Sustainability Accounting, Management and Policy J

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Journal:	*Sustainability Accounting, Management and Policy Journal*
Manuscript ID	SAMPJ-04-2022-0212.R3
Manuscript Type:	Research Paper
Keywords:	Corporate Governance Mechanisms, Management Control Systems, Non-financial reporting, Qualitative Research, EU Directive

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ABSTRACT

Purpose – This paper develops a conceptual framework ~~based on~~informed by a literature review. This framework aims to deepen and broaden our understanding of the relationship between corporate governance mechanisms and Non-financial Reporting (NFR) through qualitative research approaches.

Design/methodology/approach – A review of corporate governance and NFR literature and existing research frameworks leads to the development of a conceptual framework to encourage future qualitative accounting research on the corporate governance mechanisms for NFR.

Findings - Few studies consider the complex interrelationships between NFR and corporate governance mechanisms. Quantitative studies using secondary data sources dominate accounting research on the topic. Of the small number of qualitative studies, many are theoretical and offer little new knowledge about the effectiveness of corporate governance mechanisms in practice. Our research framework, developed from a literature review and consideration of multiple qualitative approaches, proposes numerous avenues for future research.

Originality/value – We develop a conceptual framework for qualitative accounting research on NFR and corporate governance, addressing key outstanding questions in this area and considering different theoretical perspectives when approaching this critical topic. Although there is scope for further research in general in this promising area, including quantitative reviews and discursive studies, qualitative research would be of particular value. We also outline multiple directions for nurturing academic debate.

Practical implications – More qualitative research into NFR and corporate governance mechanisms may help to guide practitioners seeking to incorporate sustainability into their governance practices.

Social implications – The critical relationship between NRF and corporate governance is under-explored in research yet has significant consequences for organisations pursuing sustainability.

Paper type: *Research paper*

Keywords: *Corporate Governance Mechanisms; Management Control Systems; Non-financial reporting; Qualitative Research; EU Directive*

~~**Acronyms:**~~
~~NFR – Non-financial reporting~~
~~MCS – Management Control Systems~~

1. Introduction

The past two decades have witnessed significant steps in the evolution of corporate reporting, notably the rise of Non-Financial Reporting (NFR) (Campra *et* al., 2020; La Torre *et al.*, 2020).

Environmental reports, social responsibility reports, sustainability reports, intellectual capital reports, and integrated reports are commonly published non-financial reports by organisations. This advancement of NFR ~~is~~ has been prompted by the inability of traditional annual financial reports to reflect the value drivers of organisations, sustainable business practices, risk management capability, and forward-looking information (CSR Europe and GRI, 2017). Changes in report ~~typesing~~ing have generated related developments in data presentation, as non-financial reports usually include quantitative and qualitative data. For instance, environmental, operational, and human resource matters are reported through key performance indicators (KPIs) and numbers as well as in descriptive and narrative ways, providing rich content to the reports' users (Financial Reporting Council, 2020). Accordingly, reporting tools have also evolved, leading to the replacement of paper-based reports with electronic reports. NFR requires new regulations regarding the types of reports to be published, their contents, and the timing or frequency of report publishing (Stolowy and Paugam, 2018). NFR revolves around and is strictly linked to, the disclosure process of non-financial information (Carungu et al., 2020). ~~In terms of reporting units,~~ NFR involves inputs outside of the traditional financial accounting reporting unit, requiring ~~and~~ a comprehensive data collection and collation process between various functions of the organisations, such as human resources, production, quality, and social responsibility (El-Said et al., 2022; Uyar, 2016).

While the overarching aim of NFR is to improve transparency by giving stakeholders a more holistic and long-term view of how organisations create sustainable value (De Villiers et al., 2020), it is still unclear how and if such disclosures enable and shape organisational change (Adams and Larrinaga-González, 2007; Adams and Larrinaga, 2019). The progressive inclusion of sustainability within organisational agendas has raised the need for improved knowledge of the financial and non-financial impacts of sustainability goals and ideas for how to measure them (La Torre *et al*., 2020). Corporate governance, which relates to the leadership of an organisation and the monitoring of management in the pursuit of improved performance, has an important mutual relationship with NFR. The mechanisms of corporate governance, whether formal or informal, are likely to influence and be influenced by the increasing requirements for corporate transparency (De Villiers and Dimes, 2021). Pre-existing corporate governance practices, such as strategic risk management and corporate culture, may enable or constrain the provision of necessary non-financial information for stakeholders (De Villiers and Maroun, 2018). In some organisations, NFR may be superficial, resulting in little internal change, whereas in other organisations, it may trigger significant underlying changes to corporate governance mechanisms (Wang, 2010). Recently, Erin et al. (2021) found that corporate governance - measured through board governance variables and audit committee attributes – significantly affects sustainability reporting quality. Although sustainability accounting research holds a relatively influential position, and the critical relationship between reporting and governance is stressed in several corporate governance guidelines such as the UK Combined Code (Calder, 2008) and the King IV governance code in South Africa (IODSA, 2016), the relationship between NFR and corporate governance has received little research attention from top-tier accounting journals (Cho et al., 2022; Lai et al., 2019). Therefore, the overarching research question (RQ) for this paper is: What is the relationship between NFR and corporate governance? To address this question, we consider three sub-questions and structure our paper around these: RQ1: What is the current state of academic research on corporate governance and NFR? ~~How extensive is the~~~~What is the nature of the existing~~

~~literature on corporate governance and NFR~~? RQ2: What insights does the literature reveal about the relationship between corporate governance and NFR? RQ3: Which qualitative research methods can help to advance understanding in this area?

In response to RQ 1, we conduct a systematic scoping literature review of current research into the relationship between corporate governance and NFR. Informed by ~~We develop the findings from~~ our literature review - combined ~~by~~with related critical reflections - we develop ~~into~~ a conceptual framework for researchers, which support ~~hoping to~~in investigat~~e~~ing the relationship between corporate governance mechanisms and NFR, addressing RQ2. Our paper proposes a framework based on key ~~queries~~ aspects that relate to corporate governance mechanisms for NFR. These questions and our overall framework aim to encourage new streams of research that deepen our understanding of the complex dynamics between NFR and corporate governance mechanisms The framework allows for the use of multiple theoretical perspectives when considering corporate governance mechanisms for NFR. This is important not only for academic research but also for practitioners seeking to effectively report non-financial information and promote socially responsible behaviour within organisations.

Studies on corporate governance and NFR mainly use quantitative methods, focusing, for example, on corporate governance determinants of NFR (Erin et al., 2022; Michelon and Parbonetti, 2012; Baboukardos, 2017). These studies are likely to be limited by the suitability of proxies for corporate governance mechanisms that do not accurately reflect the actual mechanisms at play (Bhagal, Bolton and Romano, 2008). Our review highlights a lack of qualitative research, hampering our understanding of organisational change at a deeper level (Cho et al., 2022; Eriksson, 2015). The dominance of quantitative research methods in the corporate governance field has meant that corporate governance processes remain poorly understood by academics (Parker, 2017). A qualitative approach may help to improve understanding of the complex relationships between and behind the corporate governance mechanisms that may contribute to non-financial disclosure, helping to gain insights into the 'black box' of corporate governance mechanisms and board decision-making (Parker, 2017). In doing so, qualitative studies could challenge some of the assumptions in the corporate governance literature on how boards, managers and organisations operate and influence social and environmental matters (Erin et al., 2022; Mcnulty, Zattoni and Douglas, 2013; Parker, 2017). Qualitative research can enable a deeper understanding of corporate governance mechanisms for NFR (Erin et al., 2022; Parker, 2017; Yin, 2014). Accounting research can carve out a leading role in this context, highlighting the need for improved integration of sustainability issues, and encouraging scholarly focus on sustainability accounting (Cho et al., 2022; Busco and Quattrone, 2018). This should encourage an organisational focus on sustainability, towards the creation of long-term sustainable value (De Villiers and Maroun, 2018). To address RQ3, we outline different qualitative research methods that can be employed. We illustrate how researchers can use our framework to generate ideas for future research and situate them in the literature.

