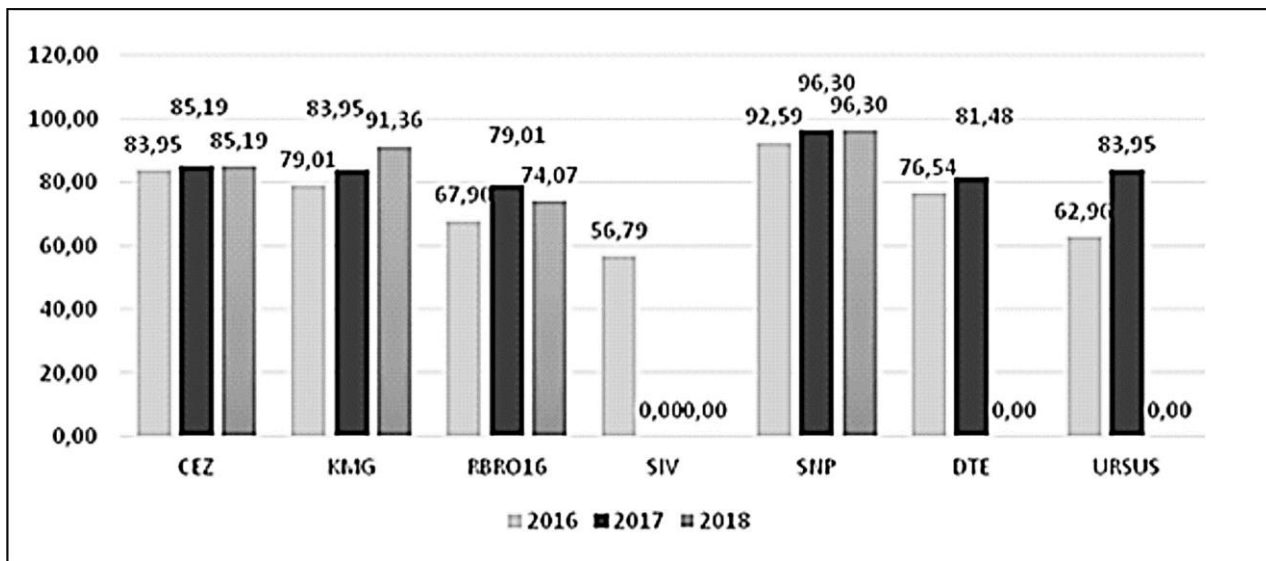
As a result of the analysis, we can see that the non-financial reporting practices of the Romanian companies included in the sample for each analysed year are influenced by the national regulations but also by the

parent company, presenting voluntary reports of the non-financial information.

However, in 2016 the companies tend to partially comply with the practices of reporting non-financial information, which suggests that the Romanian entities are in the initial stages of understanding and application, as well as the development of the Romanian reporting practices. Therefore, two mechanisms of isomorphism of the Romanian entities for 2016 are identified: coercive and mimetic isomorphism.

This indicates that for 2016 the publication of sustainability reports is influenced by a coercive isomorphism, which means that this mechanism is influenced by the CNVM regulations, the companies being parties that are not actively interested in publishing non-financial information. (Gușe et al., 2016). And mimetic isomorphism is influenced by group level reporting. This mechanism shows that companies are adopting best reporting practices, and they are not required by any regulation in force to publish non-financial information.

Chart no. 5. The compliance of the sustainability reports regarding the GRI items



Source: Author's processing

In addition, in 2017 and 2018, an increase in the applicability of non-financial reporting practices can be remarked. Sustainability reports are influenced by the entry into force of Directive 94/2014 / EU with applicability from January 1, 2017 and by OMFP 1938/2016, where the "Non-Financial Statement" was introduced, which means that companies are obligated to publish information on CSR. Therefore, in 2017, we can identify two mechanisms of isomorphisation of Romanian entities: mimetic and normative isomorphism.

Thus, the years 2017 and 2018 represents the years in which the orientation of the companies included in the sample is focused on guiding themselves in publishing sustainability reports using the Global Reporting Initiative (GRI) G4 Guidelines reporting framework, in the "Core" option, to reflect the impact we have in the operating area, in all 3 areas: economic, social and environmental. This high level of compliance of the sustainability reports regarding the GRI framework is due to the change and awareness of the managers that the application and asymmetry of the non-financial information, optimizes the quality of the three ESG dimensions leading to the increase of the company's performance.

