NON-FINANCIAL REPORTING: AN INSTRUMENT OF SOCIAL RESPONSIBILITY AT THE LEVEL OF PUBLIC INTEREST ENTITIES

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Abstract: *The globalization of markets imposes, more than ever, competitiveness imperatives for economic entities around the world and has consequences both on the environment and on the people. In this context, there are alternatives to the sustainable development to keep environmental and social resources in optimal shape. Economic entities as major players in society must play their part and be aware of the importance of integrating actions specific to sustainable development and social irresponsibility at the strategic and decision-making level. To survive and be more competitive, they are forced to innovate and develop products that are more environmentally friendly. Social responsibility is a concern at national and international level, and the reporting of non-financial information is a result of the actions taken by economic entities in this regard.*

Keywords: *social responsibility, non-financial information, sustainable development, public interest entity.*

JEL Classification: *M41.*

1. Introduction

The specialty literature defines social responsibility by appealing to the application of the principles of sustainable development and good governance in the management of economic entities and their projects. These principles are: environmental balance, social equity, economic efficiency, transparency, behavioural ethics, involvement of all stakeholders, etc. Corporate social responsibility (CSR) is the set of actions, principles and practices by which an economic entity is involved in a company, in order to ensure a positive impact of its activity and to contribute to the development of that company.

In other words, Corporate social responsibility is understood as a new model of collaboration between governments, businesses and civil society, and the rise of collective objectives, with reference to entities have economic consequences (in doing business, which intensifies its power within the community) , political (within governments, which extend control over the entities, though not always directly) and socially (concerning the various stakeholder groups, which do not only benefit from the private legislation of the entities, compared to the public one, from state).

Although the specialty literature abounds in theoretical disputes, the research study aims to highlight the fact that, efficiently and realistically, the social responsibility can be governed by economic entities in such a way as to represent a profitable business strategy. It can be considered that there is a direct and reciprocal link between the profitability of an entity and its behavioural values: an economic entity that promotes moral values and complies with ethical rules of behaviour will be easily noticed by the public and will record considerable added value; similarly, a financially strong economic entity may admit to promoting and allocating various sums of money in an ethical manner, which will lead to continued economic development in the future.

The relationship between economic development and the responsibility of an economic entity is in a circular ascending line, the so-called "virtue circle". Moreover, the corporate social responsibility attracts a positive involvement in the entity and stakeholder groups.

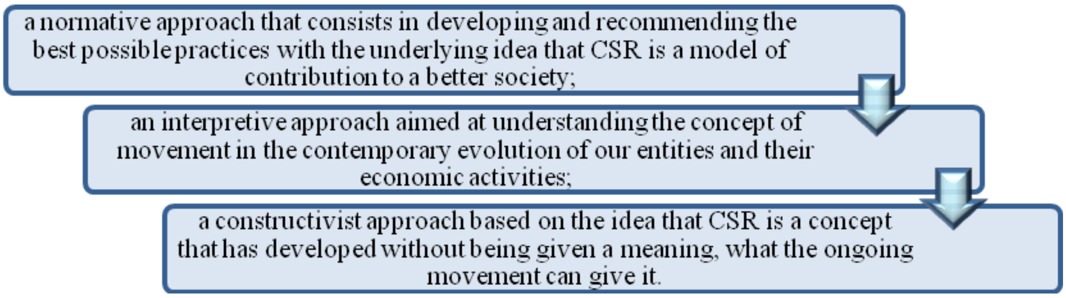
The experience of multinational economic entities that have been involved in various social and environmental projects has demonstrated this. The whole effort based on multiple analyses reflects the fact that business ethics and corporate social responsibility are not only philosophical topics, widowed in consistency and without possibilities to be put into practice, but they are also useful ways to support the financial interests of the economic entity in the medium and long term.

2. Literature review

The concept of corporate social responsibility (CSR) has been expanding worldwide for several years. Pasquero in 2005 (Pasquero, 2005) emphasizes that trends that influence the direction of the contemporary world create new economic, social and environmental needs, which in turn generate new demands for responsibility. In this sense, CSR is a form of contemporary modernity in management.

