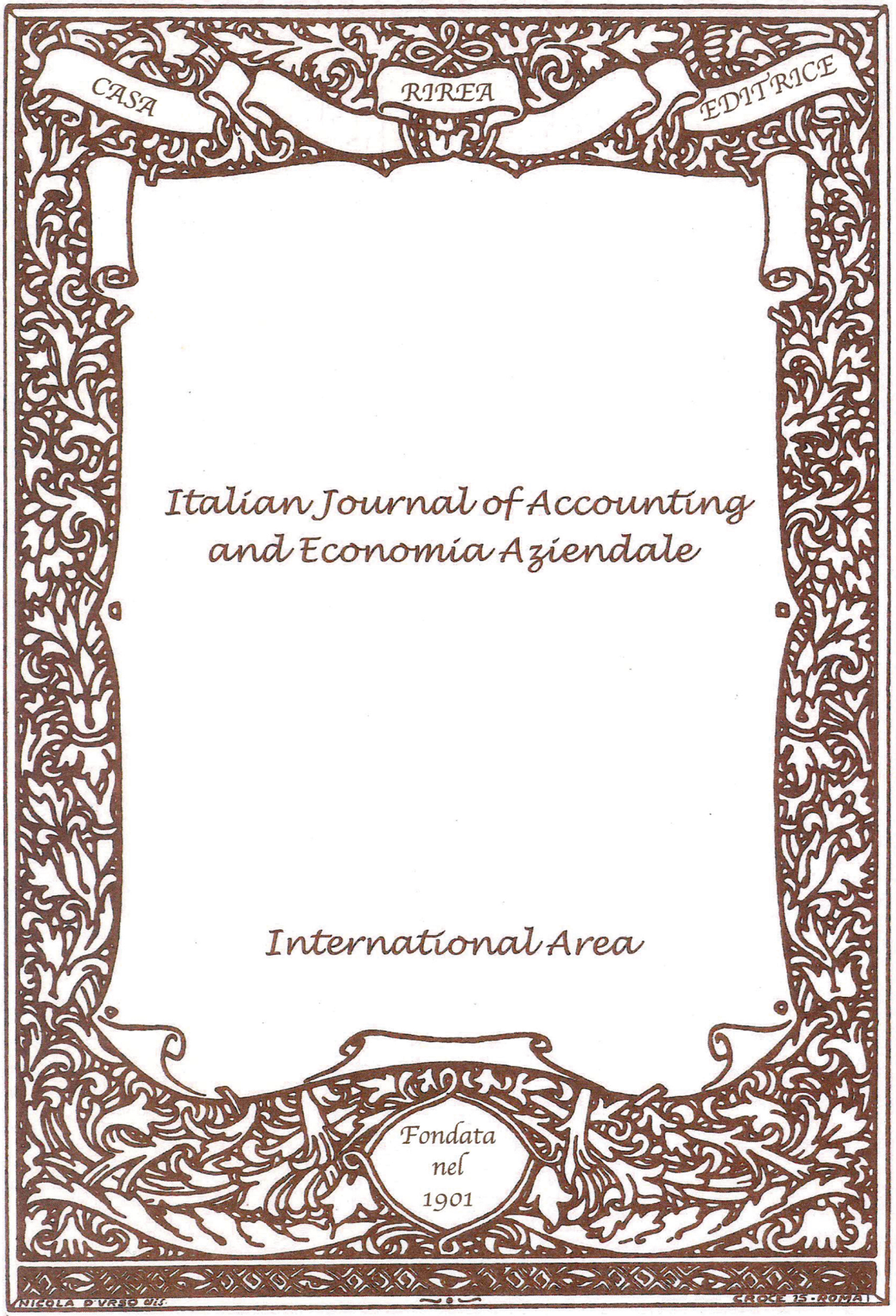

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Value Added Disclosure in Sustainable Development Reports: case of Russia(*)

