

Voluntary corporate social responsibility reporting and assurance practices among United Nations Global Compact member companies

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ABSTRACT

Objective: The research aimed to identify practices applied by European companies regarding corporate social responsibility reporting and their relationship with the membership of companies in the United Nations Global Compact (UNGC) international organization.

Research Design & Methods: In total, the research sample consisted of 935 companies from 34 European countries. To evaluate the statistical significance of the relationship between the selected variables, we used quantitative methods, including the Pearson chi-square test.

Findings: On a large research sample, our research confirmed the impact of membership in the UNGC on non-financial reporting practices, such as: preparing integrated reports, reporting on sustainable development goals (SDGs), using the Organisation for Economic Cooperation and Development (OECD) guidelines for multinational enterprises, International Organization for Standardization (ISO) 26000 corporate social responsibility guidelines, and decisions on external assurance of sustainability reporting.

Implications & Recommendations: Conducted research has practical implications. Because the UNGC is an important factor in regard to social change towards corporate social responsibility (CSR) reporting practices, it requires further promotion in European Union (EU) member states. New company membership in UNGC can contribute to the development of CSR reporting.

Contribution & Value Added: The article contributes to the literature on sustainability reporting because it provides new insights into the CSR reporting practices by public interest entities located in the EU countries.

Article type: research article

Keywords: non-financial reporting; sustainability reporting; corporate social responsibility; assurance; Global Reporting Initiative

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INTRODUCTION

We used the multilevel theory of social change as a theoretical background. Corporate social responsibility (CSR) reporting practices, such as social development goals (SDGs) reporting, using standards and guidelines of non-financial reporting or external assurance, can increase the informative value of non-financial reports and thus we may view it as a positive social change. At the same time, we may perceive the influence of international organizations on decisions regarding the practice of non-financial reporting taken by individual companies as social impact. In this article, we mean CSR report as an internal- and external-facing document that companies use to communicate CSR efforts and their impact on the environment and community. Despite some differences between CSR reporting and other related terms (non-financial reporting, sustainability reporting, etc.), we will use them interchangeably.

The United Nations Global Compact (UNGC) is the world's largest sustainable business initiative helping companies to take strategic action to achieve broader societal goals, such as SDGs. Therefore, the article contributes to the literature on sustainability reporting, as it provides new insights into the CSR reporting practices by public interest entities located in the European Union (EU) countries.

The research sample included 935 companies operating in European countries, whose reports containing non-financial information were published in the publicly available Global Reporting Initiative (GRI) Sustainability Disclosure Database. The data for the study came from the Sustainability Disclosure Database and the analysis of the full versions of non-financial statements of the research sample companies.

The research aimed to identify practices applied by European companies regarding corporate social responsibility reporting and their relationship with the membership of companies in the UNGC international organization. The formulated research hypotheses were intended to confirm, on a large research sample, the relationship between companies' membership in the UNGC and reporting practices, such as: preparing integrated reports, reporting on sustainable development goals (SDGs), using the Organisation for Economic Cooperation and Development (OECD) guidelines for multinational enterprises, International Organization for Standardization (ISO) 26000 corporate social responsibility guidelines as well as decisions on external assurance of sustainability reporting.

The article consists of a theoretical part based on literature analysis and an empirical part. In the theoretical part, based on theories concerning social changes, we will present sustainability reporting practices as the result of external pressures on the company. Next, we will introduce our method and the research design, and then our main results. Finally, the article will conclude with a discussion of the findings.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

In the international literature on the subject, research on how companies' membership in international organizations influences the development of the idea of CSR is included among studies integrating economics and ethics (Garriga & Mele, 2004). According to Blowfield and Frynas (2005), there is a need to investigate the potential and limits of voluntary CSR initiatives thoroughly and critically. However, it is also commonly believed that it is inherently difficult to measure CSR efforts (Cetindamar & Husoy, 2007).

