

# **Harmonising non-financial reporting regulation in Europe: Practical forces and projections for future research**

Matteo La Torre

Department of Economic Studies, University “G. d’Annunzio” of Chieti-Pescara, Pescara, Italy

John Dumay

Department of Accounting and Corporate Governance, Macquarie University, Ryde, Australia

Svetlana Sabelfeld

Department of Business Administration, School of Business, Economics and Law, University of  
Gothenburg, Gothenburg, Sweden

Marita Blomkvist

Department of Business Administration, School of Business, Economics and Law, University of  
Gothenburg, Gothenburg, Sweden

Lara Tarquinio

Department of Economic Studies, University “G. d’Annunzio” of Chieti-Pescara, Pescara, Italy

Accepted version

Licence CC BY-NC-ND

Please cite as:

La Torre, M., Sabelfeld, S., Blomkvist, M., Tarquinio, L. and Dumay, J. (2018), "Harmonising non-financial reporting regulation in Europe: Practical forces and projections for future research", *Meditari Accountancy Research*, Vol. 26 No. 4, pp. 598-621.

<https://doi.org/10.1108/MEDAR-02-2018-0290>

This is a PDF file of an unedited version of the manuscript that has been accepted for publication. The manuscript went undergo copyediting and typesetting before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content.



## Harmonising non-financial reporting regulation in Europe: practical forces and projections for future research

Journal:	<i>Meditari Accountancy Research</i>
Manuscript ID	MEDAR-02-2018-0290.R1
Manuscript Type:	Research Paper
Keywords:	Non-financial information, corporate reporting, regulation, pragmatic research, EU Directive, sustainability reporting

# Harmonising non-financial reporting regulation in Europe: practical forces and projections for future research

## Abstract

**Purpose:** Motivated by the new European Union Directive 2014/95 on non-financial information and diversity, this paper aims to develop a future research agenda to conduct pragmatic, theory-oriented research into the Directive and corporate sustainability reporting.

**Methodology:** Drawing upon the relational dynamics between States, firms, and society in regulating non-financial reporting (NFR), this essay frames and analyses the Directive and its grand theories, as unproven theories, by discussing its practical concerns and reviewing the academic literature.

**Findings:** The Directive is an act of policy to legitimise NFR that encompasses two grand theories: improve the comparability of information and enhance corporate accountability. From a pluralist perspective, companies can rest assured that their compliance with the Directive will be perceived as socially desirable, proper, and appropriate. However, some of the forces involved in translating the Directive into actionable policies operate contra to the Directive's goals and, instead, act as barriers to its grand theories. In addressing these barriers, we propose a research agenda that both traces backward to re-examine the foundational theories of the past and looks forward to explore alternative possibilities for achieving these goals.

**Research implications/limitations:** This paper provides researchers with a practical-driven and theory-oriented agenda for future research in light of the rising academic interest in the Directive.

**Practical implications:** The barriers to the Directive's grand theories help policymakers and practitioners to understand the practical concerns about the implementation of the Directive and other mandatory NFR policies.

**Originality:** This paper enriches the emerging debate on the Directive and highlights future possibilities for fruitful empirical research by developing a research agenda.

## Keywords:

Non-financial information; corporate reporting; regulation; pragmatic research; EU Directive; sustainability reporting

## 1 Introduction

This paper sheds light on future research for corporate reporting driven by the recent European Union Directive 2014/95 on non-financial and diversity information (the Directive). The Directive was issued by the European Parliament to establish the mandatory “disclosure of non-financial information (NFI) in respect of certain large undertakings [which] is of importance for the interests of undertakings, shareholders and other stakeholders” (EU, 2014). Thus, the Directive represents an important regulatory move towards harmonising the non-financial reporting (NFR) practices of all European Member States and marks a shift in NFR from a voluntary exercise to one that is mandatory for the undertakings concerned.

The term “non-financial information” is ambiguous because it specifically refers to disclosing information about society and the environment (Haller et al., 2017). The Directive requires certain companies to produce an annual non-financial statement that divulges “information on sustainability, such as social and environmental factors, with a view to identifying sustainability risks and increasing investor and consumer trust” (EU, 2014, p. 2). The Directive is now in force, and each Member State has completed the process of transposing the Directive into their own local laws<sup>1</sup>. Thus, in 2018, each impacted undertaking must produce a non-financial statement to comply.

The Directive makes NFR mandatory in Europe, which represents an opportunity for academics to investigate and extend our knowledge about mandatory corporate reporting. Some early studies have already examined how the Directive relates to Integrated Reporting (<IR>) (Guthrie et al., 2017), the International Integrated Reporting Framework (<IRF>) (Dumay et al., 2017; Monciardini et al., 2017), and management accounting practices (Wagenhofer, 2016). However, considering that the Directive will soon impact mandatory corporate reporting in Europe, this is an opportune moment for academics to consider the future research streams that will help us to understand the effects and impacts of the Directive and contribute to practice and theory.

The need to bridge practice and theory is a continuing issue in academic research. Guthrie et al. (2015, p. 2) argue that “academics are notorious for lagging behind practice, rather than driving policy and practice change”. Similarly, Holmström et al. (2009, p. 66) ask whether we are “merely observers and evaluators of the practitioners’ problem-solving activity or whether we as researchers become problem solvers”, highlighting the need to combine practice and theory in research. By following research paradigms, future researchers generate research questions through an “easy and safe ‘gap-spotting’ approach” (Beattie, 2014, p. 127), which does not necessarily result in informed practice and policy outcomes. Thus, by setting a research agenda around the Directive, we can make first-hand, pragmatic contributions to policy and practice. “Pragmatic research” fills the practice and theory gap

---

<sup>1</sup> Cf. Non-financial reporting directive - Transposition status ([https://ec.europa.eu/info/publications/non-financial-reporting-directive-transposition-status\\_en](https://ec.europa.eu/info/publications/non-financial-reporting-directive-transposition-status_en))

because it centres on “issues of focal concern to a wide community of stakeholders” (Anderson et al., 2001). Thus, in this paper, we identify, review, and discuss relevant practice and theory issues that seed opportunities for future research into the Directive.

**2 Practical issues, theoretical insights and research opportunities**

The purpose of the Directive is to harmonise the laws of each Member State by establishing some minimum requirements for the types of NFI that larger companies (undertakings) and public-interest entities must publicly divulge to their investors, consumers, and other stakeholders (EU, 2014). The aim is to “enhance the consistency and comparability of NFI disclosed” (EU, 2014). Thus, the Directive’s purpose in regulating reporting practices is motivated by two taken-for-granted claims, each of which represents a grand theory: 1) The ability to compare NFI across undertakings is desirable; and 2) NFR needs to be mandatory to increase the accountability of undertakings within the EU.

As Dumay (2012, p. 4) argues, grand theories can be misleading in both practice and research “because they cannot be proven empirically”. Instead, they rely on taken-for-granted claims, which are often questioned by academic research despite being widely advocated as justifications for policy and practice. In this section, we analyse and critique the two grand theories supporting the Directive and their implications for NFR in practice.

Previous research by Archel et al. (2009) concludes that the role of the State is an important aspect of explaining firm legitimisation strategies. By demonstrating the potential of the State in supporting a firm’s discourse and its quest for legitimacy through social and environmental disclosure, they argue that analysing the interplay between the State and organisations can benefit future research in addressing how the role of States is able to force companies into action (Archel et al., 2009). As the Directive is an important political intervention by States into NFR practice, our augments focus on the role of the State in regulating NFR and the rationales behind the intervention.

Accordingly, based on the relational dynamics between State, firms, and society in regulating NFR (Archel et al., 2009), we frame our theoretical discussion and research agenda according to the themes below. These themes revolve around the role each of the main social actors plays in shaping and applying the Directive in practice:

- 1) Supranational and national regulators: regulation and enforcement at a policy level
- 2) Undertakings: reporting practices, disclosure, and digital reporting
- 3) Standard-setters: developing and promoting reporting frameworks and guidelines
- 4) Auditors: assuring NFI

In the following subsections, we discuss each of these four theoretical perspectives by highlighting the practical issues, theoretical foundations, and research opportunities associated with each theme.

## 2.1 Regulation and enforcement

### 2.1.1 Practical ground: the rationale of regulation and harmonisation

Reflecting on the regulatory changes driven by the Directive, Wagenhofer (2016, p. 112) observes that any regulatory change aims “to motivate desirable behaviours or to discourage behaviours that are considered undesirable”, and “a straightforward (but not simple at all) research question is whether the regulation is effective in achieving its objective”. We can add that even exploring what is desirable or undesirable behaviour in a social context is not at all simple. This issue is even further emphasised in the context of a supranational Directive implemented through national regulations across a set of States with significantly different local practices and cultural contexts. Therefore, our preliminary argument is about the rationale and formation of the Directive.

As argued above, the need for comparable information is one theoretic rationale for the Directive. The comparability of information is frequently used to justify accounting harmonisation, but this credo is usually a narrow political justification rather than a rationale supported by logical reason (Collett et al., 2001; Saravanamuthu, 2004). Compared to standardisation, harmonisation is a weaker international force for aligning national practices. International standardisation pushes countries to share the same accounting standards as opposed to accounting harmonisation, which results in “pressures to bring the accounting standards of different countries into closer harmony with one another” (Thorell and Whittington, 1994). Therefore, although the recent report by CSR Europe and the Global Reporting Initiative (2017) acknowledges the Directive as “an important step towards standardizing reporting”, we argue that the Directive represents a harmonisation process that extends the past accounting harmonisation policies within Europe.

Standardising NFR requires coercive adoption of the same accounting and reporting standards. However, the Directive does not impose specific standards or detailed rules for reporting NFI; it only establishes the minimum requirements for the information to disclose. The Directive is the legal instrument used in the harmonisation process, which must be transposed into national law to render its enforcement easier (Hulle, 1993). Moreover, the States are given some flexibility in transposing the Directive. Accordingly, State-specific requirements diverge when it comes to acceptable reporting frameworks, accounting standards, and the format for disclosures (CSR Europe and GRI, 2017). This raises questions about how the Directive will be enforced.

