

EU Non-Financial Reporting Research

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Abstract

Purpose: This paper presents a longitudinal evaluation of the research about Directive 2014/95/EU regarding Non-Financial Reporting (NFR), identifying the theoretical approaches, methodological adopted, and research topics.

Research methodology: Data was collected from the Web of Science (WoS) database, between 2016 and 2021. The search criteria resulted in a total of 59 valid articles, after which we performed a quantitative bibliometric analysis using VOSviewer software.

Results: Publications on this Directive 2014/95/EU has increased from 2015 to 2021. Findings show that most articles resorted to quantitative and qualitative methodologies, emphasizing content analysis, combined with other research methods. The frameworks based on stakeholders and institutional theories are very popular in the field. Research is focused on (1) Directive 2014/95/EU regulation, implementation, compliance, and investigation, (2) determinants and impacts of NFR, (3) NFR level/evolution and (4) reasons and skills for NFR. Papers published on EU non-financial information are very heterogeneous and lack consensus as to its impact on NFR.

Conclusions: Research on Directive 2014/95/EU has grown, but findings remain diverse. Future studies should expand data sources to better understand NFR's development and its impact on corporate social responsibility reporting.

Limitations: This study only included the WoS database as a source of data collection, and it would be valuable in future studies to add other quality databases.

Contributions: This research contributes to illuminating institutional pressures implication for NFR development. Therefore, this analysis is essential for institutions operating in accounting information standardization, as well as for information preparers given the necessity to acquire skills to ensure this new challenge related to the reporting of corporate social responsibility.

Keywords: *Non-Financial Reporting, Directive 2014/95/EU, Institutional Pressures, Bibliometric literature review*

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1. Introduction

With economic activity progress, accounting has become an essential tool for supporting decision-makers (Schwartz, 2016). "Sustainable development-accounting hybrid requires a focus on a problem issue enmeshed in a wider ecological, social and economic context" (Bebbington, Russell, & Thomson, 2017). Noteworthy that sustainability is currently one of the world's most focal issues (Samorsir, Murwaningsari, Augustine, & Mayangsari, 2020).

Conventional, sustainable, and social accounting are observed from different perspectives. For instance, ([Bebbington et al., 2017](#)) mention that conventional accounting is somewhat more suited to quantitative objectives, that is, “clearly defined objects, linear cause-effect relationships” and single results, which contrasts with social accounting, as it is clearly but qualitatively based on “a radical transformative program, rather than a discrete object or entity.” Nevertheless, advances are visible in accounting that increasingly reports on companies’ sustainability issues, reinforcing Non-Financial Reporting (NFR) relevance and corporate accountability in pursuit of greater transparency ([Gray, 2010](#)).

Disclosing about sustainability is a way to increase transparent and reliable non-financial information ([Balluchi, Furlotti, & Torelli, 2020](#)); ([Tukur, Shehu, Mammadi, & Sulaiman, 2019](#)). Despite its benefits, many companies do not voluntarily report non-financial information, which is why the literature has focused on the possibility of assigning a mandatory character to these disclosure processes ([Venturelli, Caputo, Cosma, Leopizzi, & Pizzi, 2017](#)). According to ([Bhutta & Saeed, 2011](#)) and ([Mahoney, Thorne, Cecil, & LaGore, 2013](#)), the main theoretical perspectives around NFR are (1) Stakeholder Theory, (2) Legitimacy Theory, (3) media agenda-setting theory, and (4) Signalling theory.

Stakeholder and legitimacy theories were developed from a broad political viewpoint because they focus on the relationship between an organization and its operating environment ([Bhutta & Saeed, 2011](#)). Legitimacy Theory is derived from the concept of organizational legitimacy ([O’donovan, 2002](#)) and it has inspired many studies on voluntary social and environmental reporting ([Deegan, 2002](#)). According to ([O’donovan, 2002](#)), “Legitimacy theory is based on the idea that in order to continue operating successfully, corporations must act within the bounds of what society identifies as socially acceptable behavior”. Legitimacy Theory predicts that companies disclose non-financial information to respond to societal pressure and, therefore, to gain stakeholders' support ([De Villiers & Marques, 2016](#)). Stakeholders have begun to show more interest in how companies react and act towards the natural environment, employees and customers, investors, managers, and throughout the entire chain following the entire line of stakeholder theory at NFR ([Miniaoui, Chibani, & Hussainey, 2019](#)); ([Omodero, 2015](#)). Communication with stakeholders is fundamental for companies, as it allows them to understand their position in society and how they develop their business ([Amorim & Bras, 2011](#)).