The impact on the scope of information disclosed by companies may be one of the possible effects of membership in international organizations supporting CSR ideas. The impact may be direct, when membership is conditioned by increased reporting obligations, or indirect, when participation in initiatives aimed at supporting the CSR idea motivates companies to expand disclosures made in non-financial statements and CSR reports. Sometimes, we may perceive the increased scope of disclosures about environmental and social issues as positive, but we should also emphasize the possible negative consequences. Possibly, firms will have to reveal information that degrades the value of the reputation and legitimacy stocks they have built up over time (Janney *et al.*, 2009; Szymczyk, 2020; Berniak-Woźny & Wójcik-Jurkiewicz, 2022).

According to institutional theory, sustainability reporting practice results from external pressures on the company, which might stem from specific regulatory, national or industry conditions, or accepted standards and practices of conduct (Powell & DiMaggio, 1991; Dumitru *et al.*, 2017; Aragón-Correa *et al.*, 2020). Engagement in voluntary CSR programs can positively impact companies' decisions on their reporting practices. As suggested by the institutional theory, normative pressures can be the reason behind these decisions.

We may also consider the implementation of CSR reporting practices as a social change according to the multilevel theory of social change in organizations (Aguilera *et al.*, 2007). Membership in organizations supporting CSR could have raised companies' awareness and triggered changes in their reporting practices. We may perceive the impact of the membership of enterprises in organizations supporting the development of CSR on the applied non-financial reporting practices as the social impact of this organization, defined as 'beneficial outcomes resulting from prosocial behaviour that

are enjoyed by the intended targets of that behaviour and/or by the broader community of individuals, organizations, and/or environments ' (Rawhouser *et al.*, 2019).

The UNGC is one of the international organizations influencing the development of the CSR idea. The origins of the UNGC date back to June 2000, when United Nations (UN) Secretary General Kofi Annan called on entrepreneurs to 'initiate a global compact of shared values and principles, which will give a human face to the global market ' (United Nations, 1999). The UNGC is recognized as an important milestone in the history of global CSR (Post, 2013). The UNGC invites businesses to become members of this organization. The basic idea of UNGC is that the voluntary involvement of companies within the areas of human rights, labour rights, environmental degradation, and anti-corruption can encourage private innovativeness and concern within these areas in a manner that regulation has not been able to do adequately, thereby hastening the emergence of a more sustainable and just future (Kell & Levin, 2002). Collective CSR initiatives in general have received a lot of credit and praise (Hemmati, 2002; Stern *et al.*, 2004).

Empirical research related to the impact of UNGC membership on the situation of enterprises usually focuses on the search for reasons for making decisions to join the UNGC initiative and the impact of this decision on the subsequent results achieved by enterprises and the costs related to the implementation of socially responsible activities incurred by them. According to Cetindamar and Husoy (2007), enterprises indicate 'to apply CSR ' and 'to be part of sustainable development effort ' as the main reasons for deciding to join UNGC. Moreover, membership in the UNGC is simply used to generate positive spill-over effects from the United Nations brand to boost the corporate image and deviate attention (Voegtlin & Pless, 2014).

Rieth *et al.* (2007) analysed the criteria and concepts used to evaluate the activities implemented by the UNGC. They used insights from regime theory (international relations research in political science) and evaluation research. The impact of an organization can be defined as the contribution to problem-solving (Underdal, 2002; Young, 2004). It is perceived as the crucial dimension for evaluating the performance of an institution (Witte & Reinicke, 2005).

Voegtlin and Pless (2014) identify three theoretical, *i.e.* economic, socio-historical, and normative perspectives that scholars use to discuss UNGC 's performance. These perspectives can serve as generic distinctions with direct relevance for the evaluation of the UNGC. In economic theory, initiatives such as the UNGC play the role of alternative regulators of global mechanisms in the face of the limited capacity of local authorities. According to socio-historical theory, the legitimacy and effectiveness of the UNGC are evaluated against historically evolved purpose, which is to provide a shared base of global CSR norms and foster learning and development among member companies. The normative perspective highlights the role of values and norms as an important fundament for a global CSR agenda (Garriga & Mele, 2004; Scherer & Palazzo, 2007).

Research conducted by McKinsey (2004) led to the conclusion that: 'The Global Compact has had a noticeable incremental impact on companies, the UN, governments and other civil society actors and has built a strong base for future results. ' However, to determine the contribution UNGC has made to problem-solving in such areas as development, human rights, poverty or working conditions, we still need more research and more sophisticated methodologies (Prieto-Carron *et al.*, 2006).

