

Sustainability reporting regulation: hypes, myths and reflections

Management
Decision

Patrizia Di Tullio, Matteo La Torre and Michele Rea

Department of Economic Studies, University "G. d'Annunzio" of Chieti-Pescara, Pescara, Italy

2857

Abstract

Purpose – The corporate sustainability reporting directive (CSRD) and other mandatory sustainability disclosure requirements are reshaping sustainability reporting practices to enhance corporate transparency. However, like any other change or innovation, they create shared expectations before their practical effects are evident. This paper examines these expectations by unveiling the potential hypes and myths that the new sustainability reporting regulation may induce and reflecting on their implications for research and practice.

Design/methodology/approach – This study employs the duality between hypes and myths to reflect on some expectations surrounding mandatory sustainability reporting requirements. It builds arguments at a normative level, drawing from academic literature and practical examples.

Findings – The CSRD regulations generated some shared expectations that turned into four main hypes and potential myths that can likely spread alongside them. This paper unveils and addresses them by discussing the costs of implementing sustainability reporting, particularly for small and medium-sized enterprises (SMEs), the effect of green hushing on information completeness, the shift from corporate social responsibility to legal accountability and the implications of mandatory assurance in sustainability reporting.

Originality/value – This study offers a unique perspective on corporate sustainability, shedding light on the potential misinterpretations associated with CSRD implementation and their influence on practices within both large companies and SMEs. It contributes to research and practice by exploring some open points that are reshaping the understanding of sustainability reporting. It contributes to the debate on mandatory sustainability reporting and corporate social responsibility and their impacts on corporate transparency and behaviour.

Keywords CSRD, Sustainability reporting, SMEs, Accountability, Green hushing, CSR

Paper type Conceptual paper

Received 30 October 2024
Revised 29 January 2025
19 March 2025
Accepted 4 April 2025

1. Introduction

In 2014, the European Union (EU) introduced the Non-Financial Reporting Directive (NFRD), also known as Directive 2014/95/EU, to initiate a breakthrough in European sustainability reporting practices (Nicolò *et al.*, 2023). The NFRD attempted to harmonise non-financial reporting among large entities, marking the shift from a voluntary to a mandatory regime of sustainability reporting (La Torre *et al.*, 2018; Nicolò *et al.*, 2021). The disclosure requirements were not as rigid as expected, allowing companies to adopt mandatory non-financial reports without many constraints. Furthermore, the NFRD set minimum requirements whilst leaving discretion to Member States in its transposition, which led to variations in national implementations (Aureli *et al.*, 2019; Moggi *et al.*, 2023). This flexibility, coupled with the Directive's vague language, has undermined the goal of achieving comparability across reports and countries (Aureli *et al.*, 2019). These issues, among others, prompted the European Commission to initiate a public consultation to revise the NFRD, eventually culminating in the development of a new Directive (European Commission, 2020).

After a decade, practitioners and academics are eager to see the Corporate Sustainability Reporting Directive (CSRD) – Directive 2022/2464, come into force and its effects in practice due to the radical changes in sustainability reporting requirements. The CSRD introduces



© Patrizia Di Tullio, Matteo La Torre and Michele Rea. Published by Emerald Publishing Limited. This article is published under the Creative Commons Attribution (CC BY 4.0) licence. Anyone may reproduce, distribute, translate and create derivative works of this article (for both commercial and non-commercial purposes), subject to full attribution to the original publication and authors. The full terms of this licence may be seen at <http://creativecommons.org/licences/by/4.0/legalcode>

Management Decision
Vol. 64 No. 7, 2026
pp. 2857-2873
Emerald Publishing Limited
e-ISSN: 1758-6070
p-ISSN: 0025-1747
DOI 10.1108/MD-10-2024-2462

stricter requirements than the NFRD, mandating compliance with a unique set of European reporting standards developed by the European Financial Reporting Advisory Group (EFRAG). Additionally, the CSRD emphasises the double materiality concept, requiring companies to report not only on the financial impacts of social and environmental issues but also on the impacts of the company's activity on sustainability matters (La Torre *et al.*, 2020; Mezzanotte, 2023). Yet, most importantly, the CSRD extends the scope for mandatory sustainability reporting, covering not only large publicly listed companies but also listed Small and Medium-sized Enterprises (SMEs) and large undertakings with more than 250 employees. Furthermore, the value chain reporting obligations on large companies generate indirect requirements for SMEs. In particular, the CSRD may incentivise numerous SMEs to enhance their sustainability practices to align them with their business partners, whose relationships are often critical for their business (Pizzi and Coronella, 2024). Thus, it extended the firms involved and influenced by the regulation. Lastly, CSRD also requires third-party assurance of the disclosed information.

Nowadays, the CSRD is seen as one of the world's most important mandatory sustainability initiatives and the primary driver of change in the sustainability reporting landscape (Hristov and Searcy, 2024). However, the EU has also enacted additional regulatory measures, such as the Taxonomy Regulation and the acts falling into Sustainable Finance, which require further sustainability disclosures (Hummel and Bauernhofer, 2024). As sustainability management and reporting become highly regulated in Europe, researchers and regulators are increasingly concerned about the risks of a "tick-the-box" compliance approach (La Torre *et al.*, 2020).

The purpose of these mandatory disclosure requirements is to enhance corporate transparency on sustainability matters and mitigate the environmental and social impacts of corporate activities. The academic debate surrounding these regulations revolves around the relative benefits and drawbacks of voluntary versus mandatory sustainability reporting (Doni *et al.*, 2019; Christensen *et al.*, 2021; Breijer *et al.*, 2025). This debate has led to polarised opinions, with some researchers favouring a voluntary approach and others supporting mandatory requirements, often questioning whether regulations can lead to effective changes in practice. For instance, recent empirical studies demonstrate conflicting evidence on the effectiveness of mandatory sustainability disclosure in changing company behaviour (de Villiers *et al.*, 2024).

Despite this research effort aimed at unveiling the mandatory reporting effect in practice, little endeavour has been directed at understanding how sustainability accounting and the underlying concepts are changing due to the new regulatory regime. Questions remain about the meaning of non-financial term (Tarquinio and Posadas, 2020) or the new understanding of accountability (La Torre *et al.*, 2020; Masiero *et al.*, 2020). As Carnegie *et al.* (2024) argue, accounting practices evolve to fulfil their potential in society, shaped by the context in which they exist. This makes "accounting as a practice of technical rigour, social responsibility, and moral means and purpose rather" instead of "a neutral, benign, technical practice" (Carnegie *et al.*, 2024, p. 1531).

Relying on this reflection, this paper aims to explore how the new regulation redefines and shapes sustainability reporting practices, meanings, and understandings. It is motivated by the critical question: when laws establish all corporate responsibility, leaving few discretionary choices to their morality, what conception of Corporate Social Responsibility (CSR) remains? To address this question, the paper examines the hypes and myths that the new sustainability reporting regulation may induce in practice and reflects on their implications for both research and practice. In this context, hypes refer to inflated expectations or overly optimistic narratives about the regulation's transformative potential, while myths rely on taken-for-granted beliefs about its effects and significance (Suchman and Eyre, 1992; Boiral, 2007).