The rest of the paper is structured as follows. Section 2 provides background and context. Section 3 outlines our literature review methodology, introduces our conceptual framework and explains the links between the framework components and theories of corporate governance. Section 4 considers the appropriateness of different qualitative research methods and shows the potential use of our conceptual framework for future research, and Section 5 concludes.

2. Background and context

Over the past few years there have been significant advances in NFR (Eccles, 2014; Esteban-Arrea and Garcia-Torea, 2022; Jackson *et al*., 2019; La Torre *et al*., 2018). However, there is still a lack of a common definition for the expression NFR (Stolowy and Paugam, 2018). The semantic meaning of 'non-financial' refers to what is not financial. In other words, it has a residual scope, encapsulating aspects of reporting, information, and disclosure that are not financial (Haller *et al*., 2017). Consistently, these advances reflect not only perceived inadequacies of traditional annual corporate reporting (Rowbottom and Locke, 2016) but also a growing interest in other non-financial information provided by organisations (Dhaliwal *et al*., 2012). In the 1970s, organisations started to disclose non-financial information through short reports mainly focused on social issues, which later began to incorporate environmental commentary (Aureli et al.,2019). There are now numerous different forms of non-financial reporting, including sustainability reporting, environmental, social and governance (ESG) reporting and corporate social responsibility (CSR) reporting. Globally, the 2030 Agenda for Sustainable Development adopted 17 Sustainable Development Goals (SDGs) to "stimulate action over the next 15 years in areas of critical importance for humanity and the planet" (United Nations, 2015). These SDGs have rapidly gained traction among a broad audience beyond the 193 United Nations (UN) member states who unanimously embraced them and have provided new impetus for organisations to disclose the impacts of their activities on the environment and society (Bebbington and Unerman, 2018). The proliferation of report types has led to combined approaches to financial reporting and NFR, such as the Triple Bottom Line and Integrated Reporting. 80% of listed companies globally now integrate financial and non-financial information in their reporting, whether they call this 'Integrated Reporting' or not (KPMG, 2020). Organisations have also started to use different channels to communicate their performance, such as websites and social media channels (La Torre *et al*.,2018).

In response, national and international standard-setters have developed reporting frameworks and guidelines around non-financial disclosures, such as the UN Global Compact, Global Reporting Initiative (GRI) standards, and the Integrated Reporting framework. From a legislative perspective, the European Union (EU) Directive on NFR provides an important step in corporate reporting transparency and NFR standardisation (Molinari and Carungu, 2019). Indeed, the 2014/95/EU Directive is the first regulatory attempt to harmonise non-financial reporting requirements. The EU aims to implement the Corporate Sustainability Reporting Directive in October 2022, advancing the previous EU Directive on NFR. Notably, the directive will apply to all companies listed on the EU-regulated markets, except for listed micro companies, and listed small- and medium-sized enterprises have until 1 January 2026 to comply with the reporting requirements, even though they may adopt an "opt-out" clause until 2028. It will also apply to large undertakings that exceed at least two of the criteria related to a net turnover of €40 million, a balance sheet total of €20 million, and 250 employees on average over the financial year (European Commission, 2021). Moreover, the Directive will apply to insurance undertakings and credit institutions regardless of their legal form. The new Directive supports the European Green Deal, which comprises several policy measures to deal with climate change challenges by progressing the EU context into a resource-efficient and competitive economy. This Directive is also part of the bigger Sustainable Finance package, which enables the Green Deal by supporting private investment behind the transition to a climate-neutral economy (Wollmert and Hobbs, 2022).

When organisations disclose and report under the directive, they will need to use a set of sustainability reporting standards developed by the European Financial Reporting Advisory Group (EFRAG), which has also been reporting to the EU on the development of sustainability standards for Europe (IFRS, 2022b). In March 2021, EFRAG published a roadmap for developing the new sustainability standards and proposals for mutually reinforcing cooperation between the global and EU standard-setting initiatives. In 2022, EFRAG set the new Sustainability reporting pillar with the creation of the EFRAG Sustainability Reporting Board and the EFRAG Sustainability Reporting Technical Expert Group. Specifically, the sustainability reporting standards aim to meet the requirements of an inclusive range of stakeholders. They adhere to the principle of "double materiality", with both "impact materiality" and "financial materiality" perspectives being adopted in their own right and without neglecting the relationships between them (Wollmert and Hobbs, 2022). Furthermore, the recent formation of the International Sustainability Standards Board (ISSB) by the International Financial Reporting Standards (IFRS) Foundation is a significant step in developing a globally accepted set of high-quality sustainability standards (IFRS, 2022a). The ISSB merges the Value Reporting Foundation and the Climate Disclosure Standards Board (CDSB) with the aim of consolidating NFR aimed at investors.

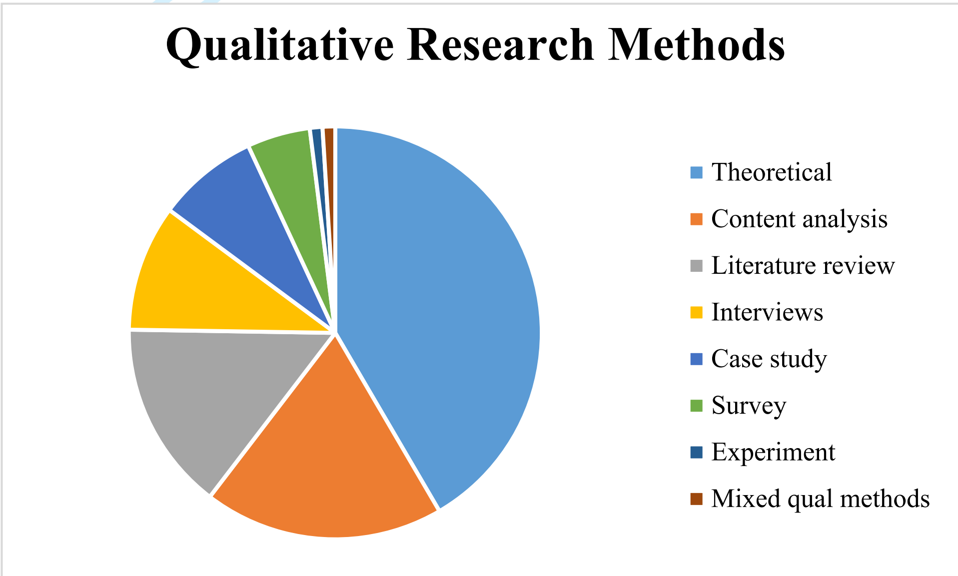
The recent regulative developments on NFR represent a significant reconsideration of corporate reporting with far-reaching implications for organisations both in Europe and globally (European Commission, 2021). Broader audiences, such as companies, regulators, standard-setters and auditors will all be required to dedicate effort and resources to support the implementation of the new directive within a short timescale (Wollmert and Hobbs, 2022). Within this context, understanding its relationship with corporate governance is critical. Although the outcome of good corporate governance is often measured by good financial performance, using Tobin's Q as a proxy (Grove *et al*., 2011, Ahmed Al-Hadi, 2019), the real outcomes of corporate governance are much broader (Erin et al., 2021). Indeed, there have been increasing calls to extend the consideration of corporate accountability beyond the traditional shareholder perspective to a broader set of stakeholders (Cooray and Senaratne, 2020, Grove *et al*., 2011, Endrikat *et al*., 2020; Esteban-Arrea and Garcia-Torea, 2022; Belal et al., 2013). The board of directors ultimately decides which issues are of material importance to a firm (Eccles and Youmans, 2016), making it critical to study corporate governance considering the provision of corporate information to stakeholders. Without light being shed on this relationship, it remains unclear whether these additional types of non-financial information provision to stakeholders make any difference to the way organisations operate.