It is also a multidimensional concept, sometimes more ideological, sometimes more pragmatic, each era favoured certain dimensions at the expense of others, but all contributed to its enrichment. This double effort to deepen and expand the concept of CSR promotes rooting in all areas covered by the study of action. To a large extent, his theoretical inaccuracy allowed him to dissolve interdisciplinary barriers.

After Capron and Quairel-Lanoizelée, three approaches are possible to understand this area:



Source: own conception

The concept of CSR has grown considerably over time. Its dissemination through very diverse cultures can only accelerate this process. Above all, a normative concept and, therefore, much more political than technical, is the subject of a permanent re-conceptualization and cannot be definitively defined. It is a concept with multiple perspectives, an ambiguous and ambivalent concept.

Dejean and Gond (2004, pp. 5-31) argue that CSR definitions are quite heterogeneous. According to these two authors, there are two categories of definitions, at the academic level and at the institutional level that allow to give a special value to the commitments that go beyond the legal framework. Table no. 1 presents a synthesis of the most representative definitions of the CSR concept over time.

Table no. 1. Definitions of corporate social responsibility (CSR)

Bowen (1953)	"Corporate social responsibility refers to the obligations for business people, policy implementation, decision making and compliance with guidelines in accordance with the objectives and values considered desirable by our society."
Davis (1960)	"Corporate social responsibility refers to "decisions and actions taken for reasons beyond the direct economic and technical interest of the entity."
McGuire (1963)	"The idea of social responsibility implies that the organization not only has legal or economic obligations, but also has social responsibilities towards the society."
Hay, Gray	"Social responsibility causes entities to make decisions and get involved in

and Gates (1976)	various areas such as: pollution issues ... poverty and racial discrimination issues and other social issues."
Carroll (1979)	"Corporate social responsibility includes economic, legal, ethical and discretionary."
Jones (1980)	"Corporate social responsibility is the obligation that entities have towards the actors of society."
Capra et Spretnak (1984)	"Social responsibility: includes the economic field; social justice; the social contract; social and civil rights, especially for women and minorities."
Wartick et Cochran (1985)	"Social responsibilities are determined by society, and the company's tasks are: (a) to identify and analyse society's changing expectations in relation to firm responsibilities; (b) to establish a comprehensive approach to be responsible to the changing demands. (c) To implement appropriate responses to relevant social issues".
Anderson (1986)	"Corporate social responsibility is exercised in three main areas: international, federal, state and local laws; standards, moral and ethical procedures within which philanthropic entities and donations operate".
Wood (1991)	"The basic idea of social responsibility is that entities and society are intertwined (overlapping in several points) rather than separate entities; thus, the company has certain expectations regarding the behaviour and results specific to the entities".
Amadieu (1999)	Corporate social responsibility "is a concept that covers all the consequences, human and social aspects of the business activity"
Livre Vert del'UE (2001)	"Being socially responsible means not only fully fulfilling your legal obligations but also exceeding and investing more in human capital, the environment and stakeholder relations."
The Conference Board of Canada (2001)	"An entity's overall relationship with all stakeholders, including shareholders, employees, communities, suppliers and competitors. Social responsibility has various aspects, such as community investment, employee relations, job creation and conservation, environmental management and financial performance".
Triomphe (2002)	Corporate social responsibility consists in assuming voluntary responsibilities that go beyond the law and regulations.
Gond and Igalens (2003)	"Social responsibility refers to the nature of the interactions between business and society and formalizes the idea that the entity, because it operates in an environment that is both social, political and ecological, must assume a set of responsibilities that goes beyond its purely legal and economic obligations".
World Bank (2004)	The World Bank has defined corporate social responsibility (CSR) as a "commitment" (or obligation) for the business community to contribute to sustainable economic development by working with employees, their families, the local community and society at large to improve the quality of life, good for development and business.
Pasquero (2005)	By "corporate social responsibility" we mean "all obligations, legal or that a company must assume to pass for a taxable model of good citizenship in a given environment".
Boidin (2008)	We delimit this term by distinguishing two ways of defining it. The first conception of CSR is positive: the latter is presented as the way in which economic actors (and entities in particular) understand and take

	responsibility in different areas. The second perspective is normative: CSR is seen as an objective to be achieved by prescription (stock analysis), methods, deposits (places carefully kept, in good condition).
ISO26000 standards (2010)	The responsibility of an organization for the impact of its decisions and activities on society and the environment through transparent and ethical behaviour that: - contributes to sustainable development, including the health and well-being of society - takes into account the expectations of stakeholders - complies with applicable laws and is compatible with international standards and - there is integrated throughout the organization and implemented in its relationships.