According to ([Ader, 1995](#)), media agenda-setting theory “is a relationship between the relative emphasis placed by the media on various topics and the degree of salience these topics have for the general public.” There is indeed a cause-effect relationship between the media and greater community concern about a particular issue. Despite this, at the general level, the media are not seen as reflectors of public priorities but rather as possible shapers of those entities ([N. Brown & Deegan, 1998](#)). According to Signaling Theory, companies with social and environmental reports generally have higher Corporate Social Responsibility (CSR) performance scores ([Mahoney et al., 2013](#)).

Other theories widely addressed in NFR are agency theory and fit/mismatch theory. Agency theory reinforces that firms face function separation and interest divergence among different stakeholders, and often only a small group makes decisions, and thus has a different position in NFR ([Frydman & Camerer, 2016](#)). According to ([Aureli, Magnaghi, & Salvatori, 2019](#)), a dominant approach to explaining transposition differences is based on the fit/mismatch theory between European legislation and the domestic situation. Thus, and in regulatory contexts such as the European Union (EU) Directive under study, this theory helps understand the contexts of each country's legislation. Furthermore, the literature in this field of research refers to other theories, such as institutional theory, neo-institutional theory, resource-based theory, social identity theory, and stewardship theory (e.g., ([Guthrie, Manes-Rossi, & Orelli, 2017](#)); ([Dumay, La Torre, & Farneti, 2018](#)); ([Krasodomska, Michalak, & Świetla, 2020](#)); ([Tarquinio, Posadas, & Pedicone, 2020](#)); ([Krasodomska, Simnett, & Street, 2021](#))). ([Bostan, Bîrcă, Tabără, & Muntean, 2019](#); [Carungu, Di Pietra, & Molinari, 2021](#))

NFR is subject to increasing research, however, EU Directive 2014/95/EU implementation on NFR is increasing the information disclosure and its usefulness to stakeholders ([Raucci & Tarquinio, 2020](#)). Directive 2014/95/EU requires large European companies to include annual non-financial statements on sustainability and diversity either as part of their management report or as a separate document.

“Directive 95/2014/EU gave new impetus to non-financial issues, requiring entities of public interest with more than 500 employees to disclose a minimum content of information about environmental, social and employee matters, respect for human rights, anti-corruption and bribery matter” ([Nicolò, Zanellato, & Tiron-Tudor, 2020](#)).

The EU Directive introduction is a step forward since it will facilitate to standardize NFR rules and will increase its transparency and usefulness ([Krištofik, Lament, & Musa, 2016](#)). However, ([Nicolò et al., 2020](#)) show that the introduction of mandatory regulations did not encourage NFR by public companies. ([Venturelli et al., 2017](#)) refer to the best results in terms of NFR scores achieved by companies already involved in CSR practices, such as assured and voluntary sustainability reports. According to ([Venturelli et al., 2017](#)), although most sustainability reports are prepared according to international standards (e.g., GRI), assessing NFR quality is not easy. The idea that only regulation could improve NFR quality and comparability was widely accepted in the literature ([Deegan, 2002](#)). However, previous studies argue that NFR may increase the quantity of non-financial information disclosed, with no impact on quality information ([H. S. Brown, de Jong, & Levy, 2009](#)).

To assess the information quality, it is important to verify these requirements through measurements. In basic terms, the concept of quality can be linked to all the requirements of the document itself, namely, availability, accessibility, comprehensibility, speed, relevance, significance, completeness, clarity, completeness, truth, verifiability, correctness, neutrality, impartiality, and objectivity” ([Venturelli et al., 2017](#)). ([Di Vaio, Palladino, Hassan, & Alvino, 2020](#)) research points out that EU Directive does not specify human resources disclosure, and they note that it redirects on performance, belief, and disclosure quality in terms of social and environmental concerns. For instance, ([Zulaeche & Murtanto, 2019](#)) show that strategic management is necessary to achieve high sustainability performance.

Given its importance to NFR regulation and quality, this research, based on a literature review on Directive 2014/95/EU, aims to highlight institutional pressures standing for NFR development and to verify its impact and evolution in scientific production. This research covers the gap in the literature by providing an overview of NFR regulation state of art in the field of the EU Directive to systematize existing studies on this topic. To achieve this overall objective, a systematic literature review was conducted on papers specifically focused on the EU Directive in sources indexed in the WoS database to answer the following specific objectives:

1. Identify the EU Directive timeline research;
2. Identify the main theoretical approaches;
3. Identify the main methodologies adopted;
4. Identify the main research topics.