Furthermore, UNGC membership does not impose mandatory non-financial reporting requirements for companies. Cetindamar and Husoy (2007) analysed the impact of UNGC membership on CSR practices by surveying members of the organizations that considered the expected and actual benefits noticed by UNGC participants. The results showed that companies that chose to become UNGC members did so for several reasons. They also proved that membership in the UNGC provided companies with both ethical and economic benefits. Janney *et al.* (2009) conducted a similar survey. Among others, it showed that initially, the investors viewed the decision to join the UNGC positively. However, it is rather unknown whether companies have changed their behaviour significantly and whether these changes have improved net social and environmental conditions (Rieth *et al.*, 2007).

Noteworthy, most empirical studies analyse the impact of the membership of companies in the UNGC on the implementation of CSR and not on the applied CSR reporting practices (Baumann-Pauly & Scherer, 2013; Cetindamar & Husoy, 2007; Schembera, 2016; Orzes *et al.*, 2018).

Sethi and Shepers (2014) analysed UNGC 's performance in encouraging companies to become signatory members and cause demonstrable changes in corporate CSR-sustainability activities. In the research, among other elements, they measured the progress in achieving by UNGC members the goals related to governance structure, sources of funds, policies, procedures, and operational practices. Changes in reporting and the associated increase in transparency were also one of the factors included in the study. However, attention was primarily focused on the 'Communication on Progress' reports obligatory for UNGC members, which according to the authors, did not provide significant information about the activities undertaken by the companies, and related to the implementation of UNGC principles.

Berliner and Prakash (2014) analysed the institutional rules of the UNGC and their impacts on the behaviour of members. They concluded that if a CSR club seeks to exploit the advantages of information-based regulation, it must ensure that participating firms report progress on a standard format on well-defined indicators which allows outside stakeholders to compare across firms and over time within a given firm. In their opinion, the 'Communication on Progress' system does not allow such a comparison.

The starting point for the formulated research hypotheses was the statement that: 'It would be imperative for the UNGC to use its prestige and credibility to persuade signatory companies to make systematic and meaningful efforts to enhance implementation of UNGC principles and, through strong governance, require that companies provide accurate and meaningful information about their activities' (Sethi & Shepers, 2014). According to Berliner and Prakash (2014), 'the UNGC goes beyond many CSR programs by requiring firms to disclose their self-assessments about UNGC compliance.'

Reporting information on environmental, social, and employee issues by enterprises supporting the idea of CSR is organized in various forms, such as for example using the idea of an integrated report, the purpose of which is to develop a single, joint report indicating the process of creating value in the enterprise. Non-financial information may also be provided using various CSR guidelines, such as guidance on social responsibility ISO 26000 or OECD guidelines for multinational enterprises.

In recent years, the concept of sustainable development goals (SDGs) reporting has also developed, with support from the United Nations. According to Rosati and Faria (2019), companies' engagement in voluntary sustainability programs such as UNGC can positively influence their decision to provide SDG reporting. Because of the closest relations with the UN Agenda 2030 and SDGs, engagement in UNGC might be a particularly relevant factor with regard to SDGs reporting. Similar pressures could also increase the likelihood of having their sustainability reporting assured (Krasodomska *et al.*, 2022).

It has been proven that companies which have participated in the UNGC for many years, submitted the most projects, and attended the most UNGC meetings also regard their CSR involvement as having had a strong, positive influence on their market performance (Cetindamar & Husoy, 2007). Thus, we may assume that membership in the UNGC contributes to the greater experience of companies not only in the implementation of the CSR idea but also in the development of CSR reporting.

These prior empirical results allowed us to assume the following research hypotheses:

- H1:** There is a statistically significant relationship between the company 's UNGC membership and decisions made regarding the practice of non-financial reporting.
- H2:** There is a statistically significant relationship between the company 's UNGC membership and decisions made regarding the external assurance of non-financial information.
- H3:** There is a statistically significant relationship between the company 's UNGC membership and the previous experience in the field of non-financial reporting and the field of external assurance of non-financial information

These hypotheses are based on the reviewed literature, which discusses the potential impacts of UNGC membership on companies' reporting practices, motivations for joining the UNGC, the evaluation of UNGC performance, and the influence of UNGC on CSR initiatives. Our hypotheses are research propositions that need to be empirically tested and analysed to draw conclusions about the relationship between UNGC membership and non-financial reporting and assurance practices.

