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The Impact of Directive 2014/95/EU on Voluntary Sustainability Reporting Quality in One of the CEE Countries

Abstract

The increasing focus on sustainability reporting has stimulated a range of empirical studies and analyses. Following the implementation of Directive 2014/95/EU, the authors concentrate on mandatory sustainability reporting and how the change in the legal context has affected companies. This study aims to identify sustainability reports published voluntarily by companies listed on a stock exchange in one of the Central-Eastern European countries, and to explore the quality of these reports. In the current study, content analysis is used over the 2020–2023 period, with the results interpreted through the lens of mimetic isomorphism. Companies listed on the Warsaw Stock Exchange disclose voluntary sustainability reports, but their quality varies and is not dependent on previous experience. The decision to voluntarily report on sustainability could be motivated by 1) following the leading companies or peers from the same sector; 2) the opportunity to showcase to stakeholders, and particular investors, new innovative assets and technologies, as well as related reductions of environmental impacts; and 3) achievements in non-financial performance.

Keywords: voluntary sustainability reporting, Directive 2014/95/EU, isomorphism; mimetic isomorphism, CEE countries
JEL Classification: M, M4

Introduction

Sustainability reporting (SR) has been the subject of academic discourse for over three decades, with the importance of non-financial issues growing substantially, encompassing a broad range of social, labour and environmental issues. These include social concerns such as product responsibility, social inequalities, customer health and safety, public policy charity work, volunteering, donating, as well as labour-related issues like low wages, diversity and equal opportunities, child labour, and poor working conditions [Aluchna et al., 2018a; Peršić et al., 2018]. Environmental issues including air pollution, resource shrinkage, greenhouse gas emissions, climate change, endangered species and waste production have also gained increased attention [Aluchna et al., 2018a; Peršić et al., 2018]. This growing focus reflects the need for a more comprehensive assessment of the broader impacts of organisational activities. As a result, stakeholders have pressured organisations to prepare an appropriate long-term business strategy focused on minimising the organisation's losses and ecological footprint, as well as optimising the use of resources [Jamali et al., 2007]. This long-term strategy output should be presented in SR [Dyduch, Krasodomska, 2017].

Since 2017, SR has been obligatory in Europe due to European Union regulations, i.e. Directive 2014/95/UE. Mandatory SR (MSR) is defined as a binding requirement by a legal or financial institution, such as a government or stock exchange, that requires certain companies to publish it [Gulenko, 2018]. Voluntary SR (VSR) is defined in a variety of ways across the literature. Under VSR, Meek et al. [1995] deposit that it is information beyond the requirements in the accounting form and other information deemed important for stakeholders of the annual report. Berthelot et al. [2003] state that it is information concerning past, current and future environmental management activities and the performance of companies. A wider VSR scope is indicated by Anderson and Frankle [1980], i.e. the communication and reporting of information about community involvement, human resources challenges, environmental impact, and product and service contributions. In this paper, VSR is understood as the disclosure of non-financial information issued by business entities in the entire or partial scope of MSR indicated by Directive 2014/95/UE and the amended Accounting Act of 29 September 1994 (AA). Pursuant to Art. 49b section 2 of the AA, MSR incorporates several key elements, including the business model, non-financial performance indicators, and policies related to social issues, employee matters, environmental concerns, respect for human rights, and anti-corruption efforts. It also involves a description of risks associated with these areas. However, some companies choose to voluntarily disclose sustainability information through VSR. Their motivations for doing so be explained by institutional theory, which suggests that such reporting is often a result of the imitation of practices endorsed by other organisations and their environment [DiMaggio, Powell, 1983]. Various forms of isomorphism help to explain the factors influencing this imitation, including coercive isomorphism, driven by pressures from governmental bodies and regulatory institutions; normative isomorphism, shaped by unwritten norms and values; and mimetic isomorphism, which arises in response to uncertainty [DiMaggio, Powell, 1983].