Using the duality between hypes and myths, this paper analyses prominent claims and common understandings surrounding mandatory sustainability reporting requirements. The arguments are constructed at a normative level, drawing from existing academic literature and practical examples. By uncovering key open questions that are reshaping the understanding and applications of sustainability reporting, this study contributes to the broader debate on

mandatory sustainability reporting and corporate social responsibility (Christensen *et al.*, 2021), and the effects on changing corporate transparency and behaviour (Dumay *et al.*, 2019; de Villiers *et al.*, 2024).

This paper is articulated as follows. Section 2 presents the hypes and myths concepts in their literature. Section 3 identifies and discusses the hypes and myths surrounding the CSRD and sustainability reporting regulation. Section 4 provides our conclusions along with reflections on potential directions for future research.

2. Hypes and myths concepts

Changes, innovations, and transitions inevitably create expectations. The sociology of expectations emphasises the formation of collectively shared expectations over private ones (Borup *et al.*, 2006). Specifically, research on socio-technical transitions situates and examines public expectations within the conceptualisation of hype cycles, where hypes are considered to be linked to inflated expectations and are typically used by innovators to influence the momentum of technology development or innovation (Kriechbaum *et al.*, 2021). The sociology of expectations highlights that hypes also foster competing narratives since assessing the validity of expectations ex-ante is challenging, and ex-post evaluation is limited due to actors' interpretive flexibility in hindsight (Kriechbaum *et al.*, 2021). Thus, the primary research interest lies in examining hypes' real-time effects and their influence on future development (Van Lente *et al.*, 2013).

In the real-time analysis of expectations and hypes, a key area of interest is the creation of myths surrounding these expectations. Myths are rooted in common beliefs. Barthes (1972, p. 117) defines a myth as a semiological system of communication involving a "constant game of hide-and-seek between the meaning and the form". Yet, most importantly, myths serve as surrogates for rationality. Even when they appear rational, myths are socially constructed, drawing on common beliefs formed within specific institutionalised environments (Suchman and Eyre, 1992; Boiral, 2007; La Torre *et al.*, 2020). Thus, when myths become "taken-for-granted", they act as surrogates for reality and rationality (Meyer and Rowan, 1977; Alvesson, 1993).

In this context, regulatory changes and their promotion through mass media may create misinterpretations or lead to new taken-for-granted claims in theory and practice. For example, Corporate Social Responsibility (CSR) has always been conceived as the acknowledgement that "corporation has not only economic and legal obligations but also certain responsibilities to society which extend beyond these obligations" (McGuire, 1963, p. 144). Thus, laws are considered the "rules of the game" (Carroll, 1999, p. 283) and CSR "begins where the law ends" (Davis, 1973, p. 313). Companies keep claiming and promoting that their engagement with sustainable development belongs to their social (and moral) responsibility. However, companies may fall short of true social responsibility when they frame their sustainability efforts solely as legal compliance. A company that merely complies with the law is like a good citizen who follows the rules but can hardly be defined as socially responsible (Davis, 1973).

CSRD introduced several new features compared to NFRD, incorporating more rigorous and stringent requirements for companies, thereby extending mandatory sustainability reporting practices (Mezzanotte, 2023). This paper focuses on the key novelties introduced by the CSRD and the areas most debated in academic literature and among practitioners (Allgeier and Feldmann, 2023; Verney, 2023; Pizzi and Coronella, 2024). Therefore, in the following sections, we reflect on the most significant topics discussed in both research and practice, as well as their potential to influence corporate reporting practices.

3. Critical reflections and discussion

In this paper, we critically explore the hypes stemming from the expectations generated by the CSRD and unveil the myths that may spread concurrently. Accordingly, we articulate our discussion around four widespread topics related to the CSRD application:

- (1) The cost of applying sustainability reporting regulation
- (2) Information completeness and the green hushing phenomenon
- (3) The shift from social responsibility to legal accountability
- (4) Information trustworthiness and mandatory assurance in sustainability reporting

These topics are presented and discussed in the following subsections.

3.1 Sustainability is not costless (especially for SMEs)

According to the European Commission's initial impact assessment anticipating the development of the CSRD, the yearly cost for reporting preparers to comply with the CSRD is estimated to be about 4 billion euros, of which 820 million is a one-off cost. Given that roughly 50,000 large companies fall within the CSRD's scope, the average annual cost per company to comply with it is projected at 65,000 euros. This figure appears to underestimate the full implications of adopting comprehensive sustainability reporting. This may not adequately cover all the direct reporting costs, such as upgrades to information systems, hiring skilled employees, or specialised software, which alone may exceed 50,000 euros annually for larger companies. Most importantly, the estimated cost excludes the knock-on effect on SMEs. Although SMEs are formally outside the CSRD's direct scope, many will experience indirect pressures to comply due to the requirements from larger companies within their supply chains.

By representing 99% of European businesses approximately, SMEs play a significant role in the economy and have important social and environmental impacts ([World Bank, 2022](#); [Galli et al., 2023](#)). In the sustainability reporting regulations, they are increasingly facing pressure to measure and manage their sustainability impacts. Unlike NFRD, the CSRD mandates sustainability reporting for listed SMEs and indirectly implicates non-listed ones. Under the CSRD, the enhanced reporting expectations for large entities indirectly impose new demands on their smaller partners. The survival of many SMEs is intrinsically linked to their ability to meet these emergent expectations, which often require substantial investments in data collection systems, workforce training, and operational changes to meet sustainability criteria.

The prevailing myth suggests that adopting CSR practices and reporting sustainability information can provide SMEs with several benefits. For example, environmental initiatives can drive new product development that aligns with customer demands ([Brammer et al., 2012](#); [Granly and Welo, 2014](#)). Furthermore, such practices enhance corporate reputation and improve the ability to respond to investor and supplier demand for environmentally responsible products and services ([Bagur-Femenias et al., 2013](#); [Granly and Welo, 2014](#)). Particularly under the CSRD, non-compliance may result in exclusion from the value chains of large companies ([Allgeier and Feldmann, 2023](#)). Furthermore, to secure favourable terms for bank loans, which are a primary source of capital for SMEs, non-listed SMEs are increasingly required to provide sustainability data to financial institutions ([Allgeier and Feldmann, 2023](#)). Therefore, the literature highlights a potential win-win scenario for SMEs, where they can adopt responsible practices while preserving or even enhancing their competitive advantage ([Reyes-Rodriguez et al., 2016](#)).