Since the need for information comparability has largely arisen from its users, they should have a primary role in shaping NFR regulation. However, despite claims that international harmonisation benefits users, users are rarely involved in formulating the underlying mandates. Instead, users are usually used in standard setting “as a category to justify and denigrate particular accounting disclosures and practices” (Young, 2006, p. 579). As Stubbs and Higgins (2015) demonstrate, there is very little appetite for regulatory reform despite its potential benefits. In support, Hopwood (1994, p. 248) asserts that:

*One of the most surprising aspects about the international accounting policy arena is the absence of the voice of capital market users. [...], representatives of*

*such users are very rarely present. The voice of the user is almost invariably one that is referred to indirectly, often by the representatives of the audit industry who claim to be able to articulate the needs, interests and perspectives of the user community. Users seemingly are represented rhetorically rather than substantively and in person”.*

Therefore, because of the “silent voice of users” (Hopwood, 1994) and the distance between international policies, national practices, and real-world needs, future research efforts could be directed at investigating the participatory and political processes that shaped the Directive and its national transposition.

2.1.2 *Mandatory reporting, adoption, and accountability*

A second theory behind the Directive is that mandatory NFR can enhance corporate accountability. Even though the Directive can be positioned within a broader European agenda to harmonise accounting, this initiative differs from previous policies. Unlike NFR, financial reporting is an established and highly-regulated practice, whereas NFR is voluntary in many national contexts (Stubbs and Higgins, 2015). Therefore, at a policy level, harmonising NFR needs to be managed differently to achieve its purpose, and the policymakers should not ignore the knowledge derived from previous social and environmental accounting research.

In this regard, understanding national culture and local practices is necessary for regulating and investigating NFR (Abeydeera et al., 2016; Khelif, 2016). However, while cross-cultural research is useful for understanding the transposition of the Directive into national laws, it does not provide a complete enough context for understanding the dynamics that underpin sustainability reporting regulations (Delbard, 2008). Previous attempts to regulate NFR demonstrate that changes to “structural elements are necessary to accompany changes in the law” (Luque-Vílchez and Larrinaga, 2016, p. 56). Therefore, despite the claimed need for regulating sustainability reporting, mandatory NFR does not always imply better reporting and information (Vormedal and Ruud, 2009) and/or improvements to corporate accountability (Cooper and Owen, 2007).

Bebbington et al. (2012, p. 90) demonstrates that, in the regulatory context of sustainability reporting, “formal legislation alone may not be sufficient to create a norm”. The production of normativity in a regulatory regime depends on both formal and informal laws. As a set of generally accepted principles and common beliefs, informal laws alone can construct normativity and institutionalise a practice, as they represent a condition that confers legitimacy on formal norms (Bebbington et al., 2012). To be effective, the coercive forces of legal requirements need to provide internal legitimacy. In turn, legitimacy requires coherence within a hierarchical system of norms, both formal and informal, in which the formal norms are “congruent with previous practice” and the informal norms define how to make and apply the rules (Bebbington et al., 2012). Accordingly, the pull towards compliance fails when incongruencies with the “prevailing informal norms of behavior” make legal requirements impractical and illegitimate (Bebbington et al., 2012). Therefore, in regulating corporate reporting, the informal norms that underpin voluntary adoption can prevail over the legal



requirements and, in so doing, show their power. Thus, if informal norms prevail, it raises questions about the potential of regulations to change reporting practice.

The shift from mainly voluntary to more mandatory NFR means the theoretical motivations behind sustainability reporting need to be reconsidered. Legitimacy theory is widely acknowledged as a socio-political theoretical foundation to justify voluntary sustainability reporting (Archel et al., 2009; Cho et al., 2012; Deegan, 2002). This theoretical base is born out of a pluralist setting and a democratic view of the way organisations are run – where groups of stakeholders are able judge and influence an organisation's decisions and actions (Archel et al., 2009). Companies voluntarily disclose social and environmental information so their activities will be socially perceived as legitimate, i.e., to create and maintain organisational legitimacy (Deegan, 2002). Thus, the voluntary adoption of NFR is a response to stakeholders' expectations and their demand for information so as to confer legitimacy to organisations (O'Donovan, 2002).

Gaining legitimacy creates a “generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate” (Suchman, 1995, p. 574). Legitimacy can rely on audience self-interest, “moral” norms, be based on “normative approval” or “cognitive” dynamics, or be based on “comprehensibility and taken-for-grantedness” (Suchman, 1995, p. 574). Accordingly, when a certain practice or activity is collectively perceived as legitimate by society, it becomes institutionalised and produces informal norms (Bebbington et al., 2012). Mimetic isomorphism also motivates the adoption of practices in organisations (DiMaggio and Powell, 1983; Suchman, 1995). Therefore, many companies voluntarily adopt NFR to gain legitimacy because others companies do (Dumay et al., 2015). This response to pressure by stakeholders originates from a need for legitimacy. By this, mimetic isomorphism acts like a coercive force in the voluntary adoption of NFR.

In the context of mandatory reporting, the coercive force of the law prevails. Companies disclose NFI because they must. And, as has been demonstrated, the role of the State plays a role in supporting the ideology for legitimising NFR (Archel et al., 2009). This leaves room for new theoretical developments. For example, Dumay et al. (2015, p. 2) present “a model of legitimacy-influenced disclosure based on material legitimacy and transparency to explain what and how NFI is disclosed”. They argue that material legitimacy is a “form of legitimacy that enables organizations to blend what is important to the organization (strategic legitimacy) with the primary concerns of its major stakeholders (institutional legitimacy)” (Dumay et al., 2015, p. 2). Therefore, understanding how and what NFI is reported becomes more significant than explaining the motivations and drivers behind NFR adoption.

### 2.1.3 Research opportunities

At a policy level, the aim of the Directive is to pursue NFR harmonisation. Based on the need for information comparability, our first question for future research pertains to the differences across each State's domestic practices that represent a challenge to harmonisation (Ding et al., 2007; Nobes, 2009). This implies the need to investigate the differences between *de jure* (rules) and *de facto* (practices) since understanding their interactions can contribute to understanding “whether good quality reporting needs good quality regulation or whether



good reporting can develop without good regulation” (Nobes, 2009, p. 150). Additionally, as Ding et al. (2005) demonstrate, national culture is a crucial factor for explaining the differences in national accounting practices; thus, it affects harmonisation. Therefore, one of the main issues in bringing effective international harmonisation lies in the distance between existing company practices and the regulations imposed by a supranational authority. Regulatory enforcement depends on cultural factors and national practices, both of which can counter a lack of convergence in the Directive’s objectives.

The EU policy on corporate social responsibility is clearly moving from a traditional model to a “relational model whereby the decision-making process is the result of multi-stakeholder consultation” (Delbard, 2008, p. 404). However, drawing on recent studies into the lobbying activities that shape international reporting frameworks and standards (Reuter and Messner, 2015), what becomes of interest is understanding who (and what) influences supranational and national NFR regulations. Understanding these forces could contribute insights into how the desired objectives of regulation are established in practice and the theoretical developments in the construction of normativity (Bebbington et al., 2012).

Accordingly, we advocate that future research and theoretical advances can move towards investigating what and how NFR is adopted, or at least why NFR is not adopted. Cooper and Owen (2007, p. 664) demonstrate that mandatory reporting of social and environmental information in the UK resulted in forms of reporting that offered “little in the way of opportunity for facilitating action on the part of organizational stakeholders, and cannot therefore be viewed as exercises in accountability”. Thus, if the Directive aims to improve corporate accountability to a wider arena of shareholders or stakeholders, future research should question the Directive’s ability to foster change and accountability because of its legal force. This calls for research to investigate and uncover the most substantive effects of NFR practices and the benefits for those who consume and use NFI.

**2.2 Reporting practices and disclosure of NFI**

*2.2.1 Practical ground: reporting, disclosing, and divulging*

From a practical perspective, the Directive establishes that, to comply with the law, undertakings can either produce a new standalone non-financial statement or disclose the required NFI in their annual report (EU, 2014). The Directive mostly focuses on the type of information that must be disclosed, but includes very little information about reporting, which is a significant acknowledgement of the importance of information over reporting.

Although the terms ‘reporting’ and ‘disclosure’ are usually used synonymously, they refer to different phenomena (Dumay, 2016). Reporting is a process that results in the production of a report according to a reporting model. However, corporate disclosure has a broader meaning that goes beyond the boundaries of reporting. Corporate disclosure concerns the “interaction and learning” between a firm and its markets. It encompasses the “disclosure channel”, the “private information agenda”, “and many other elements” that deal with information asymmetry (Holland, 2005, p. 249;264). Therefore, corporate information can

flow through various channels, some of which are more dynamic and timely for users than annual reports.

Dumay's (2016, p. 169) claim about the "need to abandon reporting and instead concentrate on how an organisation discloses what 'was previously secret or unknown'" is motivated by the failure of periodic reporting to provide shareholders and stakeholders with relevant and timely information. Dumay (2016, p. 179) observes that "unlike periodic reporting, which comes in the form of a printed report or its PDF equivalent, internet-based disclosures are dynamic and followed". For example, involuntary disclosures of bad news about a company are very relevant to the market but are not provided in a timely manner through annual or periodic corporate reports (Dumay and Guthrie, 2017). Therefore, in the production and use of NFI, there is still the need to reflect on the forms of disclosure and the channels through which the information flows.

