

Chapter 5

Exploring Non-Financial Information Research: A Literature Mapping

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ABSTRACT

The disclosure of non-financial information by companies in their annual reports is becoming increasingly important due to its interest for stakeholders' decision-making. This chapter aims to map research articles that have addressed the study of non-financial information in the last 20 years and have been published in journals indexed in the Web of Science (JCR) and Scopus (SJR) databases. The analyses carried out are described from a triple perspective: meta-perspective, content-based perspective, and methodological perspective. The main results obtained show the growing interest in research on non-financial information in terms of both quantity and quality of the publications. This study may be of interest to researchers, regulatory bodies, and other economic and social agents.

INTRODUCTION

In a financial environment characterized by the globalization and the increasing volatility of the stock markets, the disclosure of information in a reliable, correct, symmetrical and timely manner is an essential element to guarantee the success of companies (Larrán and García-Meca, 2004). However, for some years, there has been a consistent belief that traditional financial reports are insufficient to satisfy the information needs of companies' stakeholders (Newberry, 2015), as they do not adequately represent

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the different dimensions of corporate activity (Simnet et al., 2009). Moreover, a study carried out by Ernst and Young (2017) highlights the importance of non-financial information for investors, as 68% of respondents stated that this information played an important role when making their investment decisions. Otherwise, the non-financial information is also relevant in the public sector, due to the discontent and distrust of citizens towards politicians and administrators of institutions. This belief has resulted in the addition of non-financial measures, trying to complete the traditional financial reports prepared by firms and public administrations (Montesinos and Brusca, 2019).

It is not until 2014 when the European Union begins to pay special attention to the disclosure of non-financial information, year in which the Directive 2014/95/EU was adopted, with the intended aim of fostering the transparency of Corporate Social Responsibility and Corporate Sustainability reporting. Specifically, information disclosure about environmental, social, employee, respect for human rights, and anti-corruption and bribery matters is pursued to be improved. Since then, more and more EU countries have decided to introduce the obligation for large companies to provide non-financial information within their financial reports or to publish specific sustainability reports (Muserra et al., 2020). Nevertheless, many more companies choose to provide narrative information on a voluntary basis as a way to improve stock liquidity, reduce the cost of capital, increase information intermediation, and improve earnings quality (Rezaee and Tuo, 2017).

In addition, other international initiatives have emerged with the aim of promoting the disclosure of this type of information. One of the most extended is the Global Reporting Initiative (GRI), whose mission is to enable organizations to be transparent and take responsibility for their impacts, enabled through the world's most widely used standards for sustainability reporting (GRI, 2021).

The increased visibility of non-financial information has heightened awareness of the importance of these reports in reflecting organizational practices (Sierra-García et al., 2018), so that researchers have increased their efforts to learn more about some aspects related to the disclosure of non-financial information. Moreover, the world is actually facing a process of global restructuring caused by the COVID-19 pandemic. That is why reviewing the research published in last years takes on special relevance, which is useful to guide future investigation in favor of true sustainable development. In this context, the objective of this Chapter is to provide a literature review based on the mapping of research articles on non-financial information published in indexed journals in the last twenty years, analysing the evolution of the field by combining quantitative and qualitative analysis.

The remainder of this paper is structured as follows. In the second section, a brief theoretical revision of non-financial information is made. In the third section, the research questions are proposed. In the fourth section, the methodology is explained. In the fifth section, the results are exposed. Finally, in the sixth section, the implications derived from the study, the limitations, and the future lines of research are set forth.

BACKGROUND

Stakeholders' interest in the disclosure that companies make of their financial information has a long tradition and is widely regulated. Nevertheless, the importance of the publishing of their non-financial information did not begin to be considered until the end of the last century (Shevlin, 1996). With the Directive 2014/95/EU (European Union, 2014), the general interest in this issue has increased notably in Europe, but also in other international countries.

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