Prof. PAVEL MALYZHENKOV – Dott.ssa EKATERINA MELESHINA

ABSTRACT: The paper examines some of the theoretical issues regarding the publication of the value added as a voluntary disclosure in the process of accounting communication. The usage of value added reporting is linked to the general process of disclosing financial information in a certain business and cultural environment. In such approach, a question about the possible role of the value added statement as a modality of communication in the global economy arises. The Russian context, as transition economy, offers the opportunity to investigate the possible role of this kind of reporting. In this work the reporting modalities according to GRI format were analyzed. A sample of 119 published sets of reports for the fiscal period 2004-2014 of Russian listed large companies constituting the MICEX (Moscow Exchange) index shows that the sustainable reporting in general and the reporting on the value added in particular presented in the annual reports is an underdeveloped practice which should be deepened further. The paper tries to analyze the reasons of such underdevelopment in the cultural and historical roots that determined the development and formation of market conditions in Russia.

KEYWORDS: sustainable development, disclosure, value added, GRI reports

1. Introduction

The present work examines some of the theoretical issues regarding the publication of the value added as a voluntary disclosure in the process of accounting communication. It is widely known that the usage of value added reporting is linked to the general process of disclosing financial information in a certain business and cultural environment. Hence, a question about the possible role of the value added statement as a modality of communication in the global economy arises. The Russian context, as transition economy, offers the opportunity to investigate the possible role of this kind of reporting. In this work the reporting modalities according to Global Reporting Initiative format were analyzed. As a base for the analysis, the sample of 119 published sets of reports for the fiscal period 2004-2014 of Russian listed companies which constituted the MICEX (Moscow Exchange) index in the said period was taken. It showed that the sustainable reporting in general and the reporting on the value added in particular presented in the annual reports is an underdeveloped practice which should be deepened further.

The concepts of Corporate Social Responsibility (earlier, BOWEN, 1953) and Sustainable Development (later, GRAY, 1996) appeared and developed first in the countries with advanced economies but now it becomes more and more the significant part of emerging countries too. Here we present a brief overview of the state-of-the-art of this phenomenon in the developing economies.

As far as India is concerned Singh and Ahuja's study (1983) was perhaps the first research in emerging economies. The content of annual reports was analyzed and descriptive statistics regarding the extent of CSR and percentage of companies making social disclosures was provided. Batra (1996) proposed a CSR framework for Indian

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companies based on a longitudinal analysis of CSR practices in the Steel Authority of India Limited (SAIL) during 1984-85 to 1990-91. The author observed inconsistencies in the Indian CSR practices arising from lack of uniformity in presentation and also due to lack of «conventions, postulates and axioms to guide social accountants in drafting accounts». In view of inconsistency of social reporting practices in India the study perceived the need for a suitable social reporting framework (BELAL, MOMIN, 2009).

In Brazil the research by MurciaF., Cruz de Souza F., Santos A. (2010) analyzed the sample composed by the largest companies listed in the stock exchange of San Paulo. The top one hundred companies excluding the financial sector have been selected. Based on the proposed framework, each company was assigned a social and environmental disclosure index, which became the dependent variable in the regression model. The independent variables were associated with 11 hypotheses that were formulated on the basis of the existing literature regarding: sector, auditing firm, leverage, internationalization, stock issuing, ownership concentration, origin of control, profitability, corporate governance, size and corporate sustainability. The results show that seven variables are statistically relevant at the 10% significance level: size, profitability, leverage, sector, internationalization, origin of control, and sustainability. On the other hand, with the exception of leverage, all these variables have a positive association with the disclosure of social and environmental information. In addition, the model is able to explain 48% of social and environmental disclosure.

A study by Gao et al., 2005 regarding Hong Kong (Asian region) found positive association between company size measured by sales and level of CSR. It was also found that industrial affiliation is an important determinant of CSR level. Besides, there are a number of empirical studies available on CSR practices in Bangladesh. The study by Belal (1997) on green reporting practices in Bangladesh observed that only 3 of 50 companies (6%) edited environmental disclosures. The data year of this study was 1994/95. A later study by Belal (2000) found that although 27 (90%) companies out of 30 studied made environmental disclosures, the percentage of companies disclosing environmental information comes down to 20 only if disclosure related to expenditure on energy usage is excluded.