However, the hype surrounding the transformative potential of the CSRD neglects the practical challenges faced by SMEs in aligning with the new regulatory landscape. The CSRD seems to emphasise only the advantages of adopting sustainability reporting practices for SMEs, overlooking the significant challenges and costs. Reporting sustainability information requires SMEs to implement sustainability-oriented practices, which often necessitate significant investments. For example, an SME that has installed solar panels to reduce CO₂ emissions might need to invest further in tracking and reporting these emissions to meet CSRD standards. While this approach is both virtuous and effective – beginning with the implementation of interventions, followed by measurement, and then communication of

their effectiveness, the cost of implementing accurate tracking systems and training staff for data collection and reporting may outweigh the perceived benefits, especially in the early stages. This example illustrates that while reducing CO2 emissions may be beneficial, SMEs must invest not only in achieving such reductions but also in measuring them accurately, according to specific standards, and hiring personnel for reporting purposes.

To support SMEs in this transition, the EFRAG has developed two distinct reporting standards: European Sustainability Reporting Standards (ESRS) for Listed SMEs (ESRS LSME) and Voluntary ESRS for Non-listed SMEs (VSME ESRS), acknowledging the structural differences between them (Allgeier and Feldmann, 2023; Pizzi and Coronella, 2024). Notably, the VSME ESRS standard offers a simplified reporting tool aimed at replacing the numerous Environmental, Social and Governance (ESG) data questionnaires typically requested by business partners and facilitating access to sustainable finance for SMEs (EFRAG, 2024). Nonetheless, even with this simplified approach, the number of reporting requirements across the three modules remains high for smaller companies (ESBG, 2024). Furthermore, the standard mandates that reporting entities conduct a materiality assessment, which can be both costly and complex, potentially leading some SMEs to omit key elements valued by the financial industry (ESBG, 2024; EU Platform on Sustainable Finance, 2024). Additionally, many SME managers' report limited stakeholder interest in the sustainability reporting process (Farooq and de Villiers, 2019), and this discourages efforts to engage stakeholders in defining material themes (Paiva and Gavancha, 2018; Courrent and Omri, 2022).

Several EU Member States have opposed mandatory sustainability reporting for SMEs, arguing that the costs would be disproportionately burdensome (Kinderman, 2020; O'Reilly *et al.*, 2023). SMEs frequently struggle to allocate the necessary technical, financial, and human resources for sustainability reporting, and the cost-benefit analysis is often negative, particularly in the initial phases (Pizzi and Coronella, 2024). These difficulties are exacerbated by limited expertise, lack of technological infrastructure, and the fact that pressing daily operational responsibilities of SME managers (Stubbs *et al.*, 2013; Cho *et al.*, 2020). Therefore, while the CSRD aims to promote sustainable practices and reporting among SMEs, it is crucial to acknowledge and address the substantial costs involved.

3.2 Green hushing and information concealment

Sustainability reporting has traditionally been regarded as disseminating information (i.e. "talk") about CSR practices (i.e. "walk"), which may have already been implemented to varying extents ("talking the walk") or which are expected to align with promises made ("walking the talk") (Schoeneborn *et al.*, 2021). The relationship between sustainability practices and their communication (between "walk" and "talk"), is a highly debated topic in the literature (Crane and Glozer, 2016; Wickert *et al.*, 2016). The absence of a sustainability report does not necessarily mean a lack of social and environmental responsibility or disregard for sustainability (Stubbs *et al.*, 2013). This debate has been reignited with the rise of the "green hushing" phenomenon.

Green hushing refers to a strategic choice by companies to intentionally under-communicate or refrain from publicising their sustainability efforts, deliberately avoiding discussion of their contributions to sustainable development (Ginder *et al.*, 2021; Falchi *et al.*, 2022). This means that while companies may be actively investing in improving their sustainability performances, they choose not to communicate these achievements (Font *et al.*, 2016). In this sense, green hushing is seen as the opposite of greenwashing, as the company "walks the walk" but remains "too shy to talk" (Falchi *et al.*, 2022). However, green hushing is a concept that is distinguished from other similar phenomena by a very fine line. As noted by Falchi *et al.* (2022, p. 1940), "from zero-communication to full communication, several shades of grey or under-reporting are possible". The key difference lies in the type of performance achieved. Specifically, green hushing refers to strategic silence on positive environmental

performance, while traditional under-reporting, which also generates a lack of transparency, is often linked to poor environmental performance (Font *et al.*, 2016).

Green hushing, being an omissive behaviour, is inherently difficult to quantify. By its nature, cases of green hushing are typically known only to industry insiders and remain largely hidden from public scrutiny. Consequently, data on the prevalence of this phenomenon are primarily provided by consultancy firms and research organisations. For instance, South Pole, a Swiss consultancy, conducted an analysis on a sample of 1,200 companies operating in 12 countries worldwide. The study revealed that 70% of publicly listed companies admitted to engaging in green hushing. Additionally, one in four surveyed companies reported having set science-based emission reduction targets but indicated that they did not plan to publicise them (South Pole, 2022). This trend is even more pronounced in certain European countries. 79% of Swedish companies and 83% of French companies acknowledged engaging in green hushing (Ku, 2024). There are also notable cases that have been under the research spotlight. For instance, Toyota had all its manufacturing plants in Europe operating as zero waste-to-landfill for several years, yet the company remained relatively discreet about these achievements (Burrows, 2020). In such cases, companies do not explicitly position sustainability as part of their development strategy, even though they work diligently to minimize their negative social and environmental impacts or contribute to societal benefits (Vallaster *et al.*, 2012).

Several factors can drive green hushing, including increasing consumer scepticism and distrust toward sustainability claims, as well as companies' concerns about backlash from consumers and activists. In response, companies may adopt a quieter and more conscientious approach to social and environmental matters, minimising or avoiding explicit communication of their sustainability initiatives (Carlos and Lewis, 2017; Ginder *et al.*, 2021). By doing so, they aim to reduce any dissonance between the sustainability values of the company and those of their customers (Font *et al.*, 2016). In fact, in some cases, companies may assume that stakeholders either do not share their values or are indifferent to sustainability efforts (Falchi *et al.*, 2022).

The hype is that CSRD elevates the transparency and accountability of businesses by enforcing mandatory sustainability reporting. In this context, the myth is that this requirement will lead to a significant enhancement in the disclosure of environmental, social, and governance information by enabling stakeholders to make more informed decisions. In fact, on one hand, the CSRD may particularly encourage SMEs to disclose certain activities of "sunken" or "silent" CSR (Jenkins, 2004; Perrini *et al.*, 2007). Yet, on the other hand, previous studies have emphasised that mandatory non-financial reporting does not necessarily lead to improved reporting quality or greater information disclosure (Vormedal and Ruud, 2009; La Torre *et al.*, 2018). Notably, some studies have defined green hushing as "a self-protection behaviour forced by increasing environmental regulatory risks" (Cheng *et al.*, 2024). Therefore, there is a risk that companies of all sizes may adopt a green hushing strategy in response to stringent reporting regulations and standards. For instance, a company that has successfully reduced its CO₂ emissions by 30% might decide not to publicly disclose these achievements to avoid increased scrutiny or further third-party verification. If the company is unsure whether it can maintain such reductions over time, it might prefer not to release this information, fearing potential criticism or scepticism from stakeholders if its performance deteriorates. The perceived risk of facing more challenges than benefits from full transparency could lead larger companies to disclose only the minimum information required to meet regulatory obligations. Likewise, SMEs may restrict their sustainability disclosures to specific stakeholders, such as banks or the large companies they supply. This strategic decision to engage in green hushing, deliberately downplaying or withholding sustainability achievements, could reduce the availability of sustainability-related information eroding stakeholder trust in the authenticity of sustainability reports, and companies may miss out on potential reputational benefits.