In this regard, the Directive is a backward and old-fashioned policy because, in the era of Big Data, where digitalisation, technological advances, and new media offer several, arguably, better routes for communicating information, the Directive is still anchored to static and traditional forms of periodic reporting. The communication of NFI through websites and social media has attracted great interest in academic research because of its resonance within business practice (e.g. Lee et al., 2013; Lodhia, 2012; Manetti and Bellucci, 2016). Lee et al. (2013, p. 791) state that "'being socially responsible' makes more practical sense for firms with the rise of social media". Although reporting through new media is rarely used to engage stakeholders and increase the level of interaction (Manetti and Bellucci, 2016), it does represent an important piece of corporate disclosure.

Unsurprisingly, in 2013, the Securities Exchange Commission recognised the importance of social media as a means to disclosing relevant information by establishing new rules and limits "that clarify how companies can use Facebook, Twitter and other social networks to disseminate information" (De La Merced, 2013). Thus, the EU policy not only ignores decades of research on the benefits of digital and web-based forms of disclosure (Beattie and Pratt, 2003; Dunne et al., 2013) but also the need to meet the challenges of regulating a new, important, and relevant channel of corporate reporting. This exploration of the relationship between reporting and disclosure in practice raises questions about the symbolic and ceremonial use of NFR.

### *2.2.2 Symbolic vs. substantive practices of non-financial reporting*

As already argued, regulating NFI does not always mean better reporting or improvements to corporate accountability. Despite the claim for mandatory NFR, its benefits have yet to be empirically proven (Stubbs and Higgins, 2015). This is not only a challenge for regulators but has implications for company practice and for the users of NFI. Cooper and Owen (2007) argue that the dialogical dynamic to enhance accountability starts from a form of "communicative action" but needs to extend to the participation and of stakeholders and inclusiveness governance decisions. In other words, producing a non-financial statement does not necessarily facilitate accountability. While the European Commission's policy seems to privilege shareholders and investors as the main audience of NFI by translating the focus

from sustainability to the new and narrow concept of “sustainable finance” (EU High-Level Expert Group on Sustainable Finance, 2017), our argument questions the aim, i.e., the usefulness, of disclosing NFI in practice and its role in fostering a more sustainable society.

For some companies NFR is undoubtedly a chance to reflect (or signal) their commitment to sustainability, and in so doing, enhancing their accountability to stakeholders. Yet, empirical research on the relationship between reporting and social and environmental performance remains ambiguous (see Hahn and Kühnen, 2013). Boiral (2013, p. 1036) demonstrates that “sustainability reporting can be viewed as a simulacrum that is used to camouflage real sustainable development problems and project an idealised view of the firms’ situations”. He demonstrates that even the sustainability reports receiving A and A+ application levels from the GRI actually fail to report significant negative events, contrary to the principles of balance, completeness, and transparency (Boiral, 2013). The question as to whether NFR is actually a reflection of corporate reality or mere rhetoric to manipulate stakeholders (Merkl-Davies and Brennan, 2007) continues to persist in the Directive’s context. Thus, we call for future research to investigate the substantive activities behind the reporting practices companies must undertake to comply with State laws.

Companies can produce a non-financial statement in accordance with a specific reporting framework or standard, but very little is known about its impact on facilitating internal actions toward a pluralistic accountability. To analyse the gap between corporate sustainability talk and action, Cho et al. (2015a) developed a theoretical framework for understanding sustainability disclosure as an alternative to the common and contradictory theories academics use – signalling theory, legitimacy theory, and impression management. They argue that, because “organisations often respond to conflicting stakeholders demands”, they handle them by falling into “organized hypocrisy”, which creates inconsistencies between an organisation’s talk, decisions, and actions (Cho et al., 2015a, p. 81). Accordingly, to manage such contrasting pressures, organisations use sustainability reporting to develop and maintain different “organisational façades” as “symbolic fronts” to demonstrate legitimacy – i.e., a rational façade, a progressive façade, and a reputational façade (Cho et al., 2015a). Therefore, we advocate that, in the context of the Directive, future research investigating corporate disclosure and reporting could benefit from this theoretical model to understand the nature and use of NFI.

*2.2.3 Research opportunities*

Based on previous theoretical contributions, future empirical studies can contribute to understanding how the Directive will be able to fill the gap, if any, between ‘NFR talk’ and corporate action by questioning the use of NFI. Lawrence et al. (2013, p. 144) demonstrate that, while firms can behave in a socially and environmentally responsible manner, “accounting practice does not encourage such behaviour”. Instead, “accounting practice has to be able to construct the identity of the accountable entity so that it pursues more than its own self-interest” (Lawrence et al., 2013, p. 144). The compliance-driven logic underpinning the mandatory adoption of NFR may increase the risk of a “tick the box” approach, creating further inconsistencies between corporate talk and action. Thus, rather than classifying NFI to

assess the quality of NFR or its compliance with the law, researchers might usefully direct their studies towards understanding the symbolic use of NFR.

Such studies would require a thorough enquiry into the use of NFI by both companies and users. In this regard, Michelon et al. (2015), for example, demonstrate that the “(ab)use of three CSR reporting practices” (standalone reports, assurance, and reporting guidance) is more symbolic than substantive. Therefore, as there is no reason to give information to actors that have no power to make decisions (Cooper and Owen, 2007), there is a need to investigate the relationships among accounting information, users, and decisions within the dialogical dynamic that underpins accountability. There is also a need to explore the rationale that sits between information production and its consumption.

Furthermore, to develop insights for policymakers and regulators, empirical research should investigate NFI and non-financial statements in the wider landscape of corporate disclosure, by questioning why, how, and where companies disclose NFI. For example, de Villiers and van Staden (2011) find that environmental information is disclosed differently in annual reports and websites: “firms disclose more environmental information on their websites when faced with an environmental crisis and more in their annual reports when they have a bad environmental reputation” (de Villiers and van Staden, 2011, p. 504). Therefore, to disclose NFI, other more effective, dynamic, and relevant forms of communication could be added to non-financial statements.

To conclude, although the Directive places more emphasis on the role of information than reporting, it fails to acknowledge all the other means of communication to disclose NFI in practice. The European Commission should recognise other forms of disclosure, including digital disclosure, because of its benefits for users and its impact on business practices. Using digital technology for corporate disclosures can facilitate information consumption and production (Dumay and Guthrie, 2017). For example, it can help offset information overload by allowing users to navigate and retrieve corporate disclosures (La Torre et al., 2018). Alternatively, firms can establish a strategy to disseminate information through more effective and dynamic channels – a rationale that motivates the need to recognise the relevance and timeliness of NFI at a policy level.

## 2.3 Frameworks and guidelines for non-financial reporting

### 2.3.1 Practical ground: pursuing comparability through competing frameworks

The Directive is flexible in terms of how it can be transposed into different local contexts by the States. Thus, there is no particular guidance regarding which frameworks and guidelines should be used for NFR. Since the launch of the Triple Bottom Line (TBL) concept in 1997 (Elkington, 1997), a number of initiatives and frameworks have emerged for the purpose of assisting companies in the process of voluntary sustainability reporting. Therefore, despite the Directive’s promise of harmonising NFI in practice, undertakings can choose from a multitude of international and national reporting frameworks to comply with the law, which is unlikely to improve the comparability of information.

There are over 30 international frameworks for sustainability reporting (Brown, de Jong and Levy, 2009, p. 573). A recent position paper by the Federation of European Accountants (FEE) (2016) acknowledges nine international frameworks and guidelines as appropriate for complying with the Directive. These frameworks were developed by: the Global Reporting Initiative (GRI), the International Integrated Reporting Council (IIRC), the Sustainability Accounting Standards Board (SASB), AccountAbility (AA), the United Nations Global Compact (UNGC), the Organisation for Economic Co-operation and Development (OECD), the European Federation of Financial Analysts Societies (EFFAS), and the International Standards Organisation (ISO). Recently, FEE has also been promoting a further conceptual framework “Core and More” for integrating NFI into corporate reporting (FEE, 2015). Table 1 summarises the main objectives, approaches, and focus issues that underpin each of the above systems.

[Insert Table 1 here]

The frameworks above constitute a “new institutional global infrastructure” for NFR, which, in turn, generates pressure to adopt NFR (Waddock, 2008). There are two main rationales among the frameworks above. Some provide compliant disclosure frameworks and standards through detailed instrumental methodologies for NFR (e.g., GRI, SASB, EFFAS, ISO 26000), while others provide more flexible frameworks and structures for reporting through principles-based approaches (e.g., IIRC, AA, OECD, FEE). Some are oriented towards a range of stakeholder perspectives (e.g., GRI, AA, ISO, FEE); others mainly focus on financial stakeholders (e.g., IIRC, SASB, EFFAS). The differences tend to centre on the principles of materiality and do influence the type of information to include in a non-financial statement.

The differences across the international frameworks and guidelines raise questions about the Directive’s goal of harmonising NFI in practice. In search of competitive advantage, existing reporting frameworks target various stakeholder groups and focus on different aspects and concepts. FEE (2016) articulates that “for the sake of clarity and comparability, the undertaking should adequately disclose the framework(s) used and the reasons for using it”. However, competing frameworks can be difficult to adopt in a coherent way across the States, and comparability is far from a realistic achievement in such a competitive institutional environment.

There is also an expectation that these frameworks will help companies provide comparable sustainability accounts. However, in practice, guidelines and frameworks have contributed more to a common language than to comparable information (Brown, de Jong and Lessidrenska, 2009). Thus, as long as there are inconsistencies across the reporting frameworks, the Directive falls well short of achieving comparable information and harmonising NFR in Europe.



### 2.3.2 *The rationales behind adopting reporting frameworks and guidelines*

Because companies can rely on a range of different frameworks and guidelines to comply with the Directive, there is a need to question why a company should adopt a particular framework instead of others. When it comes to implementing a framework, the myriad of available alternatives for reporting can be confusing (Brown, de Jong and Levy, 2009). Therefore, within the context of the Directive, there is a need to examine the rationales behind adopting one framework over another.