2. Literature Review

The rise of sustainability issues in corporate governance has increased the importance of Non-Financial Reporting (NFR), particularly in the European Union with the introduction of Directive 2014/95/EU. This directive mandates large companies to disclose non-financial information on environmental, social, and governance (ESG) matters, aiming to improve transparency and accountability in corporate practices. Several theoretical frameworks have been utilized in the literature surrounding NFR. Stakeholder Theory and Legitimacy Theory are the most prominent. Stakeholder Theory emphasizes the need for companies to engage with various stakeholders to secure legitimacy and maintain social acceptance. Studies have shown that organizations disclose non-financial information to meet societal expectations and enhance their reputation. Legitimacy Theory supports this by suggesting that companies disclose non-financial information to align with societal norms and maintain legitimacy within the market.

Other theoretical approaches explored include Institutional Theory, which explains how organizational behavior is influenced by institutional pressures, and Signaling Theory, which suggests that companies use non-financial disclosure as a signal of their commitment to sustainability practices. The literature highlights a variety of methodologies used in NFR research, with content analysis being the most

common. Researchers frequently combine content analysis with other methods such as case studies and quantitative surveys to analyze the quality, evolution, and impact of non-financial disclosures. Furthermore, the implementation of the EU directive has prompted a rise in research on the determinants and impacts of NFR, examining factors like corporate governance, company size, and industry characteristics.

Despite the growing body of literature, gaps remain, particularly regarding the quality of NFR disclosures and the effectiveness of mandatory regulations. Some studies argue that while the EU directive has increased the volume of non-financial disclosures, the quality and comparability of the disclosed information remain inconsistent. In conclusion, while NFR research has gained momentum with the EU directive, challenges persist, particularly in ensuring that non-financial information is not only disclosed but also of high quality and relevance to stakeholders. Future studies should address these gaps and expand the scope to include comparative analyses of international NFR practices.

3. Research Methodology

Systematic literature reviews facilitate precise and reliable literature analyses ([Liberati et al., 2009](#); [Vale, Bertuzzi, & Monteiro, 2022](#)). Following previous studies (for example, ([Monteiro, Aibar-Guzmán, Garrido-Ruso, & Aibar-Guzmán, 2021](#)); ([Cepêda & Monteiro, 2020](#)), we conducted a comprehensive research to collect publications specifically focused on EU Directive.

The keyword used in the WoS database was “Directive 2014/95/EU.” From the search, 90 publications were generated: 60 papers, 27 proceedings papers, 3 early access, 2 editorial materials, and 2 reviews. Thus, we obtained a total of 60 papers selected on May 11, 2021, from the WoS database. Of the 60 papers, one was not related to NFR and was excluded from the analysis. This study included articles published until the date of collection. The sample consisted of 59 articles.

4. Results and Discussions

4.1 EU Directive Timeline Research

In this study, we identified 59 articles on the EU Directive. The first publications that reported the EU Directive were in 2015. This was a pioneering study developed by de Roo, titled “The role of the EU directive on non-financial disclosure in human rights reporting.” This study analyzed the Directive 2014/95/EU effect on human rights disclosure. ([de Roo, 2015](#)) emphasizes the mandatory reporting information importance on this subject in large public interest entities, however, while affirming that it is a very important step, ([de Roo, 2015](#)) states that the directive still has some problems.

The second study was published in 2016 and belongs to Peter Krištofik, Marzanna Lament and Hussam Musa, with the title “The reporting of non-financial information and the rationale for its standardization”. This study, based on a literature review and empirical research on motivations for CSR reporting and trends in NFR shows that communication with stakeholders is the key reason for NFR and highlights the need to standardize CSR reporting to ensure its transparency and accountability. The authors identify a growing trend for CSR reporting to follow guidelines other than GRI throughout the period under review. Indeed, the authors indicate that there will be no need for a single mandatory standard, but a reporting template to be followed by reporting companies to ensure transparency and comparability of the data.

Publications on this EU Directive increased from 2015 to 2021. The year with the most publications was 2020, with 23 articles. Indeed, there were substantial achievements in research in this field in 2020. However, it is expected that in the year 2021, a year not yet completed when collecting the articles in the Web of Science database, the number of publications will be higher than in 2020. Figure 1 shows the number of publications per year. The topic is current, and its political and economic interests are increasingly recognized.