However, not all developing and emerging markets have made gains with a number of important markets still seeing very low levels of reporting. Only 20 percent of Indian companies report on CR, 37 percent in Taiwan and 18 percent in Israel. Singapore, often a leader in adopting leading business practices, also saw comparatively low reporting rates of 43 percent (KPMG International Survey of Corporate Responsibility Reporting 2011).

The conclusion that different researchers reach seems to affirm that CSR agenda in emerging economies is mainly driven by the "outside" forces noted above. There exists a real concern that such imposition from "outside" (ignoring the local context) will only encourage passive compliance without any effective change on the ground in terms of greater corporate accountability and transparency (BELAL & OWEN, 2007). In the process of advancing the emerging agenda of CSR policy makers and researchers in emerging economies should immediately address this issue. More research is needed to explore whether CSR in emerging economies is becoming the Western fashion (an imposition from West economies) or an agenda tailored to the ground realities of emerging economies. In other words, it is necessary to examine the institutional factors driving the CSR agenda in emerging economies.

As far as other emerging realities are concerned one could notice the researches by Naser K., Al-Hussaini A., Al-Kwari D., Nuseibeh R. (2006) regarding Quatar, Maali B., Casson P., Napier C. (2006) in the Islamic banks, Andrew B., Gul F., Guthrie J., Teoh, H. (1989) for Malaysia and Singapore.

Different works appeared in the field of CSR analysis in Russia too (ASSOCIATION OF RUSSIAN MANAGERS, 2004, 2008, MALYZHENKOV, 2012, MOROZOVA, BRITVIN, 2013) where it becomes recognized more and more often as a consolidated business practice.

2. The particularities of market economy formation in Russia

Russian economy fronts a serious challenge – transition to an innovative way of development that means not simply growth of innovative activity, and qualitative changes in the majority of spheres of economy. Still the realization of these changes is impossible without the adoption of modern governance practices to internationally recognized standards and the proper way of its communication, the object of present work.

The transformation of the economic system in Russia towards the market conditions started from an extensive process of privatization which has assumed particular characteristics in different countries (Hungary, Czech Republic, Poland) and, especially in strategic sectors, is not yet complete. As far as Russia is concerned the process took the form of "mass privatization", in which the ownership of companies that belonged to the State was transferred for free to the community by means of vouchers mainly in the period 1992-1994. Such practice in some cases led to the major involvement of employees in the process of corporations' management and put the background for more advanced forms of financial reporting.

On average, in 1994 insiders accounted for 60–65% of shares held in privatized enterprises, outside shareholders accounted for 18–22%, and the state's ownership was as high as 17%.

Still, the gradual removal of the State from entrepreneurial functions was not sufficient to revive Russian economy. Some basic problems have continued to characterize the corporate governance: lack of transparency, especially in relation to compulsory financial communication, non-compliance with laws and poor enforcement of judicial decisions, the lack of trust between the operators of the economic system in a broad sense (entrepreneurs, workers, consumers, lenders) which is a serious legacy of the communist regime. It should also be added here the rapidity of implementation of the privatization process: in fact, companies have changed ownership and institutional aspects faster than the time of enactment of the rules necessary to face the new situation and emerging needs of consumers induced by the increased availability of wealth.

Even in presence of complete and coordinated law apparatus, many Russian companies are still lacking in terms of principles, structures and processes of corporate governance and it remains weak, with extreme concentration of capital and weight of authoritarianism and bureaucracy. In particular, the influence of political circles is still the most serious cause of the limited effectiveness of government bodies and control in various companies, the transparency is unsatisfactory, given that communication tends sometimes to hide the imbalance of government activities towards the personal goals of managers.

