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The determinants of the extent of diversity reporting in the sustainability reports of multinationals

Author: Julien Van Hecke
Supervisor(s): Eline Jammaers
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LOUVAIN-LA-NEUVE | BRUXELLES | MONS | TOURNAI | CHARLEROI | NAMUR
Place des Doyens, 1 bte L2.01.01, 1348 Louvain-la-Neuve, Belgique | **www.uclouvain.be/lsm**

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Part I: Introduction

1. Context and Problem Definition

For a long time, diversity was perceived more as an obstacle than an asset, especially in the world of work. With the multiplication of antidiscrimination and equal opportunities legislations across the globe (Mor-Barak, 2005), people previously kept out of the labour market gained access to employment (Roberson, 2018). Over the past decades, the composition of the workforce became increasingly diverse and current trends such as globalisation, immigration and aging of the population in developed countries will only accentuate this phenomenon (Mor-Barak, 2005). This diversification of the labour force created a work environment conducive to the emergence of discriminations and unfair practices, which currently represent major challenges for companies and our societies at large.

The rise in workforce diversity is all the more notable in the world of multinationals. A survey conducted in 2005 on the Global Fortune 500, which ranks the 500 largest multinationals in terms of revenues, found that diversity is considered “as an important or very important issue” by all the surveyed firms (Dunavant & Heiss). Because of the nature of their widespread operations across countries and continents, multinationals display an important heterogeneity in their workforce which often looks like a huge melting-pot of nationalities, cultures, religions, and ethnicities. The scale of their activities also puts multinational companies under more media coverage than others, and their diversity management practices are closely scrutinized by a large variety of stakeholders. These stakeholders have become increasingly aware of the negative repercussions of MNCs’ activities and decreasingly lenient towards companies that do not shoulder their responsibilities in dealing with today’s major societal issues, especially when it comes to discrimination and inequalities in the workplace.

Indeed, large multinational corporations often hit the headlines because of an umpteenth workplace discrimination lawsuit. In 2017, Tesla faced numerous trials for biased treatments against black people, older employees and for anti-LGBTQ taunting (Financial Post, 2017). In 2019, 100 female workers and former employees sued Walmart for unequal wages and lack of access to career opportunities based on gender (Saitano, 2019). The same year, more than 200 job seekers filed a lawsuit against Google for age discrimination in its hiring practices (Kelly, 2019). All these scandals and the deafening noise they made in the media are clear evidence that workplace diversity issues are of paramount importance in today's world. In view of the risks involved in the event of a misstep, as opposed to the many benefits it brings in terms of productivity, creativity and innovation (Maj, 2018), effective diversity management has become one of the most important challenges faced by multinationals (Mor-Barak, 2005).

To avoid public backlashes and keep a good corporate image, more and more MNCs and companies at large decided to publish corporate social responsibility reports, also known as sustainability reports. In these papers, businesses praise the practices and policies put in place to reduce the negative repercussions of their business activities. Many different topics can be addressed, ranging from water consumption and CO2 emissions management to safety at work and philanthropy activities. In particular, numerous companies use these reports to communicate on their diversity management practices aiming at reducing discriminations and promoting inclusion in the workplace, also referred to as diversity reporting (Governance & Accountability Institute, Inc., 2014). At the same time, these diversity reports became particularly useful for stakeholders. Based on the assumption that the amount of information published by a company in its CSR report is a good indicator of the importance it gives to societal and environmental issues (Unerman, 2000), stakeholders can more easily compare companies, judge their commitment to the major matters of our era and request efforts.

In parallel with the rapid development of CSR reporting, the interest of researchers for this field of study quickly grew up. Based on the above-mentioned assumption, numerous scholars examined the amount of information published by companies in their CSR report in order to point out the factors that influence the importance given by a company to CSR issues (Reverte, 2009; Elsayed et al., 2011; Song et al., 2013). These studies have for instance highlighted the predominant role of several company characteristics on the amount of CSR information disclosed, such as the size of the company, its profitability or its industry. The implications of such studies are highly valuable. On the one hand, they make it easier for companies to compare themselves with each other, to better understand the ins and outs of their CSR strategy and to improve their overall CSR practices, which can benefit society as a whole. On the other hand, they enable legislators to come up with regulations that will efficiently target companies that typically perform worse than others, for example those belonging to a certain industry or having a certain level of profitability.

Many studies have therefore looked at the determinants of the amount CSR reporting of companies, but they paid virtually no attention to the specific field of diversity reporting. This is quite astonishing when one considers the importance of the subject for companies and its weight in the public debates around the world. Considering that the issue of diversity in the workplace is particularly sensitive for companies operating in an international context, it seems particularly relevant to focus our study on multinationals. Given the current academic vacuum and the significant interest that discoveries could have, we have decided to research if certain characteristics of MNCs can help us predict the amount of information related to diversity they publish in their sustainability reports.

2. Research Questions and Methodology

The aim of this thesis is to reduce the academic gap and contribute to the scientific literature on the diversity reporting practices of multinationals. We seek to create new knowledge that will allow scientists, companies and regulators to better understand the factors that influence the diversity reporting agenda of multinationals. For that matter, our primary objective is to answer the following question: "W*hat are the determinants of the extent of diversity reporting in the sustainability reports of multinationals?".*

To answer this question, we used the technique of quantitative content analysis to measure the extent of diversity reporting in the sustainability reports of multinational companies. This technique has been extensively used in previous studies on the determinants of CSR reporting (Hahn & Kühnen, 2013). It has the advantage of converting qualitative data, i.e. text, photos, or graphs, into quantitative data (Hanafi, 2006). In this form, it becomes possible to carry out statistical analyses and to expose patterns in companies' reporting practices. Once the quantitative content analysis performed, we conduct a descriptive analysis to gather preliminary information. Thereafter, we realise a multiple regression model using the extent of diversity reporting as a dependent variable and some of the characteristics of the company as independent variables, based on the CSR reporting literature. The descriptive analysis and the results of the regression model allow us to answer our main research question, as well as the following research sub-questions:

1. Do multinationals take diversity into account in their sustainability reports? If so, what is the relative weight of diversity in these reports?
2. Which diversity dimensions is the most discussed by MNCs in their sustainability reports?
3. Does the relative importance given to each diversity dimensions also depend on the determinants of the extent of diversity reporting?
4. Can the determinants of the extent of CSR reporting also predict the extent of diversity reporting of multinationals?

We believe that by answering these questions, we will be able to determine the major trends governing the diversity reporting practices of multinationals. It might enable us to draw valuable conclusions for scientists, companies, and regulators, and thus improve diversity reporting practices. In such a case, we hope to see tangible improvements in the importance given by multinationals to the matter of diversity.

3. Thesis Structure

First, we explore the current academic knowledge surrounding our topic by reviewing the state-of-the-art scientific literature. We begin in the field of corporate social responsibility by summarizing the important milestones of the history of CSR. We investigate several definitions to better understand the key concepts and we discuss the CSR reporting practices of companies. Next, we turn to the subject of diversity at work. After defining the topic and exploring its evolution over time, we look at the strategies and practices put in place to manage diversity and reap benefits from it. Afterwards, we examine how multinational companies handle diversity, and we consider diversity in the context of CSR and CSR reporting. Finally, we formulate the research hypotheses that will be tested.

Second, in the research design and methodology section, we describe our sample pool and present how it was produced. We also define our dependent and independent variables and outline our data collection methodology. Subsequently, we formulate our linear regression model and define the level of significance. Eventually, we designate the statistical tool used to conduct our empirical analysis and characterize the transformations performed on the data.

Third, we describe the empirical results obtained through a descriptive analysis, followed by a presentation of the outcomes of the linear regression model. These results are then discussed in relationship with our review of the scientific literature. We verify our hypothesis and try to answer each of our research questions. At last, implications for researchers, companies, regulators and society as a whole are derived from our findings.

Finally, we conclude this thesis with a brief summary of the research methodology and the main results obtained. We explore the limitations of our study and conclude by suggesting avenues for future researches.

Part II: Literature Review

1. Corporate Social Responsibility

1.1 History of CSR

Corporate social responsibility (CSR), often referred to as Corporate Responsibility (CR), has been the focus of attention of various researches in the past seventy years (Carrol, 2016). Although the origins of the practice of CSR date back to prehistoric times (Yamak, 2007, as cited in Khan & Khan, 2012), it is commonly agreed that modern CSR takes its roots in the early 1950s in the United States, when academic literature began to genuinely address the matter (Hack et al., 2014). More precisely, it first appeared under the name of Social Responsibility, which was progressively replaced by Corporate Social Responsibility, in Howard R. Bowen's book *Social Responsibilities of the Businessman* published in 1953 (Carroll, 2016). In his work, Bowen tried to answer the following question: "What responsibilities to society may businessmen reasonably be expected to assume?" (Bowen, 1953, p. xi, as cited in Carroll, 2016). The use of the word "businessmen" in the title is not trivial; at that time, businesses were exclusively a matter of men and concerns about the situation of women in the workplace were not relevant yet (Carroll, 2008). This illustrates very clearly how the theoretical scope of CSR and the way it was implemented in businesses evolved throughout history.

In 1978, Patrick Murphy proposed a historical classification of CSR over the years (Carroll, 2008). Before the 1950s, most of what could have been categorized as CSR was limited to charity. As far as these philanthropic initiatives were concerned, it was often hard to determine whether they were carried out at an individual level by rich business owners or at an organizational level by the company as an entity. Between the early 50s and the late 60s, CSR evolved in what Murphy called the "awareness era": the necessity to reckon businesses' responsibility toward the society significantly increased. The "issue era" lasted from 1968 to 1973 and witnessed the rise of "specific issues such as urban decay, racial discrimination, and pollution problems." Lastly, during the "responsive era", 1974 - 1978, more and more tangible actions started to be taken by companies to address CSR issues. A new type of investments saw the light: socially responsible investments (SRI) (Katsoulakos et al., 2004).

The history of CSR did not stop when Murphy published his classification. Indeed, many new concepts, norms and practices appeared over the following decades. During the 80s, CSR took a new orientation as the main sustainable development principles were established (Katsoulakos et al., 2004). At the same time, an increasing number of companies started to report on their CSR practices, especially in the US. In the 90s, the success of SRI kept on growing while new initiatives institutionalizing CSR reporting saw the light, like the ISO 14001 and SA 8000 standards (Visser, 2010). This period was also characterized by a wide popularization of CSR and corporate sustainability principles (Katsoulakos et al., 2004). Finally, in the early 21st century, the popularity of CSR went global as the topic became utterly mainstream across the world. The stakeholder approach was generalized, and frameworks like the *17* Sustainable Development Goals, created by the United Nations in 2015, provided tangible CSR agendas for businesses (Visser, 2010).

To truly understand the evolution of CSR, it is crucial to have a look at the major trends that caused the environment of businesses to drastically change over time, leading to profound modifications in the scope and practices of CSR. As described by Gupta and Jhawar (2017), six global trends can explain these transformations. First, the globalisation of the economy and the internationalization of business activities brought many new challenges on the shoulders of businesses such as workforce diversity, child labour or corruption. The second and third trends can be linked to the development of civil society organizations (CSOs) and non-governmental organizations (NGOs), coupled with the increasing implication of governmental and intergovernmental organizations in the matter. These actors disrupted businesses' habits by denouncing harmful behaviours and pressuring them to adopt more responsible and sustainable practices. The fourth major trend highlighted by Gupta and Jhawar is a shift in societal values. Indeed, the expectations of the general public with regards to the roles and responsibilities of businesses toward society increased over time, forcing them to constantly improve their behaviour. The fifth factor is the rise of Socially Responsible Investments (SRI). SRI investors have pushed companies to publicly report information on environmental, social and financial matters, which notably led to the creation of common reporting methods. Finally, the last trend underscored in this study is the proliferation of codes and standards to regulate business activities. This tendency is driven by all the actors involved in the process: consumers, NGOs, (inter)governmental organizations and even businesses themselves. These 6 major trends reshaped the field of CSR over time and explain why so many changes have taken place over the last 70 years.

1.2 Definition of CSR

From a narrow scope, often limited to philanthropy, to the many notions, disciplines and practices it includes today, CSR took a multitude of shapes over the years (Gupta and Jhawar, 2017). With such high temporal volatility in the concept of CSR, it is not surprising to learn that the work of researchers attempting to provide a global definition of CSR has been very challenging. In 1953, Howard B. Bowen defined Social responsibility as:

"The obligations of businessmen to pursue those policies, to make those decisions or to follow those lines of action which are desirable in terms of the objectives and values of our society." (as cited in Ismail, 2011, p. 372)

Although they provide a first solid inking for a better understanding of the CSR's scope, early definitions often remain too broad (Carroll, 2016). Moreover, the use of the world "businessmen" in this definition would appear problematic if it was to be used nowadays. In 1971, among the plethora of definitions that were already existing and competing with each other, Harold Johnson gave his vision of CSR:

"A socially responsible firm is one whose managerial staff balances a multiplicity of interests. Instead of striving only for larger profits for its stockholders, a responsible enterprise also takes into account employees, suppliers, dealers, local communities, and the nation." (as cited in Carroll, 2008, p. 7)

The specificity of Johnson's definition compared to Howard's was that it explicitly mentioned the interests of new stakeholders (Carroll, 2008). The focus of CSR was not exclusively on shareholders and employees anymore but also on groups of interest external to the business. Over the following forty years, many researchers tried to provide their definition of CSR, adding new concepts such as voluntary actions, ethics or philanthropy to the original scope of CSR to better encompass the topic in its entirety (Carroll, 2016).

Even today, after almost seventy years of attempting to build a definition that would satisfy everyone, there is still no consensus among the scientific community (Khan & Khan, 2012). The rapid changes that occurred throughout recent history in the business environment may, in part, explain the difficulty encountered by academics, but other elements also come into play. In 2015, Benedict Sheehy highlighted several factors that could explain the intricacy of defining CSR once and for all. The first factor resides in the complexity of the nature of CSR itself. Indeed, it aims at incorporating economic, environmental and social matters, which are already highly complex topics on their own, under one global concept. Moreover, the issues tackled are very ambiguous and are subject to a multitude of interpretations depending on one's perspectives and opinions on the subject. A second factor for complexity lies in the "degree or extent to which harms should be addressed." (Sheehy, 2015, p. 2) Should it be based on international conventions, national regulations or ethical and philosophical movements? One may think that only significant harms should be addressed, while others could argue that any level of harm has to be prohibited, even if it implies a radical change in our lifestyles. This reality brings a third factor of complexity on the table: who should be held responsible for the harm caused? NGOs, producers, subcontractors, governments, consumers... The list is long, and each interest group keeps on passing the buck to the others. Finally, Sheehy highlights the complications generated by a divergence in agendas in the race for defining CSR. Businesses, researchers, governments and political philosophers are all engaged in the definitional process. However, these groups can have very divergent purposes and interests, and this unquestionably impacts the definition they want CSR to take.

Although there is, even to this day, no globally agreed definition for CSR, the fact remains that some definitions have been more successful than others and that many of them share similarities in the concepts they rely on. A study conducted by Alexander Dahlsrud (2006) aimed at addressing the confusion behind the huge variety of CSR definitions. To do so, he analysed and compared 37 definitions originating from 27 different authors and covering a time span of 23 years, from 1980 to 2003. The major finding of that study was that behind the different sentence constructions used to define CSR, most of them were consistently referring to five specific dimensions: the stakeholder dimension, the social dimension, the economic dimension, the voluntariness dimension and finally, the environmental dimension. Out of the 37 definitions, 64% of them were invoking at least four of the five dimensions, while at least 3 dimensions were spotted in 97% of the definitions. As an example, the Commission of the European Communities referred to the five dimensions in its CSR definition:

“[CSR is] a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.” (2001)

The fact that the majority of definitions are based on the same concepts has important implications. Indeed, although the words used and the order in which they are arranged vary, the conceptual scope of these definitions has changed very little in the recent years (Dahlsrud, 2006). Given the myriad of definitions that overlap and sometimes complete each other, it seems that the issue is not really about finding one perfect definition that will suit everybody anymore. Moreover, the way CSR is evolving and then applied by businesses is intrinsically linked to the context and environment in which businesses operate and is, as we saw in the previous section, directly linked to six major trends (Gupta and Jhawar, 2017). It therefore seems irrelevant to keep searching for one global definition for CSR because it will fail to adapt to the individual situations of businesses and changes in their environment. As Hack, Kenyon and Wood pointed out (2014), the real challenge is now to provide businesses with an operational definition, a guiding framework that will portray CSR under tangible managerial practices and define explicitly their responsibility towards society:

“Therefore, the challenge for business is not so much to define CSR, as it is to understand how CSR is socially constructed in a specific context and how to take this into account when business strategies are developed.” (Dahlsrud, 2006, p. 6)

1.3 CSR disclosure and reporting

1.3.1 Definition

The practice of businesses providing stakeholders with information related to the impacts of their activities on society and what they are putting in place to reduce them has largely popularized over the past decades (Bednárová & Bonsón, 2015). Known under the name of corporate social responsibility disclosure, this exercise can be defined as:

“The process of communicating the social and environmental effects of organisations’ economic actions to particular interest groups within society and to society at large.” (Adams et al., 1996, p. 3)

The popularization of CSR disclosure can be linked with a tendency among internal and external stakeholders to demand that businesses disclose social and environmental information in addition to the financial material provided in their annual reports (Bednárová & Bonsón, 2015). Under pressure, businesses have progressively developed CSR disclosure practices and included these practices in their communication strategies. As proof of this trend, Hutton has shown in the early 2000s that CSR disclosure had become the third-largest expense in the communication budget of large companies (Farache et al., 2008).

1.3.2 Tools for CSR disclosure

From a practical point of view, businesses can use numerous methods to communicate CSR information. Branco and Rodrigues (2016) highlighted three major communication channels that businesses usually employ to release CSR content. First, based on the study of Ahmed and Zéghal (1990), they considered the importance given by companies to advertisements and brochures. Advertisements can be broadcasted on a multitude of media: newspapers, magazines, billboards, television and radio (Farache et al., 2008). Unlike brochures, advertisements seem to be a commonly used communication method for CSR disclosure (Ahmed & Zéghal, 1990). The second mode of communication weighted in Ahmed and Zéghal’s study is the Internet. The development of the Internet has represented a great alternative for businesses to extend their communication strategies as it offers many advantages compared to traditional media (Branco & Rodrigues, 2006). For example, it allows companies to disclose information way faster and at a highly reduced cost, to create personalized content, receive feedback and use new communication features such as multimedia applications (Farache et al., 2008). Finally, the last communication tool analysed is the publication of annual reports or other types of reports incorporating CSR content. It is the most widespread method used by companies to disclose CSR information. (Branco & Rodrigues, 2006) This practice is often referred to as CSR reporting. Guthrie and Mathews defined CSR reporting as:

"The provision of financial and non-financial information relating to an organization's interaction with its physical and social environment, as stated in corporate annual reports or separate social reports." (as cited in Hackston and Milne, 1996, p. 78)

However, other definitions of CSR reporting do not make the distinction between the disclosure of CSR material in reports and through other communication means like the Internet. In the scope of this thesis, the definition of CSR reporting as the practice of disclosing CSR information in reports will be preferred. Even though annual reports are the most commonly used reports to disclose CSR information, many other reports can also contain CSR information. These reports, often referred to as standalone reports (Mahoney et al., 2014), exist under a multitude of names. We can, for example, mention the stakeholder report, the corporate responsibility report, the sustainability report or the social and environmental report (Paugam & Stolowy, 2018).

1.3.3 Rational for CSR disclosure

Most of the time, CSR reporting and CSR disclosure as a whole are practised by businesses on a voluntary basis (Bednárová & Bonsón, 2015). The reason why businesses voluntarily decide to disclose CSR information has been at the centre of many studies over the past decades. Many theories have been developed to explain their motivation; we can, for example, mention the agency theory, the institutional theory, the legitimacy theory or the stakeholder theory (Chan & Watson, 2014). An abounding number of academics have decided to base their researches on the legitimacy theory, which describes CSR reporting (understood as CSR disclosure in this context) as a "legitimacy and reputation management tool that responds to pressures by stakeholders and that is driven by corporate identity communications." (Pérez, 2015, p. 12) In other words, this theory states that businesses disclose CSR information to prevent possible threats coming from stakeholders like employees or consumers and which might result in a poor corporate image (Chan & Watson, 2014). In addition to preventing conflictual situations with stakeholders, businesses can also take many advantages from CSR disclosure. In 2004, an article written by Adams and Zutshi highlighted 4 distinct incentives for businesses to disclose CSR information: improved corporate image and relations with stakeholders, improved internal decision-making and cost-savings, better recruitment and retention of employees, and finally improved financial returns. Thereupon, having a well-defined CSR communication strategy can prove to be a determinant success factor for businesses. (Fontaine, 2013)

1.3.4 CSR reporting regulations and international standards

Although a growing number of businesses are regularly disclosing CSR information (Adams, 2002), these firms only represent a fraction of the total number of active companies (Habek & Wolniak, 2016). In 2012, Europe was home to 47% of all the CSR reports published in the world (Global Reporting Initiative, 2012). However, one year later, in 2013, only 10% of the EU largest companies were regularly disclosing CSR information (European Commission, 2013). In order to force more companies to get involved in the exercise, many countries have introduced regulations for CSR reporting. These regulations have spread over the years in numerous countries like Australia, Canada, Indonesia, China (Narine, 2016), and particularly among European countries where CSR regulations were first established (Avetisyan et al., 2020). Regulations have also been adopted at an intergovernmental level. The Directive 2014/95/EU, which entered into force in 2017 (Krawczyk, 2019), sets that biggest firms must include in their consolidated management report a consolidated non-financial statement containing information on “the group's development, performance, position and impact of its activity, relating to, as a minimum, environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters [...].” (European Parliament and Council, 2014, p. 330/4) By creating an increasing number of regulations, governments and intergovernmental organizations will have a crucial role to play in the future of CSR disclosure.