The GRI Guidelines was one of the earliest TBL-based frameworks. It purports a multi-stakeholder approach with the promise of aligning the existing frameworks for sustainability reporting. Yet, such an alignment appears difficult to achieve (Brown, de Jong and Levy, 2009). As an “institutional entrepreneur” (Brown, de Jong and Lessidrenska, 2009), the GRI contributes to “competition among the guidelines for legitimacy and visibility” (Brown, de Jong and Levy, 2009). After the first GRI Guidelines were released in 2000, the number of standalone GRI reports increased steadily and significantly (Crisóstomo et al., 2017). Thus, the GRI began to establish itself as the best standard for sustainability reporting (Tschopp and Nastanski, 2014).

Previous research into why companies adopt certain frameworks illustrates that companies choose multi-stakeholder-oriented frameworks, like the GRI Guidelines, to gain legitimacy (Buhr et al., 2014). The GRI Guidelines were developed for the purpose of extending a legitimate financial accounting framework to encompass NFI and, thereby, address a broader audience of stakeholders (Brown, de Jong and Levy, 2009; Buhr et al., 2014; Etzion and Ferraro, 2010). And by addressing a broader stakeholder audience in sustainability reports, companies aim to gain or repair legitimacy.

In seeking legitimacy, companies are also driven by the institutional forces that seek to follow the most widely spread reporting practices within a particular industry. Mimicking the approach of one's peers or being seen as sustainable can be useful for gaining competitive advantage (Buhr et al., 2014). By this, the choice of adopting a particular framework also depends on its degree of institutionalisation in a certain context or industry. Thus, some companies are likely adopt the same framework either due to its perceived legitimacy or as a result of institutional forces (Bebbington et al., 2012).

While the GRI contributed to institutionalising sustainability reporting and formed a common discourse about sustainability reporting, it has not resulted in any substantial organisational change for “shifting the balance of power in corporate governance toward civil society” (Levy et al., 2010, p. 89). Linking financial, environmental, and social performance appears to have nothing to do with a company's understanding of the interdependent relationships within their social and ecological systems (Milne and Gray, 2013). Furthermore, even though the GRI contributed to a significant increase in social and environmental disclosures (Cho et al., 2015b), empirical evidence shows that there is no association between GRI-reporting and a company's sustainability performance (Belkhir et al., 2017).

Frameworks for integrated reporting, such as <IRF> and “Core and More”, evolved as a response to criticisms of standalone sustainability reporting (Dumay et al., 2017; Stubbs and



Higgins, 2015). The <IRF> provides a principles-based framework for an integrated form of reporting where the links between a company’s strategy, its business model, its governance, and its performance reveal how a company creates value over time (IIRC, 2013). “Core and More” (FEE, 2015; Accountancy Europe, 2017) has a similar approach but suggests an open model of integration. It does not guide particular content choices but rather relies on recent technological developments and digitalisation.

The <IRF> is a framework that might be useful for complying with the Directive because it is supported by the policymakers and politicians involved in the legislation (Dumay et al., 2017). However, the lack of prescriptions and disclosure rules in the <IRF> is a significant barrier in the process of implementing the Directive’s goal to harmonise NFR and make NFI comparable across European companies (Dumay et al., 2017). As a principles-based framework, the <IRF> only provides general principles and content elements, which companies might interpret differently (Flower, 2015); the case of materiality is an example of a principle that has several interpretations in practice (Lai et al., 2017). Having multiple interpretations does not mean that a principles-based approach is a barrier to harmonisation *per se*, because other principles-based frameworks, such as the IFRS, have been used to harmonise accounting practice. Yet, compared to the IFRS or the GRI guidelines, the <IRF> has no explicit rules and metrics to frame NFI consistently at the cost of comparability and completeness.

Additionally, conciseness in the <IRF> promotes a ‘simplifying’ of information. Research reviewing the integrated reports of companies with high social and environmental impact over a period of three years shows that the quality of reporting is not enhanced by an integrated approach, as companies tend not to report some relevant information when producing integrated reports (du Toit et al., 2017). The fact that some companies exclude relevant information means that an organisation might misinterpret or misunderstand the <IRF> and its principles. Thus, to reduce the risk of misinterpretation, there is a need to develop guidelines for adopting the <IRF>, so it can be a useful framework for complying with the Directive.

Some recent studies demonstrate the integrated approach to reporting ESG information can improve information for investors and capital markets (Baboukardos and Rimmel, 2016; Bernardi and Stark, 2016). However, these findings cannot be attributed to adopting the <IRF> because the <IRF> and integrated reporting are conceptually different. Integrated reporting stems from early attempts at disclosing corporate governance practices in South Africa and the United States. Whereas, the <IRF> is an artefact of the IIRC and is not limited to disclosing ESG information (Dumay et al., 2017). Thus, reporting ESG information or producing an integrated report does not always means adopting the <IRF> (Dumay et al., 2016).

Stubbs and Higgins’ (2015, p. 10) research involving potential integrated report users illustrates that “there was no consensus that IR was the solution to the problem” of corporate reporting being irrelevant to the decision making of financial stakeholders. Therefore, the motivations behind adopting the <IRF> are still controversial. For example, adopting the <IRF> may align with corporate strategic priorities (Lai et al., 2017) but still be influenced by

coercive and mimetic isomorphic forces (Adams et al., 2016). Meanwhile, a recent linguistic analysis of integrated reports demonstrates that, even if adopting <IRF> is part of a firm's growth strategy, integrated reports lack readability and thereby usability (Macias and Farfan-Lievano, 2017; du Toit, 2017).

To conclude, drawing on the previous research that discusses the role of reporting frameworks and guidelines, the expectations attached to their role are to: encourage cultural and managerial changes (Cetindamar, 2007); guide organisational behaviour towards sustainability and accountability (Rasche, 2009); and define routines and systems for reporting and assurance (Scherer and Palazzo, 2011). However, decades of global use show that the instruments themselves are not enabling a change in corporate behaviour towards sustainable development (Zinenko et al., 2015). As long as the organisations touting different competing frameworks jockey against each other for a leading global position, sustainable development will be an impossible task to achieve (Zinenko et al., 2015). Therefore, instead of providing instruments for box-ticking and sustainability talk, reporting frameworks need to complement each other to build a coherent infrastructure for corporate accountability (Rasche, 2010; Cho et al., 2015a).

### 2.3.3 *Research opportunities*

Based on previous research on reporting frameworks and guidelines, future research can contribute to improving future policies and practices by focusing on the frameworks that comply with the Directive. First, an important perspective for further empirical investigation is to understand the factors driving the adoption of particular frameworks in practice. For example, the accounting traditions, business cultures, and political economies of the EU States can shape the ways companies adopt, or do not adopt, different frameworks and guidelines. Thus, by focusing on the surrounding socio-political context in which they are produced and used, future academic research could address the important question of why and how available frameworks and guidelines are used (or not used) under the Directive. Accordingly, this could contribute to empirically understanding how competing frameworks and guidelines can assist or impede the Directive's mission to improve NFI comparability.

Second, academic research might provide policymakers with insights into the inconsistencies across the frameworks used to comply with the Directive. The infrastructure of NFR (Waddock, 2008) needs more coherent definitions, structures, and methodologies that are compatible, not in competition, with each other. Thus, we call for future research to build a useful infrastructure for NFR to translate the Directive into action. In this regard, a research into how reporting frameworks, digital solutions, and technological platforms, such as the eXtensible Business Reporting Language (XBRL), can interact with each other to build and develop an infrastructure for divulging NFI is needed. As articulated earlier in the paper, the European Commission should recognise other avenues for divulging NFI in practice, including digital channels. Therefore, "How can existing frameworks improve NFI by leveraging digital reporting solutions?" is a question that can inspire future research.

2.4 Assurance and non-financial reporting

2.4.1 Practical ground: pursuing credibility of NFI through external assurance

To ensure its application in practice, the Directive requires an auditor to check whether the required NFI has been provided and verify compliance with the law. Requesting a third-party to verify NFI is not novel in Europe. Previous Accounting Directives required third-parties to verify the consistency between social and environmental information and financial statements (European Commission, 2013, p. 25). Therefore, a significant change compared to the past may occur if the Member States opt for a stronger approach to mandatory independent assurance under this Directive.

The task of an assurance provider is to produce an assurance report on the accuracy and reliability of NFI. In the assurance market, there are accounting assurance providers (e.g., audit firms, accountants) and non-accounting assurance providers (e.g., government bodies, NGOs, opinion leaders, stakeholder panels, civil society assurers). They have different competencies and use different approaches to assure NFI (Mori Junior et al., 2014). The verification of NFI is a voluntary practice in many jurisdictions in Europe. Indeed, the Directive continues this tradition, making verification optional. To date, 20 EU States have embraced the same optional approach in their jurisdictions (CSR Europe and GRI, 2017, p. 10). Some Member States take a stronger approach, for example, Italy, France and Denmark. Yet, according to recent data on the implementation of the Directive produced by CSR Europe and GRI (2017), only nine EU countries have legislated the mandatory verification of non-financial statement content by an independent assurance provider, in addition to a formal ‘check’ of the NFI disclosed.

Although assurance is mostly adopted on a voluntary basis, in practice, it is widely institutionalised. Some recent surveys report that a growing number of large companies are externally assuring the NFI in their reports (Corporate Register, 2013; KPMG, 2017). The most common standards for NFI assurance are: the International Standard on Assurance Engagements (ISAE) 3000 – the standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information – developed by the IAASB (2013); and the AA1000 Assurance Standards (AA1000AS), developed by AccountAbility (2008). Therefore, there is growing evidence of increasing NFI assurance, despite the lack of legal obligations.

There are already standards that could be used to assure NFI in the context of the Directive. Specifically, the umbrella assurance standard ISAE 3000 is customisable to fit a specific requirements. For example, in 2012 with the ISAE 3410 for the assurance of Greenhouse Gas Statements (IAASB, 2012). Additionally, ISAE 3000 could be used to assure emerging forms of external reporting, such as the <IRF> and sustainability reports. Adapting existing standards to specific purposes avoids the risk of “stifling innovation and experimentation” associated with introducing new standards (IAASB, 2018, p. 8). Nonetheless, as some recent studies claim, assurance practice needs to change in relation to both the assurance models for NFR (Maroun, 2018), and the rules, understandings, and aims of auditing practice overall (Andon et al., 2015).