Source: adapted from Christelle Decock Good (2000).

In other words, Walton (1967) develops the concept of responsibility, in terms of directors and managers of the entity and not only in terms of leadership exclusivity. In fact, according to him, “the concept of social responsibility recognizes the confidentiality of relations between entities and states that these relations must be present in the spirit of the top managers of the entity, as well as the spirit of those who deal with different groups to which he is connected and who pursue their own goals”.

3. Research methodology

The methodology adopted in this research is in line with the research methodology used in the field of economics, by combining theoretical research with empirical research. The form of “observation-deduction” reasoning was adopted, in order to draw conclusions starting from the existing theories and studies in the field and continuing with the empirical investigations based on an opinion poll and a content analysis of the financial and non-financial reports and statements published by some Romanian economic entities selected in the study.

Theoretical research was based on the study of specialized literature and practical experiences in the *research units*. Also, various studies and statistical analyses of different professional bodies and interpretations of specialists in the field were considered. The methodology used combined qualitative and quantitative research, through various and complementary methods: historiography, comparison, documentary analysis, graphical representation, statistical estimation, observation, interview, as well as the materials made available by financial accounting institutions from various economic entities with wide fields of activity.

The sustained research guided the knowledge of the theoretical aspects related to the impasse entities and the reshaping preferences considered by them. The theoretical information was provided with the help of reading a relevant number of specialized works, both from the Romanian specialized literature and from the foreign specialized literature. The ***research technique*** used the method of re-examining the specialized literature in the country and abroad, analysing all documentary materials, reports and legislation prepared by countless institutions, comments and explanations of specialists, and a wide range of published materials.

4. Social responsibility - institutional and normative foundations

With the emergence of the idea of non-financial reporting, countless steps have been taken to monitor economic developments at EU level, through countless *initiatives and standards* that can lead to a common goal, that of sustainable development, of a more secure future.

In this regard, the following appeared: *The Global Reporting Initiative or GRI Institution of 1997*, the Sustainability Reporting Framework that allows entities and organizations to measure and report on sustainability performance. GRI provides entities and organizations with a comprehensive sustainability reporting framework that is widely used around the world. These initiatives were brought together by the Coalition for Environmentally Responsible Economies (CERES) in association with the United Nations Environment Program (UNEP). The GRI or Global Reporting Initiative was set up in late 1997 with a mission to develop the Directive applicable worldwide to consider the economic, environmental, and social performance. This reporting initiative[1] was originally planned for large entities but was later extended to all governmental or non-governmental organizations.

At the international level, the International Social Responsibility (IAS) and the International Organization for Standardization (ISO) have published standards and benchmarks that have a direct link to CSR (Corporate Social Responsibility), but not only to deal with CSR. SA 8000 (social responsibility standard 8000) is a standard initiated by the Council on economic priorities and managed by the Social Accountability International (SAI). It is oriented towards working conditions, the prohibition of child labour or forced labour.

In 2001, the Commission on Consumer Policy (ISO/COPOLCO) initially introduced the use of ISO specifications in the workplace on the basis of a social responsibility (SR) standard and supported the publication in ISO 26000 of relative directories based on the 2010 social responsibility guidelines. It was an international standard of voluntary application, for all types. Therefore, it has been one of the first steps to encourage all types of public or private sector organizations and implements ISO 26000 to benefit from corporate responsibility.

These specific ISO 26000 guidelines could be used to support the best practices that have recently been developed, social responsibility (SR) initiatives in the public and private sectors. These were in line with the additions to the relevant declarations and conventions of the United Nations and its specialized agencies, especially in International Labour Organizations (ILO), the UN Global Office for Use (UNGCO) and the Organization for Economic Co-operation and Development (OECD).