Whether it is mandatory or voluntary, CSR reporting is often based on existing international standards. These standards have been created to increase responsible behaviours amongst businesses and harmonize CSR reporting practices to improve comparability (Fortanier et al., 2011). Among all these standards, we can, for example, mention the UN Global Compact Principles, the OECD Guidelines for Multinational Enterprises, the Global Reporting Initiative, the ISO 26000, the AA1000, the ISO 14001 or the SA88000 (Bednárová & Bonsón, 2015). Out of all these different standards, the Global Reporting Initiative (GRI) is the most commonly used. A study realized in 2012 showed that around forty percent of all the CSR reports around the world were using GRI as a guideline for their CSR reporting (Marimon et al., 2012). Despite a standardisation of practices due to the development and popularization of these global frameworks, there are still strong divergences in the CSR reporting practices of companies (Bednárová & Bonsón, 2015, p. 183). A challenge for the coming years will therefore be to continue to uniformize these practices.

1.3.5 Concerns around CSR disclosure

The total amount of CSR information disclosed by companies is growing each year. Although this seems to be a promising trend in our quest for a more sustainable world, an important question remains: can the CSR content published by these companies be trusted? Over the past few years, numerous scandals have tarnished the reputation of companies that yet appeared to be CSR models in the eyes of the general public. We can, for example, mention the Nestlé scandal in 2014 (Aragon-Correa & Bowen, 2014), or the Volkswagen scandal and the Toshiba scandal in 2015 (Wilburn & Wilburn, 2016). In the Volkswagen and Toshiba cases, both companies used to be considered as CSR examples and were listed in the Dow Jones' Sustainability Index until their removal. This Index gathers the "top 10% of the largest 2,500 companies in the S&P Global BMI based on long-term economic, environmental and social criteria." (S&P Dow Jones Indices, 2020) This shows the extent to which the CSR image of companies conveyed by the brand image they endeavour to project can be distorted. This distortion is all the more serious as consumers' interest in sustainable products and services has grown strongly. Today, consumers are ready "to compromise quality, pay more or reduce how much they buy if it will have a positive impact on social or environmental issues". (Cone LLC, 2015, p. 3) However, each new scandal will run against this trend and will further weaken the general public confidence in CSR reports (Wilburn & Wilburn, 2016).

Beyond the fact that some companies are lying about their supposedly sustainable image, thereby undermining CSR disclosures and corporate sustainability rankings, it is also crucial to enquire if CSR disclosure helps to improve companies' CSR practices. Based on the findings of several studies that highlighted the connection between CSR activities and higher levels of non-financial disclosure regulation (Young & Marais, 2012; Albertini, 2014; Chelli et al., 2014), a study carried out in 2020 (Avetisyan et al.) empirically demonstrated that mandatory CSR disclosure regulations have a positive impact on the quantity of CSR actions implemented by firms. These findings were also observed in a study realized on Chinese businesses in 2018. The researchers showed that companies subject to disclosure regulations have, for example, more strongly reduced their wastewater and CO2 emissions, although that was not required by the new regulations (Chen et al., 2018).

Consequently, although the information provided in CSR disclosure should be considered with caution, academic evidence shows that compelling companies to disclose CSR information helps multiply their sustainable practices. For CSR disclosure to remain reliable and relevant to the people, it will be necessary to render CSR more transparent, to standardize practices and to "move from voluntary and additional to the business reporting to a significant part of business strategy." (Wilburn & Wilburn, 2016, p. 76)

1.3.6 Determinants of CSR disclosure

More and more companies have decided to publish information about the impacts of their activities on stakeholders. While this trend is globally verified, not all companies are practising CSR disclosure at the same level (Reverte, 2009). Over the past 20 years, a significant number of studies around the world have examined the determinants of CSR disclosure, and particularly CSR reporting. They have analysed the link between a company's intrinsic characteristics and the extent and quality of CSR information reported. To do so, they looked at a large variety of criteria such as firm size, profitability, ownership concentration, ownership type, liquidity, industry sector, media exposure, age or leverage (Dyduch & Krasodomska, 2017, Reverte, 2009; Song et al., 2013). As will be further explained in the Hypothesis, the results obtained by these researches are often very contrasted from one study to another. Nevertheless, some factors were more consistent than others. The vast majority of studies show, for example, that the size of a company has a positive impact on the adoption of CSR reporting practices as well as on the quantity and quality of the information reported. The same conclusions have been drawn regarding media exposure and industry sector in many researches, while results regarding the impact of financial performance and ownership have been very mixed, meaning that no conclusion of a correlation could be drawn (Hahn & Kühnen, 2013)

1.3.7 Prevailing topics in CSR reporting

We have seen that CSR is a rather broad concept that is sometimes difficult to define or even understand in its entirety, even for specialists, as it evolves quickly over time. This makes the practice of CSR disclosure, and CSR reporting in particular, especially complicated for companies, which is why they often prefer to rely on international standards to guide them. Depending on the reference standard, the categories used to differentiate the many topics behind the CSR concept may vary a lot. As already mentioned, the most commonly used standard for CSR reporting is the Global Reporting Initiative (GRI), which implies that its categorization of the CSR topics is highly relevant if one wants to investigate the prevailing topics in businesses' CSR reports. The GRI framework divides CSR disclosure content into 3 broad categories - Economic, Environmental and Social (Global Reporting Initiative, 2014). The Social category is then divided into four sub-categories - Labour Practices and Decent Work, Human Rights, Society and Product Responsibility. Categories and sub-categories are finally divided into specific indicators, such as Energy, Employment or Corruption. A total of 84 indicators are thus identified.

In 2014, the Governance & Accountability Institute, Inc. conducted a study to analyse the level of disclosure of companies and to spot the CSR topics on which companies reported best, on the grounds of certain criteria (Governance & Accountability Institute, Inc., 2014). They based their study on data gathered in the CSR reports of 1,246 organizations across 35 industries, all using the GRI standards as a guideline. The top five aspects out of 84 for all sectors are, in descending order: Diversity & Equal Opportunity, Economic Performance, Energy, Training & Education and Child Labour. Therefore, they found that Diversity & Equal Opportunity stands out as the best reported subject in the CSR reports of the tested companies. Diversity & Equal Opportunity is described in the report as the "composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity." (Governance & Accountability Institute, Inc., 2014, p. 187) These results show empirical evidence of how central the subject of diversity is for businesses around the world.

Even though companies generally seem to give a priority in reporting about diversity in their CSR reporting reports, the subject of diversity in the field of CSR has comparatively received less attention from researchers (Dainty et al., 2010). The next section will discuss the current state of academic knowledge around the topic of diversity in the workplace and its place in the CSR practices and CSR disclosure of companies.

2. Diversity

2.1 Definition, origins and evolution

The concept of diversity is very broad and has been addressed by many areas of expertise and research. It can widely be defined as:

"... the representation, in one social system, of people with distinctly different group affiliations of cultural significance". (Cox, 1993, as cited Choy, 2007)

In this study, we are not interested in diversity in its entirety and the focus will be made on diversity in the workplace exclusively. The subject of diversity in the workplace is not new. The term "workforce diversity" appeared in the 1990s to describe the changes that had been observed in the world of work (Roberson, 2018). As a result of various economic and social trends, the composition of the workforce has been gradually and profoundly modified over the course of the 20th century. It has become increasingly heterogeneous, notably with the advances made in terms of human, women and civil rights. These societal progresses allowed access to the workplace to demographic groups who were traditionally underrepresented there, such as women or non-white people. The globalisation process has also had an important role to play in the heterogenization of the workforce (Green et al., 2002). Interactions among people with diverse backgrounds, cultures, origins or native languages soared in the past decades, leading managers and organizations to face new and complex challenges.

Just like CSR, diversity in the workplace received many definitions from various researchers over time. Evans and Henry (2007) provided the following definition:

"*Diversity [in the workplace] refers to the co-existence of employees from various socio-cultural backgrounds within the company*." (p. 73)

In the interest of brevity and clarity, diversity in the workplace will henceforth be referred to simply as diversity. Although this definition of diversity is intelligible, it does not provide information on the different dimensions that lie behind the concept of diversity. Diversity encompasses plentiful dimensions such as "age, ethnicity, gender, physical ability, race," as well as "geographic location, income, marital status, military experience, parental status, religious beliefs, work experience, class, hierarchy as applied to an individual" (Cox, 1991; Cox, 1993, as cited in Erwee & Innes, 1998, p. 2). Several categorizations of these dimensions have been proposed by academics. Jackson et al. (1995, as cited in Roberson, 2018) distinguished readily apparent and inborn dimensions, like gender or race, from invisible and acquired attributes like education. Another classification proposed by Pelled (1996, as cited in Roberson, 2018) focused on differentiating dimensions based on the degree by which they would affect the ability of an employee to perform job-related tasks. By reviewing the work of academics, Choy (2007) divided the diversity dimensions of employees into three categories. The first category, demographic diversity, encompasses dimensions like age, gender or race. Choy defined it in the following way:

"[Demographic diversity characteristics] are considered readily detectable attributes that can be easily characterised in particular individuals." (2007, p.7)

This study will focus on the dimensions of this first category of diversity. The second category described by Choy is the organizational diversity. It includes criteria like seniority in the firm and hierarchical ranking. Finally, the last category is the socio-cognitive diversity. A person's culture, personality or general knowledge are characteristics that belong to this last category.

2.2 Different strategies for managing diversity

In order to cope with the challenges brought by the diversification of the workforce, companies have had to develop brand-new managerial strategies and practices which were soon designated under the name of diversity management. Diversity management has become a central topic for many companies, first in the USA and then in the rest of the world, starting in the 1980s (Köllen, 2016). The interest of businesses and researchers for this concept developed rapidly and it "is considered to have been one of the most popular HRM strategies of the 1990s" (Mazur, 2009, as cited in Mazur, 2013, p. 43). Diversity management can be defined as:

"Systematic and planned programs or procedures that are designed a) to improve interaction among diverse people especially of different ethnicities, sexes or cultures

and b) to make this diversity a source of creativity, complementarity and greater effectiveness." (Stockdale and Crosby, 2004, as cited in Risberg & Søderberg, 2008, p. 427)

In 2007, Amaram pointed out that the traditional approach of organisations towards diversity management had long been to impose the culture of the majority. Minorities were expected to adapt to the dominant organisational culture by putting aside their differences. However, as diversity continued to increase, many companies started to adopt new strategies to better cope with this trend, embarking on an important transformation process. As Gardenswartz and Rowe (1993, as cited in Erwee & Innes, 1998) theorized, businesses can go through three main stages in the development of their diversity management strategy. First, in the monocultural stage, diversity is not acknowledged. Employees must conform to the prevailing organizational culture and respect its norms and standards. Second, the non-discriminatory stage is often reached due to governmental regulations that force companies to adopt practices to avoid discrimination, like the instauration of recruitment quotas. These companies are trying to find a compromise between assimilation and diversity recognition. Finally, companies in the multicultural stage highly value diversity. They create flexible standards and practices that can be adapted to individual characteristics and no longer seek assimilation.

Another classification of how companies manage diversity can be paralleled with the Gardenswartz and Rowe diversity management stages. Seemingly more complex and accomplished, this classification is based on three main paradigms, as explained by Ely and Thomas (1996). In the first and most widely spread paradigm, the "Discrimination-and-Fairness paradigm", companies focus on equality and fairness, and compliance with federal regulations. This way of understanding diversity can be compared to the second stage seen above in that there is a total assimilation of diversity, which is not recognized in the workplace. Employees have to comply with the organizational norms and hide their differences. This diversity management strategy allows managers to greatly increase demographic diversity and achieve better equality and fairness, but it is limited by its assumption that all employees are alike, and that diversity does not influence their work.

In the "Access-and-legitimacy paradigm", companies adopt the total opposite strategy: diversity is fully recognized and celebrated. Employees are recruited for and not despite their differences and are assigned to jobs where they interact with customers from the same social and identity group. Managing diversity under this paradigm can allow a business to expand its activities into new niche markets and to create substantial competitive advantages. Nevertheless, an important drawback lies in the fact that such strategy can create a sense of exploitation among employees, but also a strong feeling of injustice in that they are restricted to very specific jobs and do not have the same opportunities as others to grow within the organization. In addition, the knowledge accumulated in these niche markets does not cross departmental boundaries, which represents a significant loss in terms of learning and growth for the organization.

Finally, the third paradigm can be compared to the multicultural stage and stands at the crossroads between the two previous paradigms. In the "Learning-and-effectiveness paradigm", the emphasis is made on the concept of integration rather than assimilation or differentiation. Like in the first paradigm, employees are treated fairly and equally, but no longer in denial of their differences. And just like in the second paradigm, diversity is highly recognized and valued by the company, but it is not restricted to the opportunity it offers to reach new markets.

Erween and Innes (1998) have empirically demonstrated that firms that have reached the multicultural stage are on average better at coping with diversity challenges than those in the monocultural and non-discriminatory stages. At the same time, Ely & Thomas (1996) asserted that organizations operating around the "Learning-and-effectiveness paradigm" reap the real benefits of diversity while avoiding the dysfunctions associated with other diversity management strategies. This demonstrates the need for companies to go beyond assimilation, differentiation and mere compliance with diversity regulations. If they are to take full benefits of diversity, they need to do more than just increase the diversity of their workforce and set up strategies, policies and practices to create true inclusion.

2.3 Dynamics behind the spread of diversity management practices

According to Amaram (2007), companies are increasingly evolving from a monocultural to a multicultural stage. This tendency that can be explained by three main dynamics: a legal dynamic, a moral dynamic and an organizational effectiveness dynamic.

First, there has been a growing awareness concerning the moral responsibilities that organizations and the society at large have toward disadvantaged people, and more precisely the role they can play in the improvement of their conditions. Increasing the corporate diversity has become a moral imperative for many (Collins, 2012), and it is under this moral dynamic that a growing number of companies have decided to engage in diversity management practices (Amaram, 2007).

Second, over the past thirty years, numerous countries have introduced regulations to increase and defend diversity in the workplace, largely under the pressure of moral dynamics. In Europe, North America, Asia and Africa, these regulations have primarily taken the form of positive discrimination policies, which are “a system of practices, such as hiring quotas, designed to directly increase the proportion of people from minorities in the workplace." (Jonsen et al., 2011, as cited in Collins, 2012, p. 989) In Asia, quotas most often aim at increasing the representation of disabled people in the workplace, while European nations lead the way to gender parity quotas, especially in the composition of corporate boards. Governments across the globe have also introduced other legislations aimed at enforcing equal opportunities through sexual and moral harassment policies or equal pay regulations. Under this legal dynamic, companies are forced to comply with the growing number of governmental regulations by putting in place measures to combat discrimination and increase the diversity of their workforce (Amaram, 2007).

Finally, at a time of increasing globalization, being able to manage diversity better than competitors has become a key success factor for businesses (Amaram, 2007). As already mentioned, companies that implement flexible diversity management practices and value diversity are better positioned to alleviate the tensions and challenges that arise from an increasingly diverse workforce (Erwee & Innes, 1998).

These challenges are numerous and can be costly for companies. For example, the absenteeism rate of women and non-white men is on average higher than that of white men (Dechant & Robinson, 1997). This is due to more demanding family responsibilities, but also to a feeling of not being sufficiently considered and valued within the organization, leading to lower performances and higher absenteeism rates, a costly issue for firms (Davis-LaMastro et al., 1990). A diverse workforce is also often synonym of higher average turnover rates (Dechant & Robinson, 1997). As far as women are concerned, this can be explained by a lack of opportunities to move up the organizational ladder, leading them to try their luck elsewhere more quickly than white males (Tashjian, 1990, as cited in Dechant & Robinson, 1997). This is all the more problematic for companies as the costs of recruiting and training new staff are notably high (Dechant & Robinson, 1997). Moreover, mismanagement of diversity can also lead to costly lawsuits for discrimination. This type of lawsuit increased sharply in the 1970-1990 period. Knowing that two-thirds of verdicts were pronounced in favour of the plaintiffs for an average amount of $600,000 (Gillespie & Volpi, 1992, as cited in Dechant & Robinson, 1997), it is easy to understand why the ability to better manage the complex dynamics generated by diversity can significantly reduce HR-related costs.

In addition to reducing diversity harms, a well-designed diversity management strategy can bring a multitude of benefits to a business (Mazur, 2013). A first advantage lies in the ability of the business to attract and retain talents. By including minorities in their recruitment processes, multicultural companies have access to a wider pool of talents. Efficient management of this diverse workforce creates better manager-employee relations, which increase attraction and retention rates. In turn, these good relations can decrease the costs linked to recruitment, training and labour in general (Amaram, 2007). Second, because multicultural organizations often have better recruitment, mentoring and promoting processes, they are also able to create strong cohesive teams (Davidson & Fielden, 2003) that are more productive and less prone to conflicts (Foma, 2014). More diversity and recognition of individuality also reduce homogeneity in terms of group decision-making, allowing the teams to be more creative, innovative and better at problem-solving (Blake & Cox, 1991). Third, an organization's diversity allows it to communicate and work more effectively with clients from all walks of life, a quality that is necessary in a world that is becoming increasingly global (Adler, 1991). Fourth, multicultural companies are better at coping with changes and therefore have a higher organizational flexibility. This can be partially due to the fact that "women are said to have higher tolerance for ambiguity than men." (Rotter & O'Connell, 1982, as cited in Amaram, 2007) Finally, by being more inclusive of the need of its employees, a multicultural business benefits from an improved public image (McEnrue, 1993). In short, we can see that the list of benefits linked to an effective diversity management is long, which should encourage companies to make it one of their priorities.

2.4 Diversity management guidelines and practices

Developing effective diversity management is crucial for the success of a company and several theoretical guidelines have been developed to optimize these strategies.

First, diversity must be included in the rites and rituals of the company. This can be achieved by providing sufficient flexibility regarding “religious holidays, diet preferences and dress modes” (Amaram, 2007, p. 5). Second, diversity inclusion and recognition must be an integral part of the company's purpose and cannot only result from legal compliance (Amaram, 2007). Third, communication within the company should be encouraged in order to allow new ideas to circulate, to gather feedback from employees and to avoid situations of conflict. Finally, managing diversity efficiently requires strong support and involvement at the top level of the organization. Directors must be fully and visibly engaged in diversity management, and managers have to be held accountable for achieving diversity performance goals. The role of managers in this process is crucial and has been stressed in several other studies (Green et al., 2002; Roberson, 2018). It is essential for managers to fully understand how discrimination works and the consequences it can have. They must understand that their judgement can be biased by deeply embedded stereotypes and be willing to change the very nature and functioning of the organization if it goes against the success of their diversity management strategy (Koonce, 2001). The ability of a manager to successfully manage diversity is linked to its ability to “unlearn practices rooted in an old mindset, change the ways organizations operate, shift organizational culture, restore policies, create new structures, and redesign human resource systems” (Cox, 1993, as cited in Amaram, 2007). This “must-have” list for successful diversity management is not exhaustive and is also not a miracle solution that can be applied to all businesses. Managers need to be able to adapt their diversity management to their own organizational context (Green et al., 2002).

Beyond these broad diversity management guidelines, many concrete practices are available to managers wishing to create or improve the way they handle diversity. These practices have been classified by Dobbin et al. (2006) into 3 broad categories:

practices that generate behavioural change, practices aiming at treating social isolation, practices that induce organizational change.

In the first place, practices aiming at generating behavioural changes address managerial natural bias and stereotypes regarding diversity. To counter in-group preferences and stereotypes, managers can implement diversity training sessions aiming at "addressing bias, improving diversity attitudes, and facilitating positive intergroup relations in the workplace" (Wentling & Palma-Rivas 2000, as cited in Roberson, 2018, p. 77). The efficiency of these sessions is however questioned by academics, and it appears they are effective if given on a regular basis and not during a one-shot session (Koonce, 2001). Another practice to reduce managerial bias is to conduct feedback and evaluations on the diversity performances of managers. Feedbacks can prove worthy as, according to several studies, "when subjects know that their decisions will be reviewed by experimenters, they show lower levels of bias in assigning jobs." (Salancik & Pfeffer 1978; Tetlock 1985, as cited in Dobbin et al., 2006, p. 594). Unfortunately, Dobbin et al.'s findings show no clear evidence of the effects of behavioural change practices on diversity management performances.