3 Literature review and development of a research framework

3.1 Literature review process

To understand the current research into the relationship between NFR and corporate governance, we used a systematic approach aimed at producing a scoping review of the literature in the field. We searched for peer-reviewed journal articles in Scopus dated from June 2011 to June 2021 with titles, abstracts and/or keywords containing the Boolean phrase 'corporate governance' combined with any of the following terms: 'non-financial reporting/disclosure', 'sustainability reporting/disclosure', 'corporate social responsibility reporting/disclosure' and 'ESG reporting/disclosure'. These terms were selected as the most commonly used terms for – and semantically related to - NFR if the specific term 'non-financial' was not used. We included all journals, not just high-ranking ones, as the research field is relatively undeveloped, especially within top-tier accounting journals (Cho et al., 2022; Massaro et al., 2016). Our review yielded 503 articles. 402 papers (80% of the sample) were quantitative, mainly using corporate governance proxies from secondary data sources in regression models. Of the 101 qualitative studies, less than 25% used primary data sources, with the largest categories comprising theoretical papers and literature reviews. Figure 1 shows a breakdown of the qualitative research methods encountered.

Figure 1: *Qualitative Research Methods in Corporate Governance and NFR*



Source: Authors' elaboration

Not only did we encounter few qualitative papers with primary evidence, but we also found that the research questions addressed rarely involved detail around organisational processes, with more of the research questions addressing regulation specifics or the impact of NFR on groups of stakeholders. For example, there are papers that discuss the accountability of modern corporations' NFR (Veldman and Jansson, 2020) or explore the impact of NFR reporting on asset managers (Yamahaki and Frynas, 2016) but few provide empirical research into corporate governance practices at an organisational level, which is likely to be linked to our earlier findings around research methods focusing on theory rather than practice. The overall conclusion is that there is a lack of primary evidence on corporate governance mechanisms for NFR in practice. Without further academic research in these areas, it is unlikely that a deeper understanding of the role, process, and consequences of NFR at an organisational level will develop.

Based upon the findings of the literature review, and theoretical underpinnings, we developed a conceptual framework of corporate governance mechanisms for NFR (shown in Figure 2). This framework can be used to advance knowledge of how corporate governance mechanisms for NFR operate within organisations and foster qualitative accounting research in this domain. This framework is based on methodological assumptions that underpin qualitative research, in particular the literature on corporate governance and Management Control Systems (Michelon and Parbonetti, 2012; Ferry and Ahrens, 2017, Gnan *et al*., 2013). Accordingly, our framework considers many of the same external factors identified by previous literature, such as the role of legislation, culture and stakeholder pressure. In addition, more emphasis is given to the internal factors, in particular the role of individuals within organisations. When developing our framework we considered the applicability of frameworks from other related fields. For example, Alrazi, De Villiers and Van Staden (2015) propose a framework for the influences on sustainability and integrated reporting, which considers the many internal and external determinants of reporting, and how proactivity in management control systems and stakeholder engagement can lead to improved accountability and legitimacy. Moreover, De Villiers and Dimes (2021) propose a framework for determinants, mechanisms, and consequences of corporate governance reporting, showing that determinants and consequences may be interlinked. Their paper also calls for more research into the mechanisms themselves. The importance of stakeholders is outlined in a framework proposed by Aguilera *et al*. (2021). Abhayawansa and Adams (2021) develop a conceptual framework for NFR, considering appropriate materiality levels in light of the Covid-19 pandemic and climate risk. We combined ideas from these frameworks and our findings from our literature review into the conceptual framework shown in Figure 2. The framework identifies key matters which refer respectively to (i) the context for NFR (i.e. regulation) (ii) organisational motivations to change (iii) corporate governance practices and mechanisms, (iv) stakeholders within and outside organisations, and (v) processes and procedures within organisations. These key issues are closely related, and causal effects can run in either direction. The five aspects constitute the starting point for formulating theoretically and practically relevant research questions, outlined in section 4.4, that future studies can address. Our framework also allows for the application of different theoretical lenses.

Figure 2: *Conceptual Framework*

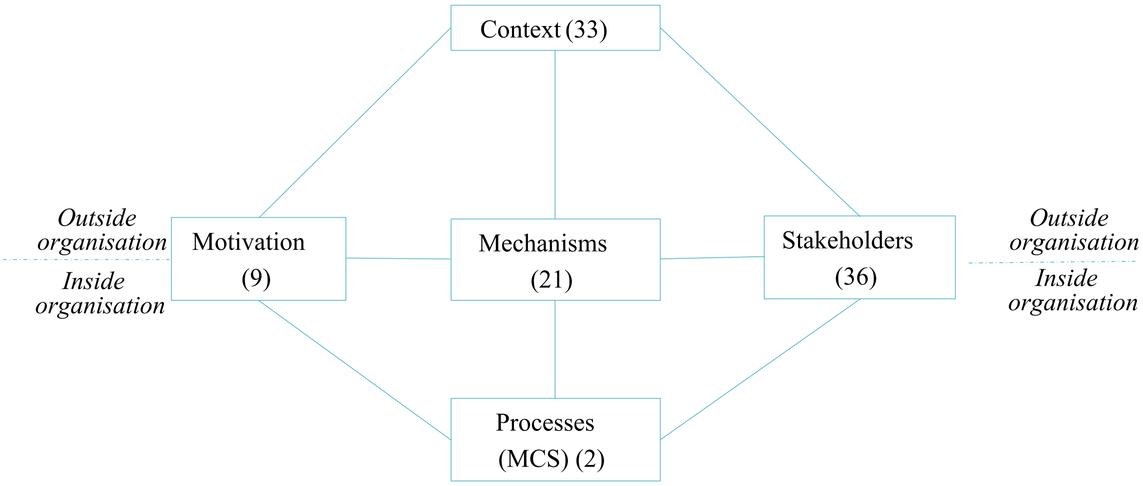


Figure 2 shows the number of qualitative papers from our literature review (101 in total) broken down into each of the topics underneath in parentheses. For example, while we found 36 papers that addressed stakeholder interests, only 9 addressed motivation, and only 2 addressed management control systems.

The dotted line in Figure 2 shows that some influences on corporate governance mechanisms come from outside an organisation, such as mandates around disclosure, whereas others come from within organisations. Motivations to change can come from within or outside an organisation, as can the influences of stakeholders.

In the following sections, we explore and discuss each of the boxes in our framework in turn, linking this to theories around NFR and corporate governance and the findings from our literature review. We focus in particular on how qualitative studies can add further insights.