3.3 Legal accountability does not mean social responsibility

A common belief (myth) that is going to be widespread and taken for granted is the idea that adopting sustainability reporting mandatorily and complying with CSRD and other regulations fall within the domain of firms' CSR. Accordingly, companies may claim to engage with mandatory sustainability initiatives driven by their sense of social responsibility (hype). For example, references to their CSR efforts are now frequently found within the mandatory non-financial statements and letters to stakeholders. However, the CSR concept is losing some of its meaning in the current context. CSR has traditionally been conceived as an ethical or moral engagement with social and environmental issues by companies, so being a responsibility that goes beyond their legal duties (Davis, 1973). Thus, CSR cannot be mandated or induced by rules, because it should fall into the companies' discretionary sphere.

CSR and CSR reporting practices have been institutionalised globally through various institutional pressures, including national regulations and laws (de Villiers and Alexander, 2014). Over the stages of its development, companies have embraced CSR and its reporting due to several rationales, in which they are also gaining commercial and economic benefits (Andrew and Baker, 2020). Yet, the definition of CSR was historically created relying on the social theory stating that corporations have a social contract with society, through which they have societal duties going beyond their legal duties (Carroll, 1979; Reynolds and Yuthas, 2008). Carroll (1979, 1991) asserts that ethical, moral and philanthropic responsibilities are the main components of CSR, which implies that discretionary actions are central to a firm's social responsibility. Thus, CSR has been a voluntary choice for a long time and CSR reporting has been a form of moral discourse (Reynolds and Yuthas, 2008). In turn, the accountability lying in the voluntary sustainability reporting was sometimes driven by moral accountability (Parker, 2014; Tarquinio and Xhindole, 2022) and often by economic or opportunistic rationales (Cho *et al.*, 2015; Dumay *et al.*, 2019).

Over time, some governments and policy-makers around the world acknowledged the limits of (voluntary) social responsibility and attempted to mandate socially responsible requirements on large companies (Lu *et al.*, 2021; Sodhi *et al.*, 2022; Rajgopal and Tantri, 2023). For example, in India, the government required large companies to allocate at least 2% of their profit toward CSR initiatives since 2014 (Sodhi *et al.*, 2022). However, we can hardly define this legal requirement as a CSR initiative. Instead, it is more akin to a tax established by the government to attempt to solve some societal issues (e.g. poverty and the distribution of wealth). Similarly, nowadays, large European companies cannot claim that their effort to reduce carbon emissions is part of their discretionary social responsibility. Instead, it is a legal requirement from the European Green Deal and Climate Act to reduce at least 55% of emissions by 2030. Thus, the socially responsible practices required by the law cannot be seen as moral responsibility. Rather, they represent the failure of the discretionary CSR and the voluntary reporting practices' ability to provide a trustworthy view of corporate actions.

Rhodes and Fleming (2020) offer an interesting historical view of CSR and demonstrate that CSR emerged alongside neoliberal policies and deregulation as a means to shield large companies from stricter governmental oversight and taxation. For companies, it was a way to promise to be good in their business without rules by claiming to act under their social responsibility. The authors define it as political CSR, which, while "hailed by many as a solution to societal problems not dealt with by government, reflects both a triumph of neoliberal corporate power and a harbinger of democracy's demise" (Rhodes and Fleming, 2020, p. 943). This meant welcoming the corporate dominations while abandoning other more democratic alternatives. Thus, regulating CSR or corporate sustainability by law means giving the responsibility of solving social and environmental issues back to governments and political responsibility.

To conclude, we do not mean to support the voluntary regime of CSR; instead, we believe that mandatory requirements can be more effective in establishing widespread firms' responsibility for their social and environmental impacts. Therefore, we favourably welcome the European initiatives to establish minimum requirements for sustainable development. Yet,

we caution companies, practitioners, and researchers against conflating CSR with the legal obligations under the CSRD and other regulatory initiatives. Most of the initiatives companies previously identified as CSR now fall under their legal responsibility; therefore, claiming to be socially responsible due to mandated actions risks become a myth. This view goes beyond mere terminological or semantic validity and has serious practical implications. According to [Carroll's \(1991\)](#) CSR pyramid, the CSRD and other European sustainability regulations have enlarged the realm of legal responsibilities to encompass much of what was considered ethical or discretionary responsibility before. As a result, companies must now pursue new social and environmental goals in addition to what is mandated by the law if they wish to claim to be socially responsible.

3.4 Mandatory assurance does not ensure trustworthy information

The CSRD introduces a requirement for companies to provide limited assurance on their sustainability reporting, with a future mandate to transition towards reasonable assurance. The underlying rationale for this mandate and the resulting hype is that the quality and reliability of sustainability information will be enhanced. Assurance is anticipated to foster greater trust among investors and stakeholders in non-financial information, as it undergoes independent expert review. Moreover, assurance can incentivise companies to improve their data collection and management processes, leading to better sustainability performance. Specifically, assurance is considered a pivotal step in aligning sustainability reports with financial reports and boosting stakeholder confidence in the disclosed information ([Krasodomska et al., 2021, 2024](#)).

Three EU member States - France, Italy, and Spain – have utilised the option provided under the NFRD to mandate that the information included in the non-financial statement be verified by an independent assurance service provider ([Accountancy Europe, 2020](#)). The results are not entirely encouraging. Prior research shows that high levels of sustainability assurance negatively affect market capitalisation, as companies with stringent assurance practices may incur significant costs in implementing sustainability initiatives and legitimising their activities ([Klibi et al., 2024](#)). Furthermore, mandatory assurance requirements may diminish the signalling effects of external verification performed by independent auditors and the increasing marketisation of non-financial assurance practices has also led to a reduction in the informational value of such assurance ([Sheldon and Jenkins, 2020; Pizzi et al., 2022](#)).