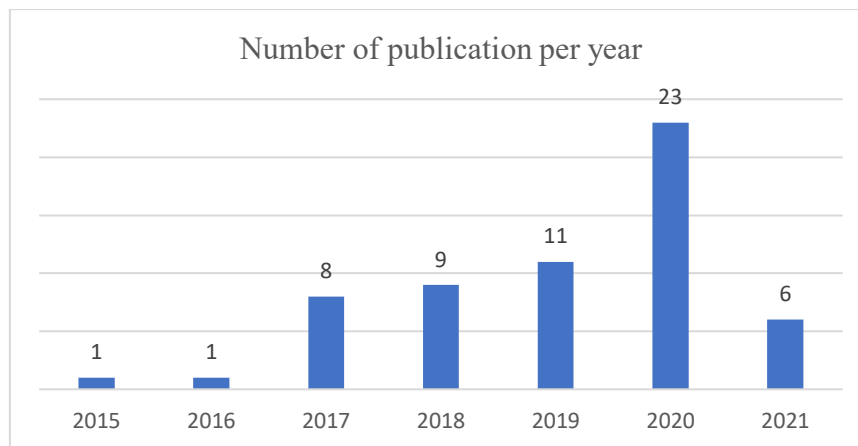


Figure 1. Number of publications per year
Source: Vosviewer

In addition, we verified that 52 articles were published by multiple authors and seven by single authors, as shown in Figure 2.

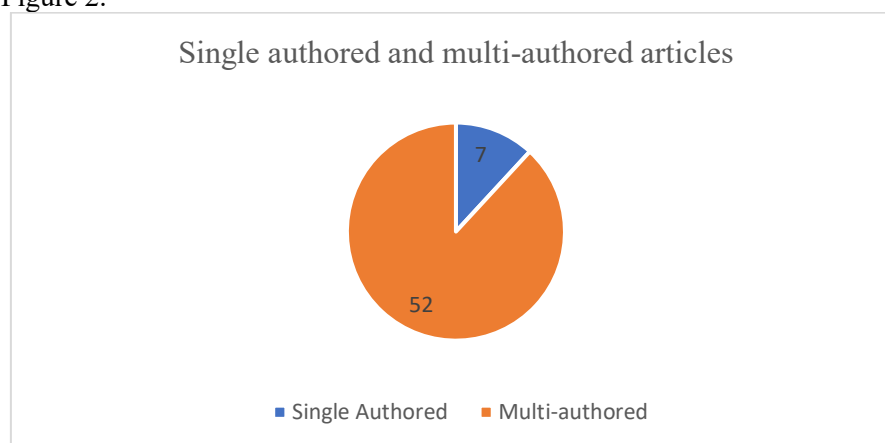


Figure 2. Number of single/multi authored publications
Source: Vosviewer

4.2 Main Theoretical Approaches

A structure based on a theoretical foundation that supports a particular topic in a study is called a theoretical framework ([Merten, 1998](#)). In the field of NFR, specifically on the EU Directive, various theories have been the theoretical framework for several studies, as shown in figure 3. For instance, ([Hahn & Kühnen, 2013](#)) found that most literature on CSR adopts four main theories (the Legitimacy Theory, Stakeholder Theory, Institutional Theory, and the Signalling Theory). Where possible, we sought to identify the prevalent theoretical framework used in each study and categorize the papers accordingly. The biased nature of this process must be considered. According, in our sample, from the total of 59 studies, only 22 follow a theoretical approach. Based on Figure 3, the most widely employed theories, as ([Hahn & Kühnen, 2013](#)) point out, are legitimacy, institutional, and stakeholder theories. Thus, we would like to draw attention to a couple of interesting points from figure 3.

As for the most used theory in this theme, Legitimacy Theory, we highlight ([Mittelbach-Hörmanseder, Hummel, & Rammerstorfer, 2021](#)) research, who concluded that there is a tendency for companies to disclose CSR information to maintain corporate legitimacy among a broad group of stakeholders ([Mittelbach-Hörmanseder et al., 2021](#)). Nevertheless, ([Nicolò et al., 2020](#)) analyze whether the EU directive implementation increased the level of CSR disclosure by public companies in an integrated report between 2016 and 2017. The authors point out that directive coercive pressures have not exerted a decisive influence on disclosure levels and that it has become an institutionalized practice. Regarding

([Tarquinio et al., 2020](#)) examined the influence of the new regulation on CSR reporting (2016 to 2018) using the theoretical lens of institutional theory to assess the early stages of institutionalization of new mandatory information practices in Italian firms. ([Tarquinio et al., 2020](#)) research highlight a generalized reduction in the indicators disclosed by the companies belonging to the sample, indicating that Italian government pressures did not have the expected results. In addition, ([Dumitru, Dyduch, Gușe, & Krasodomska, 2017](#)) find that prior regulation, local institutional characteristics, ownership, industry, and auditors affect CSR disclosure quality. For instance, ([Primec & Belak, 2018](#)) argue for the importance of institutional development in the context of corporate governance, and that institutional measures influence firms' ethical behavior and, consequently, their success.