Over time, NFR has been harshly criticised because of its lack of credibility. Contrary to a company's claims, NFR may be incomplete due to a "reporting-performance portrayal gap" (Adams, 2004), or the content may lack reliability (a "credibility gap") (Dando and Swift, 2003). Just as assurance can improve the credibility and reliability of NFI, a lack of assurance can negatively affect the quality of NFI (Dando and Swift, 2003). As a result of such criticisms, some companies began to have their NFRs independently and externally assured to confer greater user confidence on the accuracy and reliability of the information. Credibility, as a core communication issue, is an important aspect of corporate reporting practice for improving the quality of NFI.

In the corporate reporting landscape, international standard-setters and organisations have directed their efforts towards promoting the external assurance of NFI. For example, GRI recommends sustainability report assurance (GRI, 2016). Similarly, the SASB is developing its standards to allow companies to check their reports. Following feedback on the trust and credibility of integrated reports, the IIRC has underlined the role of independent external assurance in improving the credibility of <IR> (IIRC, 2015). Therefore, in transposing the Directive, we would expect interest in independent NFI assurance by the States. However, the number of States that have left assurance as an option, rather than a mandatory requirement, disappoints such an expectation.

As a result, NFI in Europe will have different degrees of reliability among countries, which obstructs the comparability of information. Moreover, comparability can be negatively influenced even in the case of mandatory assurance because assurers may employ different scopes and methodologies and produce different assurance judgements (Mori Junior et al., 2014). Therefore, the lack of regulatory force for mandatory assurance works contra to the two objectives underpinning the Directive – improving corporate accountability and the comparability of NFI.

#### *2.4.2 The substantive vs. symbolic use of assurance of NFI*

Academic research demonstrates that assurance provides further indirect benefits beyond enhancing credibility. Among other benefits, assurance can improve internal controls and decision making (Ballou et al., 2012; Mori Junior et al., 2014), enhance management's reputation (Marx and van Dyk, 2011; Rhianon Edgley et al., 2010), positively influence investment decisions and a company's ability to secure financial resources (Cheng et al., 2015; O'Dwyer et al., 2011), and reduce the cost of equity (Casey and Grenier, 2015). Assurance by independent third-parties can have a "disciplinary effect" (Boiral et al., 2017, p. 3) because it encourages companies to improve their sustainability practices and performance, their internal controls, and the accuracy and reliability of the information disclosed. These reactions support the positive effect of assurance in enhancing the quality of NFI (Mori Junior et al., 2014). However, the academic literature also identifies a range of criticisms of NFI assurance.

In addition to the cost of assurance and the lack of regulatory pressures (Farooq and de Villiers, 2017; Park and Brorson, 2005), other inhibiting factors lie in the questionable usefulness of assurance. Some consider assurance to be a mere "ritual of verification" (Boiral

and Gendron, 2011, p. 332), resulting in an opaque process of verification and superficial adherence to principles and standards. In other words, assurance is undermined by the managerial and professional discretionary power (Dando and Swift, 2003; Power, 1991).

The criticism of practice is echoed by Boiral (2013, p. 1043) who asserts that, within sustainability reporting, assurance is “part of the spectacle itself, helping to reinforce the stakeholders’ alienation by artificially inflating the credibility of a fake reality”. Other similar criticisms are that assurance has become “a complete waste of time and money” (Gray, 2001, p. 13), or “a skilfully controlled public relation exercise” (Owen et al., 2000, p. 82); and it is “a decoupled or symbolic image of accountability” (Perego and Kolk, 2012, p. 173). Thus, despite the call for mandatory assurance to improve NFI credibility, academic research has widely questioned its impact, pointing out its mere symbolic use in practice (Michelon et al., 2015). This, along with the inability to empirically demonstrate that assurance increases the relevance of NFI for capital markets (see Cho et al., 2014; Fazzini and Dal Maso, 2016), presents very real challenges for both researchers and practitioners.

To avoid making assurance “the dead end in the chain of accountability” (O’Dwyer and Owen, 2005, p. 209), there is a need to reshape its use in practice. Assurance needs to be anchored to the development of an “institutional reform” – a reform that creates a pluralistic model of corporate governance and strengthens the inclusivity of stakeholders (Owen et al., 2000; Rhianon Edgley et al., 2010). Thus, the Directive represents an opportunity to engender a new context for assurance based on further empirical evidence.

*2.4.3 Research opportunities*

Regulating NFI will likely result in an increasing demand for assurance (Farooq and de Villiers, 2017). Power (1991) points out that it is difficult to imagine mechanisms of accountability that do not depend on a form of verification. The verification of NFI constitutes a necessary step in strengthening the commitment of companies towards sustainability (Boiral and Gendron, 2011). Hence, it would not have been surprising to see the States impose stronger mandatory NFI assurance, but many have not. Thus, future empirical studies can contribute to our understanding of why and how Member States have, or have not, adopted mandatory NFI assurance. Such studies would provide an opportunity for in-depth analysis of the country-level drivers affecting assurance practices, such as the legal environment, the CSR culture, and credibility of the country specific regulations.

In terms of how assurance is adopted in practice, future research could follow two streams. As the symbolic use of assurance is still an open research question (Michelon et al., 2015), the first stream is backward-looking and directed towards revealing the impact of assurance on the credibility of NFI by questioning its substantive and symbolic implications in practice. The second stream is forward-looking and directed towards exploring new technological opportunities for assurance.

The widespread use of digital technology has not only affected NFI communication but also NFI verification. In this regard, Blockchain technology represents a technological advance in auditing and assurance. Blockchain technology can generate an automatic system of assurance for NFI and, therefore, could result in a substantial modification to the current



assurance paradigm (Dai and Vasarhelyi, 2017). The Blockchain, originally used for Bitcoin trading, provides a “decentralized public ledger” that offers a secure transaction infrastructure between different parties without the intervention of a central authority (Dai and Vasarhelyi, 2017, p. 5). Thus, within the assurance activities, the Blockchain ledger could be used as a reliable system to store and verify documents and data.

Data and documents could be continuously shared with stakeholders in a timely manner. As a result, other actors could serve as verifiers of information, in addition to traditional auditors, by reviewing and extracting the desired audit evidence (Dai and Vasarhelyi, 2017). The use of digital technologies for reporting NFI could support dynamic interactions among companies and their stakeholders, and, in so doing, facilitate a “powerful way of building trust and loyalty” (Wheeler and Elkington, 2001, p. 1). In this way, NFR could become a shared process that renders third-party verification needless.

### 3 Conclusion and future research

This paper is motivated by the recent regulatory forces stemming from the Directive on NFI in Europe. As scholars, we reflect on the Directive’s grand theories to analyse its practical and theoretical implications and develop an agenda for future research. Two grand theories inspired the European Union to intervene and regulate NFR – the first, to make NFI comparable across the EU and, the second, to enhance corporate accountability through mandatory NFR. However, in this essay, we argue that both the practical issues and the insights derived from academic research present real-world obstacles to the Directive’s mission; they make its ground tenuous and its goals arduous to achieve.

The Directive faces several barriers before its grand theories can be translated into action. As previously argued, both the lack of mandatory requirements to standardise NFI within the Member States and the competing reporting frameworks suggested for complying with the law undermine the comparability of NFI. Furthermore, empirical research demonstrates that mandatory NFR does not necessarily mean better information or improvements to corporate accountability. As long as NFR is trapped in its symbolic and ceremonial use, NFR will be more a practice of “talk” than of “action” (see Cho, Laine, et al., 2015). Similarly, due to the lack of mandatory assurance required in the non-financial statements, NFI will continue to suffer from weak credibility. Thus, the two grand theories behind the Directive are themselves the main barriers to its enforcement and effectiveness. Hence, the Directive’s ambitions are more rhetoric than reality.

Dumay (2012, p. 4) states that many theories about disclosure are misleading because they cannot be proven empirically, and this invites research focused on practical grounds to “understand the possible causal relationships between people, processes and stakeholders”. In terms of pluralistic legitimacy theory (Archel et al., 2009), the Directive is a policy action to provide legitimacy to companies’ NFR practices. Within the dialogical dynamic between State, companies, and society, large undertakings can rest assured that their actions are “desirable, proper, or appropriate” (Suchman, 1995) by merely complying with the law. However, this does not mean that NFR will be improved, that corporate accountability will be enhanced, or that NFI will be more comparable. Additionally, neither of the forces coming



from the other actors involved in practice, i.e., assurance providers and international reporting framework issuers, seem to be pursuing the Directive goals, as their aims are in contrast with the Directives theoretical foundations. In this context, this paper establishes a research agenda aimed at improving practice and policy. In doing so, we identify and summarise two main future research streams below.

**3.1 Backward-looking research questions**

The first research stream synthesises backward-looking research opportunities, as it stirs up old research questions and places them in a new bottle. The Directive represents the latest attempt to harmonise accounting and reporting practices within the international accounting policy arena. Once again, the comparability of information is used to politically justify the need for harmonising NFI (see Collett et al., 2001; Saravanamuthu, 2004), and this signals a call to researchers to face the challenge of empirically demonstrating its benefits for report users.

In this context, because of the distance between supranational regulatory forces and domestic practices (Ding et al., 2007; Nobes, 2009), there is a need to investigate both the rules and the practices. So, questioning “whether good quality reporting needs good quality regulation or whether good reporting can develop without good regulation” is required (Nobes, 2009, p. 150). Consistent with previous research into social and environmental accounting, this paper aims to foster research to investigate the Directive’s ability to instil substantial changes and improve accountability in practice using its legal force. This means examining the effects of mandatory NFR on company practices, and addressing the main research questions that arose in our review:

- Who, and what (in terms of participatory and political process), influences both the supranational and national regulation of NFR?
- How did the cultural factors and national practices influence the Directive’s transposition to its Member States?
- Is the Directive able to fill the gap between corporate talk and action by fostering substantial changes and improving accountability?
- How is the symbolic use of NFR and assurance evolving in theory and practice?
- Why, and how, are (competing) reporting frameworks and guidelines used (or not used) to comply with the Directive?