The efforts of public authorities has found a valuable complement in self-discipline with the publication of the Code of Corporate Conduct in 2002 that has been shared with foreign and supranational agencies. However, purely by way of example, McCarthy and Puffer explain that despite the introduction of this Code for companies with more than a thousand shareholders based on principles of agency theory, these are not applicable for the fact that the majority of enterprises in Russia are generally small to medium sized and characterized by a small shareholder base and a poor separation between ownership and control, and to the Communist influence that still persists in the way of doing business for Russian companies (MCCARTHY D.J., PUFFER S.M., 2008). In 2002 the "White Paper on Corporate Governance in Russia", a result of collaboration between the OECD, the World Bank and the Russian Corporate Governance Roundtable was also published.

The process of privatization inevitably led to the sharing and adoption (even if partial sometimes) of "Western way of doing business". It is often argued that in Russia, which has high power distance and high collectivism scores a more authoritarian management style is likely to be preferred by managers as a more efficient one. Examples of authoritative and powerful leaders from the Russian history are usually invoked to buttress this point. Subsequently, Russian companies have been keen on hiring authoritative managers in the past. There are some indications in the literature that there is supposedly a new generation of managers coming to the fore in Russia and Russian organizations, who through the processes of socialization into the Western 'managerial community of practice' (mainly by means of going through the standardized Western originated MBA programs and various types of managerial trainings) embraces the western managerial values.

However, there is also some evidence that not every single Western value is fully internalized by Russian managers and some are even rejected. Furthermore, traditional Russian managerial values still seem to exhibit great importance in Russian organizations (MAY, PUFFER AND MCCARTHY, 2005). Hence, it seems to make sense portraying the strata of Russian managers as a segregated and transient class that has been formed in specific societal, institutional, and economic conditions of modern Russia. These conditions produce a complicated and intertwined struggle for Russian managers between: (a) the desire to become acknowledged as a legitimate member of the Western managerial community of practice, and (b) the desire to differentiate from the Western affiliation, thus preserving the Russian identity precisely as a means for "non-westernization", keeping the borderline between 'us' and 'them'.

Thus, the argument seems to challenge the view that promotes the inevitable convergence of the managerial values of Russian managers with Western managerial values. Different sources (RALSTON, HOLT, TERPSTRA AND KAI-CHENG, 2008, FEY et al. 2001, 2007), concur with it by stating that Eastern European managers might need to unlearn less than is often claimed and assumed in the Western business community. Instead, more appropriately we can talk about a "crossvergence" of managerial values in case of Russia. "Crossvergence" is seen as a continuum between the polar extremes of convergence and divergence. It provides an integrative alternative that might be characterized as the mainstream philosophy of managerial values formation. When applied to the Russian context, 'crossvergence' argues that there will be an integration of cultural and ideological influences from both within and without Russia that will result in a unique value system that will borrow from both national culture and economic ideology (KOVESHNIKOV A. et al., 2011).

Several Western studies touched upon the attitudes of managers towards employees in Russian organizations. In the early 90's some differences that existed at that time between Russian and American managers in terms of their beliefs and ethical behavior, including behavior toward employees (IVANCEVICH, DEFRANK and GREGORY, 1992) were described. They noted that Russian managers believed that workers are basically lazy and that low product quality is not related to poor management but to employees' laziness.

The latest study individuates and defines different clusters of managers in Russia (KOVESHNIKOV A. et al., 2011):