~~3.2 Theories of corporate governance~~

~~Corporate governance is a broad, multi-level construct (Dalton and Dalton, 2011) that concerns the governance, rather than the management, of organisations. The role of a board is to help to set strategic direction, effectively monitor organisational management and ensure accountability. In addition, board connections can help to provide resources to firms (Endrikat *et al*., 2020). Agency theory assumes that good corporate governance improves financial performance by minimising rent extraction (Armstrong, Ittner and Larcker, 2012). Considering the broad outcomes of corporate governance, and the broadening stakeholder base for corporate disclosures, other theories may be worth considering, however (De Villiers and Dimes, 2021). For example, stakeholder theory suggests that in addition to reducing information asymmetry, the information provided by organisations should help to reduce conflict between stakeholder groups (Velte and Gerwanski, 2020). Stewardship theory may also be worthy of further consideration, assuming that boards will act for the public good (Calder, 2008; Dumay, La~~

~~Torre and Farneti, 2019). In addition, resource dependency theory suggests that not only do directors have a monitoring role, but they also provide resources to organisations through their networks (De Villiers, Naiker and van Staden, 2011; Endrikat *et al*., 2020).~~

3.2~~3~~ Framework elements

3.2~~3~~.1 Context and regulation

While there is an increasing interest in NFR, mandates vary across the world. In a European context, Denmark, Norway, Sweden and the Netherlands introduced non-financial regulations during the 1990s to oblige companies to report annually on their environmental performance (Hoffmann, Dietsche and Hobelsberger, 2018). France issued a law that required companies to disclose their environmental and social impact in 2001, and the United Kingdom passed a similar mandate in 2005. The European Union recently adopted Directive no. 2014/95/EU on NFR, representing a key step in advancing NFR transparency across Europe (Carungu, Di Pietra and Molinari, 2020). EU law requires large companies to disclose certain information on how they operate and manage social and environmental challenges in their annual reports from 2018 onwards. The aim is to help investors, consumers, policymakers and other stakeholders to evaluate the non-financial performance of large companies and encourages these companies to develop a responsible approach to business. Under Directive 2014/95/EU, large companies have to publish reports on the policies they implement in relation to environmental protection, social responsibility and treatment of employees, respect for human rights, anti-corruption and bribery, diversity on company boards in terms of age, gender, educational and professional background. Interest in combined types of reporting is also growing. Integrated Reporting (IR) is a relatively recent development in corporate reporting that combines financial and non-financial information in a single, concise forward-looking report. IR is currently only mandatory (on a ‘apply or explain’ basis) for listed companies in South Africa, but currently over 2000 companies globally voluntarily use IR for their reporting (IIRC 2020).

Mandatory reporting is likely to result in changes to corporate governance practices, which may not be required in a voluntary reporting environment (Camilleri, 2015). Voluntary reporting, however, is subject to a multitude of other additional determinants. There are several factors which influence an organisation’s likelihood of disclosing non-financial information voluntarily. Large, highly leveraged, high-profile firms tend to provide more CSR information and have better corporate governance ratings (Chan, Watson and Woodliff, 2014). Smaller organisations may have less incentive to provide additional information (Satta *et al*., 2014), possibly seeing less need to differentiate themselves from their competitors (Eccles and Krzus, 2010). Scandals may also lead to changes in ESG disclosures (Utz, 2019). Regulations, combined with additional public scrutiny, can also result in changes in the type of corporate NFR provided voluntarily (De Villiers and van Staden, 2011). Many corporate governance codes consider organisations to operate under social licences, requiring them to consider the needs of a broad base of stakeholders and to consider prevailing social norms (Suchman, 1995).

These social norms can themselves in turn influence corporate governance and the provision of information (Duong, Kang and Salter 2016).

The increasing worldwide interest in non-financial disclosures and the differences between voluntary and mandatory environments present several avenues for future research. Our review of the qualitative literature on context and regulation found 29 papers that considered NFR in particular contexts or regulatory settings. Of these, 13 were theoretical papers, dealing, for example, with the genealogical history of narrative reporting in the UK (Chahed, 2021), calling for harmonisation of NFR standards (Adams and Abhayawansa, 2022) or discussing the role of the modern corporation in accountability for NFR (Veldman and Jansson, 2020). Content analysis was a popular approach, with 11 papers exploring the impact of certain regulations or reporting changes on corporate reports, for example, the nature of IR reporting (Zinsou, 2018) or reports on national ESG policies (Camilleri, 2015). Five papers used interviews to explore the impact of NFR reporting, including interviews with asset managers (Yamahaki and Frynas, 2016) or interviews exploring the introduction of IR in South Africa (Rowbottom and Locke 2016). While these papers all stress the importance of NFR, there is a lack of primary evidence to provide more insights into what is happening at an organisational level. Fritz, Schöggl and Baumgartner (2017) used mixed methods (literature review, content analysis, surveys and interviews) to support their study on supply chain sustainability assessment, an approach which adds depth and practical contribution to their research. The findings from our review reveal significant gaps in our understanding of the impact of both mandatory and voluntary NFR at an organisational level.

3.2~~3~~.2 Motivations to change

Mandatory or voluntary changes to disclosures may or may not lead to fundamental organisational change. The EU is seeking to shape major organisational change towards sustainability (De Matos and Clegg, 2013). However, it is not clear how sustainability disclosures enable and shape such change (Adams and Larrinaga, 2019; Adams and Larrinaga-González, 2007). Corporate governance exercises a key role in leveraging organisational change towards a sustainable future (Michelon and Parbonetti, 2012). Therefore, it is important to consider how and why this may be the case with any study on corporate governance mechanisms. For instance, in South Africa, qualitative studies have shown that whereas some companies have adapted their Management Control Systems (MCS) considerably following mandatory IR adoption, other companies remain relatively unchanged (Steyn, 2014). This has also been shown to be the case for voluntary IR adoption, for example in Australia, where companies changed their reporting, but not their underlying business models (Higgins *et al.* 2019; Stubbs and Higgins 2014). Another Australian case study found that the adoption of NFR could clash with a pre-existing corporate culture (Dumay and Dai, 2017). As the board is seen as a custodian of corporate culture (Hambrick, Werder and Zajac, 2008), investigating the impact of corporate governance on NFR could be insightful.

In addition to these factors, several theories can help to explain the voluntary provision of non-financial information. Legitimacy theory suggests that organisations use non-financial disclosures to gain, maintain or repair legitimacy, with organisational legitimacy essential for the continuing support of stakeholders (Mahadeo, Oogarah-Hanuman and Soobaroyen, 2011).

Institutional theory suggests that organisations conform to institutional norms and pressures, and agency theory assumes that additional information is provided to reduce information asymmetry (De Villiers and Maroun 2018).

Our review of the qualitative literature on motivations to change revealed 4 literature reviews, 3 theoretical papers, one case study and two content analysis papers. The literature reviews and theoretical papers mentioned the importance of gaining a deeper understanding of the relationship between NFR and corporate governance. The case study discussed the notion that benefit corporation structures in Italy did not necessarily result in a better approach to ESG (Sciarelli, Cosimato and Landi, 2020). More qualitative evidence from organisations in mandatory reporting environments, particularly in the EU, might therefore help to uncover the motivations behind organisations changing their MCS, and what might inhibit any necessary changes. Comparing these with results from studies around voluntary non-financial disclosures would also add insights.