Secondly, practices that intend to treat social isolation focus on giving diversity people tools to improve their chance of success in a world dominated by white males (Dobbin et al., 2006). Having the right contacts and network is an indispensable asset in the world of work, but because this world is dominated by white males, whose networks include a majority of other white males, minorities are inevitably at a disadvantage. Mentoring and networking programs are diversity management practices that can help to alleviate these inequalities through information and experience sharing as well as career counselling. Yet in their paper, Dobbin et al. only found a modest linkage between practices that treat social isolation and performances in managing diversity.

At last, practices that aim at inducing organizational change favour the designation of a specific person, group or department to be responsible for improvements in the diversity management of the firm (Dobbin et al., 2006). This can be done through the appointment of an affirmative action officer who will implement affirmative programs and ensure the attainment of targets, or via a specific team, department or committee that will oversee diversity concerns. The rationale behind these practices is that when an organization does not have a person or body explicitly responsible for it, diversity management tends to be overshadowed by other managerial concerns such as the achievement of financial objectives. Dobbin et al.'s study (2006) concluded that organizational change practices "are the most effective means of increasing the proportions of white women, black women, and black men in private sector management." (p. 611) Moreover, when implemented in conjunction with other diversity programs, they can act as a catalyst and improve results in terms of diversity management. In that respect, we see that managers have many practices at their disposal to improve the performances of their organisation in terms of diversity management. However, all these practices are not equivalent, and companies that truly want to improve their diversity management performances need to put in place organisational change practices that will tackle the structure of responsibility toward diversity performance within the company.

2.5 Multinational companies and global diversity management

Although diversity is a phenomenon that affects a growing number of companies regardless of their size or sector of activity, dealing with this challenge proves more complex for some firms than others. This is particularly the case for multinational companies (MNCs). With the rapid globalisation of businesses, particularly since the 1950s (Morgan, 2009), international diversity, or global diversity, has rapidly become a major issue for companies embarking on the international adventure (Sparrow, 2009). A survey realized by Dunavant and Heiss in 2005 on the Global Fortune 500 companies revealed that all the surveyed MNCs were perceiving "global diversity as an important or very important issue." (p. 2) In particular, the wide disparities in their workforce in terms of language and ethnicity tend to make diversity a much more complex concern for MNCs (Lauring, 2013). To cope with this global diversity, MNCs have developed global diversity management practices. Global diversity management can be defined as:

> *"The planning, coordination and implementation of management strategies, policies, initiatives and development activities with the aim of accommodating diverse sets of working in organizations with international work forces."* (Ozbilgin & Tatli, 2008, as cited in Collins, 2012, p. 988)

Global diversity management opposes two main issues to MNCs (Nishii & Özbilgin, 2007). The first issue is that each country in which MNCs operate has its own culture, regulations and societal concerns in terms of diversity. Because of these disparities across countries in the definition and conceptualization of diversity, diversity management practices and policies implemented in the headquarter often become irrelevant when transferred into another cultural and geographical context (Lauring, 2013). The second issue of managing global diversity is related to the intrinsic diverse workforce of MNCs (Nishii & Özbilgin, 2007). A global business often implies a very diverse workforce, which in turn induces various challenges for MNCs, requiring them to develop the skills and knowledge to efficiently “manage multicultural teams, develop cultural or global competence, and [facilitate] smooth and effective interactions among global employees and units.”(p. 4) Therefore, companies that operate on an international scale face more difficulties both in terms of cross-national differences and workforce diversity than companies that have chosen to remain within their original borders (Syed & Tariq, 2017).

On a practical level, these two issues encountered by MNCs when trying to create a global diversity management strategy are the source of an important paradox. Indeed, MNCs are torn between the simultaneous necessity to remain flexible and able to adapt to cross-national differences in the way diversity is perceived and managed while at the same time developing a consistent global diversity strategy to cope with the diversity of the workforce (Nishii & Özbilgin, 2007). Given this paradox, the global diversity management programs implemented by MNCs have traditionally followed two main approaches. On the one hand, MNCS can decide to implement a multi-domestic approach, in which case each subsidiary is free to set up its own diversity practices and standards according to the context of the country or region where they operate. The role of the headquarter is then only to provide general guidance, while each entity enjoys a great deal of independence in the way it complies with it. This approach facilitates flexibility, improves local involvement and makes it easier for MNCs to cope with tensions created by cultural and legislative differences between the headquarter and the subsidiaries (Egan & Bendick, 2003). However, it is difficult and costly to sustain in the long term, and it is often accompanied by a lack of support from the headquarter in terms of resources and knowledge. In addition, organizations following a multi-domestic strategy tend to have no dedicated global diversity team, which can greatly reduce the effectiveness of their diversity management at a global level (Őnday, 2016).

On the other hand, MNCs can opt for a top-down approach, where a global strategy is developed at the headquarter level and imposed on subsidiaries (Őnday, 2016). Such approach can take longer to set up than a multi-domestic approach and can increases the risk of a lack of commitment at local levels (Nishii & Özbilgin, 2007). Nevertheless, it can be very beneficial for MNCs that operate on a more centralized model. It can enable them to create global and more consistent diversity management strategies at the corporate level while at the same time providing much greater support to subsidiaries to help them implement effective diversity management practices (Őnday, 2016).

Unsurprisingly, both approaches have advantages and downsides and there is not one right option that will fit to every MNCs (Nishii & Özbilgin, 2007). Instead, implementing a strategy halfway between these two approaches could be the ideal solution for MNCs to efficiently manage global diversity. It could allow them to maintain a certain level of freedom at the subsidiary level, thus preserving adaptability and local involvement, while simultaneously keeping a strong support from the headquarter, improving global knowledge creation, promoting a better access to resources and increasing consistency through the creation of a comprehensive global diversity management strategy. In the end, it is the role of each MNC to define the right balance depending on its specific context (Egan & Bendick, 2003). It will become increasingly important for multinationals to invest in developing effective global diversity management strategies given global trends in the ageing of the population in developed countries, high birth rates in developing countries, migratory flows and continued globalization (Mor-Barak, 2005). While the topic of global diversity is of utmost importance to multinational corporations, it has yet received relatively little attention from researchers (Lauring, 2013). In contrast to other research topics in the field of organizational science, academic knowledge on global diversity lags behind corporate practice (Nishii & Özbilgin, 2007). Thus, there is currently a significant gap in the scientific understanding of global diversity, which calls for the need to multiply studies on the subject in the years to come.

2.6 Diversity in the field of CSR

Up to now, most studies on CSR and the related problematics have focused on the economic and environmental aspects. The social component of CSR has often been neglected while it plays a crucial role in the daily challenges of companies. Moreover, even when the social character of CSR was investigated, researchers often limited themselves to the study of philanthropy or volunteering, although these aspects represent a minor part of the matter (Mazur, 2013). The link between CSR and diversity has therefore rarely been studied in the past, but this trend is now being reversed as a growing number of researchers are taking an interest in it (Grosser and Moon 2005a, 2005b, 2006, 2008a, 2008b; McWilliams and Siegal, 2005, as cited in Dainty et al., 2010). Many researchers have demonstrated that there is a strong link between diversity management and CSR. Both strategies apply to internal stakeholders, they do not derive from legal constraints but mainly from the free choice of companies, they both address the issues of respect for human rights and inclusion, and they find corporate legitimacy in the benefits they can generate in terms of productivity, creativity or innovation (Maj, 2018).

These two areas are also linked by companies' sustainability reporting practices. As previously mentioned, the results of a study realized by the Governance & Accountability Institute in 2014 indicated that diversity was the best reported topic in the CSR reports of more than 1200 organizations. Companies therefore seem to give a special place to the disclose of diversity information, also known as diversity reporting (Maj, 2018), in their sustainability reports. However, there is currently a very limited number of researches that were conducted to identify the main dimensions of diversity discussed by companies in terms of quantity, evaluate the relevance of the information disclosed or understand what influences the quantity of diversity information disclosed.

In 2018, Maj reviewed the findings of several previous papers and conducted his own empirical study on Polish companies in order to improve academic knowledge. He found that, in general, companies focus on a limited number of diversity dimensions, particularly gender (Werkmmeister, 2016; Kent & Zunker, 2013, as cited in Maj, 2018) and age, and completely elude others (Maj, 2017). Besides, they tend to overemphasize the link between corporate governance and diversity by focusing only on the composition of the board rather than the composition of the workforce. His empirical results match with the findings of other studies as he demonstrates that Polish firms report primarily on the dimensions of gender and age. The disability dimension is also strongly addressed, while the ethnic origin/race and nationality dimensions are much less so. Another study carried out in 2016 in the UK showed slightly different results. All the organizations of the sample used reported on gender, while the second most frequently addressed category was ethnicity, followed by disability, and finally age (Vaughan, 2016).

In 2018, Krause et al. analysed the average quality of the information disclosed by companies in Germany. They discovered that the average report provides a very simplistic analysis of diversity, merely mentioning figures on the male/female proportion or on the age distribution of employees, and does not include diversity targets, which suggests that no strategy in terms of diversity management is being pursued by companies (Holton, 2005). These findings seem to indicate that quantity is not synonymous with quality and that, although companies appear to give a lot of importance to diversity in their sustainability reporting, the relevance of the information provided often leaves much to be desired.

Finally, in his 2018 study, Maj carried out an empirical analysis aiming at finding out the determinants that can explain why some Polish firms report on diversity while others do not. The topic of the determinants of diversity reporting, unlike the determinants of CSR reporting, received very little attention from researchers. As far as we know, Maj is in 2020 the first and only academic to have investigated the subject. In order to be able to carry out his study and elaborate his hypotheses in the absence of scientific bases, he had to refer to the theoretical framework of CSR reporting and apply it to its research topic. Given the many similarities between these two areas of study, he considered relevant to explore whether the determinants of the CSR reporting can also explain the diversity reporting practices of Polish companies. He looked at company size, financial performance, international presence and development of non-financial reports as potential explanatory factors for companies to report on diversity. After carrying statistical tests, only the latter happened to be a significant predictor. The outcomes of Maj's study therefore suggest that the same patterns do not apply to both areas of research, and that unknown trends are influencing the diversity reporting of Polish firms.

Although it is a pioneer in its field, Maj's paper is limited by its very specific geographical context. With only one study on the subject of the determinants of diversity reporting, no general trend can currently be drawn. In addition, his study looked at the factors that cause a company to publicly disclose information on diversity, not at the factors that influence the amount of information published. We can therefore see that a large scientific void remains as no study has currently investigated the factors that influence the extent of diversity reporting of companies. This void is all the greater in the international context because it adds to the already existing lack of knowledge about the complex relationships that link multinationals to diversity. It is in light of these observations that we decided to conduct an exploratory study on the determinants of the extent of diversity reporting in the sustainability reports of multinationals.

3. Hypotheses

As mentioned earlier, there is a vacuum in the current understanding of the extent of diversity reporting in the sustainability reports of companies, and especially multinationals. Conversely, the determinants of the extent of CSR reporting have received the attention of many researchers over the last 30 years, which allowed them to identify major trends and develop robust theoretical frameworks to explain them. Despite Maj's study mainly contradicts the assumption that the determinants of CSR reporting can be used to study the field of diversity reporting, we will use state of the art CSR reporting knowledge to conduct our study. Eventually, the following hypotheses will be investigated.

Size

The size of an organization as a determinant of its extent of CSR reporting has received a lot of attention from researchers. Theoretically, larger companies should be related to enhanced CSR reporting activities. Indeed, big companies are "more likely to be subject to public resentment, consumer hostility, militant employees, and the attention of government regulatory bodies." (Reverte, 2009, p. 354) They have a wider range of stakeholders due to their variety of activities and markets, and they also benefit from a greater capacity to invest in CSR practices than smaller firms (Dyduch & Krasodomska, 2017). As bigger and international companies also tend to have a more diverse workforce, we can expect to find a positive relationship between the extent of diversity reporting and the firm size.

This positive relation has been empirically demonstrated in numerous studies (Dyduch & Krasodomska, 2017, Reverte, 2009; Song et al., 2013). Maj's study (2018) also looked at this variable as a determinant of diversity reporting practices of Polish firms. Its findings, however, run counter to the studies on the determinants of CSR reporting as “no bases to conclude the existence of [the organization size’s] impact on diversity reporting were found.” (p. 13) We shall therefore see whether or not the same conclusions can be drawn in the study of the extent of diversity reporting. We make the following assumption:

H1. The size of an MNC affects the extent of its diversity reporting

Industry

After the size, the type of industry is the second most studied determinant in the field of CSR reporting research (Adams et al., 1998, as cited in Reverte, 2009). In general, one would expect a company operating in an industrial sector with high negative environmental and societal impacts to try and promote a positive image to the general public. These companies, operating in heavy industries such as oil, mining or chemicals, are therefore expected to be more active in terms of CSR reporting than others (Dyduch & Krasodomska, 2017). Some industries are also subject to more regulations in terms of CSR reporting and receive more media coverage than others (Song et al., 2013), and companies offering widely consumed products and services tend to be more visible (Branco and Rodrigues, 2008).

Empirical results generally show a positive correlation between the fact that a company operates in an industry with greater societal and environmental harmful effects and the extent of its CSR reporting (Hahn & Kühnen, 2013). The type of industry in corporate diversity disclosure has, however, not been studied by Maj. The following hypothesis is formulated:

H2. The industry of an MNC affects the extent of its diversity reporting

Profitability

Another determinant of the amount of CSR reporting that has received considerable attention from researchers is the financial performance of companies, and in particular their profitability. A profitable company is expected to have the managerial skills and knowledge to carry out effective CSR reporting. Moreover, the arguments put forward to justify the importance of company size also apply here: the most profitable companies have more means to invest in CSR practices and are also more subject to political and public pressure, forcing them to take care of their brand image through CSR reporting (Hahn & Kühnen, 2013). However, it could also be argued that lower-income companies might tend to divert attention from their poor financial performances by focusing on the social and environmental benefits of their operations (Maj, 2018). The theoretical line of the impact of profitability on CSR reporting is therefore difficult to cross.

Empirical research has reported very mixed results towards the existence of a significant relationship between profitability and the extent of CSR reporting (Belkaoui and Karpik, 1989; Cowen et al., 1987; Archel, 2003; Brammer and Pavelin, 2008, as cited in Reverte, 2009). Nevertheless, a negative correlation seems very unlikely (Hahn & Kühnen, 2013). In his study on diversity reporting, Maj could not find a significant influence of the profitability on whether firms would report on diversity or not (2018). We hypothesize that:

H3. The profitability of an MNC affects the extent of its diversity reporting

Home country

Differences in terms of government regulations but also cultural norms related to the company's country of origin could explain differences in the extent of CSR reporting. This determinant has not been the subject of many academic papers, and the few researchers who used it in their study obtained divergent results (Hahn & Kühnen, 2013). In the context of this thesis, which is looking at the practices of multinational companies, it seems highly relevant to focus on the home country as a determinant of the extent of diversity reporting. Thus, we assume that:

H4. The home country of an MNC affects the extent of its diversity reporting

Many other variables were also used in previous studies to investigate the determinants of CSR reporting. For example, we could have decided to verify the assumption that the level of media exposure has a positive impact on the extent of diversity reporting. However, this variable is highly correlated with the company size and we therefore preferred not to include it in this study. Another variable that could have been interesting to add is the ownership structure. We nevertheless decided not to include it as only few studies have focused on the subject and their results are often inconclusive (Hahn & Kühnen, 2013). Eventually, we will test a total of four hypotheses in the course of this study.

Part III: Research Design and Methodology

As will be later explained in this section, we performed a quantitative content analysis followed by a multiple regression model in order to test our assumptions. But first, we define our sample and variables and explain the data collecting method.

1. Sample

The Fortune Global 500 ranking of 2017 was used to select the MNCs to be sampled in this study (Fortune, 2020). Each year, the Fortune Global 500 ranks the 500 largest companies in the world in terms of revenue. We decided to base this research on corporate sustainability reports, which are the most commonly used support to communicate about CSR practices (Hahn & Kühnen, 2013). To obtain the sustainable reports of the companies ranked in the Global 500, we used the GRI Sustainable Disclosure Database as it provides a quick access to a large number of sustainable reports published by thousands of companies around the world (GRI, 2020). As the 2018 and 2019 reports were often not available at the time of data collection on the GRI database, we decided to conduct this study on the 2017 sustainability reports. When a report was not available in the GRI database, we performed an Internet search to find it directly on the company's website. The Fortune website was used to collect the companies' information, based on the reporting year (Fortune, 2020). The few companies with a negative ROA were excluded for ease of implementation of the statistical model. Eventually, we collected the reports of 128 companies.

The sample firms are grouped according to their sector of industry in *Figure 1* and country of origin in *Figure 2*. Companies operating in the Energy sector account for the largest proportion of the sample (17%). They are followed by companies active in the Financials (11%) and Motor Vehicles & Parts (7%) sectors. The Media sector provides the fewest companies with only 1% of the total sample. The number of companies by industry is given in *Table 1*[1]. As shown by Figure 2, more than a quarter of the selected companies are American, followed by Chinese (9%), Japanese (8%) and German (6%) companies. The Others category in the graphic includes six firms, one from each of

[1] See Appendix A – Summary of the Sample

the following countries: Indonesia, Israel, Malaysia, Mexico, Thailand and Turkey. The number of companies by country is given in *Table 2*[2].

Figure 1: Pie chart of the industry distribution of the sample

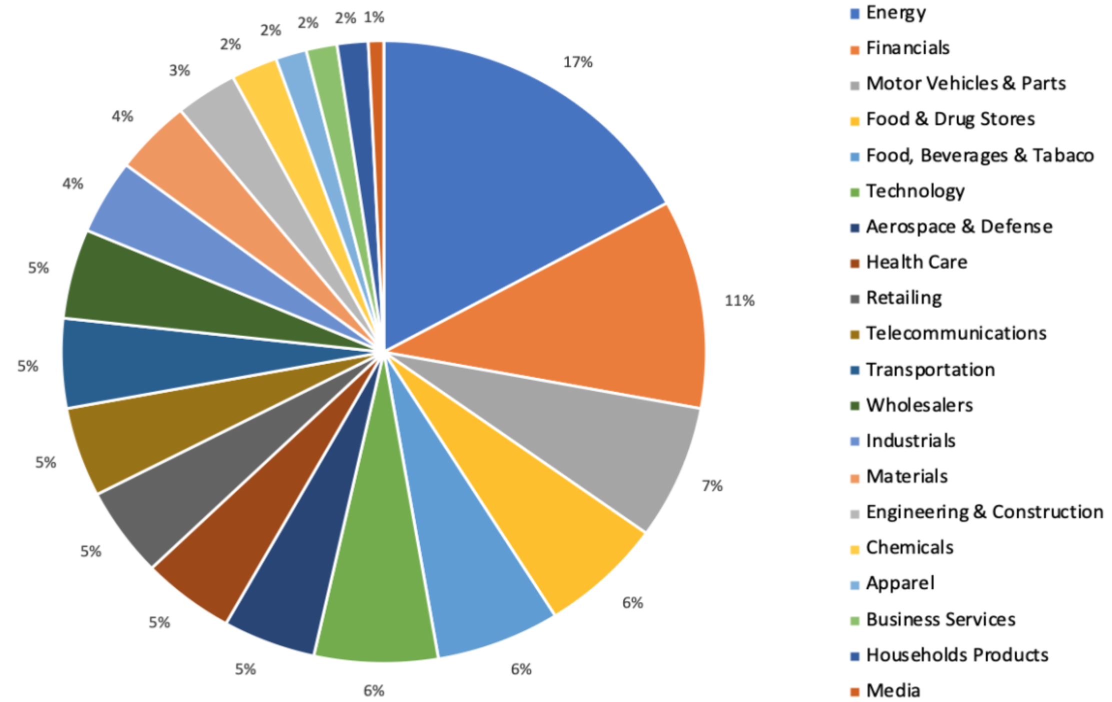
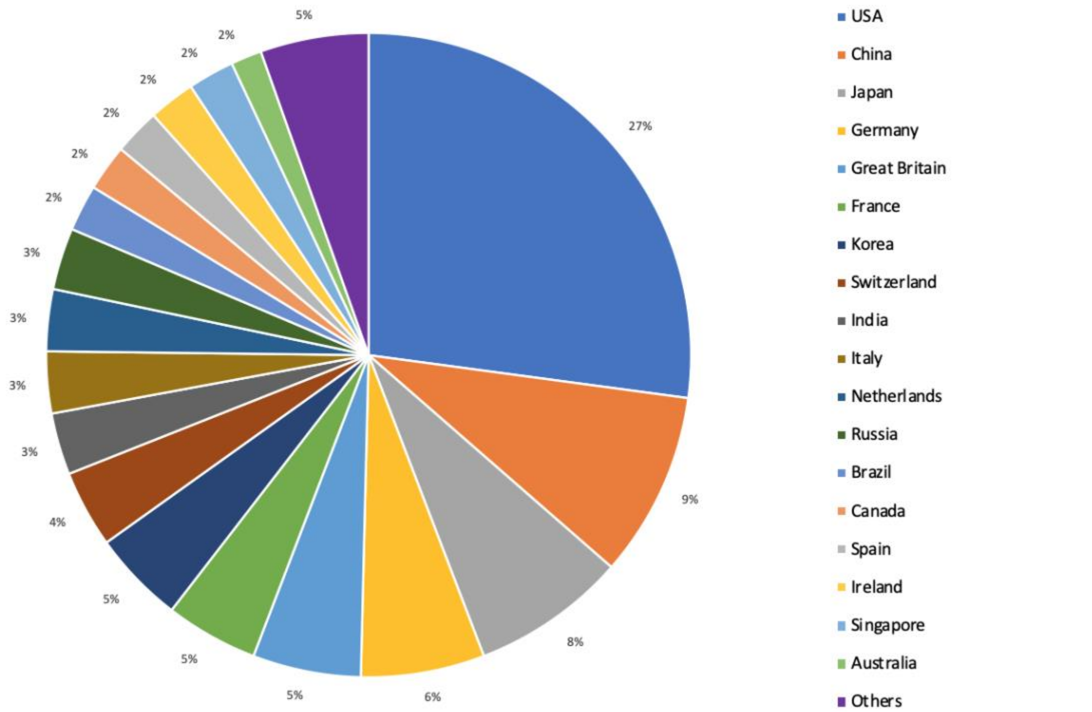


Figure 2: Pie chart of the country distribution of the sample



[2] See Appendix A – Summary of the Sample

The average size of the selected companies, given by their total assets, is $259,630 billion. The largest company of the sample is the Chinese bank ICBC with a total asset of $4005,995 billion, while the smallest is the Swiss company Adecco Group with $11,876 billion of assets. The average profitability of the sample, given by the Return on Assets (ROA), is 5,13%. The company with the highest ROA is the British company British American Tabaco, with 25,30%. The companies Petrobas, China Minmetals, Aluminum Corporation of China and State Bank of India have the lowest profitability value with a nil ROA.