**3.2 Forward-looking research questions**

The second future research stream is forward-looking because it is aimed at exploring new technological opportunities that might contribute to adjusting NFR policy and practice. As previously stated, the Directive is an old-fashioned policy because, in the digital era, it is still anchored to static, traditional, and periodic reporting frameworks. The increasing importance of information over reporting invites researchers, policymakers, and practitioners to abandon reporting and focus on more relevant ways to disclose information (Dumay, 2016) by exploring the opportunities technology offers for divulging NFI. The research questions below can contribute to pursuing this goal:

- Within the dialogical dynamic underpinning accountability, why, how, and where is NFI divulged by companies and consumed by users (both internally and externally to organisations)?
- At the policy level, does the regulation of NFI need to extend to other forms of corporate disclosure (e.g., websites or social media) in addition to reporting?
- How can technological advances – i.e., XBRL (La Torre et al., 2018) and Blockchain (Dai and Vasarhelyi, 2017) – affect and improve NFR and assurance in practice?
- How do international reporting frameworks, digital solutions, and technological platforms interact with each other to build an infrastructure for NFI?

### 3.3 Final comments

Unashamedly, this paper represents our analysis and review of the Directive to propose directions for future research. In doing so, we need to recognise that research on the Directive is in its infancy, as there are few examples of companies who are producing reports purposely to comply with the corresponding legislation enacted in their jurisdiction. However, what we do see is that there is a potential for researchers to fall into familiar “evaluatory traps” and analyse what may already be an outdated way to disclose NFI through periodic annual reporting (Olson et al., 2001). Thus, backward-looking research is more likely to analyse traditional reports.

However, the Directive has flexibility because it does not require companies to use any specific reporting or disclosure framework. Thus, companies can disclose information through a variety of channels, such as the internet, social media, and face-to-face stakeholder engagement. While there are no specific guidelines on disclosures, it seems that interested stakeholders are often more interested in actions than words, which gives organisations the opportunity to act, disclose, and then create a report that is an artefact of managerial actions (Dumay, 2016). Hopefully, this will transfer into forward-looking research on how to achieve the aspirations of the Directive, rather than having companies institutionalise an established form of reporting, such as the GRI, so that they can tick a compliance box. If that is the end result, and corporate actions do not move towards more equitable and sustainable business practices, then all the talk and action towards implementing the Directive are in vain.

In the end, we support what the Directive seeks to achieve, but our analysis shows that there are substantial issues with implementing the Directive. We remain both optimistic and pessimistic about the Directive’s chance of changing corporate behaviours despite the likelihood that companies will just adapt their current reporting practices to comply with the Directive and maintain a “business as usual” approach (Dumay and Hossain, forthcoming). Such a result would be as disappointing as it would be backward-looking.

## References

- Abeydeera, S., Tregidga, H. and Kearins, K. (2016), "Sustainability reporting – more global than local?", *Meditari Accountancy Research*, Vol. 24 No. 4, pp. 478–504.
- AccountAbility. (2008), *AA1000 Assurance Standard*, London, UK, doi:978-1-901693-56-0.
- Adams, C.A. (2004), "The ethical, social and environmental reporting□performance portrayal gap", *Accounting, Auditing & Accountability Journal*, Vol. 17 No. 5, pp. 731–757.
- Adams, C.A., Potter, B., Singh, P.J. and York, J. (2016), "Exploring the implications of integrated reporting for social investment (disclosures)", *British Accounting Review*, Vol. 48 No. 3, pp. 283–296.
- Anderson, N., Herriot, P. and Hodgkinson, G.P. (2001), "The practitioner-researcher divide in Industrial, Work and Organizational (IWO) psychology: Where are we now, and where do we go from here?", *Journal of Occupational and Organizational Psychology*, Vol. 74 No. 4, pp. 391–411.
- Andon, P., Free, C. and O'Dwyer, B. (2015), "Annexing new audit spaces: challenges and adaptations", *Accounting, Auditing & Accountability Journal*, Vol. 28 No. 8, pp. 1400–1430.
- Archel, P., Husillos, J., Larrinaga, C. and Spence, C. (2009), "Social disclosure, legitimacy theory and the role of the state", *Accounting, Auditing & Accountability Journal*, Vol. 22 No. 8, pp. 1284–1307.
- Baboukardos, D. and Rimmel, G. (2016), "Value relevance of accounting information under an integrated reporting approach: A research note", *Journal of Accounting and Public Policy*, Vol. 35 No. 4, pp. 437–452.
- Ballou, B., Casey, R.J., Grenier, J.H. and Heitger, D.L. (2012), "Exploring the strategic integration of sustainability initiatives: Opportunities for accounting research", *Accounting Horizons*, Vol. 26 No. 2, pp. 265–288.
- Beattie, V. (2014), "Accounting narratives and the narrative turn in accounting research: Issues, theory, methodology, methods and a research framework", *The British Accounting Review*, Vol. 46 No. 2, pp. 111–134.
- Beattie, V. and Pratt, K. (2003), "Issues concerning web-based business reporting: An analysis of the views of interested parties", *The British Accounting Review*, Vol. 35 No. 2, pp. 155–187.
- Bebbington, J., Kirk, E.A. and Larrinaga, C. (2012), "The production of normativity: A comparison of reporting regimes in Spain and the UK", *Accounting, Organizations and Society*, Vol. 37 No. 2, pp. 78–94.
- Belkhir, L., Bernard, S. and Abdelgadir, S. (2017), "Does GRI reporting impact environmental sustainability? A cross-industry analysis of CO 2 emissions performance between GRI-reporting and non-reporting companies", *Management of Environmental Quality: An International Journal*, Vol. 28 No. 2, pp. 138–155.
- Bernardi, C. and Stark, A.W. (2016), "Environmental, social and governance disclosure,

- integrated reporting, and the accuracy of analyst forecasts”, *The British Accounting Review*, doi:10.1016/j.bar.2016.10.001.
- Boiral, O. (2013), “Sustainability reports as simulacra? A counter-account of A and A+ GRI reports”, *Accounting, Auditing & Accountability Journal*, Vol. 26 No. 7, pp. 1036–1071.
- Boiral, O. and Gendron, Y. (2011), “Sustainable development and certification practices: Lessons learned and prospects”, *Business Strategy and the Environment*, Vol. 20 No. 5, pp. 331–347.
- Boiral, O., Heras-Saizarbitoria, I. and Brotherton, M.-C. (2017), “Assessing and improving the quality of sustainability reports: The auditors’ perspective”, *Journal of Business Ethics*, doi: 10.1007/s10551-017-3516-4.
- Brown, H.S., de Jong, M. and Lessidrenska, T. (2009), “The rise of the Global Reporting Initiative: a case of institutional entrepreneurship”, *Environmental Politics*, Routledge, Vol. 18 No. 2, pp. 182–200.
- Brown, H.S., de Jong, M. and Levy, D.L. (2009), “Building institutions based on information disclosure: lessons from GRI’s sustainability reporting”, *Journal of Cleaner Production*, Vol. 17 No. 6, pp. 571–580.
- Buhr, N., Gray, R. and Milne, M.J. (2014), “Histories, rationales, voluntary standards and future prospects for sustainability reporting: CSR, GRI, IIRC and beyond”, in Bebbington, J., Unerman, J. and O’Dwyer, B. (Eds.), *Sustainability Accounting and Accountability*, Routledge, London, pp. 51–71.
- Casey, R.J. and Grenier, J.H. (2015), “Understanding and contributing to the enigma of corporate social responsibility (CSR) assurance in the United States”, *Auditing*, Vol. 34 No. 1, pp. 97–130.
- Cetindamar, D. (2007), “Corporate Social Responsibility Practices and Environmentally Responsible Behavior: The Case of The United Nations Global Compact”, *Journal of Business Ethics*, Vol. 76 No. 2, pp. 163–176.
- Cheng, M.M., Green, W.J. and Ko, J.C.W. (2015), “The impact of strategic relevance and assurance of sustainability indicators on investors’ decisions”, *AUDITING: A Journal of Practice & Theory*, Vol. 34 No. 1, pp. 131–162.
- Cho, C.H., Freedman, M. and Patten, D.M. (2012), “Corporate disclosure of environmental capital expenditures”, *Accounting, Auditing & Accountability Journal*, Vol. 25 No. 3, pp. 486–507.
- Cho, C.H., Laine, M., Roberts, R.W. and Rodrigue, M. (2015a), “Organized hypocrisy, organizational façades, and sustainability reporting”, *Accounting, Organizations and Society*, Elsevier Ltd, Vol. 40, pp. 78–94.
- Cho, C.H., Michelon, G., Patten, D.M. and Roberts, R.W. (2014), “CSR report assurance in the USA: an empirical investigation of determinants and effects”, *Sustainability Accounting, Management and Policy Journal*, Vol. 5 No. 2, pp. 130–148.
- Cho, C.H., Michelon, G., Patten, D.M. and Roberts, R.W. (2015b), “CSR disclosure: the more things change...?”, *Accounting, Auditing & Accountability Journal*, Vol. 28 No. 1, pp. 14–35.