Assurance has faced significant criticism in the literature, often described as “tokenistic gestures of accountability” ([Shore and Wright, 2000](#), p. 81) or “a dead end in the chain of accountability” ([Day and Klein, 1987](#), p. 244). However, the practice of external independent assurance for sustainability reports, which emerged in the late 1990s, was introduced to strengthen the credibility and reliability of these reports in response to increasing demands for transparency and concerns over the integrity of disclosed information ([Junior et al., 2014; Schwoy et al., 2024](#)). This process is crucial to prevent companies from producing sustainability reports aimed at regulatory compliance solely, ensuring instead that the information disclosed reflects a genuine commitment to CSR. Nevertheless, certain challenges remain in the assurance process.

One of the most critical issues relates to the negotiation of reports between auditors and auditees during the audit process, often leading to the co-production of reports by both parties ([Power, 1994, 2003](#)). The independence of assurance providers has been questioned due to the commercial relationships between auditors and the companies they audit ([Ball et al., 2000](#)). Assurance providers are typically appointed by the company's management, which can result in potential restrictions on the scope of the assurance and limits transparency ([O'Dwyer and Owen, 2005](#)). These relationships may discourage auditors from rigorously scrutinising the reliability of the information provided. For example, a multinational energy company reports a significant 40% reduction in its CO₂ emissions due to large-scale investments in renewable

energy projects and the assurance process is conducted by an auditing firm that has long-standing business relationships with the company. The assurance provider may hesitate to critically examine the company's CO₂ reduction claims, fearing that rigorously questioning the figures could jeopardise future contracts. As a result, commercial ties can undermine the professional scepticism and impartiality that should characterise third-party assurance (Boiral and Gendron, 2011). Additionally, the managerial capture of information, where managers control the data disclosed in reports, coupled with auditors' reliance on it, has been widely criticised for excluding key stakeholders from the assurance process (Ball *et al.*, 2000; Hummel *et al.*, 2017).

Another focus of attention concerns that many financial auditors or auditing firms already verify financial statements and management reports. Extending their service to sustainability reporting can promote coherence between financial and sustainability information, an important factor for users of sustainability information. However, some authors suggest that, without robust market regulation, involving financial auditors in sustainability assurance may not guarantee the value of the assurance processes and create the risk of increased market concentration in the assurance services sector (Laufer, 2003; EU, 2022; Krasodomska *et al.*, 2024). When assurance is voluntary, market forces typically drive the development and expansion of the audit process (O'Dwyer *et al.*, 2011). Instead, the mandatory assurance under the CSRD is likely to concentrate the market for assurance services in the hands of a few large auditing firms, raising concerns about auditor independence. Therefore, while sustainability reporting assurance regulation could drive change in the accounting profession, which is still defining its role in this emerging field (Asante-Appiah and Lambert, 2023), regulators must ensure that it does not stifle competition in this growing sector as this could undermine the quality and reliability of sustainability information provided by firms.

4. Conclusion and future research

This paper examines the CSRD through the lens of hypes and myths, offering some reflections on the claims and expectations surrounding mandatory sustainability reporting. While the CSRD represent a significant step in aligning European businesses with global sustainability goals, it is also a change that created significant expectations in practitioners and firms (Kriechbaum *et al.*, 2021) by promising enhanced transparency, accountability, and environmental responsibility among companies. Our analysis reveals that these expectations may also fuel hypes and myths obscuring the practical goal and challenges of the CSRD.

Our discussion of the four widespread topics related to the CSRD application yields several conclusions. The compliance costs and the drip-down effect of regulatory requirements on SMEs highlight that sustainability reporting is not a cost-free endeavour. This creates the myth that transparency alone equates to improved sustainability when, in practice, SMEs may struggle to meet reporting requirements without substantial support (Pizzi and Coronella, 2024). Another myth lies in the assumption that mandatory reporting will lead to more meaningful disclosure. Our discussion of green hushing warns that, while the CSRD encourages greater transparency, it may paradoxically lead some companies to hide their sustainability efforts. This trend risks eroding stakeholder trust and reducing the informational value of sustainability reports.

Furthermore, by framing legal compliance as synonymous with social responsibility, there is the risk that companies can conceive sustainability-related legal obligations and mandatory sustainability reporting as part of their CSR. Instead, we argue that, while we can see sustainability reporting regulation as a response to the failure of discretionary or voluntary CSR, companies should go beyond the minimal requirements established by the law to claim and demonstrate to be socially responsible (Davis, 1973). Their discretionary commitment to ethical standards beyond legal requirements can still enhance genuine CSR efforts, thus challenging the likely myth that legal accountability can be social responsibility. Lastly, the

mandated assurance requirements within the CSRD assume that third-party verification will inherently enhance report reliability. However, the potential for market concentration and the influence of commercial relationships between companies and auditors raise questions about the independence and effectiveness of these assurance processes (Boiral and Gendron, 2011; Hummel *et al.*, 2017). These issues challenge the assumption that assurance alone ensures trustworthy information.

This study offers a novel perspective on corporate sustainability, shedding light on the potential practical misinterpretations associated with CSRD implementation and how these may influence practices in large companies and SMEs. It contributes to both research and practice by exploring some open points reshaping the understanding of sustainability reporting practice. In particular, we contribute to the debate on mandatory sustainability reporting and CSR (Christensen *et al.*, 2021), and their impacts on corporate transparency and behaviour (Dumay *et al.*, 2019; de Villiers *et al.*, 2024). By addressing the hype and dispelling the myths, we can better understand and guide the evolving landscape of corporate sustainability reporting. In particular, the paper enhances the discourse on green hushing by framing it as a possible response to regulatory pressures rather than merely a corporate strategy. This perspective challenges traditional notions of voluntary disclosure and suggests that even within mandatory frameworks, companies may engage in selective reporting practices to mitigate perceived risks (Cheng *et al.*, 2024).

This study also underscores the need to re-examine the role of assurance providers in enhancing report credibility, and the discussion on the implications of CSR within a legal context raises open questions about the nature of corporate responsibilities in a regulated environment. Furthermore, at a theoretical level, adopting the duality between hypes and myths offers an innovative and nuanced framework for understanding the dynamics of change, innovation, and transitions. This approach sheds light on how heightened expectations are constructed and disseminated, while also uncovering potential misinterpretations or overestimations that may emerge in the process. By integrating this duality, the framework provides a critical lens to examine the interplay between aspirational narratives and practical realities, contributing to a deeper comprehension of how transformative processes unfold and are perceived over time.

For policymakers, a deep understanding of the myths and hypes surrounding CSRD is crucial to enhance its implementation and effectiveness. Recognising these perceptions can guide improvements to the regulation, ensuring it fulfils its intended objectives while minimising unintended consequences. In particular, tailored support for SMEs is essential, as they face distinct challenges in meeting reporting requirements (ESBG, 2024; EU Platform on Sustainable Finance, 2024). Policymakers should consider initiatives like targeted subsidies, simplified reporting standards, capacity-building programs, and proactive measures to mitigate the green hushing phenomenon. These measures would enable SMEs to comply more effectively with CSRD requirements and better integrate sustainability practices into their operations, without compromising their financial viability or transparency.