- "Paternalistic Leaders" (20,9% of the entire sample) – includes organizations in the newly private sector of Russian economy; trade organizations with more than 300 employed, financial sector, engineering industries. Basically these are managers who got their positions owing to protectionism (family or friendship ties); higher percentages of "newcomers" in their organizations. Managers who belong to this group are least inclined to engage their subordinates in decision-making; their subordinates do not initiate anything at their workplaces. In turn, bosses of these managers also are not disposed to engage them in decision-making. This cluster shows the highest percentage of managers who had never improved their professional skills.
- "Exploitative non-professionals" (21,5 % of the entire sample) – includes printing and publishing services, power engineering, housing and communal services. This cluster consists primarily of line managers who got their positions owing to professional reputation. Managers from this group are not engaged in professional self-education. Interestingly, stating the importance of "hard work" for managers and their subordinates in their attitudes, respondents of this cluster do not show longer working hours in their labor practices.
- "Independent professionals" (32,8% of the entire sample) – includes chemical and oil-processing enterprises, telecommunications, real estate and services. There is the highest percentage of female respondents; managers working on big enterprises; middle managers with maximal number of subordinates; respondents who got their positions owing to their qualification (education and professional experience); respondents who have maximal length of work tenure in their organizations and got their position as a result of internal career promotions in their organizations. These managers, in fact, are much more "democratic" towards their subordinates: they are used to engage their subordinates in decision-making; they reported the most that their subordinates had initiated something. In turn, superiors of these managers seem to be also "democratic" themselves: managers from this cluster reported that they were engaged in some decision-making by their bosses. This cluster shows the highest percentage of managers who passed special professional training on top of their basic professional education, raised their professional skills and engaged in professional self-education.
- "Obedient and unsupportive" (24,8 % of the entire sample) – auto and consumer services, light industry, trade organizations with less than 300 employed, auto transport, and construction. These managers had never passed special professional training except for their basic professional education.

To summarize the description of the types of Russian managers, it is worth to note the following: among four types of Russian managerial attitudes, only one, "Independent professionals", could be regarded as a "positive" one. It is also the largest in the sample and the most close to the Western way of management style. Other three types show different combinations of adherence to nepotism, authoritarism, and low value of professionalism, representing "traditional" ways of management.

So, the actual attitudes shared by Russian managers in different industries and regions of Russia together with specific features pertinent to the Russian cultural and economic context were captured. The four clusters that the analysis identified illustrate the plurality and diversity of managerial attitudes among Russian managers, but also demonstrate a significant closeness to western way of doing business and hence the adopting of the best modern management practices.

3. Sustainable development reporting in Russia

After the introduction of sustainable development concept or idea (with this term the Report of the UN Brundtland Commission has defined in 1987 the development that guarantees the satisfaction of the needs of modern generations without compromising the ability of future generations to meet theirs) and publication in 1997 of the famous essay by John Elkington (1997) the concept of corporate social responsibility began to diffuse. It formalized the idea of the impossibility of separation of the economic effects of business management from those environmental and social. This approach has found many practical applications and the number of companies that prepare their sustainability reports according to this scheme continues to grow.

Russian economic system, which passed a difficult period of transition from plan to market economics and the formation of civil society is acquiring, thanks in part to the contributions of foreign companies operating in Russia, the approaches and Western companies' own management methods. Among these, the sustainable development approach is a new phenomenon in the business environment, that this part of work is going to analyze. In fact, this issue presents significant interest because, while the researches relating to social responsibility in the West are quite numerous, few are those dedicated to CSR in developing countries, particularly in Russia, where it is spreading as a corporate practice only for few years.

The definition adopted by the Association of Managers of Russia affirms: "Social responsibility is the philosophy of behavior and the concept of business activities conduct, aimed to:

- realization of high quality products and services to consumers;
- creation of attractive jobs, paying fair wages to the realization of investment in human potential development;
- comply with tax, ecological, labour ecc. laws;
- creation of relationships marked by clarity and transparency with all stakeholders;
- value creation both for the company and for stakeholders and the growth of the welfare of shareholders;
- to consider the expectations of society and ethical standards in business practice;

- contribute to the formation of civil society by means of the implementation of local society development projects" (ASSOCIATION OF RUSSIAN MANAGERS, 2004).

Russia, as well as other countries, carries out the standards in social responsibility and sustainable development. The first attempt to standardize the reporting of the forms of social responsibility has been realized only at the end of 2005 when at the Federal Agency on Technical Regulations and Metrology, ex- State Committee of Russian Federation for Standartization, Metrology and Certification, the Technical Committee of Standardization "Social Responsibility" was created. Its objective is that to develop the national standards in the field of CSR, standardize terminology and principles and regulatory information exchange. It can be said that the current standardization system has inherited many features of the Russian Soviet experience, whose authority in this field was very high throughout the world.