Studies on stakeholder theory indicate that a company's orientation towards stakeholders improves CSR practices and disclosure. ([De Micco, Rinaldi, Vitale, Cupertino, & Maraghini, 2020](#)) found that stakeholder involvement hardly affected CSR as legislation affected the extent and quality of content disclosed and fostered the standardization reporting process. Despite this, beyond legitimacy and stakeholder theory, ([Dumay et al., 2018](#)) emphasize that company stewardship is necessary to increase trust because unforeseen consequences of dishonest behavior by managers or shareholders force a new application of stewardship theory that acts as a general guide to behavior and disclosure by managers. ([Dumay et al., 2018](#)) studied the gap between reporting and manager behaviour to challenge the current theoretical underpinnings of intellectual capital disclosure practice and research. The authors concluded that the existing inconsistency between reporting and organizations' behavior is not sufficient to trust firms, even with the expansion and renewal of disclosed information.

Other theories are used in studies analysed: Social Identity Theory ([Krasodomska et al., 2020](#)); Neo-Institutional Theory ([Carungu et al., 2021](#)); Agency Theory ([Mio, Fasan, Marcon, & Panfilo, 2020](#)); Resource-Based Theory ([Bostan et al., 2019](#)) and Dominant Fit/Misfit Theory ([Aureli et al., 2019](#)), however legitimacy, institutional and stakeholder theories are the most influential in NFR regulation topic. Since none of the studies employed contingency theory, we suggest that this can be an opportunity to explore the potential of the theoretical approach to explain the contingent factors that influence the efficacy of NFR models.

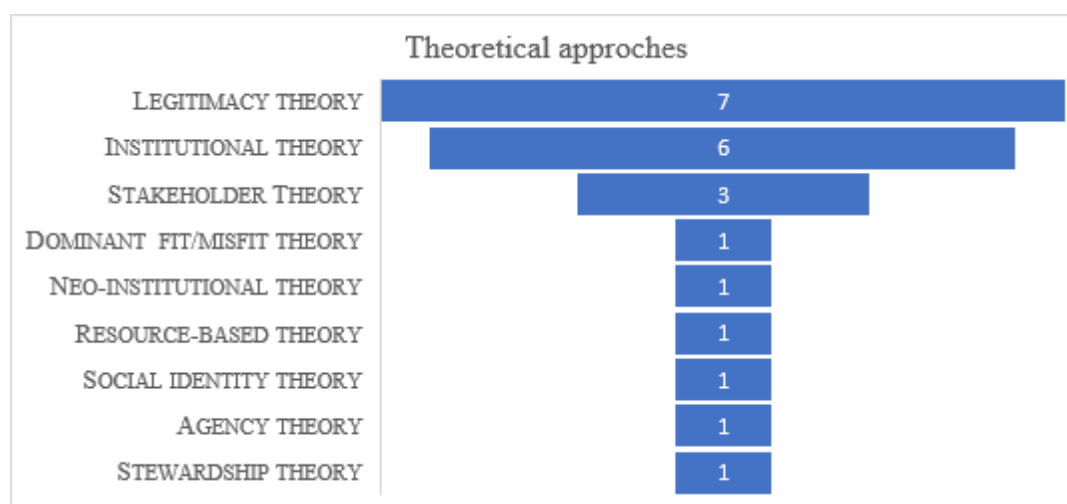


Figure 3. Theoretical approaches

4.3 Main Methodologies Adopted

The research methods used in the EU Directive publications were analyzed. EU Directive-focused studies have extensively used quantitative and qualitative methodologies. We found that most studies (62.27%) used content analysis (30.51%) and content analysis combined with other research methods (32.20). As shown in Figure 4, studies focused on literature review/theoretical analysis represent 30.51% of the sample, followed by case studies (5.08%) and quantitative research based on surveys (1.69%). The content analysis technique is related to the assessment of the quantitative and qualitative

aspects of NFR. Regarding this analysis technique, 18 studies used this technique to analyze the level/evolution of non-financial information disclosure, 16 combined it with regression analysis to analyze the determinants and/or impacts of non-financial information disclosure, 2 carried out a content analysis of documents published by international bodies within the scope of the EU Directive, and 1 study combined content analysis with semi-structured interviews.