This paper was conceived and written months before the European Commission's proposal for simplifying the CSRD and its sustainability reporting requirements, which seems to acknowledge some of the issues highlighted in our discussion – particularly the costs for SMEs. With the European Commission's proposal, known as the “omnibus package” and issued at the end of February 2025, the current debate for European policymakers is about the complexity and financial burdens associated with CSRD compliance and sustainability reporting in general, especially for SMEs. This initiative aims to exclude approximately 80% of companies from the CSRD's scope, shifting the focus of reporting obligations to larger enterprises (with more than 1,000 employees). Moreover, in addition to the aim of revising and simplifying the EFRAG's European Sustainability Reporting Standards, the reform is intended to ensure that sustainability reporting requirements for large companies do not impose excessive burdens on smaller companies within their value chains, thereby fostering a more proportionate and effective regulatory framework. This proposal also addresses the

assurance requirements, eliminating the obligation to transition from limited assurance to reasonable assurance. However, we advise that regulatory bodies maintain a proactive stance toward market dynamics within the assurance industry. Vigilant oversight and policies that encourage competition among assurance providers can help uphold the integrity of sustainability disclosures, ensuring that they offer stakeholders reliable, unbiased insights.

In practice, as companies adjust their behaviour to an evolving regulatory landscape, they should align their reporting practices to comply with legal requirements and, at the same time, portray a faithful representation of their sustainability efforts and impacts. This requires distinguishing between actions driven by regulatory compliance and those that fall within the realm of CSR, as these initiatives often reflect ethical and strategic commitments beyond legal obligations. Such transparency can enhance trust among stakeholders and build a corporate reputation by demonstrating a commitment to sustainability. In terms of third-party assurance, companies are encouraged to engage independent auditors separated from those handling financial audits, as this can reinforce objectivity in sustainability assessments. Additionally, firms can strengthen report credibility by including supplementary evidence that reflects comprehensive stakeholder engagement and reliance on data and documentation beyond those provided by management alone.

4.1 Future research questions

Being a conceptual paper, this study focuses on some theoretical reflections, but it also offers some insights into some research questions and projections for future studies. Future research could investigate innovative solutions to support SMEs in transitioning to mandatory reporting, including simplified reporting frameworks, targeted subsidies, and capacity-building initiatives. Furthermore, empirical evidence on the actual cost-benefit dynamics of sustainability reporting for SMEs remains a critical gap that needs to be addressed. In this sense, answering the following research questions might provide new empirical insights:

- (1) *How can simplified reporting frameworks be designed to effectively meet the needs of SMEs while ensuring compliance with mandatory sustainability reporting requirements?*
- (2) *How do different subsidy models impact the quality and frequency of sustainability reporting by SMEs?*
- (3) *How does sustainability reporting impact SMEs' financial performance, reputation, and stakeholder relationships over time?*

If the European Commission's "Omnibus" proposal is ultimately adopted and modifies the CSRD, it will be particularly interesting to assess whether SMEs that have already embarked on a sustainability reporting journey will continue their efforts, whether they will adopt the VSME ESRS, and whether—despite the absence of mandatory reporting obligations—some SMEs will voluntarily engage in sustainability disclosure. Understanding these dynamics could provide insights into the drivers and barriers of voluntary sustainability reporting among SMEs, shedding light on whether market expectations, stakeholder pressures, or perceived benefits influence their reporting decisions beyond regulatory mandates.

In addition, research might explore the phenomenon of green hushing within mandatory sustainability disclosures. This underexplored area could have significant implications for corporate performance and stakeholder perceptions. Understanding the interaction between mandatory reporting regulations and corporate strategies to disclose or withhold information necessitates empirical investigation. Longitudinal studies could provide valuable insights into whether the CSRD and similar regulations promote greater transparency or inadvertently encourage subtle forms of non-disclosure. Based on our findings, we advocate that future research can be directed to answer the following questions:

- (1) *What are the key drivers and organisational factors that lead to green hushing within mandatory sustainability disclosures?*
- (2) *How do companies balance compliance with mandatory reporting requirements and strategic withholding of sensitive sustainability information?*
- (3) *How does green hushing affect stakeholder trust and perceptions of corporate transparency?*
- (4) *What measures can regulators and policymakers implement to detect and prevent green hushing?*

Another promising avenue for research lies in examining how companies balance legal compliance with genuine CSR initiatives. Comparative analyses across industries and regions could shed light on how various regulatory environments shape corporate strategies and stakeholder perceptions of CSR. For example:

- (1) *How do companies reconcile legal compliance requirements with the pursuit of authentic CSR initiatives?*
- (2) *Can legal compliance act as a catalyst or constraint for innovative CSR practices?*
- (3) *Can cultural, economic, and political factors influence differences in CSR implementation?*
- (4) *How do stakeholders perceive the difference between compliance-driven CSR and initiatives motivated by moral accountability for social or environmental concerns?*

Last, the role of third-party assurance in sustainability reporting deserves closer attention. Little is known about its effectiveness in enhancing the credibility and reliability of sustainability reports or its potential to build or restore stakeholder trust in corporate sustainability practices. These areas represent critical opportunities for future research to deepen our understanding of the evolving landscape of sustainability reporting. Thus, the following questions may contribute to enriching the literature:

- (1) *Is third-party assurance effective in enhancing the credibility and reliability of sustainability reports?*
- (2) *How, if any, can third-party assurance influence stakeholder trust in corporate sustainability practices?*
- (3) *Do different assurance standards and methodologies impact the perceived quality and utility of sustainability reports?*
- (4) *How does third-party assurance influence the materiality assessment process in sustainability reporting?*

References

- Accountancy Europe (2020), "Towards reliable non-financial information across Europe", available at: https://www.accountancyeurope.eu/wp-content/uploads/2022/12/Accountancy-Europe-NFI-assurance-practice_factheet.pdf
- Allgeier, S. and Feldmann, R. (2023), "CSRD sustainability reporting for non-listed SMEs: European regulators remain challenged", *European Company and Financial Law Review*, Vol. 20 No. 3, pp. 438-446, doi: [10.1515/ecfr-2023-0019](https://doi.org/10.1515/ecfr-2023-0019).
- Alvesson, M. (1993), "Organizations as rhetoric: knowledge-intensive firms and the struggle with ambiguity", *Journal of Management Studies*, Vol. 30 No. 6, pp. 997-1015, doi: [10.1111/j.1467-6486.1993.tb00476.x](https://doi.org/10.1111/j.1467-6486.1993.tb00476.x).