In this paper, institutional theory is used to build the theoretical framework of the research. Prior literature has found significant linkages between mimetic pressure and SR publication [Aerts et al., 2006; Bansal, Pendyala, 2023; Moseñe et al., 2013; Kirchsteiger et al., 2024; Zuo et al., 2017]. However, there is a dearth of studies examining the effect of mimetic behaviour on preparing VSRs after implementing Directive 2014/95/UE in Central and Eastern European (CEE) countries. The objective of this research is to explore the quality of twelve VSRs published by listed companies on the Warsaw Stock Exchange from 2020 to 2023. This study aims to answer the following research questions: RQ1: Do companies that are not obliged to disclose SR, publish it? RQ2: Do companies that voluntarily report adhere to the rigour of sustainable reporting? RQ3: Do companies that voluntarily report publish non-financial indicators?

By addressing the research questions, this study aims to fill a gap in the existing literature. The research has three main objectives. Firstly, it seeks to examine the mimetic behaviour of companies following the implementation of Directive 2014/95/UE. Secondly, there is a limited body of research primarily focused on mimetic isomorphism, so this analysis contributes to the literature by extending the theoretical framework. Thirdly, the study distinguishes itself from previous research by focusing on one of the CEE countries where sustainability reporting (SR) practices are relatively underdeveloped [KPMG, 2007]. In these countries, unlike in Western counterparts, regulatory frameworks and enforcement mechanisms are often weaker, and there are instances of institutional voids, pollution, human rights violations and vulnerability [Albu et al., 2021]. To the best of the author's knowledge, this is one of the first studies to provide, through the lens of isomorphism, empirical insights into VSR in the CEE region after implementing the EU Directive. This paper therefore addresses a critical gap in the literature and contributes to the ongoing development of research in this area.

The paper is structured as follows. The first section reviews the relevant literature on VSR in the CEE region and the mimetic impact of Directive 2014/95/UE, as well as develops the three research propositions. The second section outlines the research methods used. The paper concludes by presenting the results and their broader implications, followed by a discussion of the study's limitations and suggestions for future research.

Literature review and research questions

The various components of SR have evolved over the years. Employment-related matters, particularly those concerning health and safety, have been documented since 1885, while other employee-related issues began to be reported in the 1900s [Buhr et al., 2014]. Interest in social aspects emerged in the 1960s, followed by a growing focus on environmental concerns since the early 1990s [Buhr et al., 2014]. Meek et al. [1995] suggest that the country or region of origin is one of the key variables that can explain voluntary disclosure practices. In the context of the CEE countries, the introduction of sustainability reporting can be traced back to the early years of their transition to market economies, particularly in the 1990s [Horváth et al., 2017]. Dyduch and Krasodomska [2017] identify several key barriers to promoting SR in Poland, including the lack of qualified personnel, the limited integration of sustainability practices into business operations, insufficient government incentives, and constraints related to time and financial resources. Broadly, the two main factors that contribute to the low interest in publishing VSR in the CEE are 1) the limited readership for such reports, apart from stakeholders of companies from more polluting industries, and 2) the disproportionate effort required to collect, process and report data [Horváth et al., 2017].

Directive 2014/95/UE created a new context by transitioning large companies' VSR to MSR. Thus, for this article, isomorphism is divided into two stages. Before implementation of the European regulation, companies published VSR driven by certain norms and values linked to professional networks and education [DiMaggio, Powell, 1991]. Regarding normative isomorphism, companies decided to prepare VSR due to being under stakeholder pressure in a fast-changing environment [Brammer, Pavelin, 2006; Manetti, Peace Toccafondi, 2012] and having executives with high-minded and visionary ideas [Pérez-López et al., 2015]. Approximately 5% of companies listed on the Warsaw Stock Exchange (WSE) published VSR across the years 2010–2016 (17 out of 368 companies in 2010 and 25 out of 473 companies in 2016) [Aluchna, Roszkowska-Menkes, 2020]. In terms of VSR prepared in line with GRI guidelines in CEE countries till 2016, companies listed in Hungary published 210 VSRs, in Poland 163 VSRs, in the Czech Republic 91, in Romania 32, and in Slovenia 27 [Grabara et al., 2016]. In comparison, in France almost 700 companies published SR in 2001, and in the UK 407 companies in 2013 [Albertini, 2014; Hummel, Rötzel, 2019].