3.2~~3~~.3 Corporate Governance Mechanisms

Corporate governance is a broad, multi-level construct (Dalton and Dalton, 2011) that concerns the governance, rather than the management, of organisations. The role of a board is to help to set strategic direction, effectively monitor organisational management and ensure accountability. In addition, board connections can help to provide resources to firms (Endrikat *et al*., 2020). Agency theory assumes that good corporate governance improves financial performance by minimising rent extraction (Armstrong, Ittner and Larcker, 2012). Considering the broad outcomes of corporate governance, and the broadening stakeholder base for corporate disclosures, other theories may be worth considering, however (De Villiers and Dimes, 2021). For example, stakeholder theory suggests that in addition to reducing information asymmetry, the information provided by organisations should help to reduce conflict between stakeholder groups (Velte and Gerwanski, 2020). Stewardship theory may also be worthy of further consideration, assuming that boards will act for the public good (Calder, 2008; Dumay, La Torre and Farneti, 2019). In addition, resource dependency theory suggests that not only do directors have a monitoring role, but they also provide resources to organisations through their networks (De Villiers, Naiker and van Staden, 2011; Endrikat *et al*., 2020).

Previous studies on corporate governance distinguish between internal and external corporate governance (Gerwanski, Kordsachia and Velte, 2019). For the purpose of this section, we exclude external governance factors such as a country's legal framework, covered instead in section 3.2~~3~~.1, and focus on internal corporate governance mechanisms, which comprise the rules and procedures that enable a board to govern. These mechanisms can be both formal, such as board composition and committee responsibilities, and informal, such as organisational culture.

A large body of research considers the impact of formal corporate governance characteristics on corporate governance outcomes such as improved organisational performance (Grove *et al*. 2011, Cooray, Senaratne 2020). This improved performance can be measured both financially (usually by Tobin's Q) or non-financially through measures such as sustainability metrics or other non-financial KPIs. These studies generally assume that corporate governance characteristics are suitable proxies for underlying corporate governance mechanisms, even though this is debatable (Bhagal, Bolton and Romano, 2008). A deeper understanding of the suitability of these proxies could therefore be explored using quantitative studies on formal governance mechanisms.

Formal corporate governance mechanisms include those associated with the board's ability to monitor management effectively. To monitor management effectively, a board needs to demonstrate both skill and independence (Jensen and Meckling, 1976). Boards may also delegate work to committees, which in themselves warrant further study in terms of their effectiveness (Eberhardt-Toth, 2017). The number of board members is often used as a proxy for skill and expertise, and board size is positively related to Corporate Social Responsibility disclosures (Endrikat *et al*., 2020). In addition, board composition and diversity of gender, ethnicity and experience are also extensively studied, but with mixed results. Gender diversity has been found to have a positive influence on the provision of non-financial information (Cooray and, Senaratne 2020), but other studies have found an association between board gender diversity and poorer financial performance (Shehata, Salhin and El-Helaly, 2017).

The independence of the board is usually measured by the number of non-executive directors (Forker, 1992). An independent board should reduce the dominance of executive directors, and studies have found positive associations between board independence and financial performance (Chou, Chung and Yin, 2013). These studies could be enhanced by qualitative studies aiming to understand how and why non-executive directors influence the decision-making processes of boards. In the context of NFR, it would also be interesting to investigate the representation of a broad set of stakeholders within the composition of the board.

Board committees enable a board to delegate duties to smaller, more focused bodies. CSR committees are worthy of further investigation due to their significant potential influence over decision-making relating to NFR. The existence and composition characteristics of ESG and CSR committees have been linked to improved CSR outcomes (Eberhardt-Toth, 2017), and qualitative evidence might help to understand how CSR committees function, how they influence decision-making within firms, and how CSR outcomes are prioritised.

Good corporate governance should develop the ethical culture of an organisation, ultimately ensuring organisational legitimacy (Bear, Rahman and Post, 2010). Companies operate under social licences (Suchman, 1995), and a failure of legitimacy can result in dissatisfied stakeholders withdrawing their resources and damage to corporate reputation (Lightle, Baker and Castellano, 2009). Boards have a significant influence in shaping organisational culture (Lightle, Baker and Castellano, 2009), and organisational culture can affect the transparency of corporate disclosures (Llopis, Reyes Gonzalez and Gasco, 2007). This suggests that informal corporate governance mechanisms can be highly influential in the provision of non-financial information to stakeholders, and that traditional formal measures of corporate governance may be inadequate (Guiso, Sapienza and Zingales, 2015). Qualitative research methods could be employed to investigate these more subtle influences on organisational decision-making. Such studies would also add to the field of behavioural accounting (Lewis, Walls and Dowell, 2014, Gibbins, Richardson and Waterhouse, 1990). Corporate governance is closely related to company culture, which in turn is closely connected to managerial attitudes. A change in corporate culture towards a more transparent and collaborative culture can result in the voluntary provision of additional information externally (Llopis, Reyes Gonzalez and Gasco, 2007).

The qualitative literature on corporate governance mechanisms and their relationship with NFR contains 5 literature reviews covering both broad topics such as the consequences of CSR (Velte, 2021) and more specific topics such as boardroom diversity (Khatib *et al*., 2021). There are 10 theoretical papers, which address topics such as determinants, mechanisms and consequences of corporate governance reporting (De Villiers and Dimes, 2021), the relationship between accounting and knowledge (Du Rietz, 2018) and more specific topics such as ratings and agencies (Walter, 2020). There are three case studies. The first (Aureli *et al*. 2020) considers the impact of the EU Directive on a listed Italian firm, exploring the organisation's response to external reporting pressure. The second (Cardoni, Kiseleva and Lombardi, 2020) is also an Italian case study, using findings to develop a sustainable governance model to prevent corporate corruption. The third case study analyses the main CSR strategies of Chinese wood-based panel processing firms (Lu *et al*., 2018). These three case studies showcase the importance of conducting qualitative research not only for a deeper academic understanding of corporate governance mechanisms but also to provide useful and practical advice to industry. Klettner, Clarke and Boersma (2014) use content analysis to consider how sustainability is integrated into core operations by disclosures such as leadership structure changes. This shows how other qualitative methods can be used to explore organisational changes as a result of NFR.

3.2~~3~~.4 External and internal stakeholders

NFR can be influenced by external stakeholders such as investors, activists and the media (Shipilov, Greve and Rowley, 2019; Grosser, 2016). Within organisations, the CEO and executives are key actors in making decisions that influence the provision of information (Hambrick, Werder and Zajac, 2008). Subtler influences such as peer pressure also operate externally and internally (Beattie, 2014). The recent emergence of multi-stakeholder non-governmental organisations, and global initiatives such as the UN SDGs have increasing influence over organisational operational and reporting norms (Grosser, 2016). Peer pressure and mimicry are also features of non-financial disclosures (Tang, Fu and Yang, 2019). The owners of organisations can influence the nature of disclosures (Bae *et al*., 2012). In addition to pressure from owners, non-owner activists may also pressure firms to include types of disclosure, such as gender diversity statistics (Uysal and Tsetsura, 2015). Stakeholder pressures can also be exacerbated by media pressure (Shipilov, Greve and Rowley, 2019).

Internal stakeholders, in particular the CEO and management team, are likely to influence the relative success of any changes to corporate reporting and the effectiveness of resulting changes to MCS (Knauer and Serafeim, 2014). The CEO and individual board members can exert considerable power over both corporate governance practices and the culture of the organisation (Hambrick, Werder and Zajac, 2008). This suggests that it would be worthwhile considering individual actors as well as boards from a corporate governance perspective (Mcnulty, Zattoni and Douglas, 2013). Peer pressure may also influence organisational change. There may be peer pressure within the board, and CEO peer pressure towards impression management. Agency theory suggests that managers only provide additional information if it reflects well on them personally (Beattie, 2014) and impression management has been shown to contribute to the provision of non-financial information such as information about business models (Melloni, Stacchezzini and Lai, 2016). The consideration of theories other than agency theory, combined with qualitative research such as interviews with CEOs and other key stakeholders within organisations, would therefore help to shed light on the motivations of individuals in providing additional information to stakeholders.