- Collett, P.H., Godfrey, J.M. and Hrasky, S.L. (2001), "International harmonization: Cautions from the Australian experience", *Accounting Horizons*, Vol. 15 No. 2, pp. 171–182.
- Cooper, S.M. and Owen, D.L. (2007), "Corporate social reporting and stakeholder accountability: The missing link", *Accounting, Organizations and Society*, Vol. 32 No. 7–8, pp. 649–667.
- Corporate Register. (2013), *CRPerspective 2013 - Global CR Reporting Trends and Stakeholder Views*.
- Crisóstomo, V.L., Prudêncio, P. de A. and Forte, H.C. (2017), "An analysis of the adherence to GRI for disclosing information on social action and sustainability concerns", in Belal, A. and Cooper, S. (Eds.), *Advances in Environmental Accounting & Management: Social and Environmental Accounting in Brazil*, Emerald Publishing Limited, Bingley (UK), pp. 69–103.
- CSR Europe and GRI. (2017), *Member State Implementation of Directive 2014/95/EU*.
- Dai, J. and Vasarhelyi, M.A. (2017), "Toward blockchain-based accounting and assurance", *Journal of Information Systems*, Vol. 31 No. 3, pp. 5–21.
- Dando, N. and Swift, T. (2003), "Transparency and assurance: Minding the credibility gap", *Journal of Business Ethics*, Vol. 44 No. 2–3, pp. 195–200.
- Deegan, C. (2002), "Introduction: The legitimising effect of social and environmental disclosures – a theoretical foundation", *Accounting, Auditing & Accountability Journal*, Vol. 15 No. 3, pp. 282–311.
- Delbard, O. (2008), "CSR legislation in France and the European regulatory paradox: an analysis of EU CSR policy and sustainability reporting practice", *Corporate Governance: The international journal of business in society*, Vol. 8 No. 4, pp. 397–405.
- DiMaggio, P.J. and Powell, W.W. (1983), "The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields", *American Sociological Review*, Vol. 48 No. 2, pp. 147–160.
- Ding, Y., Hope, O.-K., Jeanjean, T. and Stolowy, H. (2007), "Differences between domestic accounting standards and IAS: Measurement, determinants and implications", *Journal of Accounting and Public Policy*, Vol. 26 No. 1, pp. 1–38.
- Ding, Y., Jeanjean, T. and Stolowy, H. (2005), "Why do national GAAP differ from IAS? The role of culture", *The International Journal of Accounting*, Vol. 40 No. 4, pp. 325–350.
- Dumay, J. (2016), "A critical reflection on the future of Intellectual Capital: From reporting to disclosure", *Journal of Intellectual Capital*, Vol. 17 No. 1, pp. 168–184.
- Dumay, J., Bernardi, C., Guthrie, J. and La Torre, M. (2017), "Barriers to implementing the International Integrated Reporting Framework", *Meditari Accountancy Research*, Vol. 25 No. 4, pp. 461–480.
- Dumay, J., Frost, G. and Beck, C. (2015), "Material legitimacy", *Journal of Accounting & Organizational Change*, Vol. 11 No. 1, pp. 2–23.
- Dumay, J. and Guthrie, J. (2017), "Involuntary disclosure of intellectual capital: is it relevant?", *Journal of Intellectual Capital*, Vol. 18 No. 1, pp. 29–44.



- Dumay, J.C. (2012), "Grand theories as barriers to using IC concepts", *Journal of Intellectual Capital*, Vol. 13 No. 1, pp. 4–15.
- Dumay, J. and Hossain, M. A. (forthcoming), "Sustainability risk disclosure practices of listed companies in Australia", *Australian Accounting Review*.
- Dunne, T., Helliard, C., Lymer, A. and Mousa, R. (2013), "Stakeholder engagement in internet financial reporting: The diffusion of XBRL in the UK", *The British Accounting Review*, Vol. 45 No. 3, pp. 167–182.
- Elkington, J. (1997), *Cannibals with Forks: the Triple Bottom Line of 21st Century Business, Conscientious Commerce*, doi:0865713928.
- Etzion, D. and Ferraro, F. (2010), "The role of analogy in the institutionalization of sustainability reporting", *Organization Science*, Vol. 21 No. 5, pp. 1092–1107.
- EU High-Level Expert Group on Sustainable Finance. (2017), *Interim report - Financing a sustainable European economy*.
- European Commission. (2013), *Commission staff working document impact assessment. Proposal for a Directive of the European Parliament and of the Council amending Council Directives 78/660/EEC and 83/349/EEC as regards disclosure of nonfinancial and diversity information by certain la*, Brussel.
- European Union. (2014), *Directive as regards Disclosure of Non-financial and Diversity Information by Certain Large Undertakings and Groups.*, 2014/95/EU, available at: <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0095&from=EN/>.
- Farooq, M.B. and de Villiers, C. (2017), "The market for sustainability assurance services", *Pacific Accounting Review*, Vol. 29 No. 1, pp. 79–106.
- Fazzini, M. and Dal Maso, L. (2016), "The value relevance of 'assured' environmental disclosure", *Sustainability Accounting, Management and Policy Journal*, Vol. 7 No. 2, pp. 225–245.
- Federation of European Accountants (FEE). (2015), *The Future of Corporate Reporting – creating the dynamics for change*, Brussels.
- Federation of European Accountants (FEE). (2016), *EU Directive on disclosure of non-financial and diversity information: Achieving good quality and consistent reporting*, Brussels.
- Flower, J. (2015), "The International Integrated Reporting Council: A story of failure", *Critical Perspectives on Accounting*, Vol. 27 No. March, pp. 1–17.
- Global Reporting Initiative (GRI). (2016), *GRI 101: Foundation*, Amsterdam.
- Gray, R. (2001), "Thirty years of social accounting, reporting and auditing: what (if anything) have we learnt?", *Business Ethics: A European Review*, Vol. 10 No. 1, pp. 9–15.
- Guthrie, J., Manes-Rossi, F. and Orelli, R.L. (2017), "Integrated reporting and integrated thinking in Italian public sector organisations", *Meditari Accountancy Research*, Vol. 25 No. 4, pp. 553–573.
- Guthrie, J., Parker, L.D. and Dumay, J. (2015), "Academic performance, publishing and peer



- review: peering into the twilight zone”, *Accounting, Auditing & Accountability Journal*, Vol. 28 No. 1, pp. 2–13.
- Haller, A., Link, M. and Groß, T. (2017), “The term ‘non-financial information’ – A semantic analysis of a key feature of current and future corporate reporting”, *Accounting in Europe*, Vol. 9480 No. November, pp. 1–23.
- Hahn, R. and Kühnen, M. (2013), “Determinants of sustainability reporting: a review of results, trends, theory, and opportunities in an expanding field of research”, *Journal of Cleaner Production*, Vol. 59, pp. 5–21.
- Holland, J. (2005), “A grounded theory of corporate disclosure”, *Accounting and Business Research*, Vol. 35 No. 3, pp. 249–267.
- Holmström, J., Ketokivi, M. and Hameri, A.-P. (2009), “Bridging practice and theory: A design science approach”, *Decision Sciences*, Vol. 40 No. 1, pp. 65–87.
- Hopwood, A.J. (1994), “Some reflections on the harmonisation of accounting within the EU”, *Europ Acc Rev*, Vol. 3 No. 2, pp. 241–53.
- Hulle, K. Van. (1993), “Harmonization of accounting standards in the EC”, *European Accounting Review*, Vol. 2 No. 2, pp. 387–396.
- International Auditing and Assurance Standards Board (IAASB). (2012), *International Standard on Assurance Engagements 3410. Assurance engagements on Greenhouse Gas Statements*.
- International Board Auditing and Assurance Standards (IAASB). (2013), *ISAE 3000 (Revised). Assurance Engagements Other Than Audits or Reviews of Historical Financial Information International Framework for Assurance Engagements ISAE 3402, Assurance Reports on Controls at a Service Organization Exposure Draft of Proposed, United States, available at: [http://www.ifac.org/sites/default/files/publications/exposure-drafts/IAASB\\_ISAE\\_3000\\_ED.pdf](http://www.ifac.org/sites/default/files/publications/exposure-drafts/IAASB_ISAE_3000_ED.pdf)*.
- International Auditing and Assurance Standards Board (IAASB). (2018), *IAASB Project Proposal – Guidance on Key Challenges in Assurance Engagements Over Emerging Forms of External Reporting (“EER”)*, January 2018.
- International Integrated Reporting Council (IIRC). (2013), *The International Integrated Reporting Framework*, International Integrated Reporting Council, London, UK.
- International Integrated Reporting Council (IIRC). (2015), *Assurance on <IR>. Overview of feedback and call to action*, London, UK.
- Khelif, H. (2016), “Hofstede’s cultural dimensions in accounting research: a review”, *Meditari Accountancy Research*, Vol. 24 No. 4, pp. 545–573.
- KPMG. (2017), *The KPMG Survey of Corporate Responsibility Reporting*, available at: [www.kpmg.com/crreporting](http://www.kpmg.com/crreporting).
- De La Merced, M.J. (2013), “S.E.C. Sets Rules for Disclosures Using Social Media”, *New York Times*, pp. 2–4.