The above Technical Committee joined representatives of state structures and social organizations of excellence, as well as companies that have already gained work experience in this field. The leaders of the Committee pointed out that according to the Federal Law "On Technical Regulation" all national standards came into force after 1 July 2003, including those on social responsibility, are purely voluntary (MALYZHENKOV, 2012).

4. Value added reporting

The concept of value added historically can be traced back to the theoretical and technical attempts to measure national income. Therefore, the origin of that measurement is in the context of national accounts emphasizing the production side of the whole economy: the sum of the value added in different sectors (agriculture, industry, and services) net of duplication. If we accept the idea that one of the objectives of the economic system is to generate a high level of production of economic goods and services to satisfy human needs, then the value added is one the tools available for measuring the accomplishment of that objective. In this sense, the value added can be considered a performance indicator of a country's economic success: the gross national product. The gross national product can be used as a surrogate appraisal of the level of satisfaction of human needs in a specific economic system, the level of well being in a society, in connection with the concepts of economic progress and growth. However, the shortcomings of gross national product are well known, and several researchers have proposed alternatives that address them (STIGLITZ, SEN, FITOUSSI, 2009).

The debate on the role of value added among accounting measurements has received attention in the last fifty years, with a particular emphasis in the 1970's and 1980's. The analysis of value added can be classified in at least three fields of research: management control (internally oriented), financial reporting (externally oriented), and social reporting (externally oriented) (for a review, see Evraert and Riahi-Belkaoui 1998; Ianniello, 2010).

The first field emphasizes the role of value added as an indicator of efficiency among the tools to appraise the "economic productivity" (SUTHERLAND 1956; PONZANELLI 1967: 186). Therefore, the value added measurement is used as one of the performance indicators in the management control system, particularly in the industrial sector, with the main purpose of controlling costs and the performance of productive factors, especially labour.

The second field of analysis looks at value added reporting as additional information to the traditional income statement, which is focused on earnings and net profit. In this area, we see that the published financial statements orient toward several stakeholders (or the society in general) instead of only the stockholders (CASSANDRO 1992: 143–144).

The third approach considers the value added statement as an embryonic form of social reporting. It is worth noting that the label "value added statement" in the English version of the International Accounting Standard (IAS 1) (2004) is translated into Italian by the words "bilancio sociale" (social reporting). It is a means of communication that in the overall business reporting process is added to the traditional and official annual report.

The reference to the stakeholder theory (FREEMAN, 1984) implies a vision of management that, from the strategic perspective, tries to satisfy the expectations of several stakeholders that contribute in different ways to the survival and growth of a business entity. There is a link with each group of interests, including the public at large that expects some form of respect and remuneration. Thus the managing problem is to find a way of "dialogue" between a business entity and its stakeholders. This theoretical construction can also be seen as changing of terminology: the "struggle" and "conflict" observed in the everyday business life can be changed to the "dialogue" and "convergence" of conflicting interests for the theoretical construction.

From the two social perspectives mentioned above, it follows that the business unit or the management has a "duty" or an "interest" to report to several interest groups. As stated in the IAS 1 (2004: par. 7), "the objective of general purpose financial statements is to provide information about the financial position, financial performance and cash flow of an entity that is useful to a wide range of users in making economic decisions. … This information … assists users of financial statements in predicting the entity's future cash flow and, in particular, their timing and certainty". This definition implies a particular orientation of the business entity toward the "financial participants" or providers of finance (lenders and shareholders). Implicitly, other interest groups find a minimum of information to satisfy their needs in the financial statements.

A value added statement can be seen as an attempt to explicitly widen the interest group audience for business performance. This statement describes how the wealth produced has been distributed among different interest groups: workers, capital providers (lenders and shareholders), public administration including the public at large, and the organization (company) itself considered as an autonomous entity.