So, the concept of social responsibility has given rise to different debates. Indeed, very different views of corporate responsibility were expressed in the working group. A compromise has been reached with the following definition which allows an agreement on the different opinions expressed by various experts in the field.

Organizing accountability for the impact of its notifications and activities on society and industry in terms of the business environment is transparent and ethical behaviour that:

* contributes to sustainable development, including the health and well-being of society.
* to consider the presence of the parties.
* complies with applicable laws and complies with international standards of conduct (ethics); and
* is integrated in the organizational entities and implemented in the functioning of its relations.

Note 1: Complex activities between products, services, and processes.
Note 2: Corresponding relations with organizational activities in its sphere of influence

This definition summarizes the different conceptions of social responsibility and defended in the ISO 26000 negotiation. The ethical vision is indeed found and defended by

[1]*www.reportingrse.org.*

the Americans, it presents a British-oriented approach, the necessary respect for the costly law for Europeans, the contribution to sustainable development and compliance with international norms of behaviour (ethics) strongly defended by the French. However, ISO 26000 is not a standard where compatibility, for certification and use of regulations or contracts should be provided, as it does not contain requirements and therefore such certification would not be proof of compliance with this international standard.[1]

5.Mandatory non-financial reporting by EU economic entities

The mandatory nature of non-financial reporting for large economic entities in the European Union was established with the acceptance and publication in the Official Journal of the EU of Directive 2014/95/EU. After a very short time, CRPE has drawn up a report on policies that clarify in detail the context of the publication of this Directive, the integrations caused by the texts and the initial recommendations of Brussels. Since the end of September 2014, the European Council has chosen, as the first Directive 2014/95/EU, with regard to non-financial reporting by economic entities of public interest in the EU, to enter into force in November 2014.

It referred to the annual and consolidated financial statements, as well as to the reports that are directly related to the latter, of economic entities of public interest with a deadline for adoption in the laws of the Member States on 20 July 2015. The changes caused by Directive 2014/95/EU were to be adopted in the laws of the Member States by 6 December 2016 at the latest. This Directive arose from the conditions under which the European Parliament called on the Commission to submit a legislative proposal on the description of non-financial information by economic entities, accepting a high degree of adaptability in action, so as to take into account the multidimensional nature of social responsibility and the variety of policies on social responsibility of economic entities.

Given the requirement to disclose information, Member States expected that the parent entity has the possibility to rely on national (currently absent in Romania), Union (e.g. Eco-Management and Audit Scheme) or global (e.g. United Nations Global Compact) etc., in which case the parent entity is the one that specifies the frameworks it was guided by. If a parent entity prepares a separate report, in accordance with the same financial period, which refers to the whole group, whether or not it is based on national, Union or global frameworks, containing the required information on the non-financial statement Member States may exempt the parent entity concerned from the requirement to draw up and submit the consolidated non-financial statement, provided that the separate report is published jointly with the consolidated management report in accordance with Article 30 or may be consulted by public within a reasonable period not exceeding six months from the date of posting of the balance sheet, on the website of the parent entity, and to be specified in the consolidated management report (Directive 2013/34/EU).

For now, in Romania, it cannot be said that ministries are ready to implement this directive, although this should have materialized as early as 2017. The incomprehensible difficulty is that economic entities at the national level do not yet know what to report when required to prepare and submit the report.

However, the Ministry of Public Finance stated that it would be willing to implement the directive only in relation to listed commercial entities. The specific directive must publish information on the object of activity of the entity, the influence on the environment, information on employees, respect for human rights, anti-corruption and anti-bribery measures. The directive was adopted in national legislation in 2017, and in 2018 (OMFP no. 1902/2004) the first reports were to be submitted. The European Commission

[1]*www.iso.org.*

has estimated that approximately 6,000 entities in the European Union will be affected by this directive. But this assessment was uncertain. For example, “Sweden, which has already adopted the directive, stated that it will be necessary to report 1,500-2,000 entities, the situation in which those there, in adopting and transcribing the directive, considered that it is necessary to report the entities with a fewer employees than mentioned in the directive”, the GRI (2010) representative added.