RESEARCH METHODOLOGY

The research sample adopted for the study included 935 companies operating in 34 European countries, selected from companies publishing their non-financial reports in the generally available Sustainability Disclosure Database held by the Global Reporting Initiative (GRI). The research sample included companies from countries such as Albania, Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Norway, Poland, Portugal, Romania, Serbia, Spain, Slovakia, Slovenia, Sweden, Switzerland, Ukraine, and the United Kingdom. Noteworthy, 45% of the research sample companies (422 companies) were members of the UNGC, and the remaining 55% (513 companies) did not belong to this organization. This enabled us to divide the research sample into two groups, which was of great importance for the proposed empirical study that aimed to identify practices applied by European companies regarding corporate social responsibility reporting and their relationship with companies UNGC membership.

All research sample units were multi-national companies (263 companies) or large entities (672 companies) that have an imposed obligation to prepare non-financial information. Of the selected entities, approximately 60% were companies listed on stock exchanges.

We used the data from the GRI database to develop the empirical study, while some of the necessary data required access to the full versions of non-financial statements published by the companies included in the research sample. We used the data for the last available period (2020). In some cases, concerning, among other elements, the assessment of the companies' previous experience in non-financial reporting and external assurance of non-financial information, we used information from reports prepared for previous years.

The obtained database allowed us to distinguish from the companies of the research sample such groups of companies that met the required criteria, especially the companies that:

- Belong to the United Nations Global Compact (UNGC);
- prepare integrated reports;
- report sustainable development goals (SDGs);
- use OECD Guidelines for Multinational Enterprises;
- apply the guidelines on corporate social responsibility (Guidance on social responsibility ISO 26000);
- use external, independent assurance of non-financial information;
- decided to have the entire non-financial report or only selected sections thereof independently assured;
- have various experiences in previous non-financial reporting and independent assurance of non-financial information.

We aggregated the collected data using spreadsheets to synthetically present the results of the study concerning the practice of preparing non-financial reports and their external independent assurance. Next, the data became the basis for the statistical verification of the formulated hypotheses. We used Pearson's chi-square test to investigate the statistical significance of the relationship between the selected variables. In the further part of the study, we will present the results in contingency tables. For each verified hypothesis, we provided the value of the test statistics and p-value. In the studies, we adopted the significance level of 0.05.

RESULTS AND DISCUSSION

Diversity of the Research Sample

Figure 1 graphically illustrates the diversity of the research sample. Of the 935 research sample companies, 422 were members of the UNGC and the remaining 513 companies did not join the organization. Moreover, we diversified the research sample with respect to the decisions regarding non-financial reporting. In total, 191 companies decided to prepare integrated reports, 346 companies reported Sustainable Development Goals, 155 companies apply the OECD guidelines when preparing non-financial reports, and 162 companies use the ISO 26000 guidelines.

In the sample, 463 companies (50% of the research sample) used the services of independent assurance of non-financial information. However, the research sample included companies operating in countries where the assurance of non-financial information is now mandatory (France, Spain, Italy). After excluding these entities from the research sample, out of 729 companies, 46% (336 companies) used external non-financial information assurance. Out of them, 154 companies assured the entire non-financial report, and 182 companies – only selected sections of the report.