Conclusions

In the European context and along with the rise of globalisation, companies are concerned about achieving sustainable growth objectives and, given the favourable moment created by the transposition of Directive 2014/95/EU on non-financial reporting, sustainability reports have done more than just confirm their necessity – they have become tools for planning efficient functioning of markets and creating a robust economy, on the European and national level. Also, this study examines the effect of stakeholder pressures and the isomorphism developed by DiMaggio and Powell (1983), on the corporate decision to ensure sustainability reports. Reporting non-financial information helps companies avoid, reduce or control the harmful impact of their activities on the environment and population.

Regarding the first hypothesis, we can see that the 8 Romanian companies indexed in the database of the GRI site observe the applicability of the GRI indicators. The results obtained from the analysis of the company reports show that the level of adoption of the reporting practices according to the GRI conceptual framework improves significantly every year.

The second hypothesis refers to the benefits of increased performance regarding sustainability disclosure practices. These are highlighted in the

sustainability reports and supported by Vaz et al. (2016), who show that a high level of reporting according to the GRI framework leads to improving the company's image, reducing costs, attracting new potential investors. The sustainability reports of the companies analysed also show: increased transparency of the stakeholder in the employment process, reflect the opinions and needs of the partners as they appear in the company's activity, strengthening and diversifying internal and external collaboration relationships, increasing the efficiency of technological processes and decreasing their negative impact over the environment and optimizing the social responsibility policy model and granting sponsorships.

Also, reporting non-financial information aims to communicate the performance of companies, to stakeholders. Kulkarni, (2014) contends that in order to gain advantages in the competitive environment, companies must convey a higher assuming degree as regards publishing non-financial information.

The results obtained by testing the third hypothesis show that the sustainability reports analysed over the three years are influenced by the three isomorphization mechanisms: coercive, normative and mimetic. In 2017 and 2018, the sustainability reports were more transparent than in 2016, the high degree of application of the GRI framework being achieved by each company according to the specific items of the sector of activity, as a result, the industrial sector grants and is obliged to comply with the environmental protection rules, obtaining a high degree of over 90%. the sustainability

reports of this sector are actively influenced by three mechanisms of isomorphism: coercive, normative isomorphism and mimetic isomorphism.

A limit of the research is given by the small sample used, as after the application of the selection criteria of the sample it was made of only 8 companies. One solution to show the compliance of annual reports with the principles of non-financial reporting is to include other companies in the European region in the analysis. The second limit is represented by the absence of discussions with persons within the companies and by the analysis of the individual reports and not of the reports on the group level. Also, another limitation is the possible subjectivity of the rating and coding grid of reports. Therefore, future studies should perform an extension of initial sample analysis in future years in order to observe the effect produced by the reporting of non-financial information on reports transparency. The paper intends to broaden the reporting vision of these companies and to allow a better understanding of the ESG dimension and the disclosure of sustainability.

To conclude, the study shows that Romania is undergoing a continuous development process regarding the understanding of the GRI framework. Companies publish non-financial information to optimize the quality of the implementation of the principles of good corporate governance, ethics and integrity. Therefore, the entities are oriented towards the development of a sustainable process, with a positive impact on the economy, the environment and the community.

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Appendix 1. List of analysed reports							
Name	Size	Sector	Reports				
			2016	2016-2017	2017	2017-2018	2018
Distributie Oltenia (CEZ Romania)	Large	Utilities	Sustainability report	-	Sustainability report	Sustainability report	
GlaxoSmithKline Romania (GSK)	Large	Care products	-	Corporate responsibility report	-	-	-
KMG International (KMG)	Large	Energy	Sustainability Report – Transforming the future		People have of great achievements Sustainability report		-
OMV Petrom (SNP)	Large	Energy	Sustainability Report – Passion for energy. Commitment to the future		Sustainability Report – Here and now energy for a better life		OUR ENERGY FOR A SUSTAINABLE FUTURE – Sustainability Report 2018
Raiffeisen Bank Romania (RBRO16)	Large	Financial services	Corporate social responsibility report		We put responsibility in the light – Sustainability Report		Sustainability report
SIVECO ROMANIA SA (SIV)	Large	Other	Innovative Solutions for a Sustainable Community Annual Sustainability Report 2016		-		-
Telekom Romania	Large	Telecommunication	Sustainability report		Sustainability report		-
Ursus Breweries, a subsidiary of SABMiller plc.	Large	Food products and beverages	Sustainability report		Sustainable development report		-

Source: author's processing