- Andrew, J. and Baker, M. (2020), "Corporate social responsibility reporting: the last 40 years and a path to sharing future insights", *Abacus*, Vol. 56 No. 1, pp. 35-65, doi: [10.1111/abac.12181](https://doi.org/10.1111/abac.12181).
- Asante-Appiah, B. and Lambert, F. (2023), "The role of the external auditor in managing environmental, social, and governance (ESG) reputation risk", *Review of Accounting Studies*, Vol. 28 No. 4, pp. 2589-2641, doi: [10.1007/s11142-022-09706-z](https://doi.org/10.1007/s11142-022-09706-z).
- Aureli, S., Magnaghi, E. and Salvatori, F. (2019), "The role of existing regulation and discretion in harmonising non-financial disclosure", *Accounting in Europe*, Vol. 16 No. 3, pp. 290-312, doi: [10.1080/17449480.2019.1637529](https://doi.org/10.1080/17449480.2019.1637529).
- Bagur-Femenias, L., Llach, J. and Alonso-Almeida, M.D. (2013), "Is the adoption of environmental practices a strategical decision for small service companies? An empirical approach", *Management Decision*, Vol. 51 Nos 1/2, pp. 41-62, doi: [10.1108/00251741311291300](https://doi.org/10.1108/00251741311291300).
- Ball, A., Owen, D. and Gray, R. (2000), "External transparency or internal capture? The role of third-party statements in adding value to corporate environmental reports", *Business Strategy and the Environment*, Vol. 9 No. 1, pp. 1-23, doi: [10.1002/\(sici\)1099-0836\(200001/02\)9:1<1::aid-bse227>3.0.co;2-h](https://doi.org/10.1002/(sici)1099-0836(200001/02)9:1<1::aid-bse227>3.0.co;2-h).
- Barthes, R. (1972), *Mythologies*, The Noonday Press, New York.
- Boiral, O. (2007), "Corporate greening through ISO 14001: a rational myth?", *Organization Science*, Vol. 18 No. 1, pp. 127-146, doi: [10.1287/orsc.1060.0224](https://doi.org/10.1287/orsc.1060.0224).
- Boiral, O. and Gendron, Y. (2011), "Sustainable development and certification practices: lessons learned and prospects", *Business Strategy and the Environment*, Vol. 20 No. 5, pp. 331-347, doi: [10.1002/bse.701](https://doi.org/10.1002/bse.701).
- Borup, M., Brown, N., Konrad, K. and Van Lente, H. (2006), "The sociology of expectations in science and technology", *Technology Analysis and Strategic Management*, Vol. 18 Nos 3-4, pp. 285-298, doi: [10.1080/09537320600777002](https://doi.org/10.1080/09537320600777002).
- Brammer, S., Hojmosse, S. and Marchant, K. (2012), "Environmental management in SMEs in the UK: practices, pressures and perceived benefits", *Business Strategy and the Environment*, Vol. 21 No. 7, pp. 423-434, doi: [10.1002/bse.717](https://doi.org/10.1002/bse.717).
- Breijer, R., Erkens, M.H.R., Orij, R.P. and Vergoossen, R.G.A. (2025), "Mandatory versus voluntary non-financial reporting: reporting practices and economic consequences", *Accounting Forum*, Vol. 49 No. 2, pp. 303-335, doi: [10.2139/ssrn.4897483](https://doi.org/10.2139/ssrn.4897483).
- Burrows, D. (2020), *Sustainability Under Wraps?*, Institute of Environmental Management and Assessment (IEMA), available at: <https://www.iema.net/articles/sustainability-under-wraps>
- Carlos, C.W. and Lewis, B. (2017), "Strategic silence: withholding certification status as a hypocrite avoidance tactic", *Administrative Science Quarterly*, Vol. 63 No. 1, pp. 1-40, doi: [10.1177/0001839217695089](https://doi.org/10.1177/0001839217695089).
- Carnegie, G.D., Gomes, D., Parker, L.D., McBride, K. and Tsahuridu, E. (2024), "How accounting can shape a better world: framework, analysis and research agenda", *Meditari Accountancy Research*, Vol. 32 No. 5, pp. 1529-1555, doi: [10.1108/medar-06-2024-2509](https://doi.org/10.1108/medar-06-2024-2509).
- Carroll, A.B. (1979), "A three-dimensional conceptual corporate performance", *Academy of Management*, Vol. 4 No. 4, pp. 497-505, doi: [10.2307/257850](https://doi.org/10.2307/257850).
- Carroll, A.B. (1991), "The pyramid of corporate social responsibility: toward the moral management of organizational stakeholders", *Business Horizons*, Vol. 22 No. 4, pp. 39-48, doi: [10.1016/0007-6813\(91\)90005-g](https://doi.org/10.1016/0007-6813(91)90005-g).
- Carroll, A.B. (1999), "Corporate social responsibility: evolution of a definitional construct", *Business and Society*, Vol. 38 No. 3, pp. 268-295.
- Cheng, H., Dong, D. and Feng, Y. (2024), "Corporate greenhushing and stock price crash risk: evidence from China", *Environment, Development and Sustainability*. doi: [10.1007/s10668-024-04935-5](https://doi.org/10.1007/s10668-024-04935-5).
- Cho, C.H., Laine, M., Roberts, R.W. and Rodrigue, M. (2015), "Organized hypocrite, organizational façades, and sustainability reporting", *Accounting, Organizations and Society*, Vol. 40, pp. 78-94, doi: [10.1016/j.aos.2014.12.003](https://doi.org/10.1016/j.aos.2014.12.003).