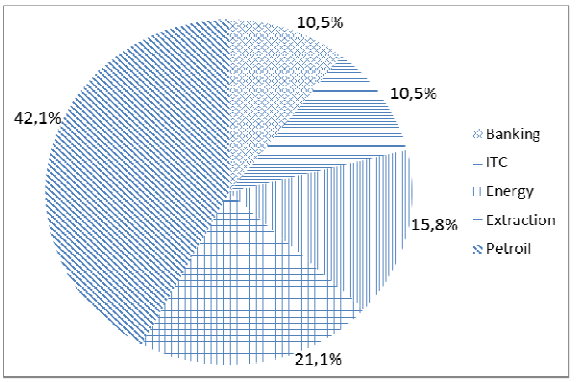
5. Sample characteristics and results of the research

In this research the modalities of reporting according to GRI standard[1] in the non-financial reports of Russian large companies were analyzed. KPMG's 2013 study showed that the GRI reporting guidelines are now highly popular the world over. In fact, 82% of G250 firms refer to the GRI reporting guidelines in their sustainability reports. In 2000, the first version of these guidelines was launched with a broader scope to include social, economic, and governance, as well as environmental issues. G2, a second generation of guidelines, was launched in 2002, followed by a third version, G3, in 2006. In March 2011, GRI published the G3.1 guidelines, an update and completion of G3, containing expanded guidance on reporting gender-, community- and human rights-related performance. Lastly, a G4 version was issued in May 2013.

As the base for the analysis the reports of "blue chips" which constituted the MICEX index for the Moscow Exchange in the 2004-2014 period were taken and different groups of enterprises on the base of value added reporting modalities were individuated. The sample was composed in the following way:

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
10	11	10	12	12	11	10	11	11	10	11	**119**

Tab 1. Sustainable reports analyzed per year



[1] To help firms prepare sustainability reports, in 1997 the *Coalition for EnvironmentallyResponsible Economies*, CERES, an American NGO, established the *Global Reporting Initiative*, intended to create an international standard for sustainability reporting. The GRI remained under the auspices of the United Nations Environment Programme (UNEP) until 2002. Since then, it has been managed by an independent entity. The GRI is composed of members belonging to private and public bodies (some 5,000 members to date). The organisation is framed by a Board of Directors, a Stakeholder Council that make recommendations to Board of Directors on the revision to the GRI Guidelines, a Nominating Committee (for the Board of directors and the Stakeholder Council), a Due Process Oversight Committee ensuring that due process is followed in the standard-setting process and a Global Sustainability Standards Board that develop the Sustainability Reporting Standards. The GRI guidelines are developed on consultations with the publics concerned and then tested among a sample of volunteer organizations.

Fig. 1 Sample companies distribution per sector

The research has permited to individuate three groups of enterprises according to the representation of the indicator EC1 "Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments":

1. enterprises which present the information on value added even if in a non-consistent to GRI way. This is the case of Rosneft(2) (actually, the only case in the entire sample) which prospect follows the idea of reporting the created value and its distribution to the structural production factors (employee, provider of capital including equity and credit capital, government, community as a whole). Anyway if not exactly this information can be considered as a form of value added statement. In data sample we can also show the numbers of years exposed and the percentage of the value distributed to the different stakeholders. The first part of the statement shows the "created economic value" that is similar to the total value of production activity integrated with incomes from financial investments and secondary business activities. The second part of the statement should be equal to the distributed economic value. Anyway, the value added is not explicitly reported, but still the idea of its reporting is comparable to international standards (value creation and its distribution to different stakeholders).
2. enterprises that even not using the value added anyway use in annual reports financial indicators (like EBITDA). This is, for example, the case of Gazprom. Implicitly they use the notion of net value added because information on depreciation and amortization is exposed. In addition, they do not show the net added value because the providers of external services and goods are considered as a group of stakeholders while in the value added statement these expenses are detracted from the value of the production to calculate the value added. In such a way the "created value" appears higher than the value added since it includes the value of services and goods purchased from other companies. From the statement the net value added can be calculated by subtracting the operating expenses from the economic value created.
3. enterprises that slightly nominate this concept in the reports or don't present it explicitly at all (ex. ROSTELEKOM).