2. Measurements

2.1 Dependent variable

This thesis aims to study the determinants of the extent of diversity reporting of MNCs. For this purpose, we decided to use the quantitative content analysis method, which has been dominantly used for previous researches in this field of study (Hahn & Kühnen, 2013). Quantitative content analysis can be defined as:

> "*A technique for gathering data that consists of codifying qualitative information in anecdotal and literary form into categories in order to derive quantitative scales of varying levels of complexity."* (Abbott, and Monsen, 1979, p. 504)

In practice, a support (report, website, advertisement, ...) is browsed to find and count all the information related to the topic under consideration. In CSR reporting studies conducting a content analysis, many researchers used the total number of sentences related to CSR to measure the extent of disclosure. However, a 1995 study concluded that the total number of pages has to be preferred "as this reflects the amount of total space given to a topic and, by inference, the importance of that topic" (Adams & al.). Indeed, the pages method, contrary to sentences, allows us to take into account photos and graphics in addition to written information.

This research method is based on the assumption that the "quantity of disclosure signifies the importance of the item being disclosed" (Unerman, 2000; as cited in Hanafi, 2006, p. 137). It makes it possible to quantify qualitative data in terms of volume and, therefore, to make comparison and conduct statistical analysis (Hanafi, 2006). In addition, one of the great advantages of this technique is that it is considered as an unobtrusive method (Krippendorff, 1980). Indeed, it analyses secondary information that was not collected for the purpose of the study, thus reducing the bias of the respondent. However, the quantitative content analysis method has two main limitations that have to be considered. First, this technique only addresses the volume of information published, without measuring the quality and veracity of that information (Milne & Adler, 1999). Two reports with the same volume of information do not necessarily have the same content quality, yet this technique fails to take that reality into account. Second, quantitative content analysis can suffer from a significant amount of subjectivity. As stated by Hanafi, "the choices, preferences, and decisions made by the researcher as to what is and what is not to be included as [relevant information]" are his own, as well as the classification used to categorize this information (2006, p. 136). These limitations will have to be taken into consideration when analysing the final findings of this study.

To perform the quantitative content analysis based on the number of pages, a transparent A4 grid divided into 100 cells of equal size is placed over every page of the sustainability reports, as shown in *Picture 1*[3]. Each cell containing diversity information is recorded. The total number of recorded cells is then divided by one hundred to express the number of pages that contain diversity information. Finally, this number is divided by the total number of pages contained in the report to measure the dependent variable, which is the proportion of the whole report containing workforce diversity information (expressed in percentage). The final data, derived from a qualitative to a quantitative form, will then be used to perform a descriptive analysis and a multiple regression model.

Similar studies usually create different categories to analyse the topics that are the most often addressed by companies in their CSR reports. Elsayed et al. have for example divided their main dependent variable into six categories: environment, human resources, community, energy, product/customer and without (2011). This classification is of course not relevant when investigating the extent of diversity disclosure and we preferred the following categories: Gender (DivGen[4]), Age (DivAge), Ethnicity[5] (DivEth), LGBTQ+ (DivLGB), Disability (DivDis), Veterans

[3] See Appendix B – Quantitative Content Analysis
[4] In order to conduct statistical analysis on each dimension of diversity, dependent variables are created on the model "DivX", where X indicates the dimension of diversity.
[5] Also contains race and nationality related information.

(DivVet), and Others (DivOth). This last category incorporates non selected diversity topics and any information that does not directly fall into a category and that is related to diversity in the workplace in general.

2.2 Independent variables

Size

The firm's size is measured by the total assets of the firm in 2017, expressed in billions of dollars (Hahn & Kühnen, 2013; Song et al., 2013). Data on company size were taken from the Fortune website (Fortune, 2020).

Industry

When we collected the data from the Fortune website (Fortune, 2020), 20 industries were present in the sample (*Table 1*[6]). These 20 industries were then grouped into 3 main categories: heavy industries (e.g. Chemicals and Energy), light industries (e.g. Apparel and Health Care) and tertiary sector (e.g. Media and Retailing), as shown in *Table 3*[6]. We designated the tertiary sector as a baseline to compare the two other groups. Then, we created two dummy variables to run multiple regression tests, namely LIGHT and HEAVY. LIGHT takes a value of 1 if the company operates in the light industries, 0 otherwise. Similarly, HEAVY takes a value of 1 if the company operates in the Heavy industries, 0 otherwise. When the company does not belong to either group, both variables take a null value.

Profitability

We measure the firm's profitability by the return on assets (ROA) of the firm in 2017, expressed as a percentage (Belkaoui & Karpik, 1989; Bewley & Li, 2000, as cited in Reverte, 2008). The reason for choosing an accounting-based indicator like the ROA is that such indicators are to be preferred to market-based measures that exclusively rely on investors' valuation of the firm and can therefore neglect other important stakeholders' groups (Reverte, 2008). The ROA data was collected on the Fortune website (Fortune, 2020).

[6] See Appendix A – Summary of the Sample

Home country

Finally, we could have used a large variety of country-related indicators to classify and compare the impact of a multinational's home country on the extent of disclosure, such as the GDP per capita, the efficiency of the judiciary system or the level of public enforcement (Lopez-de-Silanes, 2005). Institutional differences between countries, in terms of corporate governance and ownership structure for example, can have a significant impact on what is expected from companies at a societal level (Fortanier et al., 2011). Thereupon, countries can be categorized based on these expectations, as whether they are stakeholder-oriented or shareholder-oriented (Dhaliwal et al., 2012). In the first case, a country primarily expects companies to meet their responsibilities toward a large range of stakeholders, who are considered to have a real and legitimate interest in corporate activities. In the second case, stakeholders are relegated to the background and the primary purpose of companies is the maximization of investors' value. In such countries, the company's responsibilities towards its shareholders takes precedence (de Villiers & Marques, 2016). It therefore seems relevant to argue that companies from stakeholder-oriented countries are more likely to communicate on CSR activities than others (et al., 2011). The empirical results regarding the impact of a country's stakeholder/shareholder orientation on CSR disclosure are quite divergent (KPMG, 2011; Simnett et al., 2009; Dhaliwal et al., 2012, as cited in de Villiers & Marques, 2016), but it has not been studied in the specific field of diversity reporting. Therefore, we decided that it would be interesting to investigate a potential correlation between stakeholder orientation and the extent of diversity reporting of multinationals.

To measure the stakeholder orientation of each country, Dhaliwal et al. analysed the legal environment for the protection of labour rights of companies' home country (2012). The rational is that "laws and rules related to labour protection are likely to capture the country's general environment in protecting the interests of stakeholders" (p. 731), and therefore its stakeholder-orientation. As a proxy of the legal environment, the average score of 4 indices were used in their study: the country's stringency of employment, social security, collective bargaining, and human rights laws. Data for the first 3 indices were obtained from Botero et al. (2004), and the last one from La Porta et al. (2004). Because the scores of several countries included in this thesis were not available in the human rights laws index, only the first three indices were used for this study. We took the data for the selected indices from the same paper (Botero et al., 2004). Eventually, a country with a higher average score indicates a greater orientation towards stakeholders, while a lower average score shows a predominant orientation towards shareholders. Depending on their average score, we grouped the 25 country (*Table 2*[7]) into 3 categories, as shown in *Table 4*[7]: countries with a low average score (average score below 0.45, e.g. USA and UK), countries with a medium average score (average score between 4.5 and 5.5, e.g. Israel and Japan), and countries with a high average score (average score above 0.55, e.g. France and Germany). Two dummy variables, MEDIUM and HIGH, were then created using the low average score category as a control group. MEDIUM takes a value of 1 if the company's home country has a medium stakeholder orientation, 0 otherwise. Likewise, HIGH takes a value of 1 if the company's home country has a high stakeholder orientation, 0 otherwise. When the company does not belong to either group, both variables take a null value.

Finally, we used a total of 6 independent variables to create the multiple regression models: 4 firm-level variables and 2 country-level variables.

3. Formulation of the Model

The objective of our research is to develop a multiple regression model to test the previously formulated hypotheses and thus identify the determinants of the extent of diversity disclosure. The following equation presents the format of the model that will be tested:

$$DivTot = \beta_0 + \beta_1 SIZE + \beta_2 LIGHT + \beta_3 HEAVY + \beta_4 PROF + \beta_5 MEDIUM + \beta_6 HIGH + \mathcal{E}$$

With *DivTot*, the dependent variable; β_0, the intercept; *SIZE,* the company's size; *LIGHT,* whether the company evolves in a light industry; *HEAVY*, whether the industry evolves in a heavy industry; *PROD,* the company's profitability; *MEDIUM*, whether the company's home country has a medium stakeholder-orientation score; HIGH, whether the company's home country has a high stakeholder-orientation score; and $\mathcal{E}$*, the error term.*

[7] See Appendix A – Summary of the Sample

4. Level of Significance

Similar academic researchers conducted on the extent of CSR reporting used the 5% level of to assess the significance of their findings (Reverte, 2009; Elsayed et al., 2011; Song et al., 2013). It would therefore seem appropriate to use the same level of significance. However, this study is the first (to the best of our knowledge) to assess the determinants of MNCs' extent of diversity reporting. Our primarily objective is to highlight potential trends and patterns to be further analysed and demonstrated by more advanced studies on the subject. We therefore want to keep our minds as open as possible and be in a position to point out any hint of a potential correlation that would merit further study. The drawbacks of the occurrence of a false positive are extremely low, while a false negative could misguide future researchers by encouraging them to disregard certain variables. This is the reason why we decided to use the 10% significance level to assess our statistical results.

5. Statistical Software and Data Transformation

For the realization of the data processing, the descriptive statistics as well as the multiple regression that will be covered in the following section, we used the SPSS Statistics software (IBM Corp., 2020).

During the realization of the descriptive analysis, it appeared that the SIZE and PROF data did not follow a normal distribution and were strongly negatively skewed. To correct this, we applied a logarithmic transformation to the data, and to avoid values below one to become negative, each data was increased by one unit. We created two new variables SIZElog and PROFlog: SIZElog = Log_{10}(SIZE + 1) and PROFlog = Log_{10}(PROF + 1). These transformations allowed us to remove most of the negative skews. After the transformation, the data were tending towards a normal distribution. The dependent variable DivTot also did not follow a normal distribution. We applied the same transformation, such as DivTotLog = Log_{10}(DivTot + 1). Finally, in the models, we replaced the SIZE, PROF and DivTot variables by the SIZElog, PROFlog and DivTotLog variables respectively. The distribution of the data before and after the transformation is given in *Figure 3* and *Figure 4*[8] respectively.

[8] See Appendix C – Data Transformation

Part IV: Results

1. Descriptive Statistics

Table 5 gives the results of the content analysis carried out on the sample of 128 multinationals. It shows that the extent of diversity reporting, or proportion of sustainability reports allocated to diversity (DivTot), is 3,79% on average[9]. The highest value was obtained by the American company Procter & Gamble, with more than 18% of its report dedicated to diversity. The lowest value is attributed to the Dutch company Royal Ahold Delhaize with 0,08% of diversity reporting. The subject of diversity in the workplace was therefore addressed in all the reports of our sample. It is interesting to note that the medians for DivLGB and DivVet, respectively the extent of information related to LGBTQ+ and veteran diversity, are both equal to zero. This indicates that at least half of the companies of the sample did not address these topics in their sustainability report. In addition, the 75th percentiles of these two categories are respectively 0,08% and 0,05%, which shows even more to what extent these two dimensions are neglected by multinationals.

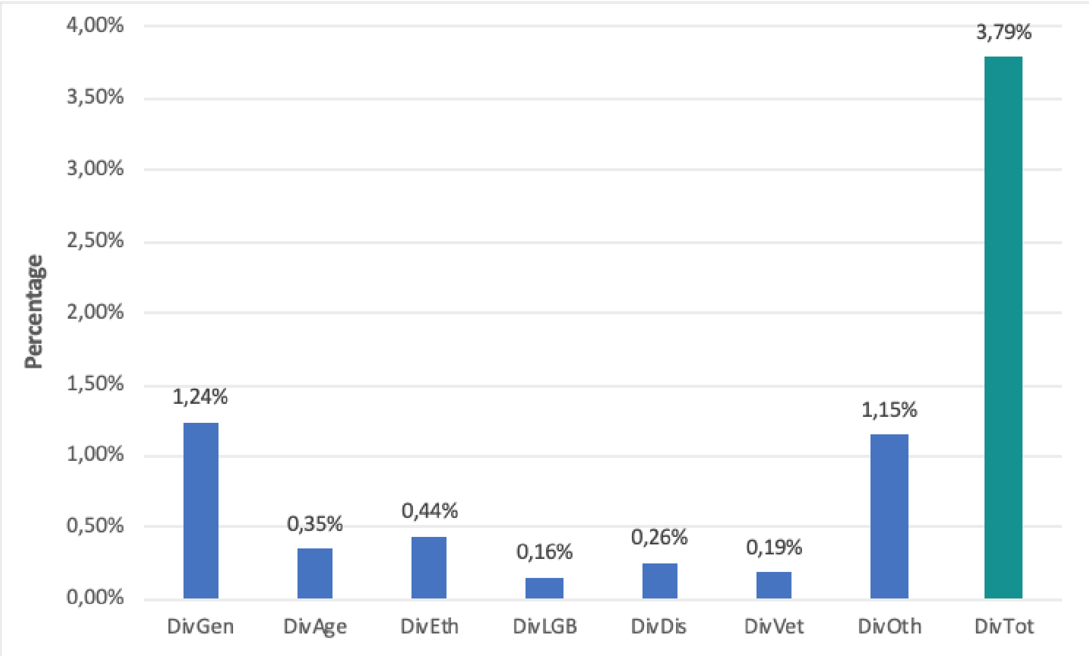
Table 5: Descriptive statistics of the extent of diversity reporting

Variables	Mean	Median	S,D	Minimun	Maximum	Percentiles		
						25	50	75
DivGen	1,24%	0,84%	1,44%	0,00%	9,66%	0,43%	0,84%	1,52%
DivAge	0,35%	0,15%	0,78%	0,00%	7,41%	0,02%	0,15%	0,45%
DivEth	0,44%	0,21%	0,66%	0,00%	3,49%	0,04%	0,21%	0,50%
DivLGB	0,16%	0,00%	0,39%	0,00%	2,63%	0,00%	0,00%	0,08%
DivDis	0,26%	0,09%	0,49%	0,00%	3,48%	0,01%	0,09%	0,27%
DivVet	0,19%	0,00%	0,67%	0,00%	6,25%	0,00%	0,00%	0,05%
DivOth	1,15%	0,55%	1,35%	0,00%	5,93%	0,26%	0,55%	1,78%
DivTot	3,79%	2,80%	3,17%	0,08%	18,13%	1,39%	2,80%	4,78%

[9] In this section, DivTot has been used instead of DivTotLog at several occasions, when it allowed a more intuitive interpretation of the results.

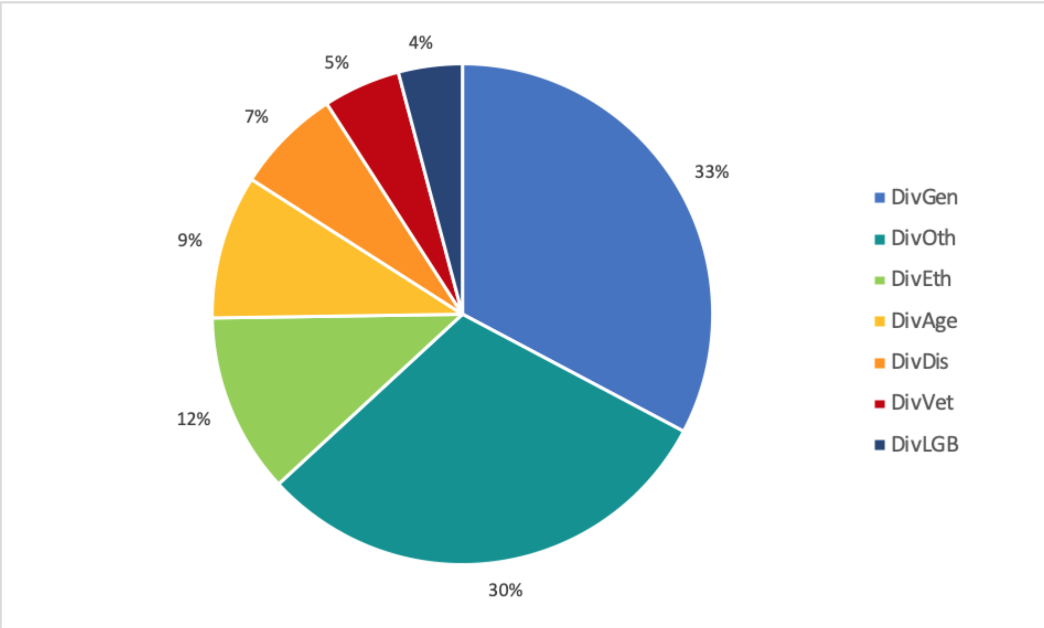
This trend is easily observable in *Figure 5*, which shows the average portion of reports dedicated to each category of diversity. The lowest values are assigned to the LGBTQ+ and Veterans categories, which account on average for respectively 0,16% and 0,19% of the reports. In contrast, the most common topic covered in terms of diversity is gender (DivGen): on average, 1,24% of the reports reviewed were dedicated to this diversity dimension. Next comes the Others category (DivOth), with a mean of 1,15%. It is followed distantly by Ethnicity (0,44% for DivEth), Age (0,35% for DivAge) and Disability (0,26% for DivDis).

Figure 5: Average portion of reports dedicated to each category of diversity



The order of importance given to each subject is all the more visible in *Figure 6*. It illustrates the average weight given by MNEs to each diversity dimension as a percentage of the total amount of diversity information disclosed. It shows that the Gender and Others dimensions each account, on average, for one-third of all the diversity information released in the reports that were reviewed. The information related to ethnicity accounts for 12% of the total amount of diversity disclosure. Next come the Age and Disability categories, with on average 9% and 7% of the total extent of diversity reporting respectively dedicated to these categories. Finally, the Veterans (5%) and LGBTQ+ (4%) dimensions come last.