The qualitative literature on the relationship between NFR and various stakeholders is again dominated by theoretical papers (16 in total). These cover various topics such as the appropriateness of an agency theory vs a stakeholder theory lens (Karpoff, 2021) or more specific issues such as incorporating sustainability into supply chain (Rezaee, 2018). However, there is more methodological variety with this topic, with the only experiment in our review falling into this category (Crifo and Forget’s 2013 study on how ESG data affects investment decision-making). There are also five papers based on interview evidence, for example interviews with board chairs and non-executive directors about IR (Adams, 2017) and firms’ reactions about ESG ratings (Clementino and Perkins, 2020). Surveys were also used to consider for example internal auditor perceptions of their roles and perceived skills gaps (Soh and Martinov-Bennie, 2015). Two case studies were found, one conducted at an Australian ratings agency (Stubbs and Rogers 2013) and one considering ESG in the tertiary education sector through a case study at a university campus in China (Chen and Vanclay, 2020). These qualitative studies add a more nuanced understanding of the influence of external stakeholders on organisational provision of non-financial information.

3.2~~3~~.5 Processes (Management Control Systems)

MCSs are the “formal and informal mechanisms, processes, systems, and networks used by organisations to convey the key sustainability objectives and goals elicited by management, for assisting the strategic process and on-going management through analysis, planning, measurement, control, rewarding, and broadly managing sustainability performance, and for supporting and facilitating organisational learning and change” (Bui and De Villiers, 2018, p2). MCS can be classified into formal and informal controls. Formal controls comprise (i) strategic performance controls for the achievement of strategy (ii) strategic boundaries on strategic opportunity searches; (iii) operational performance controls for the measurement, monitoring and management of sustainability performance; and (iv) operational boundary controls, such as policies and the formal assignment of duties. Informal controls relate to shared values, beliefs and conduct driving the behaviour of people, supporting high awareness of organisational culture (Ferreira and Otley, 2009). These two types of control can interact with each other in pursuing sustainability within and among organisations (Bui and De Villiers, 2018).

MCSs shape organisational practices and actors’ behaviour and can support a sustainability strategy (Gond *et al*., 2012). As MCSs alter and influence employee behaviour toward strategic effectiveness throughout the organisation, they constitute the means through which corporate governance mechanisms are enacted (Seal, 2006). Evidence has shown that not only can management control systems be used to embed corporate governance practices, but MCS can also change them (Ferry and Ahrens, 2017). There is a recognised capacity for MCS in promoting sustainable business practices and facilitating strategic change (Gond *et al*., 2012), and MCS can also change to match a change in organisational strategy (Kober, Ng and Paul, 2007). Control systems are usually studied qualitatively, yet they still only represent a tiny proportion of studies on corporate governance, and there have been calls for more research of this type to yield deeper insights (Mcnulty, Zattoni and Douglas, 2013). MCSs and corporate governance mechanisms relate to the sharing of power among stakeholders, determination of materiality and the protection of stakeholders' interests. Corporate governance mechanisms should therefore ensure the integrity of the financial (and non-financial) reporting process (Chillar and Banerjee, 2015).

Only two qualitative papers in our review addressed the critical topic of MCS and corporate governance. A survey by Johnson, Sutton and Theis (2020) investigates how capital constraints require companies to prioritise their sustainability issues, and how this prioritisation process is influenced by key decision-makers, sustainability reporting models, and stakeholder communications. A case study by Héroux and Fortin (2011) considers Information Technology (-IT) governance, in particular the relationship between IT governance and website content. There is a clear need for more research in this area, particularly to understand both how organisations react to NFR requirements and also how they may influence NFR reporting.

4 Qualitative research approaches

Our analysis of the literature reveals significant gaps in our understanding of the relationship between corporate governance and NFR that could be addressed by further qualitative research, in particular methods promoting primary evidence. While other literature reviews have also indicated the need for more qualitative research (Velte and Stawinoga, 2017), no other papers to our knowledge have provided a conceptual framework and proposed a qualitative research agenda combined with specific research approaches, which we attempt to do.

The choice of a research approach (quantitative, qualitative or mixed) is based on the purpose of the research and the researchers' assumptions about the accounting function (Laughlin, 2007). Qualitative research plays a key role in interpretive and critical accounting research approaches. Within the accounting field, qualitative research provides insightful contributions both to theory discovery and theory refinement. While theory discovery studies start from preliminary theoretical developments and rely mainly on empirical insights, theory refinement studies frame on a more robust theoretical background. In the latter case, the researcher has selected which theoretical lens to use in investigating the research phenomenon (Vaivio, 2008). Qualitative research is suited to exploring complex causal relationships and subjective issues, investigating various interactions among variables with scant prior research, understanding how social actors use and react to accounting, and examining social change and developments in organisational behaviour (De Villiers, Dumay and Maroun, 2019). Qualitative research is well-suited to capture significant insights due to its inclination towards exceptions and novel interpretations (de Villiers et al., 2019). Qualitative researchers are theoretically sensitive, and they take advantage of the contexts under investigation and extended involvement in the research setting (Vaivio, 2008). Rich and deep data, both documentary- and field-based, base qualitative studies. Within the corporate governance and NFR setting, qualitative researchers focus on detecting significant non-financial issues and providing organisations with insights on how they should be managed and reported (De Villiers and Hsiao, 2018).

However, undertaking qualitative research is tough, time-consuming, and sometimes frustrating. For instance, a study addressing a well-developed and theoretically robust research question, within an interesting empirical setting, can unexpectedly provide inadequate findings. The research phenomenon may be affected by unpredicted events and stochastic aspects, or may not be even reached, being too closely tangled with other complex dynamics. The researcher may not be able to collect enough data to corroborate research findings due to access constraints in critical research settings. Participants selected for interviews may not be motivated or have enough time available. Also, the interpretations of the empirical research may not provide enough theoretical novelty (Vaivio, 2008). Recently, Covid-19 restrictions have severely impacted access to the traditional data and data sources used by qualitative researchers (Molinari and De Villiers, 2021).

Figure 3 shows potential data sources, data collection, and data analysis methods that can be used when developing research ideas for qualitative studies on corporate governance mechanisms. This figure is not intended to be exhaustive; rather, it is indicative of the key fundamentals in qualitative accounting research in line with Bryman and Bell (2015), Dumay (2010), Yin (2014), De Villiers et al. (2022), Denzin and Lincoln (2013), Guthrie et al. (2004), Molinari and De Villiers (2022), and Parker (2014).

Figure 3: *Qualitative research approach*

Data Sources	Data Collection	Data Analysis
• Primary sources (archival data, interview transcripts, notes from observations and participations, internal documents, case records etc.) • Secondary sources (financial and non-financial annual reports, corporate governance reports, press release, web-site communications, etc.)	• Interviews (structured, semi-structured, and unstructured) • Questionnaires/surveys (open-ended and/or closed questions) • Ethnographies (participant observation) • Interventionist research and case studies • Experiments	• Content analysis • Thematic analysis • Longitudinal analysis • Narrative analysis • Discourse analysis • Grounded theory • Intepretative phenomenological analysis (IPA) • Mixed methods

Source: Author's elaboration from Bryman and Bell (2015), Dumay (2010), Yin (2014), De Villiers et al. (2022), Denzin and Lincoln (2013), Guthrie et al. (2004), Molinari and De Villiers (2022), and Parker (2014).