After implementing Directive 2014/95/UE, the regulatory pressure forced companies to disclose non-financial aspects, which is in line with coercive isomorphism. Similar trends occurred after the enactment of previous legislation at national level [Albertini, 2014; Hummel, Rötzel, 2019]. The EU regulation had a greater impact on companies in countries that are less experienced in SR [Loza Adaui, Mion, 2019; Posadas, Tarquinio, 2021]. Under the circumstances of the binding directive, there has been a substantial increase in publishing MSR among companies listed in the CEE countries and in the MSR quality [Aluchna, Mrówka, 2020; Czaja-Cieszyńska, 2022; Fărcaş, 2020; Lippai-Makra et al., 2022]. Furthermore, SR in developed countries is more relevant for stakeholders to whom social and environmental issues matter and who make financially focused decisions based on it [Pucheta-Martínez et al., 2019].

Mimetic forces in SR operate in two primary ways. Firstly, companies might publish VSR due to industry pressure, either by following the leader [Martínez-Ferrero, García-Sánchez, 2017] or in response to the unravelling principle whereby companies with poor records of environmental or social performance withhold information, leading to stakeholder suspicion and scepticism [Kirchsteiger et al., 2024].

Thus, companies often decide to publish VSR as a strategy to reduce uncertainty and gain social legitimacy by emulating leading and successful companies perceived as legitimate

[Zampone et al., 2023]. This uncertainty can be linked to a lack of prior knowledge in defining and implementing non-financial activities or to political or societal pressure [Bansal, Pendyala, 2023]. However, peer pressure on companies' VSR decision is higher when counterparts from the same sector disclose high quality reporting [Aerts et al., 2006]. Peer pressure to engage in third party audits also occurs within the same industry [Moseñe et al., 2013]. Mimetic pressure is higher when industry counterparts are performing poorly [Zampone et al., 2023]. Larger companies, with more active stakeholder engagement processes, are also more likely to adopt the GRI framework [Michelon et al., 2015], therefore companies not obliged to prepare MSR could also adopt the GRI guidelines, because they perceive it to be the standard for sustainability reporting [Higgins, Larrinaga, 2014]. Additional mimetic pressure might be generated by the government and NGOs through the identification and publication of best practices for a specific sector [Zuo et al., 2017]. In contrast, mimetic behaviour is weakened when a company is subject to public media exposure [Aerts et al., 2006]. Consequently, the hype leads to a symbolic information disclosure attitude and application of own indicators responding to mass-media reports [Aerts et al., 2006]. The reluctance to prepare VSR may be also associated with higher systematic risk, including stock price volatility resulting from unstable economic performance [Hahn, Kühnen, 2013], and entails a reduction in the additional costs associated with VSR collection data and the publication process [Hahn, Kühnen, 2013].

From the micro-level company perspective, the achievements in non-financial performance are positively correlated with publishing VSR [Zampone et al., 2023]. Hahn and Kühnen [2013] indicate two additional motivators for VSR preparation, i.e. 1) a company's higher capital intensity, which may drive the desire to emphasise new innovative assets and technologies and demonstrate reductions of environmental impacts; and 2) a company's eagerness to raise capital by reducing the information asymmetry between the company and its investors. Moreover, in the CEE region, VSR might be published for PR purposes aiming to enhance the company's image [Horváth et al., 2017]. On the other hand, some companies from CEE countries may adopt a symbolic approach to SR, targeting clients, investors and other stakeholders with selective disclosure designed to build brand reputation and stakeholder trust [Nichita et al., 2020]. Recognising the individual benefits of VSR, companies may use vague claims and image advertising in their VSR, which can be indicative of greenwashing [Kassinis, Panayiotou, 2018]. In cases where a company has a higher market value relative to book value, it may suggest a higher level of information asymmetry between the company and its investors, particularly regarding intangible assets [Hahn, Kühnen, 2013]. In such cases, high-quality VSR can help reduce information asymmetry, enabling investors to make more informed predictions about future earnings, and thereby lowering capital costs [Hahn, Kühnen, 2013].