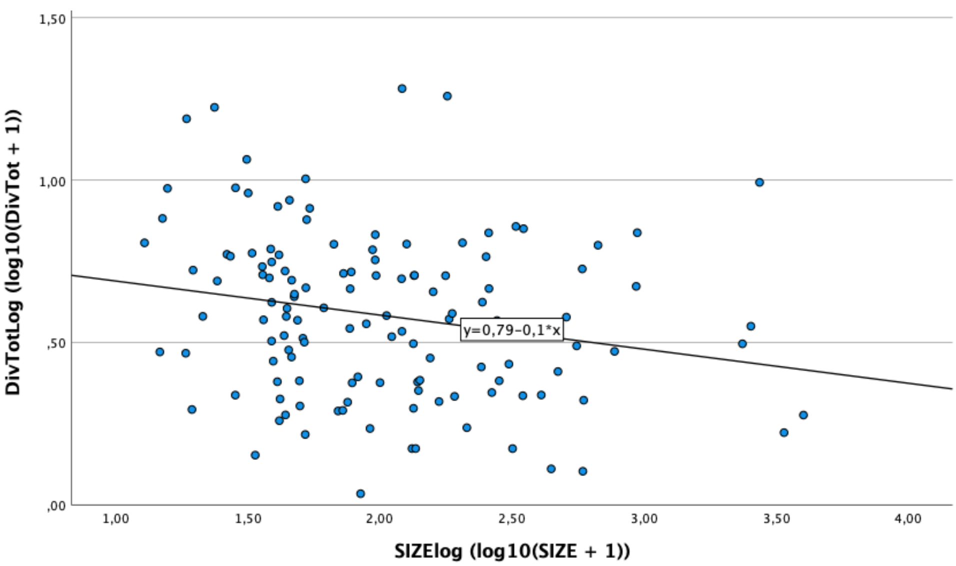
Figure 6: Extent of diversity information for each diversity dimension as a percentage of the total amount of diversity information disclosed by MNCs



Size

Figure 7 shows the cloud diagram of SIZElog against DivTotLog. Visually, an increase in company size seems to be related to a decrease in the total extent of diversity disclosure. A slope of -0,10 indicates that an increase in SIZElog of one-unit results in a decrease in the DivTotLog score of 0,10. Further analysis, made possible thanks to the realization of a multiple regression model, will be necessary to confirm or rebut this trend.

Figure 7: Cloud diagram of SIZElog against DivTotLog

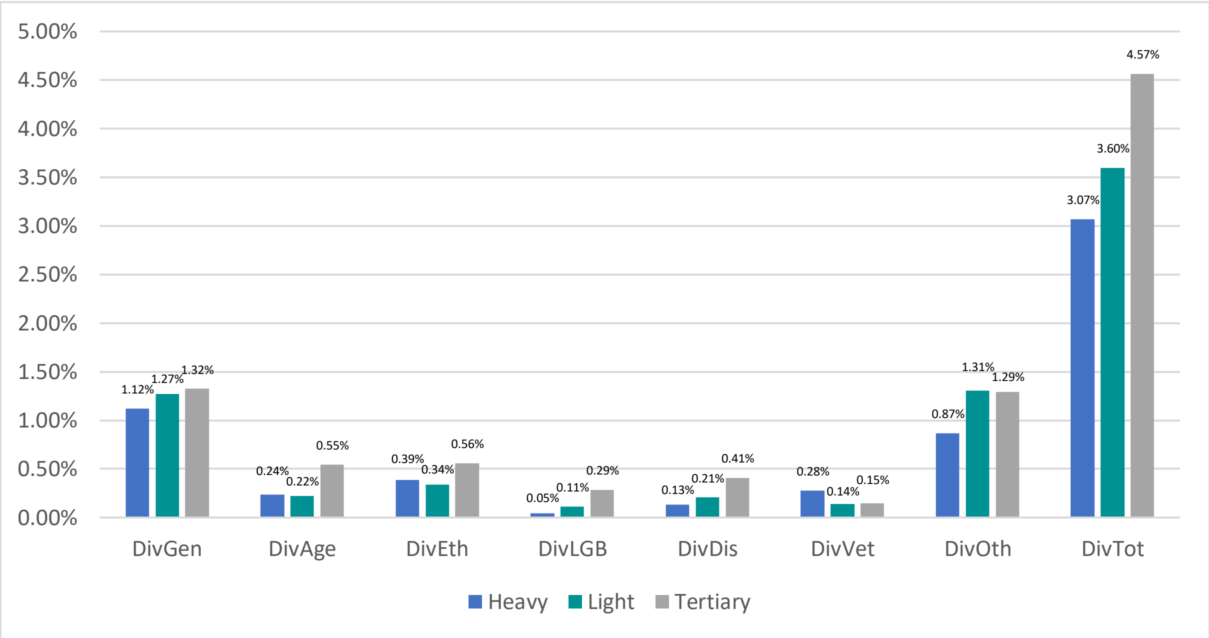


The graphs for the relative amount of information related to each dimension of diversity are given in *Figure 8*[10]. It can be seen that there also appears to be a negative relationship between the SIZElog of an MNC and DivGenLog and DivOthLog. Their slopes are respectively equal to -0,06 and -0,11. For the remaining dimensions of diversity, a near-zero slope or the presence of too many extreme values, most certainly outliers, prevent patterns from being drawn.

Industry

Figure 9 displays the histogram of MNCs' extent of diversity reporting for each group of industries. From this graph and *Table 6*[10], it can be seen that there are major differences between the average scores of the different groups. Companies operating in the tertiary sector (e.g. Retailing and Telecommunications) are the ones that, on average, give diversity the largest share of their sustainable reports, with a DivTot of 4,57%. They are followed by companies in light industries (e.g. Apparel and Household Products) with an average DivTot of 3,60%. Finally, heavy industries (e.g. Energy and Chemicals) perform the worst with an average DivTot of 3,07%. This trend can be observed in the majority of diversity categories: tertiary sector MNCs perform on average better than the others in five of the seven categories studied: Gender, Age, Ethnicity, LGBTQ+ and Disability.

Figure 9: Histogram of MNCs' extent of diversity reporting for each group of industries



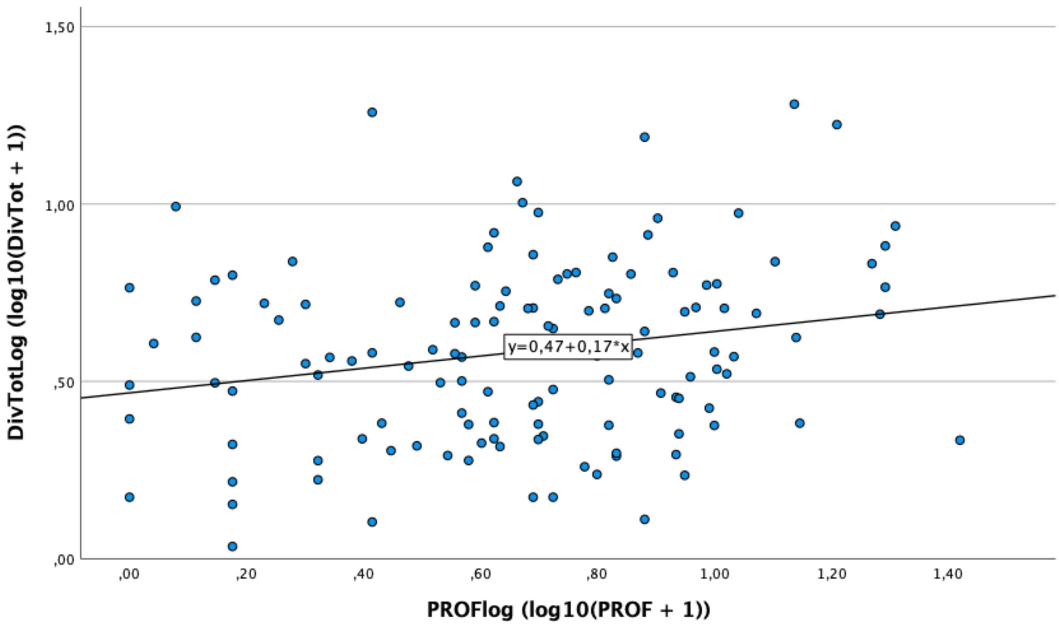
[10] See Appendix D – Descriptive Statistics

In the Age, LGBTQ+ and Disability categories, the average score of companies in the tertiary group is more than twice as high as that of companies in heavy and light industries. It is interesting to note that heavy industries are the ones that report on average the most information on veterans. With 0.28%, they obtain an average score twice as high as the two other groups. Finally, MNCs in the light industries come first in the DivOth category with an average score of 1,31%, just ahead of tertiary sector businesses.

Profitability

Figure 10 shows the cloud diagram of PROFlog against DivTotLog. A clear positive association can be observed between DivTotLog and PROFlog. The 0,17 slope can be interpreted as follows: a PROFlog one unit higher would lead to a decrease in the DivTotLog score of 0,17. Once again, this graph allows only general trends to be observed, but the results of the multiple regression model will be necessary if one wants to adjudicate on the relation between these two variables.

Figure 10: Cloud diagram of PROFlog against DivTotLog



The cloud diagrams for the relative quantity of information related to each dimension of diversity against PROFlog are given in *Figure 11*[11]. A negative relationship seems to exist between PROFlog and the variables DivOthLog and DivEthLog, with slopes of

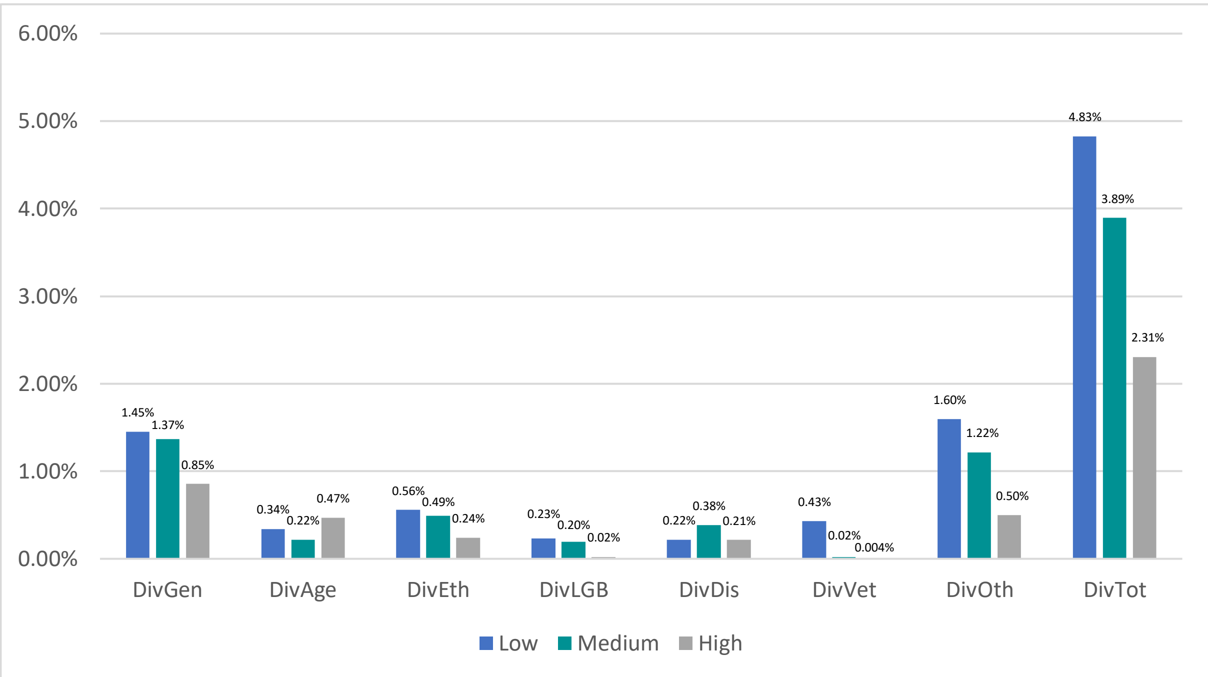
[11] See Appendix D – Descriptive Statistics

0,23 and 0,13 respectively. General patterns cannot be drawn for the remaining dimensions, either because the slopes are almost null or because of the likely presence of a large quantity of outliers.

Home country's stakeholder orientation

The histogram in *Figure 12* and *Table 6*[12] show MNCs' extent of diversity reporting for each category of home country stakeholder orientation, and some trends can easily be observed there. Firstly, MNCs from a country with a low stakeholder orientation (e.g. UK and USA) are the ones that report the most on diversity, with an average DivTot of 4,83%. They are followed by companies from countries with a medium stakeholder (e.g. Japan and Israel) orientation with an average DivTot of 3,89%. Finally, the group of companies that originate from countries with a strong stakeholder orientation (e.g. France and Germany) comes last, with a relatively low average DivTot of 2,31% only. Surprisingly, they score almost half as much as the companies in the Low group.

Figure 12: Histogram of MNCs' extent of diversity reporting for each group of countries



MNCs in the Low stakeholder orientation group have the best average score in 5 of the 7 diversity categories studied: Gender, Ethnicity, LGBTQ+, Veterans and Others.

[12] See Appendix D – Descriptive Statistics

A significant difference can be observed in the Veterans category: with an average score of 0,43%, compared to 0,02% for the Medium and 0,004% for the High stakeholder orientation groups, the companies in the low stakeholder orientation group are essentially the only ones to include this diversity category in their sustainable reporting. Companies in the medium group have the highest average score in the Disability category, while the highest average DivAge is held by companies in the high stakeholder orientation group. It is important to note is that, in addition to having an average score almost null in the Veterans category, companies in the high group only have an average score of 0,02% in the LGBTQ+ category. Moreover, they score lowest on average in 6 of the 7 categories studied.

2. Multiple Regression Model

Before starting the multiple regression analyses, it was important to verify the assumption of non-multicollinearity between the independent variables. As displayed by the correlation matrix in *Table 7*, the highest correlation score in absolute terms happens to be between the LIGHT and HEAVY variables, which respectively stand for membership to the light industry group and membership to the heavy industry group. We find a significant negative coefficient of -0,444. Obtaining such relatively high negative value is logical given that these two variables are linked by their dummy variable nature.

Table 7: Correlation matrix

Variables		SIZElog	LIGHT	HEAVY	PROFlog	MEDIUM	HIGH
SIZElog	Pearson corr.	--					
LIGHT	Pearson corr.	-0,096	--				
	Sig. (bil)	0,279					
Heavy	Pearson corr.	-0,091	-0,444***	--			
	Sig. (bil)	0,308	0,000				
PROFlog	Pearson corr.	-0,429***	0,210**	0,015	--		
	Sig. (bil)	0,000	0,017	0,864			
MEDIUM	Pearson corr.	0,088	-0,071	0,114	-0,193**	--	
	Sig. (bil)	0,322	0,427	0,200	0,029		
HIGH	Pearson corr.	0,046	0,030	-0,003	-0,074	-0,396***	--
	Sig. (bil)	0,606	0,740	0,970	0,403	0,000	

N=128.
P-values: *, **, *** significant at 10%, 5%, 1% respectively (2-tailed).

A negative correlation of coefficient -0.429 between the SIZElog and the PROFlog is also noteworthy, suggesting that the larger the firm, the lower its ROA. Moreover, the variable for profitability is also positively correlated with the LIGHT industry variable (0,210), and negatively correlated with the MEDIUM stakeholder orientation variable (-0,193). Eventually, the dummy variables MEDIUM and HIGH stakeholder orientation are, unsurprisingly, negatively correlated with a coefficient of -0.396. Since none of the correlation value is excessive, multicollinearity is unlikely to be a problem in this study.

Using DivTotLog as a dependent variable, a significant regression equation was found for the model containing all the independent variables (F (6,127) = 6,138, p<0,000), with an R^2 of 0,233. We can interpret this result by saying that our model is capable of explaining 23,3% of the variance observed in the diversity reporting of MNCs. Detailed results can be found in *Table 8* and in the *Model Summary* and *Coefficients* tables[13].

Table 8: Coefficients and summary of the multiple regression

Dependant variable		Intercept	SIZElog	LIGHT	HEAVY	PROFlog	MEDIUM	HIGH	R^2	Adj. R^2	F Variation
DivTotLog	Unstand.	0,823***	-0,082*	-0,129**	-0,157***	0,146*	-0,063	-0,173***	0,233	0,195	6,138***
	Stand.	-	-0,162*	-0,218**	-0,283***	0,180*	-0,103	-0,307***			

N=128.
P-values: *, **, *** significant at 10%, 5%, 1% respectively (2-tailed).

Several attempts were made to improve performances by removing independent variables, but none of the resulting models performed better than the complete one. As suggested by the *Histogram*, and *Normal P-P plot Scatterplot* figures[13], the assumptions of normality and homoscedasticity of the residuals have been well respected. In addition, no outlier was detected.

The following equation summarizes the model:

$$DivTotLog = 0,823 - 0,082(SIZElog) - 0,129(LIGHT) - 0,157(HEAVY) + 0,146(PROFlog) - 0,063(MEDIUM) - 0,173(HIGH)$$

[13] See Appendix E – Multiple Regression Model

With a coefficient of -0,082, the SIZElog variable is negatively associated with the total extent of diversity disclosure at the significance level of 10%. An increase in SIZElog of one unit will lead to a decrease in the predicted DivTotLog of 0,082.

The dummy variables LIGHT and HEAVY industry happen to be strongly significant predictors of DivTotLog at the levels 5% and 1%. Using the tertiary sector group as a baseline, results indicate that belonging to the light and heavy industry group, as compared to the tertiary sector group, causes a decrease in the DivTotLog score of respectively 0,129 and 0,157. This also implies that the predicted reporting score of a company operating in a heavy industry will be 0,28 lower than the one of a company operating in a light industry.

With the only positive coefficient in this model, the PROFlog variable is positively associated with the extent of diversity reporting of multinationals at the level of significance 10%. An increase of one unit in the value of PROFlog will generate an increase in the DivTotLog score of 0,146.

The dummy variable MEDIUM home country's stakeholder orientation is negatively related to DivTotLog with a negative coefficient of -0,063. However, this coefficient happens to be the only non-significant result of this model. In contrast, the coefficient of the dummy variable HIGH home country's stakeholder orientation is significant at the level 1%. Compared to a company in the low stakeholder orientation group, having a highly stakeholder-oriented home country is associated with a decrease in the extent of diversity reporting score of 0,173.

Analysing the values of the standardized coefficients allows us to compare and rank the weight that each variable has on the DivTotLog score. With a standardized coefficient of -0,307, the dummy variable HIGH home country's stakeholder orientation has the most noticeable impact on the extent of diversity reporting of multinationals. In the second position comes the HEAVY industry dummy variable, with a standardized coefficient value of -0,283. With a standardized coefficient of -0,218, the LIGHT industry dummy variable follows. The variable PROFlog comes 4th with a standardized coefficient of -0,180. Next comes the variable SIZElog, with a standardized coefficient of 0,162. Finally, the variable MEDIUM home country's stakeholder orientation comes last with a standardized coefficient of -0,103. However, this result is not significant.

In brief, our multiple regression model provides significant results. It shows that the total extent of diversity reporting of an MNC is significantly negatively associated with its size, light and heavy industry membership (compared to the tertiary sector) and high home country stakeholder orientation (compared to the low stakeholder orientation). On the other hand, the model points toward a positive relationship with the company's profitability. Eventually no significant results were obtained for medium home country stakeholder orientation.

Part V: Discussion

1. Notable Findings

We start this section by discussing the results obtained in the descriptive analysis, which allows us to answer the research sub-questions formulated at the beginning of this thesis.

1.1 Weight of diversity in the sustainability reports of MNCs

We wanted to determine whether multinationals mention diversity in their sustainability reports. In his study, Maj discovered that diversity reporting in Poland is in its early stage and that many companies do not disclose diversity information in their reports (2018). In the case of workforce diversity in multinationals, several papers have highlighted the fact that, because of their international activities, MNCs have to deal with higher levels of diversity than others (Dunavant & Heiss, 2005; Sparrow, 2009). Faced with a more diverse workforce, these companies have had to develop more advanced diversity management practices than others to cope with potential drawbacks and derive maximum benefits (Syed & Tariq, 2017). It would therefore have seemed logical that diversity should be an integral part of the sustainability reporting agenda of MNCs. Our empirical results head in this direction and showed that the subject of diversity has been mentioned in all the reports that were analysed. In addition, we found that the MNCs of our sample devoted an average of 3,79% of their sustainability report to diversity. Unfortunately, we do not have a benchmark to judge whether this result is rather low or rather high. One method of arbitrage could be to look at the categorization made by the Governance & Accountability Institute. They identified 84 CSR topics that can be addressed in the sustainability reports of firms, of which diversity is one (2014). It is straightforward, but if each topic was to receive an equal portion of the sustainability reports of companies, we would expect diversity information to account for 1,19% of these reports. However, we observe average results that are three times higher than this benchmark value. It therefore seems to indicate that diversity is not a second-class issue for multinationals and that it takes a relatively high weight in their sustainability reports, compared to other CSR topics. Of course, we definitely need comparable results to be able to make a final stand, meaning that further similar studies need to be conducted.

1.2 Most discussed diversity topics in the sustainability reports of MNCs

The descriptive analysis also enables us to compare the dimensions of diversity according to the relative importance given to them by multinationals. In line with the results obtained by Vaughan (2016) in the UK and Maj (2018) in Poland, we find that Gender is on average the most mentioned diversity dimension. The fact that the outcomes for international as well as Polish and UK companies all point toward the same direction shows that gender equity is currently the main priority in the diversity reporting of businesses. It is not surprising to obtain these results as women account for half of the world's population and suffer the overwhelming majority of such discrimination. This diversity issue is thus naturally much more visible and has a way greater scope than the others, which can explain why companies give gender the most attention in their diversity reporting. The second place is occupied by the Others dimension. This result raises the question of the quality and veracity of the information reported by MNCs. If a lot of information about diversity is being disclosed without much details about the issues they are trying to tackle, it might be a sign that we are dealing with "diversity-washing". Or another explanation could be that MNCs talk a lot about discrimination and inclusion topics at large simply to remain as inclusive as possible and leave no one out. Further studies are needed to adjudicate on that matter.