In our country, the Government has the obligation to decide what and who will report, but until then all economic entities that fall under the scope of non-financial reporting must be established. The non-financial statement is an integral part of the directors’ report and must be published together with their report, to which the provisions on the preparation and submission of annual financial statements apply. If the non-financial statement is included in the directors’ report, but also if the information required for the non-financial statement is included in a separate report published jointly with the directors’ report or made available to the public, the responsibilities for their preparation and publication in accordance with the provisions of the national legislation are the responsibility of the members of the board of directors.

Over 700 large economic entities in Romania were required to prepare and publish reports on the sustainable development of activities since 2017. In this situation were the economic entities with over 500 employees that fell under Directive 2014/95/EU.

6.Implications of adopting the new directive at the level of economic entities in Romania

6.1.Immediate implications (Datcu and Toma, 2014)

Many specialists consider that the time has come for the public consultation that the Ministry of Public Finance has the duty to carry out from the point of view of the legislative process on the normative acts underlying the transcription of the two directives, Directive 2013/34/EU and in particular, Directive 2014/95/EU.

The Romanian Centre for European Policies, through an association with Romanian Business Leaders and Raiffeisen Bank, thought of making the transcription of this directive easier and more effective. Thus, in the shortest possible time, after the issuance of the Policy Memo, the results of a rational research on the non-financial reporting practices present in our country will be made available to the general public in order to achieve the evolution of the field of penetration and the option for one model or another of non-financial reporting, if it exists.

Depending on the effects of the research in question, interested economic entities, civil authorities and the Romanian Government will be invited to work together, following that the local business environment will promote the substantiation, by transcribing this Directive, and laying the foundations for a reporting model that strengthens business responsibility. This directive is a chance offered by the European Union, which deserves special attention from all participants in a business environment not to be polluted, corrupt, flawed and who wants to show responsibility in Romania.

6.2. Immediate implications and short-term recommendations

The beneficial practices underlying the reporting that currently exist in the business environment in our country and the circumstances require economic entities to turn their attention to transparency and incorruptibility, which is the basic principles for the transcription of the Directive which refers to the non-financial reporting that must be taken into account.*The main short-term recommendations are those that are retained are presented in figure no.1.*

Figure no.1

Consulting the business environment	* Mandatory consultation of representatives of large economic entities, especially those who already have experience and expertise in non-financial reporting and other stakeholders interested in the effective transposition of the provisions of the Directive in Romanian legislation is extremely important and should include public decision makers from all relevant ministries and authorities;
Inclusion of subsidiaries in large international entities/groups	* the current practice of non-financial reporting in Romania shows that it is the subsidiaries / branches of large groups that report so it is important to ensure the transfer of good practices from them to the business environment and public actors, and the inclusion of all subsidiaries of economic entities on the list of those covered by the Directive;
Inclusion of public/ private entities	* it is also important to comprehensively address all elements of the new regulations by including large state economic entities in the category of those that report responding to challenges related to transparency and integrity and those related to ensuring responsible and efficient management.

Source: own projection

7. Advantages, disadvantages, difficulties and costs in implementing non-financial reporting

7.1. Advantages in implementing non-financial reporting

Directive 2014/95/EU was approved on 29 September 2014 and implemented 20 days after its publication in the Official Journal of the EU on 22 October. The measures provided for in the Directive require entities with more than 500 employees and plan on them the consequences referred to in the definition of financial, commercial or industrial transaction of "public interest" to draw up and publish a non-financial report, which should include "the few environmental, social and labour elements, respect for human rights and last but not least, the elimination of corruption and bribery" (Directive 2014/95/EU).

It is noteworthy that Member States have the power to require such a reporting framework and entities with fewer than 500 employees, but the extension of the obligation depends on the legislative power of the state holding supremacy as a member of the EU. Even if the EU legislative regulations are in force regarding the related aspects, the Order of the Minister of Finance no.1938/17 August 2016 has not yet taken into account the increase of the area of requirements, opting to keep the limits highlighted in the EU Directive.

Due to the vague language of the directive (taken over almost entirely by the Order of the Minister of Public Finance), as well as the non-existence of regulatory frameworks and practical application rules in our country, a significant number of CSR officials in entities had preoccupations to discover what, when, and how they will necessarily have to elaborate and present non-financial approaches (Figure no.2.).