Most studies that do a literature review/theoretical analysis focus the analysis on EU Directive regulation and enforcement (14), while the remaining studies (3) do a literature review/ theoretical analysis, including a systematic literature review. Since it is a multidimensional topic, we see an enormous potential in mixing qualitative field research and quantitative survey research. For instance, qualitative research could provide in-depth insights into the nature of corporate narratives regarding the disclosure of non-financial information, while quantitative research could offer greater support for the disclosure of key indicators of non-financial performance and their associations with contextual factors.

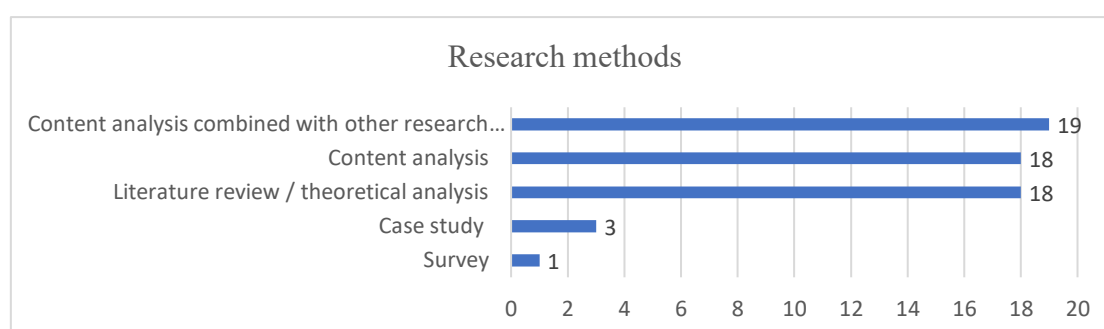


Figure 4. Research methods

4.4 Main Research Topics

In this study, we identified four main research topics. Based on Figure 5, the topic with more publications is “EU Directive regulation, implementation, compliance, and investigation” (20 papers) and “determinants and impacts of NFR” (20 papers), followed by topics “NFR level/evolution (16 papers) and “reasons and skills for NFR” (3) topics.

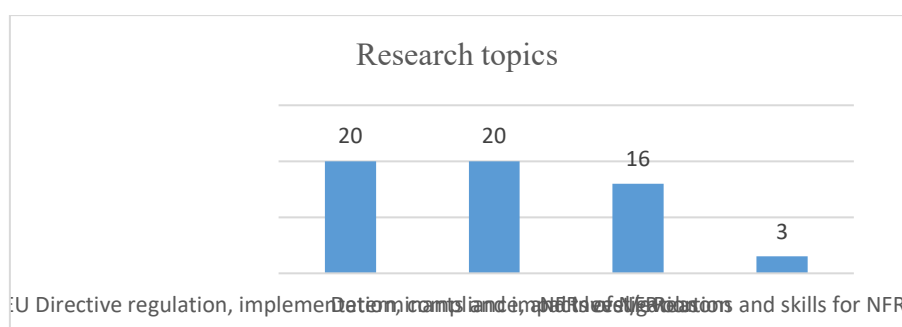


Figure 5. Research topics

There are 20 papers on “EU Directive regulation, implementation, compliance and investigation” and “determinants and impacts of NFR” First studies in this research topic refer to the fact that regulation requires organizational changes and that NFR will be a result of an internalization process ([Guthrie et al., 2017](#)); by being mandatory for large companies, it contributes to other companies adopting sustainable actions and optionally disclosing non-financial information to become more competitive ([Ogorean, 2017](#)); and it needs to be improved for more effective NFR ([Hojnik, 2017](#)). Furthermore, other studies, regarding the EU Directive implementation, analyze: how companies can implement the EU Directive and CSR frameworks in group companies ([Szabó & Sørensen, 2015](#)); the importance of corporate governance attributes ([Primec & Belak, 2018](#)); its effects on sustainability ([Bruno Soares & Buontempo, 2019](#)), and enhance accountability ([Masiero, Arkhipova, Massaro, & Bagnoli, 2019](#)), and how regulations can be implemented in a specific country (France) ([Malecki, 2018](#)). Several studies have analyzed the degree of EU Directive compliance (([Fiandrino, Busso, & Vrontis, 2019](#)); ([Aureli et](#)

al., 2019); (Biondi, Dumay, & Monciardini, 2020) or whether corporations can fulfil with corporate reporting regulations (Biondi et al., 2020). Other studies analyze the EU Directive as a process of NFR harmonization and assurance (Aureli, Salvatori, & Magnaghi, 2020); (Kinderman, 2020a); (Kinderman, 2020b); (Krasodomska et al., 2021); the role of accounting academics in the regulatory process (Garcia-Torea, Larrinaga, & Luque-Vílchez, 2019); and its impact on scientific production progress ((Di Vaio et al., 2020); (Ștefănescu, Tiron-Tudor, & Moise, 2021). Finally, other authors highlight the importance of employee engagement, management commitment, and routine/institutionalized reporting practices for sustainability reporting evolution (De Micco et al., 2020). In this topic, institutional, dominant fit/misfit, and stakeholders' theories are quite common.