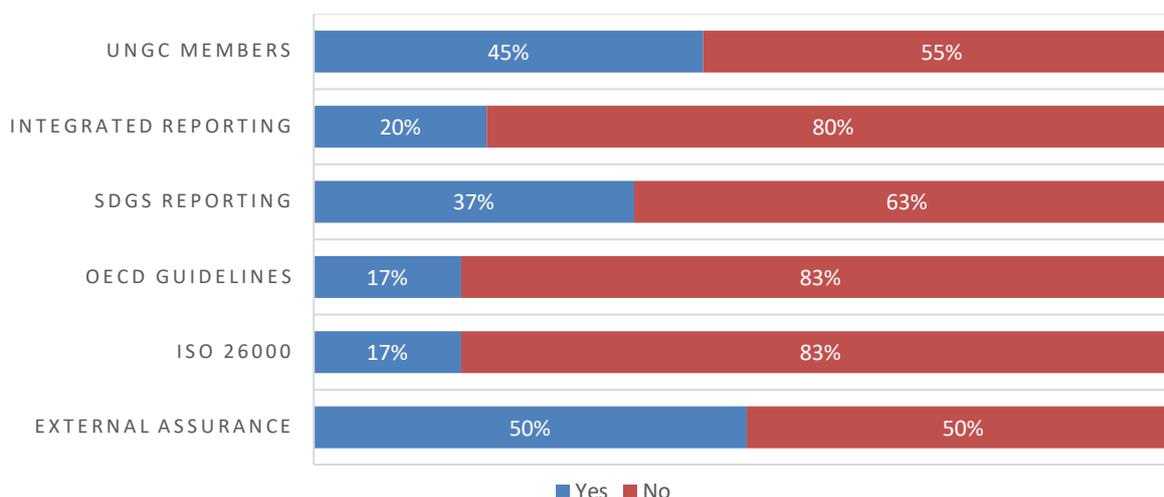


Figure 1. Structure of the research sample in terms of the membership in the UNGC and decisions regarding non-financial reporting by companies

Source: own elaboration.

The companies of the research sample had different previous experience in the preparation of non-financial reports and in having them independently assured. The differentiation of the research sample with respect to experience is illustrated in Figure 2.

In the case of preparing non-financial reports, the ‘small experience’ group included companies that prepared up to five reports, the ‘medium experience’ group – six to 10 reports, and the ‘big experience’ group includes companies – over 10 reports.

In the case of using independent assurance services, the ‘small experience’ group included companies that first submitted their non-financial statements to independent assurance in the last five years, in the ‘medium experience’ group, there were companies that used such a service for the first time between 6 to 10 years ago, and the ‘big experience’ group contains companies that have been using these services for more than 10 years.

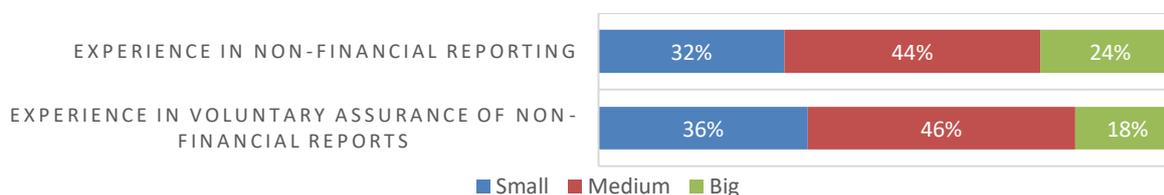


Figure 2. Structure of the research sample in terms of the companies' previous experience in non-financial reporting and voluntary assurance of non-financial information

Source: own elaboration.

The companies that have so far prepared from six to 10 non-financial reports constituted the largest group in the research sample (408 out of 935 companies). The companies' experience in non-financial reporting also allowed for the identification of groups of companies with little experience (300 companies) and substantial experience (227 companies), which will be important in further parts of the empirical study. Moreover, in terms of experience in subjecting non-financial information to

independent assurance, the companies with medium experience represent the most numerous group (155 companies out of 336 using assurance services).

Stage I: Decisions on the Practice of Non-Financial Reporting

To establish whether there is a statistically significant relationship between the membership of companies in the UNGC and the decision to prepare an integrated report, Table 1. shows the number of research sample companies which in the base year of the study prepared an integrated report and those that did not prepare it, considering the division by the companies belonging to the UNGC organization. In accordance with the IIRC guidelines, we understand an integrated report as a method and tool for communication of an organization showing how its strategy, corporate governance and results, in the context of the external environment, allow it to create value in the short, medium, and long term (Katsikas *et al.*, 2017).

Table 1. Relationship between a company 's decision on preparing an integrated report and UNGC membership

Integrated Reporting	UNGC Members	Non-UNGC Members	TOTAL
Yes	101	90	191
No	321	423	744
TOTAL	422	513	935

Source: own elaboration.