The analysis takes a quantitative approach to investigate the motivations and quality of VSR in one of the CEE countries for the study period from 2020 to 2023. Based on a review of 12 empirical studies of VSR, this research aims to answer the following research questions:

1) Do companies that are not obliged to disclose SR publish it?
2) Do companies that voluntarily report adhere to the rigour of sustainable reporting?
3) Do companies that voluntarily report publish non-financial indicators?

Research method

To answer the first research question, annual reports of companies listed on the WSE were reviewed. To provide evidence of the second and the third research questions, the study analyses manually collected VSRs from 12 annual reports for the years 2020–2023 of 3 companies listed on the WSE. The criteria for choosing companies for the analysis were as follows: 1) it was listed on the WSE; 2) it was not obliged to prepare any SR in the years 2017–2023; 3) it published VSR at least 4 times in the years 2017–2023. The multi-case study approach of content analysis of five mandatory issues with the business model and risks was conducted in terms of VSR quality, while the quantitative approach was used as a comparison with components in line with the Global Reporting Initiative Standard (GRI), with additional indicators reported by more than one company included in the analysis. In this paper, indicators are defined as measurable results that can be objective for outside observers [Kaźmierczak, 2022]. Thus, only numerical values were taken into account, despite the publication of the GRI descriptive disclosures in the analysed VSR, such as GRI 401–2 benefits provided to full-time employees. Furthermore, only non-financial sections are analysed despite the cross-reference to other sections within the same document or other documents. The number of companies obliged to disclose MSR is unstable and is determined by meeting the regulation requirements. Thus, SR prepared by Echo Investment SA from the construction sector was excluded due to the fulfilment of legal requirements in 2023, and a similar case of preparing VSR and then MSR occurred with CD Project SA. On the other hand, Voxel SA did not meet the legal requirements in 2023 but continues to publish SR.

Three analysed companies are from different sectors and are not obliged to prepare MSR, because they do not meet the financial and employment conditions specified in the AA. Globe Trade Centre SA (GTC) operates in the construction sector. GTS Group had 219 employees with revenue of EUR 183 million in 2023. Giełda Papierów Wartościowych SA (GPW) concentrates on stock exchange trading. GPW Group's revenue equaled PLN 451.18 million with 306 employees in 2023. Mennica Polska SA (Mennica) is from the metal sector and its revenues reached PLN 1.23 million in 2023, with 329 employees. GTC has been publishing VSR since 2020, GPW since 2013, and Mennica since 2017, therefore the analysed companies show a wide variance in their experience in collecting and preparing VSRs.

The summary of VSR general information is presented in Table 1, and every VSR is available on company websites.

Table 1. General VSR information published by GTC, GPW and Mennica in the years 2020–2023

	GTC				GPW				Mennica			
Reported year	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
Standard used	GRI	GRI	GRI	GRI	Lack	Lack	Lack	Lack	Lack	Lack	Lack	Lack
External audit	No	No	No	No	No	No	No	No	No	No	No	No
No. of pages	127	165	199	101	20.5	15.5	27.5	23	2	2	5	5.5
No. of pages without pictures	91.5	108.5	155	93	20.5	15.5	27.5	23	2	2	5	5.5
Business model	1	1	1	1	1	1	1	1	0	0	0	0
Risks	1	1	1	1	0	1	1	1	0	0	0	0
Social policy	1	1	1	1	1	1	1	1	0	0	0	0
Employee policy	1	1	1	1	1	1	1	1	1	1	1	1
Environmental policy	1	1	1	1	1	1	1	1	1	1	1	1
Human right policy	0	0	0	1	0	1	1	1	0	0	0	0
Anti-corruption policy	1	1	1	1	1	1	1	1	0	0	0	0

The findings in Table 1 explore research question 1, with the results showing that three analysed companies publish VSRs. Furthermore, as indicated in Table 1, one company prepares its VSR in line with GRI standards, while the other two companies do not specify any standard used. None of the companies subject their VSR to external verification. The page count of the reports serves only as a rough indicator and does not provide meaningful insights into the quality and comprehensiveness of VSR, given the variations in writing style, page sizes, font choices and information aggregation practices [Brammer, Pavelin, 2008]. There is a general upward trend in the extent of VSR. GTC publishes stand-alone reports that incorporate visual elements, contributing to a significant increase in report volume. The observed difference in volume is also related to the difference in the quality of the reports, although since VSR remains voluntary, companies can decide about the extent of their disclosures. Employee and environmental policies are disclosed by three analysed companies within the analysed period, whereas the disclosure of human rights policies is the weakest, with two companies reporting on this issue, and even then not consistently in each year. In relation to other areas, such as politics, business model and risks, GTC and GPW, despite the absence of a legal obligation, largely fulfil the relevant regulatory requirements.