Regarding the topic “determinants and impacts of NFR. the studies identified as determinants of NFR or disclosure of key performance indicators (KPIs): corporate governance mechanisms, such as the duality of outside directors and Chief Executive Officer (CEO) (Alonso Carrillo, Priego De La Cruz, & Nunez Chicharro, 2019) and presence of independent directors on the board (Pizzi, Rosati, & Venturelli, 2021); stakeholders pressure for companies operating in environmentally sensitive industries (Krasodomska et al., 2021); company size; profitability, ownership structure, financial position and company age (Moraru, PĂUN, DURA, Dinulescu, & Potcovaru, 2020); firms' market share, their field of activity and ownership structure (Păun, Dura, Mihăilescu, Moraru, & Isac, 2020), firm size and assurance (Venturelli et al., 2017); financial performance ((Loprevite, Raucci, & Rupo, 2020); (Olayinka, 2022); European policymakers (Venturelli et al., 2017); prior regulation, local institutional characteristics, ownership, industry and auditors (Dumitru et al., 2017). (Mio et al., 2020) found, within the framework of Legitimacy Theory, that company size, intangibles, and environmentally sensitive industries are predicting variables of disclosing non-financial information even after the EU Directive implementation. From the Agency Theory perspective, the corporate governance mechanism (board size, leverage, and ownership dispersion) partially increases because board size one of the variables typically employed within agency theory to predict NFR gained significance in 2017 compared to 2016. On the other hand, several studies have focused on NFR impacts after EU Directive enforcement, namely on earnings per share (EPS), forecast accuracy (Ferrer, López-Arceiz, & del Rio, 2020), and firm value (measured via stock prices) (Mittelbach-Hörmanseder et al., 2021).

Other studies show that there is a relationship between firms' market value/structural Capital and NFR disclosure risk information (Veltri, De Luca, & Phan, 2020) and between environmental and social disclosure quality (Bernardi & Stark, 2018). (Cosma, Leopizzi, Pizzi, & Turco, 2021) study reveals that improvements in stakeholder engagement before and after the EU Directive introduction are associated with board characteristics. (Bostan et al., 2019) verified that the sustainable nature of management control is a result provided by the EU Directive and the (García, Jorge, Carraro, & Souza, 2020) provisions. Some authors use theoretical frameworks inspired by institutional, legitimacy, stakeholder, agency, and resource-based theories.

Another research topic focuses on the NFR level/evolution. This topic includes research that found an increase in environmental information disclosure in oil-listed entities. (Mion & Loza Adauí, 2019) find that NFR quality has increased in Italian and German firms. (Leopizzi, Iazzi, Venturelli, & Principale, 2020)'s study shows an increase in NFR risk disclosure. (Sierra-García, García-Benau, & Bollas-Araya, 2018) find that NFR level of Spanish companies has increased in sustainability reports and that it differs between the sector of activity. In contrast, (Nicolò et al., 2020) find that EU Directive coercive pressures did not exert a decisive influence on the disclosure level of State-Owned Enterprises. (Raucci & Tarquinio, 2020) also show a reduction in the number of indicators disclosed in the economic, social, and environmental categories in Italian Companies from 2012 to 2017. (Tarquinio et al., 2020), in this same context, verify, from 2012 to 2018, a generalized reduction of indicators disclosed by Italian companies. (Carungu et al., 2021) verify that NFR quality of Italian companies does not increase when moving from a voluntary to a mandatory basis.

Other studies have analyzed NFR to identify compliance levels with EU Directive requirements. (Manes-Rossi, Tiron-Tudor, Nicolò, & Zanellato, 2018), besides verifying that elements required by EU Directive exceed those defined by other frameworks (International Integrated Reporting

Framework–IIRF–and GRI 4 guidelines), conclude that there is a high level of compliance by European large companies with the EU Directive. ([Matuszak & Różańska, 2017](#)) show that companies prefer annual reports to communicate voluntary CSR disclosures, and in many cases, companies' CSR disclosures are not compliant with the new requirements. The authors assess NFR credibility after the EU Directive implementation. ([Mazzotta, Bronzetti, & Veltri, 2020](#)) find that Italian companies tend to disclose credible NFR in mandatory contexts. In contrast, ([Peršić & Lahorka, 2018](#)) find that Croatian companies disclose social information, but the reliability of this information for benchmarking and competitiveness assessment is questionable.