The Pearson chi-square test statistic value was 5.81578, p-value – 0.015882947, which indicated that the membership of companies in the UNGC showed a statistically significant relationship with the decision to prepare an integrated report at the adopted significance level of 0.05.

To establish whether there is a statistically significant relationship between the membership of companies in the UNGC and the decision regarding the SDGs reporting, Table 2 shows the number of research sample companies that reported or did not report SDGs in the base year of the study. The division is based on whether the companies belonged to the UNGC organization.

Table 2. Relationship between a company 's decision on SDG reporting and UNGC membership

SDGs Reporting	UNGC Members	Non-UNGC Members	TOTAL
Yes	233	113	346
No	189	400	589
TOTAL	422	513	935

Source: own elaboration.

The value of Pearson 's chi-square test was 109.385, p-value – 1.33611E-25, which indicated that the membership of companies in the UNGC showed a statistically significant relationship with the decision on reporting the sustainable development goals, at the adopted significance level of 0.05.

To establish whether there is a statistically significant relationship between the membership of companies in the UNGC and the decision to apply the OECD Guidelines for Multinational Enterprises, Table 3 shows the number of research sample companies which in the base year of the survey used or did not use the OECD guidelines. The division is based on whether the companies belonged to the UNGC organization.

Table 3. Relationship between the company 's decision to apply OECD guidelines and UNGC membership

OECD Guidelines	UNGC Members	Non-UNGC Members	TOTAL
Yes	125	30	155
No	297	483	780
TOTAL	422	513	935

Source: own elaboration.

The value of Pearson 's chi-square test statistics was 94.61924, p-value – 2.30765E-22, which indicated that the membership of companies in the UNGC showed a statistically significant relationship with the decision to use the OECD Guidelines for Multinational Enterprises, at the adopted significance level of 0.05.

To establish whether there was a statistically significant relationship between the membership of companies in the UNGC and the decision to apply the ISO 260000 guidelines (Guidance on social responsibility), Table 4 shows the number of research sample companies that in the base year of the study applied or did not apply the ISO 26000 guidelines. The division is based on whether the companies belonged to the UNGC organization.

Table 4. Relation between a company 's decision to apply the ISO 260000 guidelines and UNGC membership

ISO 26000	UNGC Members	Non-UNGC Members	TOTAL
Yes	99	63	162
No	323	450	773
TOTAL	422	513	935

Source: own elaboration.

The value of Pearson 's chi-square test statistics was 20.20012, p-value – 6.97486E-06, which indicates that the membership of companies in the UNGC shows a statistically significant relationship with the decision to apply the ISO 26000 guidelines, at the adopted significance level of 0.05.

Stage II: Decisions on external assurance of non-financial information

To establish whether there was a statistically significant correlation between UNGC membership of companies and the decision to externally certify non-financial reports, Table 5 presents the number of research sample companies that used external non-financial information assurance services in the base year of the study and those that did not use such services. The Table also includes the division into a group of companies that are members of the UNGC and those that are not members of this organization. The sample size was 729 companies, because we excluded companies operating in countries where this type of assurance is now mandatory.

Table 5. Relationship between a company 's decision concerning voluntary assurance of non-financial information and UNGC membership

External Assurance	UNGC Members	Non-UNGC Members	TOTAL
Yes	187	149	336
No	151	242	393
TOTAL	338	391	729

Source: own elaboration.

The value of Pearson 's chi-square test was 21.62997, p-value – 3.30645E-06, which indicates that the membership of companies in the UNGC shows a statistically significant relationship with the decision on external assurance of the non-financial information, at the adopted significance level of 0.05.

To establish whether there was a statistically significant relationship between the membership of companies in the UNGC and the decision regarding the scope of external non-financial information assurance services, Table 6 presents the number of research sample companies that used external assurance services in the base year of the study and had the entire non-financial report or its selected sections assured. The Table also includes the division into a group of companies that are members of the UNGC and those that are not members of this organization. The sample size was 336 companies, because we included only companies that use external non-financial information assurance services in the base year of the study and we excluded the companies that operate in countries where such assurance is now mandatory.