Table 2 presents social and anti-corruption indicators disclosed by companies. There is no specification of social indicators in GRI standards, thus companies have discretion in reporting.

Table 2. Social and anti-corruption indicators disclosed by GTC, GPW and Mennica in the years 2020–2023

	GTC				GPW				Mennica			
	Social indicators											
Reported year	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
Social initiative / participant number	0	0	1	1	1	1	1	1	0	0	1	1
Cooperation with organisations	1	1	1	1	1	1	1	1	0	1	1	1
Earned reward number	1	1	1	1	0	0	0	1	0	0	0	0
Charitable / social expenditure	1	1	1	1	1	0	0	0	0	0	0	0
Other indicator number	4	3	3	3	2	1	1	0	0	0	0	0
Data comparison	0	0	0	1	1	0	0	0	0	0	0	0
	Anti-corruption indicators											
GRI 205–2 Training covering anti-corruption policies and procedures	1	1	1	1	0	0	1	1	0	0	0	0
GRI 205–3 Confirmed incidents of corruption	1	1	1	1	0	1	1	1	0	0	0	0
Other indicator number	0	0	0	0	0	1	2	2	0	0	0	0
Data comparison	0	0	0	0	0	0	0	0	0	0	0	0

The results in Tables 2–4 support research questions 2 and 3, and that of whether voluntary reporting adheres to the rigour of sustainable reporting, and also whether companies publish non-financial indicators. Table 2 presents social and anti-corruption indicators reported by the companies. Despite the discretion afforded to the companies, one social indicator – namely cooperation with organisations – was consistently reported across all three companies. Additionally, four indicators were reported by two companies at least once over the analysed period. GTC and GPW provided a year-on-year comparison for these indicators, while Mennica chose not to report any anti-corruption indicators. Both GTC and GPW reported two anti-corruption GRI indicators, with GPW including these indicators in later years alongside other indicators of its own. No company provided a comparison of data across the years.

Table 3 shows environmental indicators reported by companies.

As shown in Table 3, there is no consistency in all the published VSRs. The VSR of Mennica included one own environmental indicator over the years, which is also disclosed by GPW, i.e. the number of breaches of environmental regulations. GTC and GPW reported 4 GRI indicators, although the GRI 302–1 energy consumption indicator was not disclosed in every VSR. The rest of the GRI indicators were also published annually by the former, contrary to the latter, who selectively published data over the years. Both companies include their own indicators, and reported a data comparison between years at least once.

Table 4 shows employee indicators reported by companies.

Table 3. Environmental indicators disclosed by GTC, GPW and Mennica in the years 2020–2023

	GTC				GPW				Mennica			
	Environmental indicators											
Reported year	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
GRI 302–1 Energy consumption	1	1	1	1	1	1	1	1	0	0	0	0
GRI 303–5 Water consumption	1	1	1	1	1	1	1	0	0	0	0	0
GRI 305 Emissions	1	1	1	1	0	1	1	1	0	0	0	0
GRI 306–3 Waste generated	1	1	1	1	0	0	0	1	0	0	0	0
Number of breaches of environmental regulation	0	0	0	0	1	1	1	0	1	1	1	1
Other indicator number	4	4	3	3	1	1	1	0	0	0	0	0
Data comparison parison	1	1	1	1	0	0	0	1	0	0	0	0

Table 4. Employee indicators disclosed by GTC, GPW and Mennica in the years 2020–2023