([Gazzola, Pezzetti, Amelio, & Grechi, 2020](#)) compare non-financial disclosures on companies' websites under the 17 Sustainable Development Goals (SDGs) and the EU Directive and find that Italian public interest entities have implemented active policies linked to the achievement of some specific goals, in compliance with Italian legislation, although there are some divergences in different cultural issues. ([Wozniak & Pactwa, 2019](#)) compared non-financial information disclosure in three mining companies operating in Poland and found a divergence in the number of indicators used in the three companies analyzed. Some authors use the Institutional, Dominant Fit/Misfit, and Stakeholder theories as a theoretical framework. The fourth topic refers to “reasons and skills for NFR” and includes only three papers. The first study ([Artene, Bunget, Dumitrescu, Domil, & Bogdan, 2020](#)) conducted under the EU Directive identifies that the main reason for non-financial information disclosure is communication with stakeholders and that there is a need to standardize CSR reports to ensure non-financial information transparency ([Krištofik et al., 2016](#)). ([Dumay et al., 2018](#)) refer to building trust as an important aspect of NFR, however, increasing, renewing, or extending it is not enough. These authors argue that is needed to guide managers' behaviors. Finally, ([Krasodomska et al., 2020](#)) find that accountants do not have sufficient knowledge to comply with the requirements of the EU Directive. Some authors use Stewardship, Stakeholder, Legitimacy, and Social Identity theories as a theoretical framework.

5. Conclusions

5.1 Conclusion

([Gray, 2010](#)) states that accounting does not arise to solve the world's problems; however, it is important to consider sustainability narratives at the organizational level. Sustainable disclosure in EU countries was voluntary until the introduction of Directive 2014/95/EU. This Directive requires companies with more than 500 employees to disclose sustainable information. Thus, non-financial information disclosure is expected to increase in extent and quality, as well as scientific production. In this context, this study conducted a systematic literature review of papers specifically focused on the EU Directive in sources indexed in the WoS database to perform a longitudinal assessment, theoretical approaches, adopted methodologies, and main results. The findings show that the first publication that reported the EU Directive was in 2015. This was a pioneering study published by de Roo. The number of publications on this theme showed an increasing trend, with 2020 being the year with the most articles. The most used theories are Legitimacy, Institutional, and Stakeholders' theories. The results are in line with those of ([Vale et al., 2022](#)). These authors analyzed research on social responsibility reporting in Higher Education. We verified that the content analysis technique (combined with another research method) was more frequent in the studies analyzed. Finally, we found that the main topics in EU Directive research are: (1) Directive 2014/95/EU regulation, implementation, compliance, and investigation; (2) determinants and impacts of NFR; (3) NFR level/evolution; and (4) reasons and skills for NFR.

This research highlights the value of institutional pressure for NFR development. With these premises, this research provides an overview of the state of the art in the field of EU Directive with the systematization of existing studies. In the literature under study, we verified that there are heterogeneous studies without consensus results. Thus, it is important to encourage institutions, governments, professionals, and academics to contribute to future NFR regulations. This research topic is justified because the information prepared by accounting is useful to all its users ([Cepêda & Monteiro, 2020](#)). However, its usefulness is only contemplated if it meets quality ([Phornlaphatrachakorn, 2019](#)). By identifying the theoretical perspectives and main research subtopics, this study contributes to the identification of current research opportunities on Directive 2014/95/EU.

4.2. Research Limitations

The major limitation of this study is that the database is limited to WoS articles. A more longitudinal search with other databases (e.g. Scopus and Google Scholar) would be very useful for comparing the results.

4.3. Suggestions and Directions for Future Research

Based on the limitations of the study, we suggest a summary table construction with the most used theories in these themes with several research results. This study, together with that of (De Micco et al., 2020), will be very useful for this construction. We also suggest an impact analysis of the EU Directive introduction and NFR quality.

Author Contributions

AM was responsible for conceptualization, study design, and manuscript drafting. CC contributed to data collection, data analysis, interpretation of results, and manuscript revision. AS supervised the research process, provided critical revisions, and approved the final version of the manuscript. All authors have read and approved the final manuscript and agree to be accountable for all aspects of the work.

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