4.1 Data Sources

Primary and secondary sources are the two main categories of data sources used in accounting research (Denzin and Lincoln, 2013; Yin, 2014). The first category refers to all data directly collected by researchers. Examples of primary sources are archival data, interview transcripts, notes from observations, internal documents, case records etc. The second category refers to generally available data. Examples of secondary sources are annual reports, formal press releases, website communications and all other documents available publicly. Cross-referencing of these data sources is essential to investigate complex accounting mechanisms, procedures, and practices within and outside organisations. Data triangulation helps qualitative accounting researchers to take advantage of the strengths of each type of data, cross-check data collected by each method, and collect information that is available only through specific techniques (De Villiers et al., 2022; Hopper and Hoque, 2006). Balanced use of these data sources can therefore provide a robust basis to address the key aspects posed in our framework.

4.2 Data Collection

Multiple sources of data enhance qualitative research validity and reliability (Dumay, 2010; Yin, 2014). For instance, qualitative researchers can rely on in-depth interviews to collect data. Interviews can be structured, but most are either semi-structured or unstructured to maximise the potential for exploration (De Villiers, Dumay and Maroun, 2019; Molinari and De Villiers, 2022). Interviews can be conducted independently over a sample or focus on definite groups of individuals based on the research purpose. They are commonly used in single case studies, multiple case studies, and field research (Denzin and Lincoln, 2013; Yin, 2014). Questionnaires and surveys are also used in qualitative accounting research. These include a range of questions, some of which are open-ended to collect detailed information. Questionnaires help to corroborate data collected from other sources. Case studies are appropriate for investigating complex interconnections and causal relationships with the aim of extending the boundaries of accounting research. The choice of case-study method is dictated by the complexity of the phenomenon under study (Guthrie et al., 2004; Yin, 2014). Although it may not be representative of a larger group, by using a case study researchers can develop analytic generalisations that can contribute to theoretical knowledge advancement. Our literature review shows how case studies, interviews and surveys add depth to our understanding of corporate governance practices and uncover the behavioural impacts of NFR within organisations.

There are other types of qualitative data collection methods which did not appear in our review. Ethnographies provide interesting internal data on research settings and organisations. This method is also known as participant observation, as the researcher has the unique opportunity to directly observe accounting mechanisms, practices and procedures, and to explore interactions, experiences and employees' behaviours within organisations (Atkinson, 2003; De Villiers, Dumay and Maroun, 2019). Interventionist research is "*based on case study research whereby researchers involve themselves in working directly with managers in organisations to solve real-world problems by deploying theory for designing and implementing solutions through interventions and analysing the results from both a theoretical and practice perspective"* (Dumay and Baard, 2017, p 267). The one example of an experiment (Crifo and Forget, 2013) in our review also shows the potential for experiments to reveal insights, particularly into personal and organisational behaviour.

4.3 *Data Analysis*

There are many data analysis techniques used by qualitative accounting researchers, as shown in Figure 3 (De Villiers, Dumay and Maroun, 2019; Yin, 2014) However, in line with studies on qualitative accounting research, such as Bryman and Bell (2015), Dumay (2010), Yin (2014), De Villiers et al. (2019; 2022), Denzin and Lincoln (2013), Guthrie et al. (2004), Molinari and De Villiers (2022), and Parker (2014) we recall content analysis, thematic analysis, and longitudinal analysis as three possible examples of feasible techniques to address the questions posed by our theoretical framework.

Content analysis involves "*codifying qualitative and quantitative information into predefined categories to derive patterns in the presentation and reporting of information. Content analysis seeks to analyse published information systematically, objectively and reliably"* (Guthrie *et al*., 2004, p 287). Data is analysed using a detailed coding process that is informed by theory, prior research findings and the researchers' professional judgement. Content analysis could be used to examine corporate governance mechanism changes, for example, changes to committee meeting frequency or changes to board diversity metrics or skills matrices.

Thematic analysis is a qualitative research method that focuses on identifying patterned meanings, or themes, across a dataset (Braun and Clarke, 2019). Patterns are identified through a rigorous process of data familiarisation, data coding, and theme development and revision. One of the advantages of this technique is its theoretical flexibility, as it can be used within different frameworks to answer different research questions. It suits questions related to people's experiences or people's views and perceptions of corporate governance mechanisms, practices, procedures and changes for non-financial disclosure.

Longitudinal analysis helps to understand how dynamic contexts affect the subject matter at hand (De Villiers, Dumay and Maroun, 2019). A common longitudinal analysis strategy relies on undertaking first rounds of interviews and subsequently conducting follow-up interviews in order to provide a sound longitudinal perspective on the same, or different, research questions (De Villiers, Dumay and Maroun, 2019). Therefore, this technique is best suited to investigate changes and challenges in corporate governance mechanisms impacted by NFR requirements.

We acknowledge and encourage researchers to consider the wide array of data analysis techniques available and their evaluation in adopting the most feasible technique in line with the purpose of their research. 4.4 Future research avenues generated from the framework

Several future research avenues can be generated using our framework combined with the qualitative techniques suggested earlier. Further research could add to academic understanding of the interrelationships between NFR and corporate governance mechanisms and deepen the understanding of the complex dynamics embedded. Moreover, accounting research can help to highlight the need for improved integration of sustainability issues within organisations but has yet to reach its potential in this area. A qualitative approach would significantly enhance accounting research's academic and practical contributions in this crucial field. We have made the focus of this paper on qualitative research as we consider this more appropriate when trying to understand the complex dynamics operating within organisations. We do not mean to suggest that further quantitative research would not also add value. Indeed, our framework can also be used to generate ideas for further quantitative studies and enables the development of further review papers and discussions on the topic. In this section, we set out a research agenda based on each component of the framework in turn.

4.4 Potential future research questions

4.4.1 Context

The increasing interest in NFR, including developments toward mandating such disclosures, and the differences between voluntary and mandatory environments present several avenues for future research using qualitative methods. Questions for further research reflections might include:

- Which is more effective for organisational change, the 'stick' approach of mandatory NFR or the 'carrot' approach of encouraging its adoption through internal mechanisms and processes?
- How has the EU Directive on NFR influenced internal decision-making within organisations that were already using sustainability reporting?
- What are managerial perceptions of the ISSB and the development of global standards in sustainability reporting? How do these perceptions influence their actions?

4.4.2 Motivation

Evidence in this paper suggests that mandatory or voluntary disclosures call for further research on the organisational change impacts. This leads to reflections on:

- Do formal and informal corporate governance mechanisms change with mandated NFR? Do they change with voluntary NFR?
- Which theories explain organisational change as a result of additional NFR? What theories help top managers lead organisational change?
- Which types of NFR disclosure encourage organisational change?

4.4.3 Mechanisms

Corporate governance mechanisms comprise the formal and informal rules and procedures that enable a board to govern. Future research may investigate these mechanisms and their role, for example:

- What is the impact of board and committee composition on managerial decision-making at the organisational level?
- Are changes made to board diversity effective in changing managerial decision-making?
- Is the role of a sustainability /CSR manager significant? Are sustainability / CSR committees effective?
- Who within organisations is responsible for collating and preparing information for NFR?