Alone, these two first categories account for two-thirds of all the diversity information reported by companies in this study. There is a huge gap between the space given by multinationals to these two dimensions and the remaining ones. Far behind, the following dimensions are, in order of importance, Ethnicity, Age and Disability. Eventually, the Veterans and LGBTQ+ dimensions are the dimensions that are the least quoted by MNCs. Combined, they account for less than 10% of the total amount of diversity information issued by multinationals, while a majority of companies do not mention them at all in their sustainability reports.

It would be very interesting for further studies to investigate the impact of highly mediatized public controversies and global trends on companies' diversity reporting choices. With the explosion of the Black Lives Matter movement this year, we might expect to see an increase in the importance given to ethnicity in the 2020 sustainability reports of companies. Similarly, the ageing of the population in developed countries could mean that, in the future, the issue of age will be given much greater consideration by companies. The level of regulations and cultural awareness in the home country could also play an important role in the results observed. For Instance, for the LGBTQ+ category, same-sex relationships are still penalized in many countries, and LGBTQ+ rights remain the subject of lively public debates in many others. Likewise, the Veterans category is a niche subject that only receives attention in very particular contexts. Typically, we assume that the companies that will value reporting about veterans are likely to be the ones headquartered in countries where it is a significant public matter, like the USA, or in specific industrial sectors, such as the defence industry. The next section can already give us some clues to better understand what influences the relative importance given by MNCs to the different diversity categories.

1.3 Determinants of the importance given to each category of diversity

The results of the descriptive analysis highlight possible relationships between the importance given by MNCs to each category of diversity and the determinants of the extent of diversity reporting. This analysis cannot provide evidence that significant correlations exist, but it can however highlight potential patterns that will need to be tested through further statistical studies. First, our results indicate a possible negative relationship between the size of an MNC and the amount of information issued related to the Gender and Others categories. No obvious relationship can be observed for the remaining dimensions of diversity. If proven true, it could mean that larger companies are on average dedicating a greater portion of their diversity reporting to the dimensions of diversity that usually receive less attention, such as Disability or LGBTQ+, to the detriment of the Gender and Others dimensions.

Second, it is likely that MNCs report more on some specific dimensions of diversity depending on their activity sector. Companies in the tertiary sector (e.g. Financials and Telecommunications) seem to communicate more about age, disability and LGBTQ+ compared to others. On the other hand, membership in the heavy industry group (e.g. Materials and Chemicals) appears to be negatively related to the extent of diversity disclosure in all categories, except for the Veterans dimension. Such results for the Veterans category were expected as the group of heavy industries include Aerospace & Defence firms. Because of their involvement in the military sector, it is coherent that these companies will be more concerned about the inclusion of veterans in the workplace and will thus communicate more about it in their sustainability reports.

Third, findings also indicate that a higher profitability has a positive association with the amount of information related to the Ethnicity and Others dimensions. Finally, the stakeholder orientation of the home countries of multinationals seems to influence the importance given to certain categories. In particular, companies from countries with a weak stakeholder orientation (e.g. UK and Malaysia) are almost the only ones to report about veterans, while companies from high stakeholder-oriented countries (e.g. Italy and Russia) almost completely evade the LGBTQ+ subject. It is not surprising to observe strong differences in the Veterans category. Indeed, this is a subject that seems predominantly present in the public debates in the USA, a country that belongs to the low stakeholder orientation group. Moreover, five of the six companies of our sample that operate in the Aerospace & Defence sector are from the USA. It seems therefore very likely that the results obtained for the Veterans category are not related to the level of stakeholder orientation of the countries, but simply to the coincidence that US companies belong to this group. In contrast, we were really surprised to observe such low results for the high stakeholder-oriented countries in the LGBTQ+ category. An explanation could be that LGBTQ+ matters are not high on the agenda of stakeholders and that they would rather focus on other dimensions. Or maybe the results observed have nothing to do with the stakeholder orientation, and other country-level factors are at stake. As previously mentioned, the differences between countries in terms of regulations and cultural awareness could explain our findings. Only further studies will allow to provide a more complete answer.

2. Verification of the Hypotheses

After analysing the results of our descriptive statistics, we propose to discuss the outcomes of the multiple regression model. We managed to build a significant model at the 1% level able to explain 23,3% of the variance observed in the diversity reporting of multinationals. This result is pretty low, but it must be put into perspective. The studies carried out on the determinants of the extent of CSR reporting usually obtained models that explain between 30% and 50% of the observed variance (Reverte, 2009; Elsayed et al., 2011; Song et al., 2013). Knowing that we used the determinants of the extent of CSR reporting in this our study without knowing whether they would be able to predict the extent of diversity reporting, obtaining a model with an R^2 of 23,3% is an encouraging result. However, we cannot deny that more than three quarters of the variance observed cannot be explained by the selected predictors. This means that there must be unknown predominant factors that we did not take into account in our study. As it will be developed later, future studies must test the influence of new indicators, probably specific to the field of diversity reporting, to improve the model's prediction score.

Next sections aim at checking our four hypotheses and verifying the influence of potential predictors, namely the company’s size, industry, profitability and home country, on the extent of diversity reporting of multinationals. In light of the results that we obtained, major trends and implications are discussed.

2.1 The size of an MNC affects the extent of its diversity reporting

The outcomes of the multiple regression model show that the size of a company, given by its total assets, affects the extent of its diversity reporting. This finding is consistent with the conclusions that were drawn by a majority of researchers in the field of CSR reporting (Reverte, 2009; Song et al., 2013). However, the correlation between company size and the extent of diversity reporting was found to be negative, which goes against what was theorized and empirically demonstrated in CSR researches (Hahn & Kühnen, 2013). Indeed, bigger companies are expected to face greater pressure from stakeholders, notably due to increased visibility, prompting them to amplify their CSR reporting. In the specific case of MNCs diversity, this seemed all the more relevant since these companies are more likely to have a very diverse workforce, increasing the need to implement diversity management practices and to communicate about them (Nishii & Özbilgin, 2007). Yet, this study’s empirical results point toward the opposite direction. Existing theories do not explain our results, thus revealing the existence of a gap in the current academic understanding of MNCs diversity reporting.

2.2 The industry of an MNC affects the extent of its diversity reporting

The sector of activity proved to be a significant indicator of the extent of diversity reporting of an MNC, which validates the second hypothesis of this study. However, the outcomes of the multiple regression are not fully in line with what was theoretically expected. The most widely agreed theory in the CSR reporting field concerning the effects of a company’s industry is that operating in a sector that has greater societal and environmental harmful effects has a positive influence on the quantity of CSR information disclosed. Such firms are thought to communicate more about their CSR practices to maintain a good corporate image (Dyduch & Krasodomska, 2017), which is consistent with the findings of most empirical studies (Hahn & Kühnen, 2013). However, the results of this study differ from previous researches: the companies that perform best in terms of extent of diversity reporting are those operating in the tertiary sector (e.g. Wholesalers and Business services), which is associated with lower societal and environmental impacts. Firms in the light industrial sector (e.g. Technology and Motor vehicles & parts) come in second place, while firms in heavy industries (e.g. Energy and Construction) come last. Hence, outputs suggest that the extent of diversity reporting decreases for multinational companies with higher negative societal and environmental industry impacts.

An explanation could be that the activities of MNCs in the heavy and light industries mainly present risks of causing large scale environmental harmful effects, while the social dimension may be comparatively less of a concern. MNCs might therefore focus on reporting on topics related to the environment, such as waste management, water sanitation and CO_2 rejections, while neglecting the subject of diversity.

Another way to explain our results could be that the level of harmful effects is simply not a good proxy for the influence of the industry on the extent of diversity reporting. Obtaining significant results with this classification might be a coincidence, while another factor is actually at play. An interesting avenue for explaining these results would be to study the average level of workforce diversity depending on the company industry. Perhaps companies in heavy industries have a less diverse workforce than others. They are for example commonly known for having a predominantly male labour. With a relatively low level of gender diversity, they might be less inclined to communicate about it in their sustainability reports, which will in turn decrease their global diversity reporting score. Instead, they might prefer to focus on reporting on matters that are more relevant to them based on their industrial orientation, such as safety at work or waste treatment. Such study could help explain why companies in heavy industries publish less information on workplace diversity than others.

An interesting finding regarding the industry determinant can be made by analysing the standardized coefficients of the model. These coefficients show that, of all the predictors tested, belonging to the group of heavy industries (compared to the tertiary sector) has the greatest incidence on the quantity of diversity information disclosed by companies. This underlines the extent to which belonging to the heavy industry group has a decisive impact on the amount of diversity information published by companies, which could be the source of important implications for regulators and companies.

2.3 The profitability of an MNC affects the extent of its diversity reporting

In line with the third hypothesis, the profitability of a multinational, measured by its return on assets, is a significant indicator of the extent of diversity reporting. Even though a negative association is considered to be unlikely, academics have not yet reached a consensus on the influence of profitability on the amount of CSR reporting of businesses (Hahn & Kühnen, 2013). The most widespread theory is that the more profitable companies have more means, skills and knowledge to implement CSR practices and reporting. It seems that this theory matches with empirical results on diversity reporting as profitability happens to be positively related to the extent of diversity information disclosed. Profitability is the only determinant that has a positive correlation with the dependent variable.

2.4 The home country of an MNC affects the extent of its diversity reporting

Finally, the last hypothesis has been validated by our empirical findings. The country of origin of a multinational company, proxied according to its stakeholder orientation, is significantly related to the extent of diversity reporting. However, our results do not fit with the CSR theory that predicted a higher quantity of disclosure for companies from highly stakeholder-oriented countries, like Germany or France (Fortanier et al., 2011). Instead, a high stakeholder orientation is negatively correlated with the extent of diversity information reported by multinationals, while companies with a low stakeholder-oriented home country, like the UK or the US, perform the best. Once again, there seems to be a mismatch between the theories that aim at explaining the ins and outs of CSR reporting and the empirical results obtained in the field of diversity. A noteworthy point is that no significance was found for results obtained for home countries with a medium stakeholder orientation. A plausible explanation could be that discriminating companies into three categories, namely low, high and medium was not the most appropriate choice, and that settling for two categories would have been maybe more relevant.

One explanation for obtaining results that diverge from the theory could be that stakeholders are less interested in the issue of diversity compared to other topics. If this is the case, countries with a strong stakeholder orientation will tend to move away from diversity and focus instead on other topics like the environment for example. Another explanation could be that the stakeholder orientation was not a good proxy for the influence of an MNC's home country on its extent of diversity reporting. We obtained significant results for the low and high stakeholder orientation, indicating that there are many discrepancies between these two groups of countries. However, this may not be related to stakeholder orientation but to other country-level characteristics like regulations or cultural differences. It is therefore possible that the groups formed on the basis of stakeholder orientation coincide by chance with the groups that would have been formed on the basis of another more relevant proxy for the MNC's home country. This would explain why we obtain significant results without being able to justify it on the basis of stakeholder orientation theory. It is finally also possible that the large proportion of observations made on US companies (almost 50%) in the high stakeholder orientation group may have skewed the trends observed in this category. Once again, further researches will be required before we can draw any conclusion on these results.

3. Implications

Several implications arise from our study. Firstly, we contribute to the literature of diversity in the workplace, and more precisely to the literature on the determinants of the extent of diversity reporting. Currently, Maj is (to the best of our knowledge) the only researcher that has investigated how some of the characteristics of a corporation can influence its diversity reporting (2018), while there is a total absence of previous academic research on the determinants of the extent of diversity reporting. The field of diversity reporting is thus still in its infancy. In addition, our study differs from Maj's by the fact that it is set in an international context. To date, no other academic has investigated the determinants of diversity reporting of multinationals. Thus, our research substantially enhances the current understanding of MNCs' diversity reporting practices and will provide a knowledge base for further studies on that matter.

Secondly, this study highlights the fact that current academic knowledge surrounding the field of CSR reporting does not allow a good understanding of the practices of diversity reporting. We found evidence that the same indicators can be used as good predictors for both fields of CSR and diversity reporting. However, the relationships that link these predictors to the extent of CSR and diversity information reported seem to be specific to each area of research; we demonstrate that the same theories and tendencies cannot be extrapolated from one topic to the other. Henceforth, a strong implication is that researchers cannot limit themselves to studying diversity through the prism of CSR anymore. A whole new theoretical framework, specific to the field of diversity, needs to be created if one wants to understand the major trends that are shaping the diversity reporting practices of multinationals and businesses in general.

Thirdly, we can derive valuable implications for businesses from our findings. Indeed, we provide companies with a framework that censuses the average diversity reporting scores of 128 companies operating in 20 different industrial sectors across 24 countries. This data can serve as a benchmark for companies to compare their performances with the ones of some of the most successful multinationals in the world. It can enable them to determine whether they are among the model pupils or if they need to catch up and improve their diversity reporting and, consequentially, their diversity management practices. It can also allow multinationals to better understand the specific factors that play a role in improving or reducing their diversity reporting performances, allowing them to adapt their diversity management strategy to their specific context. To illustrate, poor average scores in the gender category for MNCs operating in heavy industries could help a business evolving in such type of industry realize that it needs to refocus its diversity management strategy on gender issues. It could then decide to implement measures to increase the recruitment of women or create a more gender-neutral work environment. At last, in the future, similar studies could help to improve the overall level of diversity management and consequent reporting of companies by making it easier for them to compare performances with each other and by playing on the competition that this will generate.

Fourthly, the improvement and multiplication of diversity management practices might have beneficial implications for stakeholders by reducing discriminations and fostering inclusion. In addition, by facilitating the comparison of the diversity performances between companies, this type of research will make it easier for stakeholders to sort companies that value diversity from those that do not. Consumers in particular are increasingly aware about the societal impacts of businesses, and it is reflected in their consumption habits. They are more and more willing to change their consumption patterns and pay higher prices for products that are properly aligned with their values. Therefore, stakeholders who are particularly sensitive to the issue of diversity in the workplace could more identify companies that do not pay enough attention to this matter and adapt their consumption habits accordingly.

Fifthly, this thesis has practical implications for governments and organisations that create sustainability reporting standards. Indeed, it can enable regulators to improve their anti-discrimination strategies by more easily targeting the companies that need to be treated more severely. Our findings on the correlation that link the industry to the extent of its diversity disclosure indicates that further regulations are needed in the heavy and light industry sectors. Furthermore, our results indicate that belonging to the heavy industry is the factor that has the biggest impact on the total diversity reporting score of MNCs, indicating that governments primarily need to focus their efforts on companies in that sector in particular. Likewise, the gap we observe between the level of diversity reporting of companies according to their country of origin should serve as a wake-up call for the governments of countries where companies tend to perform worse. It can help them acknowledge the need to implement better regulations or find better suited solutions to prompt companies to implement more tangible actions to promote inclusion and fight discrimination, which should in turn translate into better diversity reporting results.

Finally, a last implication is that we provide evidence that some areas of diversity are receiving much more attention than others, which can be an indicator of corporate and societal priorities in terms of inclusion and non-discrimination. The fact that companies talk so much about gender diversity shows that there has been a real shift in mentalities and that the issue of gender equality is at the heart of many multinationals' diversity strategies. On the other hand, the finding that topics such as disability or LGBTQ+ are so little discussed is perhaps the sign that much progress still needs to be made in these areas to increase awareness and fight discrimination in the workplace and in society at large. This implication is therefore aimed not only at regulators, but also at businesses and stakeholders.

Part VI: Conclusion

1. Research Objectives

The main objective of this thesis was to further develop the academic knowledge around the diversity reporting practices in an international context. To do so, we decided to study the determinants of the extent of diversity reporting in the sustainability reports of MNCs. On the basis of studies carried out in the field of CSR reporting, we made the hypotheses that an MNC's size, industry, profitability and country of origin are good predictors of the amount of diversity-related information reported. The total assets, the industry's level of harmful effects, the return on assets and the home country's stakeholder orientation were used as proxies for the respective predictors. To measure the extent of diversity reporting and answer the assumptions thus formulated, we reviewed the 2017 sustainability reports of a sample of 128 multinationals among the 500 largest in the world (Fortune, 2020). We measured their extent of diversity reporting through the quantitative content analysis method. We then conducted an initial statistic exploration of the data through the achievement of a descriptive analysis. Finally, we built a multiple regression model to test the hypotheses previously put forward.

2. Main Findings

Through the realisation of a descriptive analysis, we highlight several valuable trends. First of all, our results tend to show that diversity is a substantial topic in the sustainability reporting agenda of multinationals. In fact, all the companies in our sample mention diversity in their report, and compared to other CSR topics, diversity is given a particular important. Therefore, diversity is not a trivial issue encountered by a minority but rather a global matter common to all multinationals.

Second, we find that there is a real disparity in the relative importance given by multinationals to the different dimensions of diversity. The issue of gender equality receives the most visibility as a third of all the diversity-related information reported is devoted to this category. Another third is dedicated to diversity at large, without a category being specifically targeted[14]. The dimensions of Age, Ethnicity, Disability,

[14] This type of information was categorized as Others.

Veterans and LGBTQ+ share the remaining third. The latter two categories are particularly underrepresented as they are not mentioned in the sustainability reports of the majority of the MNCs of our sample.

Finally, our descriptive statistics show possible correlations between the relative importance given by multinationals to the different dimensions of diversity and the determinants of their extent of diversity reporting. Even though it does not provide tangible evidence, our results indicate a possible negative association between the size of an MNC and the amount of information reported on gender and the Others category. A negative relation between the industry's level of harmful effects and the Age, Disability and LGBTQ+ categories seems likely, as well as a positive association with the Veterans category. We also discover that a higher profitability could have a positive impact on the importance given to the Ethnicity and Others dimensions. Eventually, companies from countries with a weak stakeholder orientation are almost the only ones to communicate about veterans, while companies from high stakeholder-oriented countries nearly completely evade the LGBTQ+ dimension. Further statistical analysis will be required to verify the tangibility of these findings.

Our multiple regression model allows us to confirm all the hypotheses that were made at the beginning of our research. We empirically demonstrate that an MNC's size, industry, profitability and country of origin are relevant indicators of the amount of diversity-related information reported. We find a positive correlation between the profitability and the extent of diversity reporting, which is in line with the current academic knowledge on CSR reporting. However, our findings for the remaining indicators are not in line with what was predicted. Our results indicate a negative correlation with the size of an MNC, its level of industrial harmful effects and the stakeholder orientation of its home country. These outcomes point towards the opposite direction of both CSR reporting theoretical frameworks and empirical results. Unfortunately, the current state of academic knowledge in the research domain of diversity reporting does not provide a theoretical basis sufficient to explain these patterns. We speculate that the proxies used for industry and home country may not be adequate, and request for further studies to shed light on the observed patterns.

Our findings have several implications. We contribute to the literature of diversity in the workplace, and more precisely to the literature on the determinants of the diversity reporting practices of MNCs. We demonstrate the existence of a gap in the literature on diversity and call for the creation of a theoretical framework independent of the field of CSR reporting and specific to diversity reporting. We provide companies with a benchmark to compare their diversity reporting performances, which will hopefully create an upward levelling in the quality and quantity of measures put in place by companies to foster inclusion. Improved diversity management practices will benefit stakeholders, and the creation of a benchmark will make it easier for them to align their values with their consumption habits. We issue a wake-up call for the governments of countries where companies tend to perform worse and enable regulators to improve their diversity reporting regulations by more easily targeting typically bad performing company groups. Finally, we highlight the fact that much progress still needs to be made in some dimensions of diversity to increase awareness and fight discrimination in the workplace and in society at large.

3. Limitations

As in any study, our findings are subject to several limitations. The first of these limitations relate to our research design and methodology. We based our work on a relatively small sample of 128 reports. Although we were able to build a robust and significant model on the basis of this sample, a larger observation pool would be in a better position to reflect the trends affecting the entire population of multinationals, allowing us to draw broader conclusions. Another methodological limitation of this study is that we used 2004 data to measure the stakeholder orientation of companies' home countries. In 2012, Dhaliwal et al. assumed that these data were still relevant and used it in their study. Unable to find more recent figures, we made the same assumption for our research. However, we cannot deny that the world has changed in one and a half decade, and that using more recent data would have been far more relevant. In addition, we used quantitative content analysis as a method of data collection. This method has the great advantage of being non-obtrusive (Krippendorff, 1980) and allows qualitative data to be expressed into a quantitative form (Hanafi, 2006). However, quantitative content analysis also has drawbacks. Its scope of analysis is limited because it focuses exclusively on the quantity of information emitted and not on its quality or truthfulness (Milne & Adler, 1999). With this method, two reports containing the same amount of information are considered to be equivalent, while their content may differ greatly in substance. In addition, content analysis goes hand in hand with a certain degree of subjectivity. The selection of the data to be collected and the way in which it is categorized falls under the bias of the researchers, which further limit the results of our study (Hanafi 2006).