The Pearson chi-square test value was 5.14481, p-value – 0.023315973, which indicated that the membership of companies in the UNGC showed a statistically significant relationship with companies ' decisions regarding the scope of the external non-financial information assurance services at the adopted significance level of 0.05.

Table 6. Relationship between the company 's decision regarding the scope of the external non-financial information assurance services and UNGC membership

Assurance Scope	UNGC Members	Non-UNGC Members	TOTAL
Entire report	96	58	154
Specified sections	91	91	182
TOTAL	187	149	336

Source: own elaboration.

Stage III: Previous experience of companies in non-financial reporting and voluntary assurance of non-financial information

To establish whether there was a statistically significant relationship between the companies ' membership in the UNGC and the companies ' previous experience in non-financial reporting, Table 7 shows the number of companies in the research sample with the division into companies with larger and smaller previous experience in non-financial reporting. Furthermore, the table includes the division into a group of companies that are members of the UNGC and those that are not members of this organization. The size of the research sample was 935 companies.

Table 7. Relationship between companies ' experience in non-financial reporting and the membership in the UNGC

Companies ' experience in non-financial reporting	UNGC Members	Non-UNGC Members	TOTAL
Small experience	84	216	300
Medium Experience	178	230	408
Big Experience	160	67	227
TOTAL	422	513	935

Source: own elaboration.

Pearson chi-square test statistic value was 94.85055 and p-value was 2.53201E-21, which indicates that the membership of companies in the UNGC shows a statistically significant relationship with the companies ' experience in previous non-financial reporting, at the adopted significance level of 0.05.

To establish whether there was a statistically significant relationship between the companies ' membership in the UNGC and the companies ' previous experience in external non-financial information assurance, Table 8 presents the number of companies in the research sample divided into companies with large or small previous experience in external assurance of non-financial reports. The Table also includes the division into a group of companies that are members of the UNGC and those that are not members of this organization. The sample size was 336 companies, because it included only companies that apply external non-financial information assurance services in the base year of the study, and companies that operate in countries where such assurance is now mandatory were excluded.

Table 8. Relationship between companies ' experience in voluntary assurance of non-financial information and UNGC membership

The companies ' experience in voluntary assurance of non-financial information	UNGC Members	Non-UNGC Members	TOTAL
Small experience	51	70	121
Medium Experience	92	63	155
Big Experience	44	16	60
TOTAL	187	149	336

Source: own elaboration.

The value of Pearson 's chi-square test was 17.40089 and p-value was 0.000166512, which indicates that the membership of companies in the UNGC shows a statistically significant

relationship with the companies' previous experience in voluntary non-financial information assurance, at the adopted significance level of 0.05.

Discussion

The results of the study showed statistically significant relationships:

- between the membership of companies in the UNGC and non-financial reporting practices such as the preparation of integrated reports, SDGs reporting, and the use of OECD and ISO 26000 guidelines. Thus, the H1 hypothesis according to which there is a statistically significant relationship between the company's membership in the UNGC and decisions made regarding the practice of non-financial reporting was verified;
- between the membership of companies in the UNGC and the decisions of companies concerning the voluntary submission of non-financial information for external assurance and the scope of this service. Thus, hypothesis H2 according to which there is a statistically significant relationship between the company's membership in the UNGC and the decisions made regarding the external assurance of non-financial information was verified;
- between the membership of companies in the UNGC and the previous experience of companies, both in the preparation of non-financial reports and their external assurance services. Thus, the H3 hypothesis according to which there is a statistically significant relationship between the company's membership in the UNGC and the previous experience in the field of non-financial reporting and in the field of external assurance of non-financial information was verified.

The results of the study are consistent with each of the three theoretical perspectives which include the analysis of UNGC's role (Voegtlin & Pless, 2014). Non-financial reports developed by enterprises are one of the tools of their communication with the environment and thus provision of information on the implemented actions. The demonstrated impact of UNGC membership on the reporting practices is related to one of the assumptions of the economic perspective, according to which we may consider the UNGC an institution aiming to strengthen and regulate the involvement of participants in corporate social responsibility and signal these activities to the market. From the normative perspective, the UNGC was perceived, among others, as an organization that creates opportunities for dialogue and integration. From a sociological perspective, UNGC membership offered an opportunity to increase reporting efficiency and the ability to guarantee greater transparency for UNGC participants. Therefore, voluntary actions of UNGC members to increase the scope of disclosures and externally assuring them is therefore consistent with each of the aforementioned perspectives which include the analysis of UNGC's significance.