4.4.4 Stakeholders

NFR can be influenced by internal and external stakeholders which point for further reflections such as:

- What are non-financial stakeholder perceptions of NFR (eg employees, societal stakeholders, environmental groups?). Do organisations seek the opinions of these stakeholders and incorporate them into their NFR provision?
- How do stakeholders encourage decision-making for NFR?
- Who are the most influential stakeholders, and which channels do they use to influence firms in their provision of NFR?

4.4.5 Processes

Processes are needed within organisations to analyse, plan, measure, control, reward and manage performance. Such processes need to adapt to changes in performance metrics, particularly the incorporation of 'softer' metrics associated with some non-financial disclosures. This leads to further research on:

- Which MCSs enable or constrain change towards mandated/voluntary NFR requirements?
- Which formal and informal MCS are most effective in encouraging changes to decision-making for NFR?
- Is everyone comfortable with the incorporation of 'soft' metrics into decision-making for NFR?

5. Conclusion

Since the Global Financial Crisis of 2007/8, there have been significant advancements in NFR and combined approaches to corporate reporting (Eccles, 2014). A multitude of reporting frameworks and guidelines around NFR has been developed in response, along with different mandates for NFR globally. Many of these recent changes in corporate reporting have arisen from a broader base of stakeholders requiring more transparency about how organisations create sustainable value (De Villiers, Hsiao and Maroun, 2020). Within organisations, corporate governance is a critical factor for NFR. The monitoring of managers to both improve organisational performance and improve legitimacy is central to good corporate governance (Suchman, 1995). NFR provided by organisations may just serve to satisfy stakeholder demands, and not result in any significant changes to corporate governance mechanisms. Alternatively, there may be substantial changes to organisational processes and transparency because of the need to provide additional information externally (Wang, 2010). The strength of existing corporate governance practices may also serve to either enable or constrain the provision of non-financial information required by stakeholders (De Villiers and Maroun, 2018). This suggests that further studies on the relationship between corporate governance mechanisms and NFR may yield important insights into how organisations actually operate (Parker, 2017; Mcnulty, Zattoni and Douglas, 2013).

However, academic research on NFR and corporate governance mechanisms is at a developing stage (Lai et al., 2019). The large majority of existing literature in the area of NFR and corporate governance mechanisms is quantitative. These studies have limitations in their choice of proxies for corporate governance mechanisms (Bhagal, Bolton and Romano, 2008) and their assumption that the agency view of the firm is a suitable lens for a notion as broad as corporate governance (Endrikat *et al.*, 2020). Using a qualitative approach and considering other theoretical lenses may help to advance our understanding of the relationships between corporate governance mechanisms and non-financial disclosure. Qualitative approaches that engage with practice to provide primary empirical evidence are lacking. As a result, our current understanding of how organisations operationalise change is limited. Particularly, it remains unclear whether or not the significant advances in non-financial disclosures are having any influence on decision-making within organisations. Therefore, the aim of this paper was to consider the relationship between NFR and corporate governance, and what current academic research reveals about this relationship. There were three associated sub-questions – firstly, to understand the ~~extent~~ nature of the literature on the topic (which we addressed through a literature review), secondly to develop a conceptual framework for the factors influencing the NFR/organisational impact relationship and thirdly to consider missing and critical research questions, which we address through the development of a research agenda in line with our framework.

5.1 Theoretical contribution

Our framework provides a clear conceptualisation of influences on the relationship between NFR and corporate governance. This could be useful for researchers to further explore complex dynamics embedded in this relationship, and identify, measure, or study the topic in-depth to nurture future research, which can be positioned within top-tier accounting journals (Cho et al., 2022). For instance, in order for non-financial disclosures to be effective in changing corporate behaviour, we need a better understanding of their impact on corporate governance mechanisms and vice versa. The framework provided in this paper provides not only a conceptual framework for situating such research, but also suggests approaches to conduct and improve qualitative research in this area. While our framework could be used to situate research using many different quantitative and qualitative research methods, our intention for this paper is to focus on the significant value we think could be added to the field specifically by qualitative research. Our framework combined with a multitude of qualitative research method suggestions can therefore act as a prompt for future research. The framework enables further research in any country or organisational setting, and also offers the opportunity to consider multiple theories other than agency theory when studying non-financial disclosures. We show how a multitude of research questions can be generated and situated within the literature. ~~Although the~~The framework can be used in voluntary or mandatory reporting environments. As the mandating of NFR is a topic of increasing debate and interest though (Carungu et al., 2020)~~,~~ this paper may be ~~particularly~~ pertinent for contexts affected by the mandatory reporting of non-financial information, such as those prescribed in the EU Directive on NFR and recent legislative developments (European Commission, 2021).

Therefore, this paper contributes to tackling nuanced and exemplary insights on this topic, further enlightening multiple avenues for future research stimulated by the research prompts raised in relation to the context, motivation, mechanisms, stakeholders, and processes involved. Future research could perform case studies, ethnographies (participant observation), interventionist research, experiments, content and thematic analyses, and longitudinal studies as previously discussed to investigate and discover such insights. We acknowledge that this framework is a starting point, and that future researchers may add to or adapt the elements identified as the field progresses. We also acknowledge that the avenues we propose for future research are not exhaustive, but indicative. While our analysis of research papers in the literature review indicates a dearth of qualitative research papers in the field, other researchers may have chosen alternative databases. However, it seems unlikely, given the overlapping content of research databases, that they would come to a significantly different conclusion about the current state of research.

5.2 Practical contribution

More qualitative research into NFR and corporate governance mechanisms may help to guide practitioners seeking to incorporate sustainability into their governance practices. Sustainability is a key part of the corporate agenda, and more stakeholders are interested in the provision of information relating to sustainability. Organisations increasingly recognise that they are accountable to a broad set of stakeholders, and the decisions that they make have consequences not just for society and the environment today, but also for future generations. Yet sustainability risks are not always perceived as 'real' by managers, as the nature and extent of the risks, and the most appropriate mitigation strategies, are not adequately understood. (Abhayawansa & Adams, 2021). There is a risk of a disconnect between information provided to satisfy stakeholders and genuine organisational change, with output confused with impact (Pucker, 2021). While managers are keen to embed sustainability, the multiple metrics make the topic confusing, as do the intertemporal trade-offs required for decisions that are in the long-term interests of multiple stakeholders. Qualitative research provides evidence at an organisational level that may help practitioners who struggle with these challenges by highlighting real-life examples from specific industries and countries. Academic researchers should provide a critical and independent view, which is often welcomed by practitioners who may be cynical about the positive spin on sustainability provided by external consultants and reporting bodies (Chaidali & Jones, 2017).

~~.~~ Many organisations are already combining financial and non-financial information for optimal decision-making, with the popular Balanced Scorecard (BSC) a key example of this. The BSC also increasingly incorporates sustainability perspectives (Ferreira and Otley, 2009, Hansen and Schaltegger, 2016). Indeed, participants provided with linked financial and non-financial information have been shown to make decisions that lead to longer-term sustainable value creation (Esch, Schnellbächer & Wald, 2019). However, links between internal decision-making and additional external reporting are not always clear. If practitioners realised these connections, they might become more invested in the importance of NFR and realise the connectivity between internal decisions and external information provision.

Our framework points to the need for more qualitative research in key areas. This may encourage organisations to engage with researchers (in action research projects for example) to find answers to these pressing questions. In particular, a deeper understanding of decision-making at a board level and access to senior management figures can hamper academic research, so this paper can be seen as a call to practitioners to engage with academics to deepen their mutual understanding in these areas.

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