Figure no.2

Why do we report?	In addition to the legal reporting obligation starting with the financial year 2017, some motivations related to good business practices are also developed. Thus, according to studies published by the Romanian Centre for European Policies, in partnership with Raiffeisen Bank and Romanian Business Leaders, Romanian entities that took part in carrying out this action indicated as a reason for developing non-financial reporting its usefulness as a PR tool (performance and responsibility), communication, as well as a way to be transparent in front of customers, partners and suppliers. Non-financial reporting increases the entity's intelligibility in the community in which it operates, provides transparency on the purpose of CSR and, at the same time, and highlights the impact of these initiatives. In addition, the United Nations Global Compact (UNGC) points out that investors are increasingly emphasizing social, environmental, and management issues in the development of investment strategies, which also influence consumer decisions.
How do we report?	It is important to mention that neither Directive 2014/95/EU, nor the Order of the Minister of Finance no. 1938 does not indicate any limitation on the reporting method, the entities having the possibility to choose from several reporting options of the requested information. Thus, entities may use "national, EU or other recognized international frameworks" to create the report. They also have the opportunity to choose!

Therefore, in order to comply with the regulations in force, entities have several alternatives for putting the Directive into practice:

Figure no.3. Reporting options for entities

*can choose one of the widely accepted reporting methods (GRI, UNGC, etc.);

* can opt for customized solutions tailored to their needs and those of stakeholders

* or can choose from several combinations of complementary reporting models that meet both the entity's needs and the reporting requirements set out in the Directive / OMF (for example: GRI + LBG or GRI + UNGC).

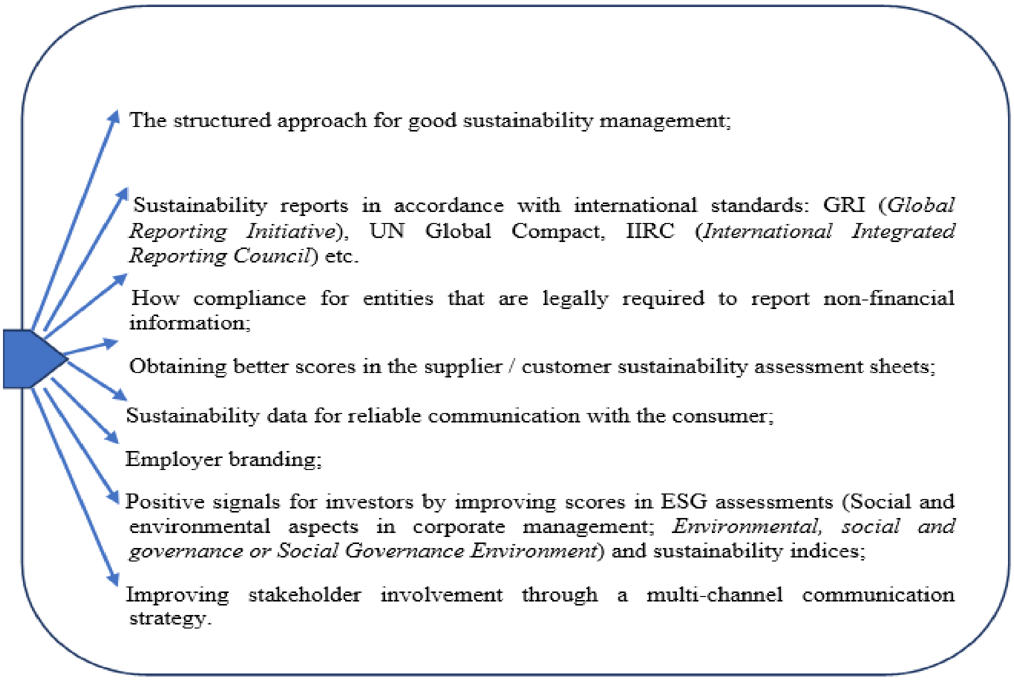
Source: own projection

The choice of one of the strategies presented in the figure depends to a large extent on the needs of the entity, all those interested, as well as the capacity of financial resources, staff and time that can be used to create the report.