The study results do not contradict the results of previous empirical studies available in the international literature, which confirms the existence of a relationship between the membership of enterprises in organizations supporting CSR ideas and the use of practices by these enterprises related to the preparation of non-financial reports and their external assurance (Rosati & Faria, 2019; Krasodomska *et al.*, 2022; Giannarakis *et al.*, 2023).

The UNGC needs to prove its effectiveness in terms of its objectives and broader sustainable development, partly because of the support it receives from state and non-state actors, but also because it is part of the larger UN system and we know little about whether it contributes to basic UN goals (Utting & Zammit, 2006). Noteworthy, the study results confirm the importance of the UNGC in the international arena and emphasize the impact of membership in this organization on both the implementation of the CSR concept and the reporting practice.

We may categorize corporate responsibility initiatives as follows: principle-based initiatives, assurance initiatives, reporting initiatives, and process-based initiatives (Rasche *et al.*, 2012). Scholars perceive UNGC as a principle-based initiative (Williams, 2014). Providing accurate and useful information on social, environmental, and employee activities resulting from CSR reports is a form of

implementing this initiative. This confirms that we may perceive UNGC membership as a positive social change, influencing corporate awareness, and causing changes in their reporting practices.

CONCLUSIONS

The results of the empirical study confirmed that UNGC member companies more often than other companies, decide to apply selected CSR reporting practices and to submit non-financial statements to independent attestation, despite the lack of such an obligation. We also showed that UNGC members tend to be more experienced in non-financial reporting and assurance.

We are aware of the study limitations resulting from the adopted research sample and the statistical methods. The study did not take into account other factors that may affect companies' decisions regarding reporting and assurance practices e.g. institutional factors, changes in legal regulations, or pressure exerted on companies. However, the results may be a starting point for further research and for creating a model that takes into account other determinants.

Most of the previously available research focuses on the process of partnerships and the output and outcome of CSR initiatives, in terms of achieving its own objectives and not taking into account broader effects (Utting & Zammit, 2006). The confirmation of the existence of a relationship between the membership of companies in the UNGC and the practices of non-financial reporting on a large research sample is in line with the existence of the research gap. Our research contributes to the literature by examining the impact of UNGC membership on non-financial reporting practices, exploring the motivations and benefits of participation in voluntary CSR programs, and evaluating the effectiveness of the UNGC as a global initiative.

According to Rieth *et al.* (2007), the UNGC arguably influenced the level of awareness of corporate representatives. The results of the conducted empirical study confirming the relationship between companies' membership in the UNGC and the selection of corporate social responsibility reporting practices and the decisions to externally assure these reports confirm UNGC's role, its social impact, and the increase in the aforementioned awareness in enterprises that are members of the organization.

Finally, it is worth emphasizing that the UNGC is committed to providing a platform for dialogue and learning among all societal actors on corporate responsibility. Education, awareness raising, and advocacy of the business case for responsible practices is one way that the UNGC can help achieve profound changes in the business practices of companies. For many companies, the UNGC has been the first global CSR initiative in which they have participated. Achieving impact is a long-term process and the recent developments are a good foundation for collaborating with companies to implement the UNGC principles.

We believe that further development of non-financial reporting, resulting from changes in legal regulations, e.g. EU directives, extending the reporting obligation to new groups of entities, and introducing the obligation of independent attestation of non-financial statements will force further scientific research. For example, due to the introduction of mandatory attestation of non-financial information, we expect that scholars will research the decisions of companies regarding the choice of the form of attestation of reports (reasonable assurance or limited assurance), the provider of assurance services, and the scope of attestation (entire report or selected sections). The membership of companies in international sustainable business initiatives, such as UNGC, may be one of the factors perceived as influencing the entities' choices in this regard.

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