Furthermore, the interpretation of our findings on the potential correlations between the determinants of diversity reporting and the importance given by MNCs to the different dimensions of diversity is quite limited. We were able to identify some trends through a descriptive analysis, but it does not provide any significant statistical evidence of correlations. We have attempted to carry out multiple regression models to demonstrate more strongly these relationships. However, these models failed to respect several of the assumptions of multiple regression, such as homoscedasticity and normality of the residuals, making their results difficult to interpret and generalize. The use of other statistical methods might have yielded more relevant results, but for reasons mainly related to a lack of time and statistical knowledge, a further and more robust statistical analysis could not be carried out. We therefore had to limit ourselves to a basic descriptive analysis, the conclusions of which should be treated cautiously.

A third limitation lies in the intrinsic exploratory nature of this thesis. There is a considerable lack of prior research and academic knowledge on the topic of diversity reporting, on both theoretical and empirical perspectives. This implies that we currently have no benchmark against which to assess our findings. As a result, it is harder to draw conclusions, and we cannot determine whether they differ from the norm or whether they accurately reflect the dynamics that drive the diversity reporting practices of multinational companies. More importantly, there is currently no theoretical framework that explains why the majority of the results obtained are contrary to what was expected. We can only describe the outcomes of the statistical tests and make assumptions. Under no circumstances are we able to provide evidence that could explain why we obtain such results, which greatly hinders the scope of the implications of this study. A last implication of this academic gap is that we selected the determinants to be investigated based on the current academic knowledge on CSR reporting. However, as we have shown, CSR and diversity reporting share similarities but must nonetheless be distinguished. As a consequence, the proxies that we used to verify the influence of a company's industry and home country on the extent of its diversity reporting do not seem to be appropriate. In addition, it is very likely that we omitted prominent factors, specific to the field of diversity reporting, that could have played a significant role in our multiple regression model.

4. Further Researches

For the purpose of this thesis, we restricted ourselves to the context of multinationals. We obtained significant results and a robust model, but we currently have no benchmark against which to compare our findings. As a consequence, our study should serve as a model on the basis of which other similar studies will be carried out to confirm or rebut the trends observed. It is only by reaching a critical number of papers dealing with this topic that we will be in a position to formally identify global patterns. However, further studies should not simply replicate our approach. The explanatory variables of our model fail to explain a significant part of the variance observed in the extent of diversity reporting of MNCs, which implies that unknown predominant factors were omitted. In an attempt to improve performances, academics could investigate the influence of additional explanatory variables, such as the level of diversity in the management board of companies or the strictness of the diversity regulations of their home country. They could also try to use other proxies to test the influence of the companies' industry, such as the level of workforce diversity per industry, and the companies' home country, such as the level of regulations or the general public awareness. Such research would complement the knowledge provided by our study and improve the understanding of the relationship that link some of the characteristics of companies to the diversity practices of MNCs.

Moreover, we find that the relative importance given to each dimension of diversity could be related to the determinants of the extent of diversity reporting. Unfortunately, we were unable to corroborate these findings with robust statistical tests. A lead for future research would be to deeper investigate this matter by applying relevant and robust statistical analysis. Eventually, such study may be able to demonstrate that the choice of a company to communicate on one diversity category rather than another is influenced by some of its characteristics, which will have tangible and considerable implications for companies and regulators.

Third, it would be highly relevant to develop researches that, in addition to studying the quantity of information reported, will also look at the quality of this information. Indeed, the results obtained in the Others category suggest that a significant part of the information issued by multinationals in their CSR reporting might be too large and undefined. This therefore raises the question of whether the information reported is reliable and relevant. Examining both the quantity and quality of diversity disclosures could significantly improve the ability of researchers to use the determinants of diversity reporting as an accurate indicator of the interest that companies give to diversity issues.

Finally, it is essential to develop a theoretical framework of reference specific to the study of the determinants of diversity reporting. The results obtained in this thesis show that applying CSR reporting assumptions to the field of diversity reporting has its limits. Although there are many similarities between the two research areas, the majority of the theories that attempt to explain the patterns observed in the former do not apply to the latter. Until there is a theoretical framework dedicated to the determinants of diversity reporting, scholars will have no choice but to continue to refer to the field of CSR reporting, which will limit the scope of their findings. It is therefore imperative for future researches to focus on creating new analytical schemes to explain the trends that shape the diversity reporting practices of companies.

Many questions on this topical subject remain unanswered, and many more are left to be asked. By enhancing the current scientific knowledge of the diversity practices of multinationals, we hope that our study will help to improve diversity management strategies and foster inclusion in the workplace and in society in general.

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Appendices

Appendix A – Summary of the Sample

Table 2 : Industry distribution

Industries	Number of companies
Energy	22
Financials	14
Motor Vehicles & Parts	9
Food & Drug Stores	8
Food, Beverages & Tabaco	8
Technology	8
Aerospace & Defense	6
Health Care	6
Retailing	6
Telecommunications	6
Transportation	6
Wholesalers	6
Industrials	5
Materials	5
Engineering & Construction	4
Chemicals	2
Apparel	2
Business Services	2
Households Products	2
Media	1
Total number of companies	**128**

Table 1 : Country distribution

Countries	Number of companies
USA	35
China	12
Japan	10
Germany	8
United Kingdom	7
France	6
Korea	6
Switzerland	5
India	4
Italy	4
Netherlands	4
Russia	4
Brazil	3
Canada	3
Ireland	3
Singapore	3
Spain	3
Australia	2
Indonesia	1
Israel	1
Malaysia	1
Mexico	1
Thailand	1
Turkey	1
Total number of companies	**128**

Appendix A – Summary of the Sample

Table 3 : Categorisation of industries based on their expected level of harmful effects

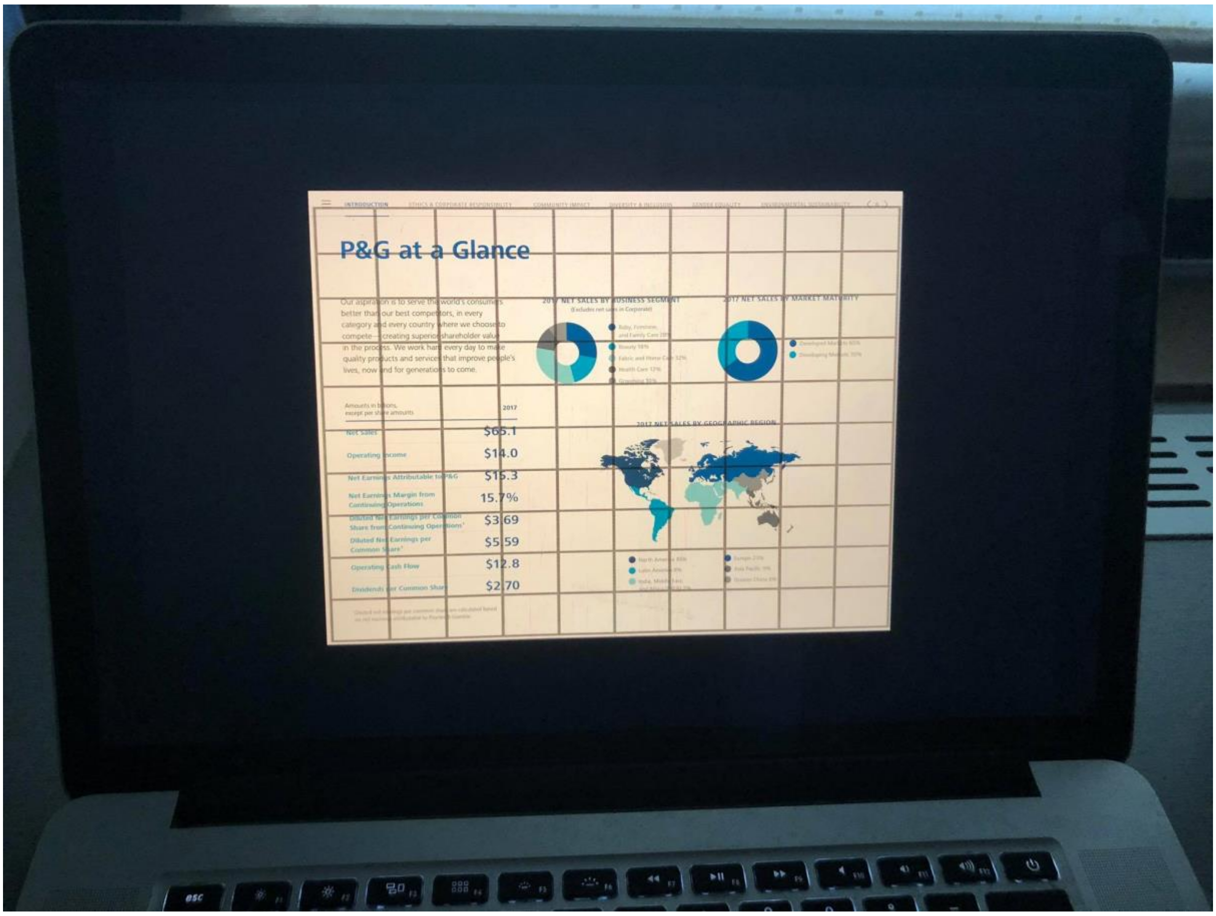
Categories	Number of companies	Industries
Heavy Industries	44	Aerospace & Defense Chemicals Energy Engineering & Construction Industrials Materials
Light Industries	35	Apparel Food, Beverages & Tabaco Health Care Households Products Motor Vehicles & Parts Technology
Tertiary Sector	49	Business Services Financials Food & Drug Stores Media Retailing Telecommunications Transportation Wholesalers

Table 4 : Categorisation of countries based on their stakeholder orientation score

Categories	Number of companies	Countries	Stakeholder-Orientation Average Score
Low Average Score	55	Malaysia	0,190
		Singapore	0,372
		USA	0,374
		United Kingdom	0,387
		India	0,409
		Thailand	0,413
		Canada	0,415
		Indonesia	0,417
Medium Average Score	32	Turkey	0,451
		Israel	0,468
		Japan	0,478
		Brazil	0,498
		Australia	0,502
		Ireland	0,507
		China	0,509
High Average Score	41	Korea	0,556
		Mexico	0,559
		Switzerland	0,561
		Netherlands	0,606
		Germany	0,660
		Italy	0,679
		Spain	0,699
		France	0,732
		Russia	0,751

Appendix B – Quantitative Content Analysis

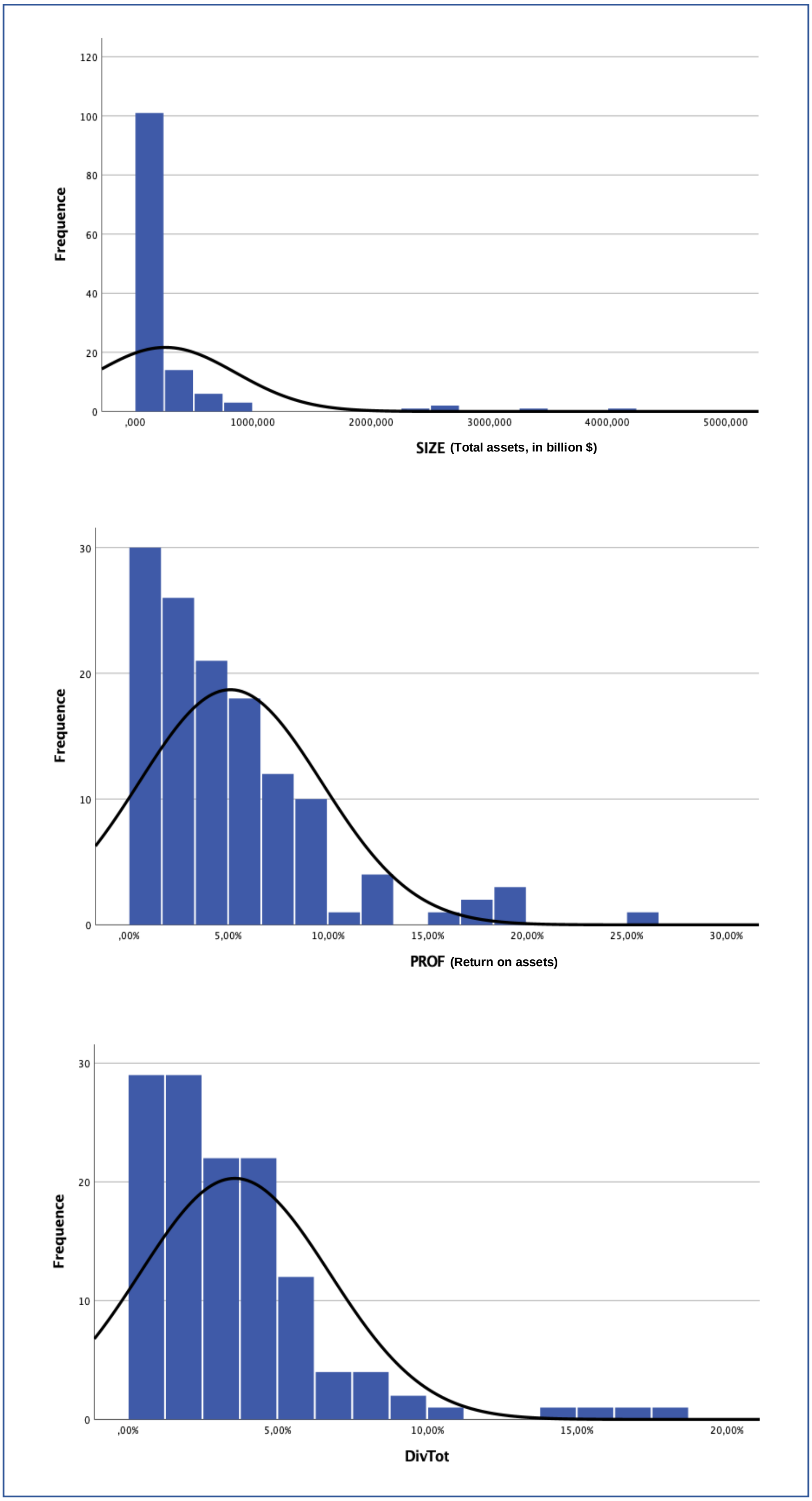
Picture 1: Methodology for collecting data using the quantitative content analysis method



* The transparent grid, divided into 100 cells of equal size, is placed in front of every page of the sustainability reports (here, Procter & Gamble's 2017 sustainability report). Every cell containing diversity information is then counted to measure the extent of diversity reporting.

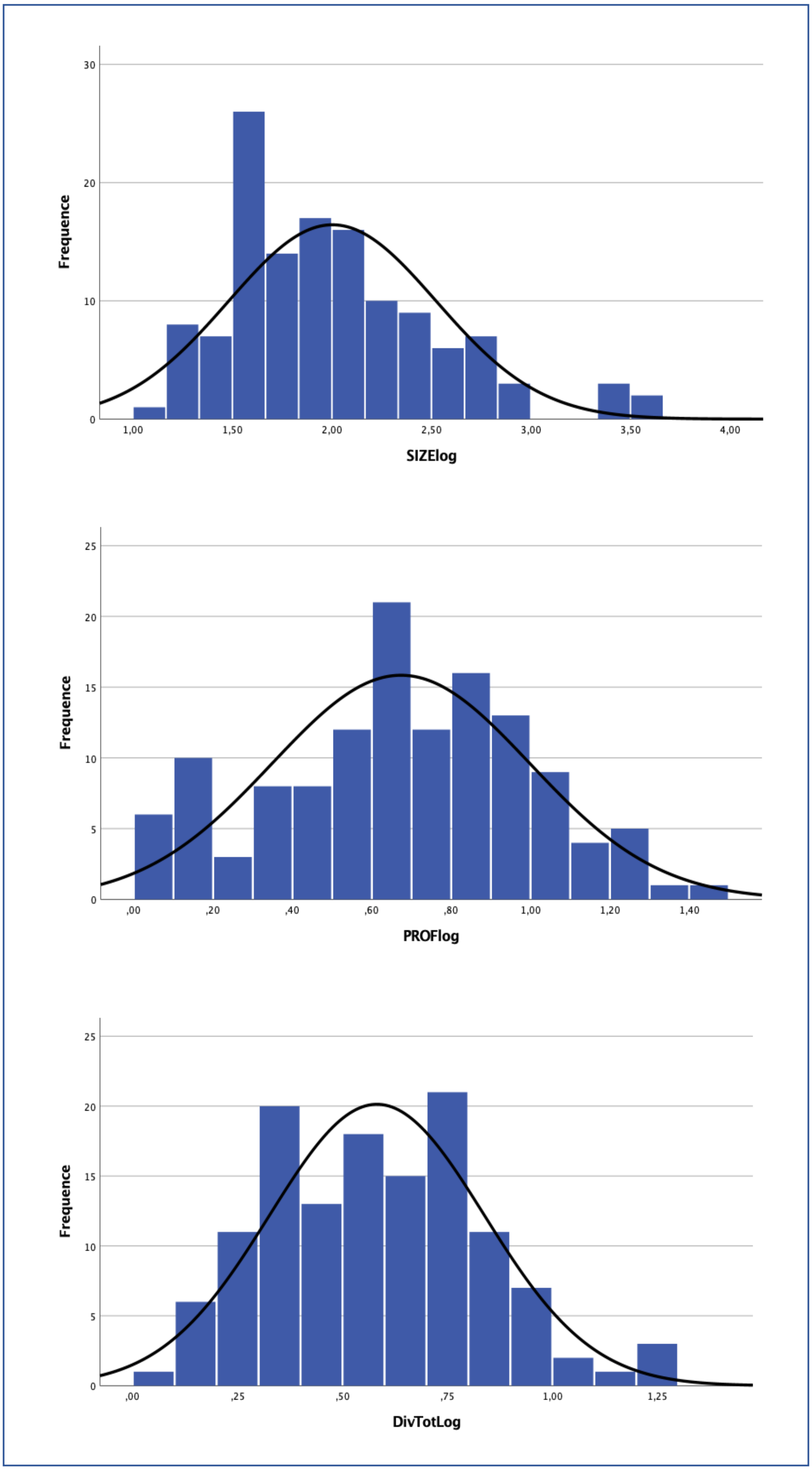
Appendix C – Data Transformation

Figure 3: Distribution of the data before transformation



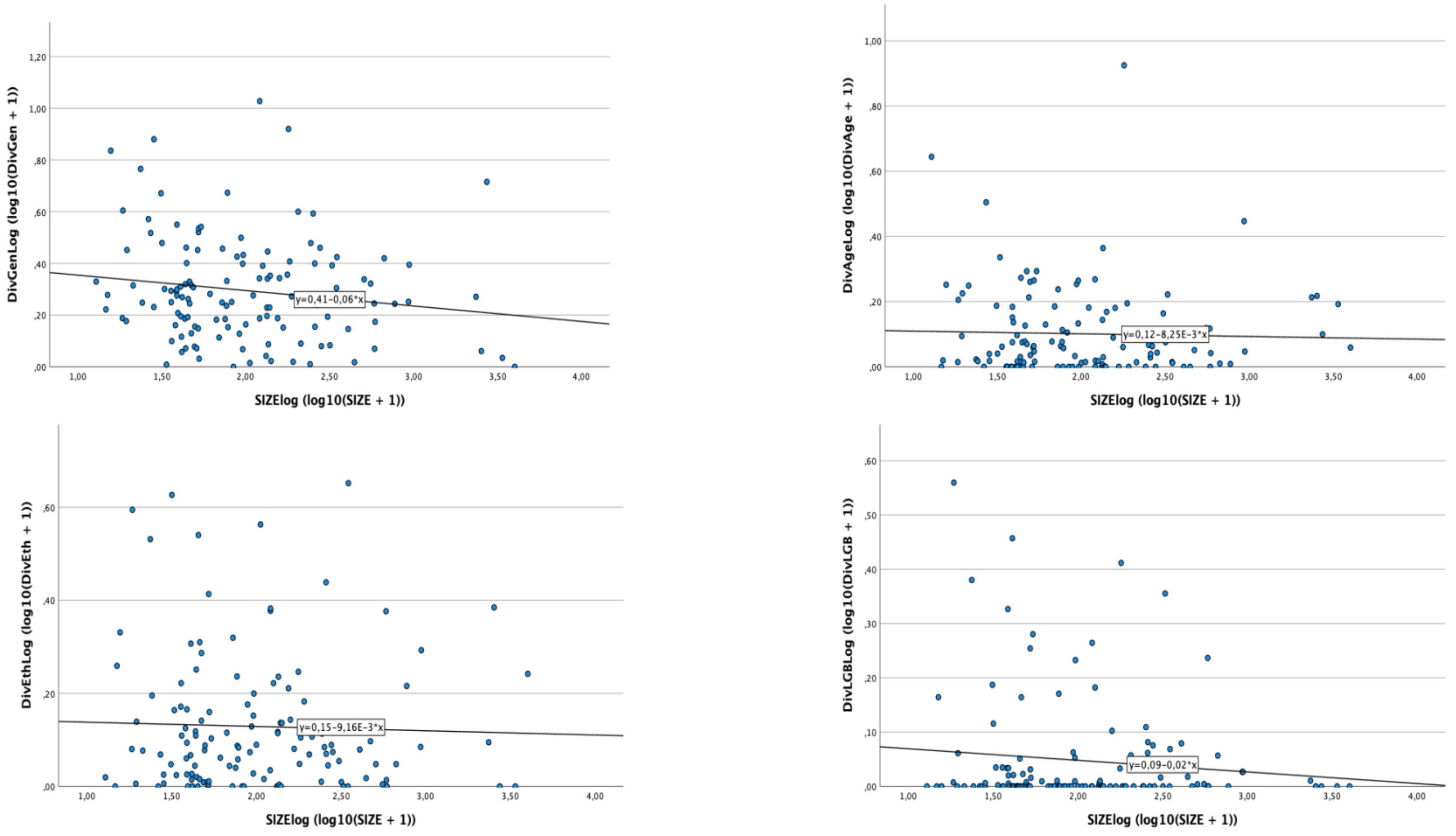
Appendix C – Data Transformation

Figure 4: Distribution of the data after transformation ($Log_{10}(x+1)$)