- Lai, A., Melloni, G. and Stacchezzini, R. (2017), "What does materiality mean to integrated reporting preparers? An empirical exploration", *Meditari Accountancy Research*, Vol. 25 No. 4, pp. 533–552.
- Lawrence, S.R., Botes, V., Collins, E. and Roper, J. (2013), "Does accounting construct the identity of firms as purely self-interested or as socially responsible?", *Meditari Accountancy Research*, Vol. 21 No. 2, pp. 144–160.
- Lee, K., Oh, W.-Y. and Kim, N. (2013), "Social media for socially responsible firms: Analysis of Fortune 500's twitter profiles and their CSR/CSIR ratings", *Journal of Business Ethics*, Vol. 118 No. 4, pp. 791–806.
- Levy, D.L., Szejnwald Brown, H. and de Jong, M. (2010), "The contested politics of corporate governance", *Business & Society*, Vol. 49 No. 1, pp. 88–115.
- Lodhia, S. (2012), "Web based social and environmental communication in the Australian minerals industry: an application of media richness framework", *Journal of Cleaner Production*, Vol. 25, pp. 73–85.
- Luque-Vílchez, M. and Larrinaga, C. (2016), "Reporting models do not translate well: Failing to regulate CSR reporting in Spain", *Social and Environmental Accountability Journal*, Vol. 36 No. 1, pp. 56–75.
- Macias, H.A. and Farfan-Lievano, A. (2017), "Integrated reporting as a strategy for firm growth: multiple case study in Colombia", *Meditari Accountancy Research*, Vol. 25 No. 4, pp. 605–628.
- Manetti, G. and Bellucci, M. (2016), "The use of social media for engaging stakeholders in sustainability reporting", *Accounting, Auditing & Accountability Journal*, Vol. 29 No. 6, pp. 985–1011.
- Maroun, W. (2018), "Modifying assurance practices to meet the needs of integrated reporting: the case for 'interpretive assurance'", *Accounting, Auditing & Accountability Journal*, doi:10.1108/AAAJ-10-2016-2732.
- Marx, B. and van Dyk, V. (2011), "Sustainability reporting and assurance", *Meditari Accountancy Research*, Vol. 19 No. 1/2, pp. 39–55.
- Merkel-Davies, D. and Brennan, N. (2007), "Discretionary disclosure strategies in corporate narratives: incremental information or impression management?", *Journal of Accounting Literature*, No. 26, pp. 116–196.
- Michelon, G., Pilonato, S. and Ricceri, F. (2015), "CSR reporting practices and the quality of disclosure: An empirical analysis", *Critical Perspectives on Accounting*, Vol. 33, pp. 59–78.
- Milne, M.J. and Gray, R. (2013), "W(h)ither Ecology? The Triple Bottom Line, the Global Reporting Initiative, and Corporate Sustainability Reporting", *Journal of Business Ethics*, Vol. 118 No. 1, pp. 13–29.
- Monciardini, D., Dumay, J. and Biondi, L. (2017), "Integrated Reporting and EU Law. Competing, converging or complementary regulatory frameworks?", *SSRN Electronic Journal*, doi:10.2139/ssrn.2981674.
- Mori Junior, R., Best, P.J. and Cotter, J. (2014), "Sustainability reporting and assurance: A historical analysis on a world-wide phenomenon", *Journal of Business Ethics*, Vol. 120

No. 1, pp. 1–11.

- Nobes, C.W. (2009), “Observations on measuring the differences between domestic accounting standards and IAS”, *Journal of Accounting and Public Policy*, Vol. 28 No. 2, pp. 148–153.
- O’Donovan, G. (2002), “Environmental disclosures in the annual report”, *Accounting, Auditing & Accountability Journal*, Vol. 15 No. 3, pp. 344–371.
- O’Dwyer, B., Owen, D. and Unerman, J. (2011), “Seeking legitimacy for new assurance forms: The case of assurance on sustainability reporting”, *Accounting, Organizations and Society*, Vol. 36 No. 1, pp. 31–52.
- O’Dwyer, B. and Owen, D.L. (2005), “Assurance statement practice in environmental, social and sustainability reporting: a critical evaluation”, *The British Accounting Review*, Vol. 37 No. 2, pp. 205–229.
- Owen, D.L., Swift, T.A., Humphrey, C. and Bowerman, M. (2000), “The new social audits: accountability, managerial capture or the agenda of social champions?”, *European Accounting Review*, Vol. 9 No. 1, pp. 81–98.
- Park, J. and Brorson, T. (2005), “Experiences of and views on third-party assurance of corporate environmental and sustainability reports”, *Journal of Cleaner Production*, Vol. 13 No. 10–11, pp. 1095–1106.
- Perego, P. and Kolk, A. (2012), “Multinationals’ accountability on sustainability: The evolution of third-party assurance of sustainability reports”, *Journal of Business Ethics*, Vol. 110 No. 2, pp. 173–190.
- Power, M. (1991), “Auditing and environmental expertise: Between protest and professionalisation”, *Accounting, Auditing & Accountability Journal*, Vol. 4 No. 3, pp. 30–42.
- Rasche, A. (2009), “‘A necessary supplement’. What the United Nations Global Compact is and is not”, *Business & Society*, Vol. 48 No. 4, pp. 511–537.
- Reuter, M. and Messner, M. (2015), “Lobbying on the integrated reporting framework”, *Accounting, Auditing & Accountability Journal*, Vol. 28 No. 3, pp. 365–402.
- Rhianon Edgley, C., Jones, M.J. and Solomon, J.F. (2010), “Stakeholder inclusivity in social and environmental report assurance”, *Accounting, Auditing & Accountability Journal*, Vol. 23 No. 4, pp. 532–557.
- Saravanamuthu, K. (2004), “What is measured counts: harmonized corporate reporting and sustainable economic development”, *Critical Perspectives on Accounting*, Vol. 15 No. 3, pp. 295–302.
- Scherer, A.G. and Palazzo, G. (2011), “The new political role of business in a globalized world: A review of a new perspective on CSR and its implications for the firm, governance, and democracy”, *Journal of Management Studies*, Vol. 48 No. 4, pp. 899–931.
- Stubbs, W. and Higgins, C. (2015), “Stakeholders’ perspectives on the role of regulatory reform in integrated reporting”, *Journal of Business Ethics*, pp. 1–20.
- Suchman, M.C. (1995), “Managing legitimacy: Strategic and institutional approaches”,

- Academy of Management Review*, Vol. 20 No. 3, pp. 571–610.
- Thorell, P. and Whittington, G. (1994), “The harmonization of accounting within the EU– problems, perspectives and strategies”, *European Accounting Review*, Vol. 3 No. 2, pp. 215–239.
- du Toit, E. (2017), “The readability of integrated reports”, *Meditari Accountancy Research*, Vol. 25 No. 4, pp. 629–653.
- du Toit, E., van Zyl, R. and Schutte, G. (2017), “Integrated reporting by South African companies: a case study”, *Meditari Accountancy Research*, Vol. 25 No. 4, pp. 654–674..
- La Torre, M., Valentinetti, D., Dumay, J. and Rea, M.A. (2018), “Improving corporate disclosure through XBRL: An evidence-based taxonomy structure for Integrated Reporting”, *Journal of Intellectual Capital*, Vol. 19 No. 2.
- Tschopp, D. and Nastanski, M. (2014), “The harmonization and convergence of Corporate Social Responsibility reporting standards”, *Journal of Business Ethics*, Vol. 125 No. 1, pp. 147–162.
- de Villiers, C. and van Staden, C.J. (2011), “Where firms choose to disclose voluntary environmental information”, *Journal of Accounting and Public Policy*, Vol. 30 No. 6, pp. 504–525.
- Vormedal, I.H. and Ruud, A. (2009), “Sustainability reporting in Norway - An assessment of performance in the context of legal demands and socio-political drivers”, *Business Strategy and the Environment*, Vol. 18 No. 4, pp. 207–222.
- Waddock, S. (2008), “Building a new institutional infrastructure for corporate responsibility”, *Academy of Management Perspectives*, Vol. 22 No. 3, pp. 87–108.
- Wagenhofer, A. (2016), “Exploiting regulatory changes for research in management accounting”, *Management Accounting Research*, Vol. 31, pp. 112–117.
- Wheeler, D. and Elkington, J. (2001), “The end of the corporate environmental report? Or the advent of cybernetic sustainability reporting and communication”, *Business Strategy and the Environment*, Vol. 10 No. 1, pp. 1–14.
- Young, J.J. (2006), “Making up users”, *Accounting, Organizations and Society*, Vol. 31 No. 6, pp. 579–600.
- Zinenko, A., Rovira, M.R. and Montiel, I. (2015), “The fit of the social responsibility standard ISO 26000 within other CSR instruments”, *Sustainability Accounting, Management and Policy Journal*, Vol. 6 No. 4, pp. 498–526.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47  
48  
49  
50  
51  
52  
53  
54  
55  
56  
57  
58  
59  
60

Table 1. An overview of international frameworks and guidelines for NFI reporting based on FEE (2016).

Frameworks / guidelines	Aims	Approach	Issues in focus
GRI (since 1997)	To provide a harmonised and clear methodology for reporting of NFI; To make information comparable	Multi-stakeholder approach; Disclosure approach	Materiality; comparability
IIRC (since 2010)	To integrate financial with NFI that would show how value-relevant information fits into the operations of organisations	Capital provider-oriented approach; Integrated approach to reporting	Integrated thinking; Capitals; Materiality; Value creation
SASB (since 2011)	To develop sustainability standards consistent with financial regulation	Industry-specific standard approach	Sustainability key performance indicators (KPIs); Comparability
AA (since 1999)	To provide organisations with a set of principles to frame and structure the way in which they understand, govern, administer, implement, evaluate, and communicate their accountability	Multi-stakeholder approach	Materiality; stakeholder engagement
UNGC (since 2000)	To embed the 10 UNGC principles in markets and corporate boardrooms, for the benefit of both businesses and society around the world	Overarching principles for disclosure of responsible and sustainable corporate policies and practices	Risk management
OECD (since 1999)	To provide non-binding principles and standards for responsible business conduct in a global context consistent with applicable laws and internationally recognised standards	Disclosure principles	Integrity; transparency; materiality
EFFAS (since 2010)	To provide a basis for the integration of CSR data into corporate performance reporting	Capital market-oriented; Minimum requirements for disclosure	Key performance indicators (KPIs) for ESG (environmental, social and governance)
ISO 26000 (since 2010)	To improve the reliability of undertakings' CSR communication and transparency, and to give a common and universal basis of CSR concepts and methodologies	Multi-stakeholder oriented; Disclosure-principles	Social responsibility; stakeholder engagement.
FEE Core and More (since 2015)	To enable corporate reporting in a smarter way, organising financial and NFI based on the interests of users	Multi-stakeholder approach; Technology-enabled approach	Materiality, relevance and comparability ("Core" report); interactivity and specific user needs ("More" report).