	GTC				GPW				Mennica			
	Employee indicators											
Reported year	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
GRI 401–1 Number of employees	1	1	1	1	1	1	1	1	1	1	0	0
GRI 401–1 Employee turnover	1	1	1	1	1	1	1	1	1	1	0	0
GRI 404–1 average hours of training per year per employee	1	1	1	1	1	1	1	1	0	0	0	0
GRI 403–9 number and rate of fatalities / work-related injuries	1	1	1	1	0	0	0	1	0	0	0	0
GRI 405–1 percentage of individuals by gender / age within governance bodies	1	1	1	1	1	1	1	1	0	0	0	0
Average job seniority	1	1	1	1	0	1	1	1	0	0	0	0
Other indicator number	1	1	1	1	1	3	3	3	0	0	0	0
Data comparison	0	1	1	1	1	1	1	1	0	0	0	0

According to Table 4, three analysed companies published two common GRI indicators, and two of the companies disclosed five common GRI and one own common indicator, with the information varying across the years. Employee-related indicators were partially covered by information in the financial statement, such as the number of employees, although Mennica did not repeat this information in its VSR for the last two years of the analysis period. Both GTC and GPW presented data comparisons across nearly all the years analysed. Furthermore, GPW included several proprietary indicators in its VSRs during the period.

Discussion

The results confirm the expectations regarding the impact of uncertainty on companies through the lens of mimetic isomorphism, specifically providing evidence of the first research question, i.e. companies that were not obliged to disclose SR published one.

The analysis provides insights that allow for a positive response to the remaining two research questions: 2) whether companies that voluntarily report adhere to the rigour of sustainable reporting, and 3) whether companies that voluntarily report publish non-financial indicators. However, not all the analysed companies report business models or non-financial risks, nor do they disclose all policies with indicators specified in the AA. All VSRs for the years 2020–2023 include at least two of the five policies indicated in the AA – specifically employee and environmental policies – albeit to varying degrees. Social, environmental and employee policy indicators overlap in at least one instance in two companies. Two companies report on both anti-corruption and human rights policies and indicators, although these disclosures are selective and limited to certain years. The description of these policies and the number of indicators provided are considerably shorter compared to the other three required areas. Business models and non-financial risks are not consistently presented, while the practice of comparing data across years is rare.

In the case of GTC, a company operating in the construction sector, some of its industry peers, such as Dom Development SA, are required to prepare MSR, which may have served as a catalyst for GTC's decision to publish VSR [Aerts et al., 2006], and who may view their peers' models for adopting the GRI frameworks [Michelon et al., 2015]. For GPW, the pressure to engage in sustainability reporting might come from other stock exchanges, such as Deutsche Börse in Germany, which has been publishing SR since 2008, or NGOs, as GPW is also responsible for setting the best sustainability reporting practices [Zuo et al., 2017]. As such, GPW might be following the practices it has established. Mennica, along with the other two companies, might be following the example set by larger companies listed on the WSE, even if they are not from the same sector. Additionally, in the face of uncertainty, companies might also be preparing VSR as a proactive measure in anticipation of potential future requirements under Directive 2014/95/EU or in response to concerns over possible regulatory changes that could affect financial or employment requirements. This anticipation may have enabled companies such as Echo Investment SA and CD Project SA to prepare higher-quality MSRs, as both had begun collecting and organising relevant data ahead of time.

Moreover, the three analysed companies might aim to publish VNFR because of their achievements in non-financial performance [Zampone et al., 2023] and in order to strengthen the company's image [Horváth et al., 2017]. Mennica reports relative values as part of the environmental policy that confirms the attitude of highlighting to the shareholders its new innovative assets, technologies and related reductions of environmental impacts [Hahn, Kühnen, 2013]. In summary, mimetic isomorphism appears to drive the publication of VSR by companies from CEE countries, as shown by the Polish example.

Furthermore, the research shows that companies mimic the practices of large and successful organisations, those followed by a great number of organisations, and those regarding a high level of CSR commitment [Bansal, Pendyala, 2023], with the mimetic behaviour of publishing VSR potentially linked to information asymmetry and information risk reduction, as well as to the avoidance of the undervaluation of a company compared to its peers [Healy, Palepu, 2001]. Moreover, SR is a tool that could both diminish the use of misleading information and provide company transparency [Pimonenko et al., 2020], although some prominent companies use greenwashing to hide certain negative outcomes or to prevent a stakeholder from carrying out in-depth analysis [Batista et al., 2016; de Melo Brito et al., 2022]. The literature suggests that the binding regulation affects the behaviour of companies, leading to a notable reduction of deceptive disclosure practices [Luu et al., 2025; Mateo-Márquez et al., 2022]. It is more effective than a third-party verification of SR, which has a limited effect to counteract the greenwashing practice [de Melo Brito et al., 2022]. Li and Jia [2022] deposit that the announcements of implementing MSR positively affect corporate sustainability performance, hence companies that voluntarily decide to prepare SD might imitate the practices of companies that are subject to regulations in accordance with mimetic isomorphism.