Any manager who wants to coordinate a profitable long-term business needs information about the indicators that can lead to the avoidance of possible risks. These generally relate to non-financial results analysed and recorded by the entity. It is very important for management and shareholders to have clear, secure, balanced and comparable information.

For the evaluation and implementation of non-financial reporting, the following specific solutions and strategies must be taken into account (figure no. 4):

Figure no. 4. Solutions and strategies regarding the evolution of the implementation of non-financial reporting



Source: own projection

An annual data reporting cycle and a framework (GRI) such as GRI G4 (*GRI standards were required for all reports or other material published on or after July 1, 2018*) will bring a number of benefits, both internal and external[1].

Figure no. 5. Internal and external advantages of non-financial reporting

Internal advantages	External advantages
* A better understanding of risks and opportunities; * Highlighting the connection between financial and non-financial; * Improving the long-term management strategy as well as the business plan; * Process efficiency, cost reduction and productivity improvement; * Benchmarking and evaluation of sustainability performance in terms of laws, rules, codes, performance standards, etc. * Avoiding involvement in environmental, social and governance failures; * Comparison of performance internally, as well as between organizations and sectors.	* Reducing or reversing the negative impact on the environment, society and employees; * Improving reputation and brand loyalty; * Involvement of external influencers (stakeholders) to understand the real value of the organization, as well as tangible and intangible assets; * Present how the organization influences, and is influenced, expectations about sustainable development at the global, national, or industry level.

Source: own projection, adapted to GRI Standards

[1]*GRI STANDARDS GLOSSARY, www.globalreporting.org.2018.*

The positive economic impact of reporting can be analysed on two separate components: direct effects and indirect effects *(*Longinos and Salvador, 2007, pp. 245-260).

Direct positive effects can result, for example, from a better work environment, which leads to a strongly involved and more productive workforce, or from a more efficient use of natural resources;
The ***indirect positive effects*** are generated by a greater attention paid to the needs of consumers and investors, which will develop the company's opportunities on the market. Similarly, criticism of an entity's business practices adversely affects its reputation and its ability to attract and retain customers.

Followed by *the advantages of implementing the Non-Financial Report at the level of the initiating entity are*[1]*:*

• obtaining a social operating license from the main stakeholders of the economic entity, not only from shareholders;
• Harmonization of business practices with the expectations of all categories of stakeholders;
• Sustainable competitiveness: improving the corporate image, reputation and brand;
• emphasizing the buyer's loyalty to the seller; more efficient operations in terms of sales, productivity and quality; improved financial performance;
• creating new business opportunities and gaining a comparative advantage;
• increasing the possibilities of attracting and retaining quality employees;
• attracting and retaining quality investors and business partners: increasing the value of shares held by shareholders;
• reducing stock volatility; lower cost of capital; access to socially responsible investment funds;
• Risk reduction by adopting the best practices of business partners;
• Cooperation with local communities;
• avoiding crises due to deviations from corporate social responsibility;
• obtaining government support and avoiding strict regulations;
• building political capital.

7.2. Disadvantages of implementing non-financial reporting

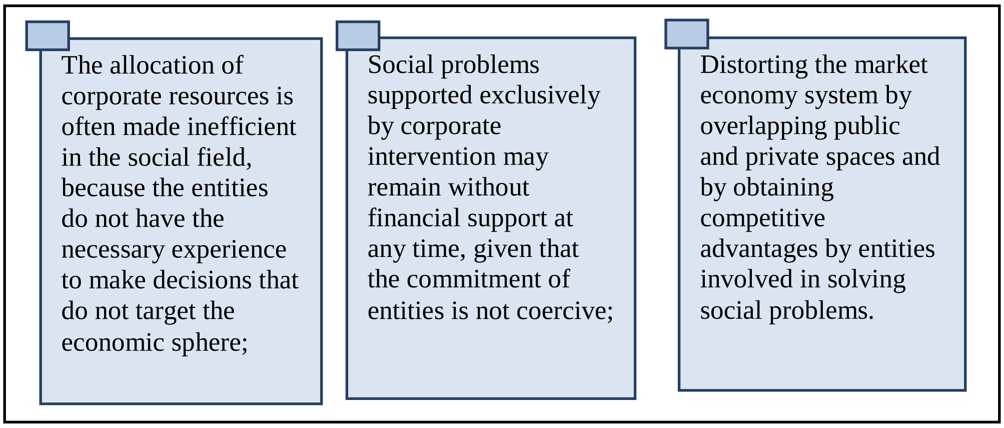
Although corporate charity is often profitable by funding a wide range of social causes, the practice and expectations of non-financial reporting lead to internal disagreements and even some unexpected effects,which jeopardizes the divergent roles that entities and governments play in a set of principles, rules and forces inherent in the democracy of a free market economy.