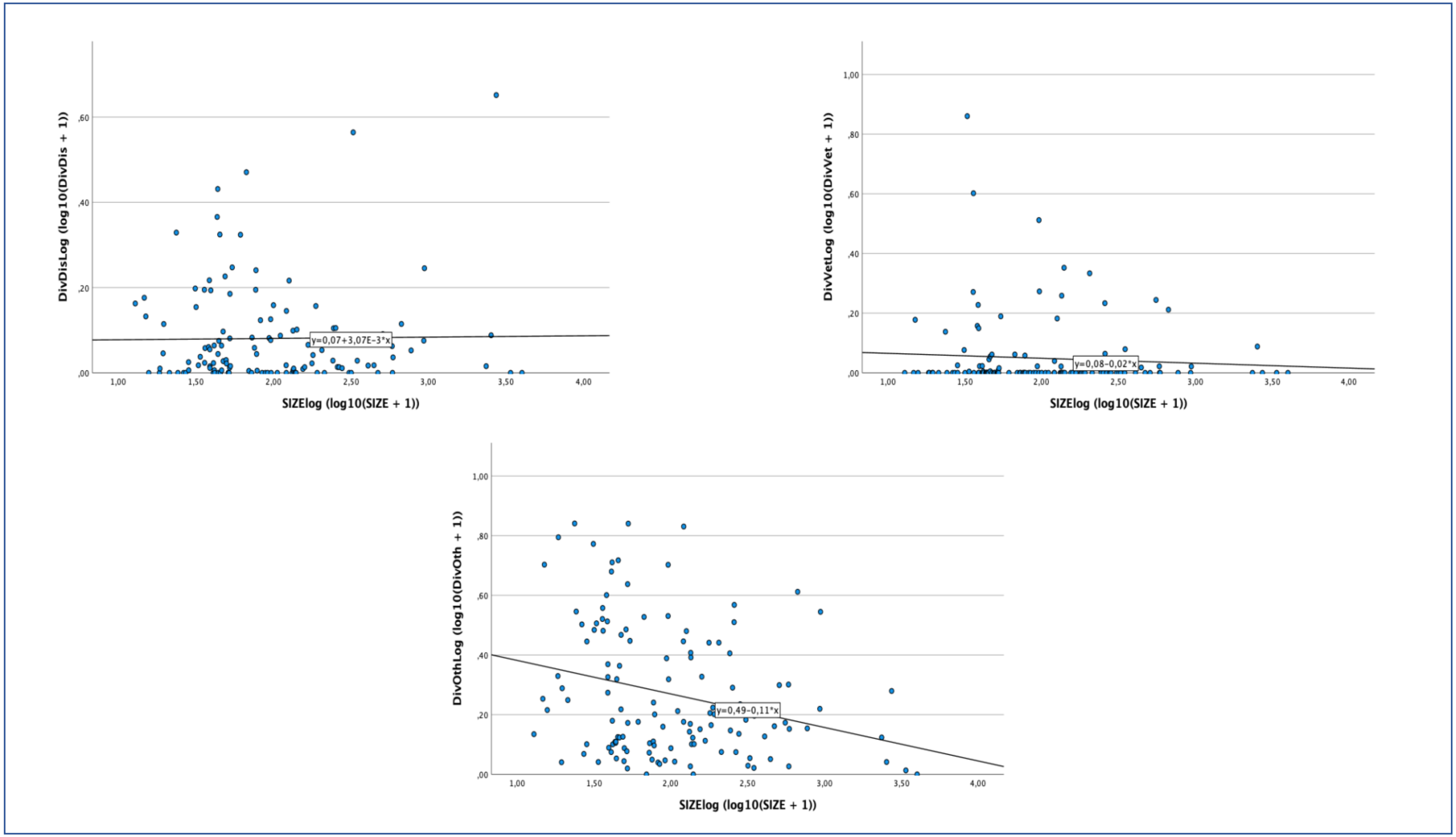
Appendix D – Descriptive Analysis

Figure 8: Cloud diagrams of SIZElog against DivLog, for each dimension of diversity



Appendix D – Descriptive Analysis

Figure 8: Cloud diagrams of SIZElog against DivLog, for each dimension of diversity



Appendix D – Descriptive Analysis

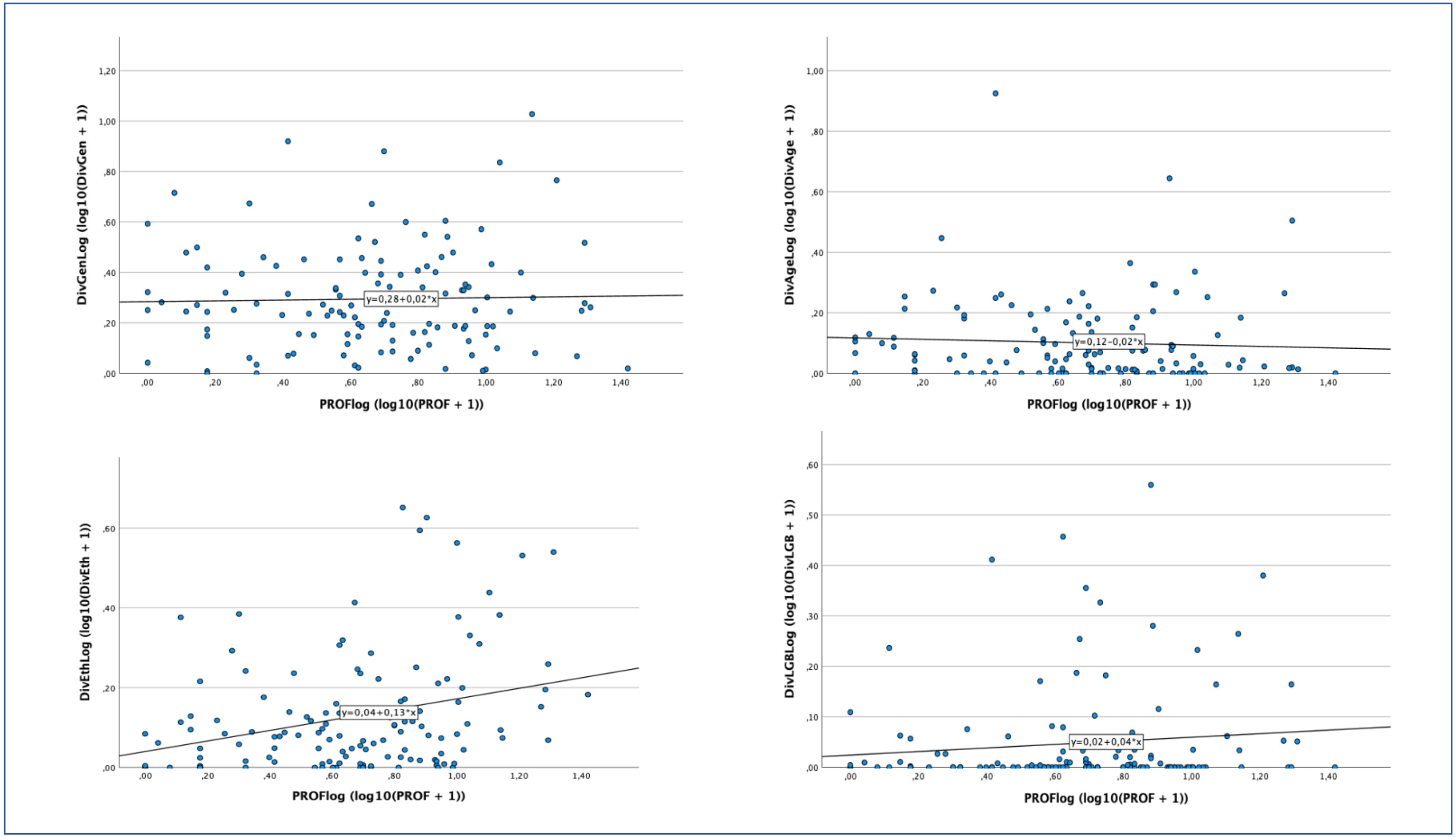
Table 6: MNCs' average extent of diversity reporting for each category of industry and home country

Categories		DivGen	DivAge	DivEth	DivLGB	DivDis	DivVet	DivOth	DivTot
Type of Industry	Heavy	1,12%	0,24%	0,39%	0,05%	0,13%	0,28%	0,87%	3,07%
	Light	1,27%	0,22%	0,34%	0,11%	0,21%	0,14%	1,31%	3,60%
	Tertiary	1,32%	0,55%	0,56%	0,29%	0,41%	0,15%	1,29%	4,57%
Home country stakeholder orientation	Low	1,45%	0,34%	0,56%	0,23%	0,22%	0,43%	1,60%	4,83%
	Medium	1,37%	0,22%	0,49%	0,20%	0,38%	0,02%	1,22%	3,89%
	High	0,85%	0,47%	0,24%	0,02%	0,21%	0,004%	0,50%	2,31%

* Blue boxes highlight the category that scored the best, for each dimension.

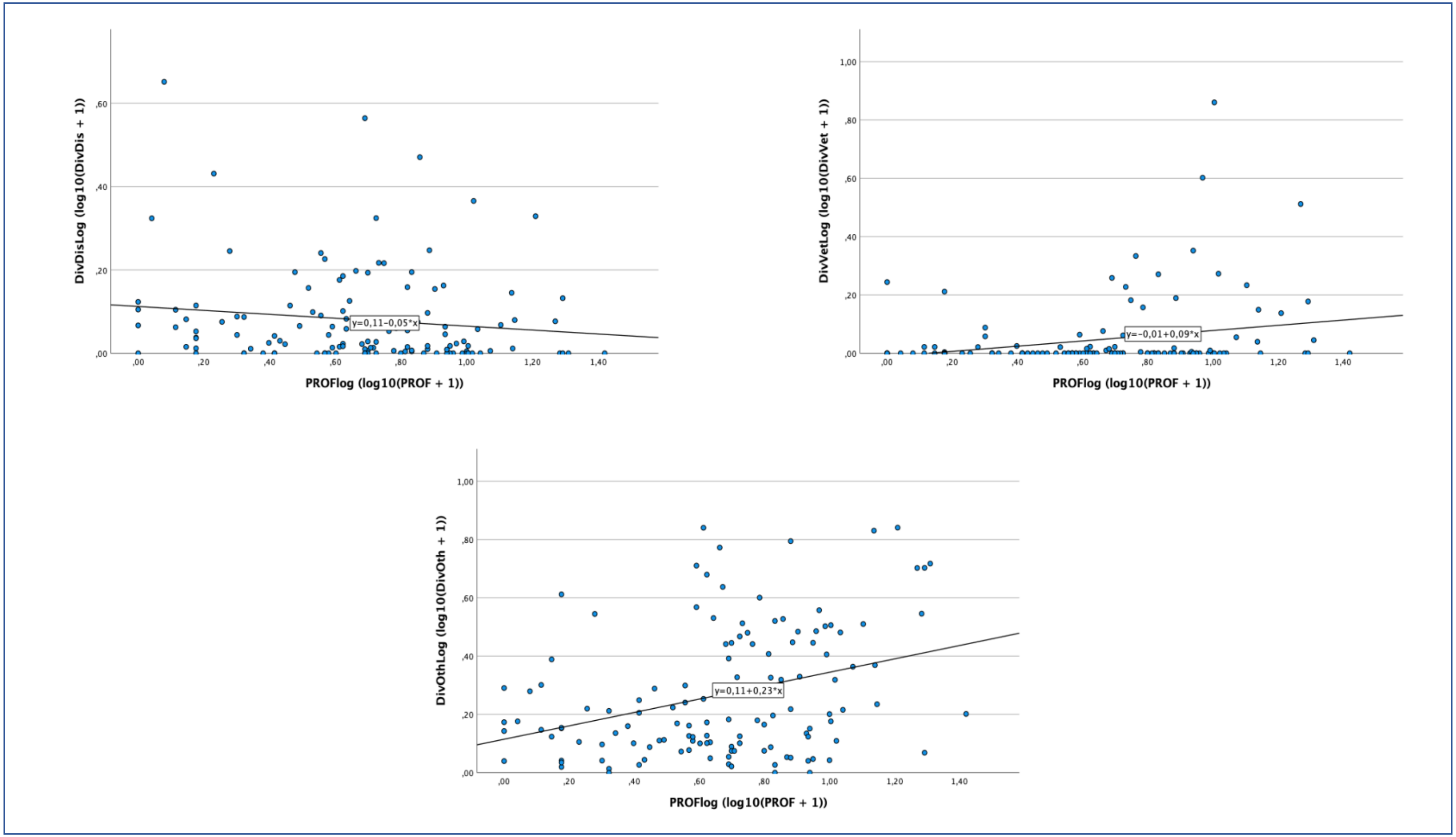
Appendix D – Descriptive Analysis

Figure 11: Cloud diagrams of PROFlog against DivLog, for each dimension of diversity



Appendix D – Descriptive Analysis

Figure 11: Cloud diagrams of PROFlog against DivLog, for each dimension of diversity



Appendix E – Multiple Regression Model

Descriptive Statistics

	Mean	Std. Deviation	N
DivTotLog	,5972	,26402	128
SIZElog	2,0032	,52390	128
HEAVY	,3438	,47683	128
LIGHT	,2734	,44747	128
PROFlog	,6723	,32582	128
MEDIUM	,2500	,43471	128
HIGH	,3203	,46843	128

Correlations

		DivTotLog	SIZElog	HEAVY	LIGHT	PROFlog	MEDIUM	HIGH
Pearson Correlation	DivTotLog	1,000	-,216	-,180	-,041	,242	-,048	-,292
	SIZElog	-,216	1,000	-,091	-,096	-,429	,088	,046
	HEAVY	-,180	-,091	1,000	-,444	,015	,114	-,003
	LIGHT	-,041	-,096	-,444	1,000	,210	-,071	,030
	PROFlog	,242	-,429	,015	,210	1,000	-,193	-,074
	MEDIUM	-,048	,088	,114	-,071	-,193	1,000	-,396
	HIGH	-,292	,046	-,003	,030	-,074	-,396	1,000
Sig. (1-tailed)	DivTotLog	.	,007	,021	,323	,003	,297	,000
	SIZElog	,007	.	,154	,139	,000	,161	,303
	HEAVY	,021	,154	.	,000	,432	,100	,485
	LIGHT	,323	,139	,000	.	,009	,213	,370
	PROFlog	,003	,000	,432	,009	.	,015	,202
	MEDIUM	,297	,161	,100	,213	,015	.	,000
	HIGH	,000	,303	,485	,370	,202	,000	.
N	DivTotLog	128	128	128	128	128	128	128
	SIZElog	128	128	128	128	128	128	128
	HEAVY	128	128	128	128	128	128	128
	LIGHT	128	128	128	128	128	128	128
	PROFlog	128	128	128	128	128	128	128
	MEDIUM	128	128	128	128	128	128	128
	HIGH	128	128	128	128	128	128	128

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	,483[a]	,233	,195	,23684	,233	6,138	6	121	,000	2,089

a. Predictors: (Constant), HIGH, HEAVY, PROFlog, SIZElog, MEDIUM, LIGHT

b. Dependent Variable: DivTotLog

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2,066	6	,344	6,138	,000[b]
	Residual	6,787	121	,056		
	Total	8,853	127			

a. Dependent Variable: DivTotLog

b. Predictors: (Constant), HIGH, HEAVY, PROFlog, SIZElog, MEDIUM, LIGHT

Appendix E – Multiple Regression Model

Coefficients[a]

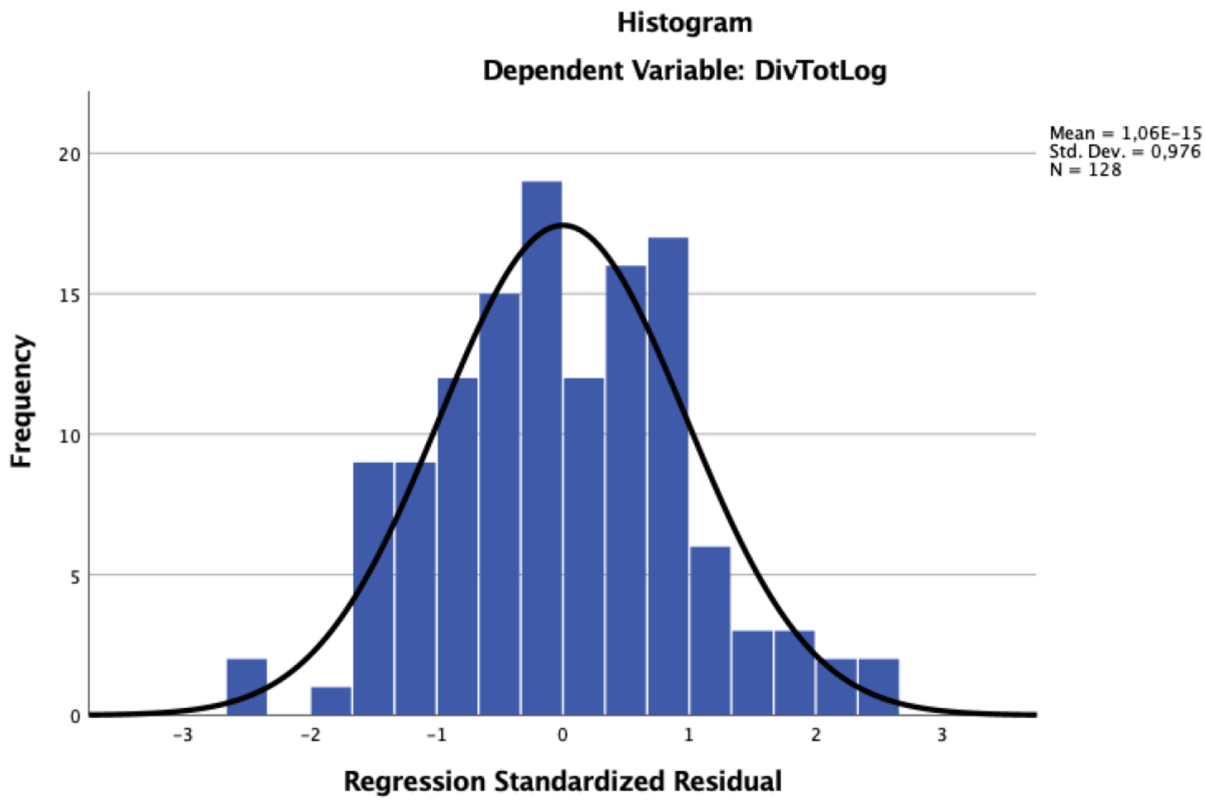
Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Correlations Zero-order	Correlations Partial	Correlations Part
1	(Constant)	,823	,127		6,480	,000			
	SIZElog	-,082	,045	-,162	-1,831	,070	-,216	-,164	-,146
	HEAVY	-,157	,050	-,283	-3,113	,002	-,180	-,272	-,248
	LIGHT	-,129	,054	-,218	-2,376	,019	-,041	-,211	-,189
	PROFlog	,146	,075	,180	1,949	,054	,242	,174	,155
	MEDIUM	-,063	,055	-,103	-1,145	,254	-,048	-,104	-,091
	HIGH	-,173	,050	-,307	-3,477	,001	-,292	-,301	-,277

a. Dependent Variable: DivTotLog

Residuals Statistics[a]

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	,3707	,9156	,5972	,12753	128
Residual	-,61128	,59399	,00000	,23117	128
Std. Predicted Value	-1,776	2,496	,000	1,000	128
Std. Residual	-2,581	2,508	,000	,976	128

a. Dependent Variable: DivTotLog



Appendix E – Multiple Regression Model