Despite these positive aspects, there are many areas for improvement in VSR practices. The European Commission's (2021) criticisms of MSR are equally applicable to VSR, as companies often present limited detail, fail to adhere to a single applicable standard, and do not publish reports in a machine-readable digital format. This study provides evidence of the lack of data, showing the partially symbolic nature of the reported content, with the information presented in these reports offering limited value for stakeholders. The implementation of a single applicable standard would enhance the readability and comparability of data and provide clearer guidance on the scope of data disclosure, while preparing non-financial reports in machine-readable format would facilitate their verification. The VSRs prepared by the three companies over the four-year period were so varied – sometimes weaving information throughout different sections of the same report or across multiple documents – that tracing the information precisely can be time-consuming.

The scope of the comprehensive Directive 2014/95/UE, which includes environmental protection, employees, human rights and anti-corruption matters, has been extended to more companies through the Corporate Sustainability Reporting Directive binding some of them since 2025. As a result, the majority of companies listed on the Warsaw Stock Exchange in Poland, as well as in other Stock Exchanges in Europe, are mandated to prepare SD. The implementation of the new Directive, converting voluntary behaviour to an obligation, simultaneously changed isomorphism from mimetic to coercive, leading to the unification of companies and greater imitation of leading companies.

Summary

Compared to the mandatory sustainable reporting (MSR) in the European Union that has been in force since 2017, voluntary sustainability reporting is still at the early stage in the CEE region. The research examines the quality and the homogeneity of voluntary sustainability reporting (VSR) in one of the CEE countries using quantitative data of 12 VSRs of Polish companies for the years 2020–2023. By analysing one out of the three institutional forces developed by DiMaggio and Powell [1983], the results suggest that companies succumb to the pressures form their surroundings.

This study contributes to the existing literature by identifying additional aspects of VSR through the lens of mimetic isomorphism, providing evidence that companies listed on the WSE, although not legally required to prepare MSR, nonetheless engage in VSR practices. Hence, Directive 2014/95/UE triggers companies to voluntarily publish SD that imitate their peers mandated to prepare MSD, which emphasises that organisations adopt a certain behaviour in response to uncertainty [DiMaggio, Powell, 1983]. The findings reveal significant variability in the quality of the documents prepared by companies, each of which had different levels of reporting experience. However, experience does not determine the quality of VSR, and the number of policies and indicators disclosed by the companies varied. Notably, the findings suggest that these companies adhere to the rigours typically associated with MSR, and do, in fact, publish non-financial indicators. It also suggests the managers take a different approach to reporting, and freely decide about the extent of disclosed information, revealing that there is an urgent need to raise awareness of SD. Moreover, the results might provide evidence to regulators that companies proactively adopt similar practices. These results align with the theory of mimetic isomorphism at both the macro and micro levels.

As with any empirical study, the findings of this research are subject to certain limitations. The sample size for the VSR analysis is relatively small, limiting the reliability of any conclusion drawn, so further research would be needed to explore alternative methodological approaches that encompass a larger number of companies to ensure more robust findings. Moreover, the analysis is limited to only one country with relatively limited experience in sustainable reporting, so the research sample could be broadened by including companies operating with other CEE countries with a similar reporting history, which would facilitate the generalisability of data, as well as the understanding of motivations for preparing VSD and VSD quality. Additionally, the analysis could be complemented by a qualitative analysis, such as interviews with company executives, to explore the underlying motivations behind the decision to prepare VSR. Lastly, the study did not consider greenwashing practices. Future research could examine whether companies publish VSR to hide unfavourable information or to enhance their reputation and image.

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