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(2) An integrated oil company which majority is owned by the Government of Russia.

As far as the reporting according to other parameters (EC2-EC9) is concerned their representation turns to be much more poor and sporadic. So, as one can see, the way of value added reporting in Russian companies is still rather far from international requirements and best practices. Such tendency is also confirmed by different authoritative international sources: according to the data of World Economic Forum published in "The Global Competitiveness Report 2014-2015" Russia is positioned on the 72th place within 144 nations as "Ethical behavior of firms" indicator and on the 106th one as "Strength of auditing and reporting standards" even showing a clear improvement in comparison to the previous year. Totally, according to the same source , Russia occupies the 53th position as sustainability indicators quality. According to KPMG International Survey of Corporate Responsibility Reporting 2011 58% of Russian enterprises use reporting on their corporate social responsibility initiatives, part of which is represented by information on value added.

6. Conclusions

The situation created after the global financial crisis makes it possible for the Russian economy to move towards a new national economic reality. The crisis was a catalyst for a new way of thinking that has allowed to review all the traditional approaches to the economic system of Russia, adopting those new and more advanced. Particular attention will be given to maintain jobs through, for example, the development of specific programs for the rehabilitation and vocational training for workers in sectors at risk of dismissal. The crisis is not a reason to give up long-term projects for the modernization of the country: in fact, this process will be intensified and accelerated. The main objective, especially after the entrance to WTO, is to change the current model of economic growth based almost exclusively on energy resources and to adopt a new one based on the last achievements of international business community. It also provides incentives to increase energy efficiency, investments in human capital (education and public health) and the realization of the necessary infrastructure.

In this new situation, the main drivers of growth must be represented by a creative economy, an economy based on modern thought, on the experience gained from more developed countries of the world and advanced business practices, which communication process and spread among the Russian companies was analyzed in this work. The results of the research carried on using 119 reports show that the practice of value added disclosure still remains quite weak and far from the international practice (GRI standard requests) even in the Russian large companies which constitute the base of modern Russian economy. For our analysis the "blue chips" companies listed in Moscow Exchange were taken into consideration. One of the reasons of such underdevelopment of reporting practices can be found in quiet a modest, for today, adoption of management styles close to Western ones.

Still, different international analytic sources confirm the convergence of Russian business environment towards the format and content of the GRI sustainability reporting guidelines, in particular, and the commonly shared business practices, in general. From this point of view, the study opens up directions for further research, such as extending the

analysis to other large companies out of the analyzed sample, to determine whether similar content and format trends exist. It could also be interesting to investigate the distribution of sustainability report users and verify if they understand and interpret the information according either to GRI expectations or to other practices in reporting and disclosure field (as, for example, the Integrated Report). Other researches could also examine whether users belong to the same categories across industries and sectors.

Besides, the firms must have systems in place to collect and collate information, and must also minimise the potential cost of communicating their performance results. This might also represent further directions of the research aimed to the extension of this analysis to SMEs and the investigation of the quality and composition of reported information, especially in the economic part of sustainable development paradigm, in the light of Russia's transition to IFRS. Such research could further proceed with the investigation on how firms' sustainable activities affect firm value, in particular, and financial performances, in general.

The results support the validity of GRI standard as an international initiative. In fact, convergence towards a single model will enable companies and their consultants to develop the relevant expertise and help both domestic and foreign stakeholders to understand and interpret the reported information, as well as make inter-company comparisons. Finally, this paper wishes to contribute to the existing literature on the issue by presenting empirical evidence on different factors that explain voluntary information disclosure in a less developed country.

PAVEL MALYZHENKOV

National Research University Higher School
of Economics in Nizhniy Novgorod

EKATERINA MELESHINA

Account Manager Specialty Polyolefins,
LyondellBasell Company (Moscow)

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