Two of the main arguments against non-financial reporting are: *an increase in profits based on the social problem is completely unethical, and entities are simply not suitable for taking on social roles* (Sasse, Trahan, 2007, pp. 29-36).

There are three types of negative results (figure no. 6) that can lead to an inadequate or excessive implementation of non-financial reporting that can be found in:

[1]*Examples of indices specific to socially responsible investments are:Dow Jones Sustainability Index (DJSI), Financial Times Stock Exchange Index (FTSE4Good), Domini Social Index 400 (DSI), Cowe, 2004, p. 20.*

Figure no.6. Types of negative results that can lead to excessive implementation of reporting



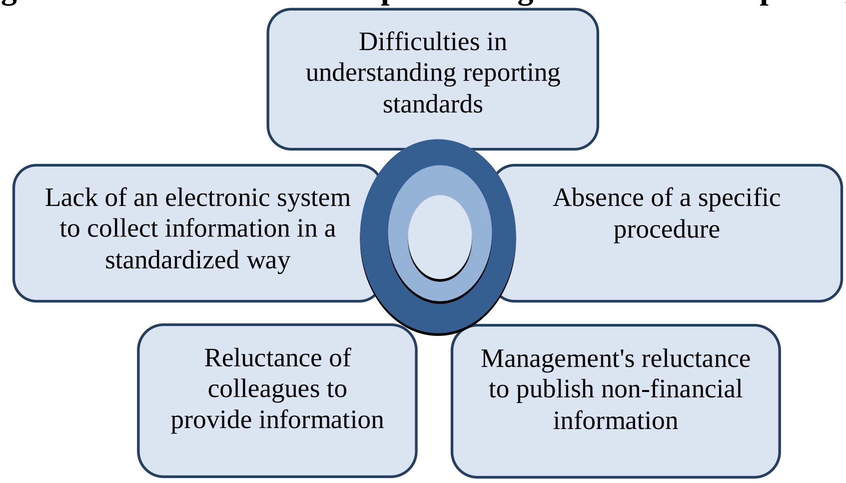
Thus, if we take into account the negative aspects mentioned above, non-financial reporting should not replace public policy, it would be better to keep only the voluntary character, which has by law full freedom of action, while governments must remain the main regulators, even in conjuncture of a global business environment.

In order to respond to the associated challenges of corporate social responsibility, the European Commission confirmed the usefulness of a demanding research as well as a quantitative analysis of the impacts of non-financial reporting policies on the financial and business performance of the sponsoring entity.

7.3.Difficulties in implementing non-financial reporting

Following their own analyses carried out on several sustainability reports of the economic entities that have the obligation to report and those that have already been reporting for more than five years, it was found that the main difficulties they faced were:

Figure no. 7. Difficulties in implementing non-financial reporting



Source: own projection

Therefore, it is a huge requirement for performance training and efficiency of policies in the field. At the same time, the absence of effective policies means that the designated employee to implement the reporting is most often caught between "hammer and anvil": there receives a mission related to the reporting, but does not necessarily have the internal authority to request information from other departments (and for this it takes a period of time to obtain information).

8. Conclusions

Sustainable organizational change is of ascending importance that leads to a rethinking of management and performance measurement and monitoring systems within entities, as a reaction to current economic phenomena. Entities involved in sustainable actions must pay particular attention to the impact of environmental, social and economic factors in providing added value, informing stakeholders and reflecting on sustainable performance reporting.

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