- Cho, C.H., Bohr, K., Choi, T., Partridge, K., Shah, J. and Swierszcz, A. (2020), "Advancing sustainability reporting in Canada: 2019 report on progress", *Accounting Perspectives*, Vol. 19 No. 3, pp. 181-204, doi: [10.1111/1911-3838.12232](https://doi.org/10.1111/1911-3838.12232).
- Christensen, H.B., Hail, L. and Leuz, C. (2021), "Mandatory CSR and sustainability reporting: economic analysis and literature review", *Review of Accounting Studies*, Vol. 26 No. 3, pp. 1176-1248, doi: [10.1007/s11142-021-09609-5](https://doi.org/10.1007/s11142-021-09609-5).
- Courrent, J.M. and Omri, W. (2022), "Closing the gap between stakeholder pressure and SME owner-managers' commitment to sustainability: does the business case logic matter?", *Journal of Enterprising Culture*, Vol. 30 No. 4, pp. 401-430, doi: [10.1142/s0218495822500133](https://doi.org/10.1142/s0218495822500133).
- Crane, A. and Glozer, S. (2016), "Researching corporate social responsibility communication: themes, opportunities and challenges", *Journal of Management Studies*, Vol. 53 No. 7, pp. 1223-1252, doi: [10.1111/joms.12196](https://doi.org/10.1111/joms.12196).
- Davis, K. (1973), "The case for and against business assumption of social responsibilities", *Academy of Management Journal*, Vol. 16 No. 2, pp. 312-322, doi: [10.2307/255331](https://doi.org/10.2307/255331).
- Day, P. and Klein, R. (1987), *Accountabilities: Five Public Services*, Tavistock, London.
- de Villiers, C. and Alexander, D. (2014), "The institutionalisation of corporate social responsibility reporting", *The British Accounting Review*, Vol. 46 No. 2, pp. 198-212, doi: [10.1016/j.bar.2014.03.001](https://doi.org/10.1016/j.bar.2014.03.001).
- de Villiers, C., Dumay, J., Farneti, F., Jia, J. and Li, Z. (2024), "Does mandating corporate social and environmental disclosure improve social and environmental performance?: broad-Based evidence regarding the effectiveness of directive 2014/95/EU", *The British Accounting Review*, Vol. 56 No. 6, 101437, doi: [10.1016/j.bar.2024.101437](https://doi.org/10.1016/j.bar.2024.101437).
- Doni, F., Bianchi Martini, S., Corvino, A. and Mazzoni, M. (2019), "Voluntary versus mandatory non-financial disclosure: EU directive 95/2014 and sustainability reporting practices based on empirical evidence from Italy", *Meditari Accountancy Research*, Vol. 28 No. 5, pp. 781-802, doi: [10.1108/medar-12-2018-0423](https://doi.org/10.1108/medar-12-2018-0423).
- Dumay, J., La Torre, M. and Farneti, F. (2019), "Developing trust through stewardship: implications for intellectual capital, integrated reporting, and the EU directive 2014/95/EU", *Journal of Intellectual Capital*, Vol. 20 No. 1, pp. 11-39, doi: [10.1108/jic-06-2018-0097](https://doi.org/10.1108/jic-06-2018-0097).
- EFRAG (2024), "Shape the new European sustainability reporting standards for SMEs", *Webinar for EMAS Companies*, 9 April 2024.
- ESBG (European Savings and Retail Banking Group) (2024), "ESBG response to the EFRAG consultation on the exposure draft ESRS for non-listed SMEs (VSME)", Brussels, May 2024.
- EU (2022), "Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting".
- EU Platform on Sustainable Finance (2024), "Briefing of the platform's response to EFRAG's consultation on LSME and VSME ESRS", May 2024.
- European Commission (2020), "Public consultation on the review of the non-financial reporting directive", available at: https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12129-Revision-of-Non-Financial-Reporting-Directive/public-consultation_it
- Falchi, A., Grolleau, G. and Mzoughi, N. (2022), "Why companies might under-communicate their efforts for sustainable development and what can be done?", *Business Strategy and the Environment*, Vol. 31 No. 5, pp. 1938-1946, doi: [10.1002/bse.2991](https://doi.org/10.1002/bse.2991).
- Farooq, M.B. and de Villiers, C. (2019), "Understanding how managers institutionalise sustainability reporting: evidence from Australia and New Zealand", *Accounting, Auditing & Accountability Journal*, Vol. 32 No. 5, pp. 1240-1269, doi: [10.1108/aaaj-06-2017-2958](https://doi.org/10.1108/aaaj-06-2017-2958).
- Font, X., Elgammal, I. and Lamond, I. (2016), "Greenhushing: the deliberate under communicating of sustainability practices by tourism businesses", *Journal of Sustainable Tourism*, Vol. 25 No. 7, pp. 1007-1023, doi: [10.1080/09669582.2016.1158829](https://doi.org/10.1080/09669582.2016.1158829).

- Galli, D., Torelli, R. and Caccialanza, A. (2023), "Sustainability performance and sustainability reporting in SMEs: a love affair or a fight?", *Journal of Management and Organization*, Vol. 30 No. 3, pp. 1-26, doi: [10.1017/jmo.2023.40](https://doi.org/10.1017/jmo.2023.40).
- Ginder, W., Kwon, W. and Byun, S. (2021), "Effects of internal-external congruence-based CSR positioning: an attribution theory approach", *Journal of Business Ethics*, Vol. 169 No. 2, pp. 355-369, doi: [10.1007/s10551-019-04282-w](https://doi.org/10.1007/s10551-019-04282-w).
- Granly, B.M. and Welø, T. (2014), "EMS and sustainability: experiences with ISO 14001 and eco-lighthouse in Norwegian metal processing SMEs", *Journal of Cleaner Production*, Vol. 64 No. 1, pp. 194-204, doi: [10.1016/j.jclepro.2013.08.007](https://doi.org/10.1016/j.jclepro.2013.08.007).
- Hristov, I. and Searcy, C. (2024), "Integrating sustainability with corporate governance: a framework to implement the corporate sustainability reporting directive through a balanced scorecard", *Management Decision*, Vol. 63 No. 2, pp. 443-467, doi: [10.1108/md-10-2023-1995](https://doi.org/10.1108/md-10-2023-1995).
- Hummel, K. and Bauernhofer, K. (2024), "Consequences of sustainability reporting mandates: evidence from the EU taxonomy regulation", *Accounting Forum*, Vol. 48 No. 3, pp. 1-27, doi: [10.1080/01559982.2024.2301854](https://doi.org/10.1080/01559982.2024.2301854).
- Hummel, K., Schlick, C. and Fifka, M. (2017), "The role of sustainability performance and accounting assurors in sustainability assurance engagements", *Journal of Business Ethics*, Vol. 154 No. 3, pp. 733-757, doi: [10.1007/s10551-016-3410-5](https://doi.org/10.1007/s10551-016-3410-5).
- Jenkins, H. (2004), "A critique of conventional CSR theory: an SME perspective", *Journal of General Management*, Vol. 29 No. 4, pp. 37-57, doi: [10.1177/030630700402900403](https://doi.org/10.1177/030630700402900403).
- Junior, R., Best, P. and Cotter, J. (2014), "Sustainability reporting and assurance: a historical analysis on a world-wide phenomenon", *Journal of Business Ethics*, Vol. 120, pp. 1-11, doi: [10.1007/s10551-013-1637-y](https://doi.org/10.1007/s10551-013-1637-y).
- Kinderman, D. (2020), "The challenges of upward regulatory harmonization: the case of sustainability reporting in the European Union", *Regulation and Governance*, Vol. 14 No. 4, pp. 674-697, doi: [10.1111/rego.12240](https://doi.org/10.1111/rego.12240).
- Klibi, E., Damak, S. and Elwafi, O. (2024), "The impact of sustainability assurance levels on market capitalization: the case of French firms", *Journal of Financial Reporting and Accounting*, doi: [10.1108/jfra-03-2024-0162](https://doi.org/10.1108/jfra-03-2024-0162).
- Krasodomska, J., Simnett, R. and Street, D. (2021), "Extended external reporting assurance: current practices and challenges", *Journal of International Financial Management and Accounting*, Vol. 32 No. 1, pp. 104-142, doi: [10.1111/jifm.12127](https://doi.org/10.1111/jifm.12127).
- Krasodomska, J., Zarzycka, E. and Zieniuk, P. (2024), "Exploring multi-level drivers of accountants' opinions on the changes introduced by the corporate sustainability reporting directive", *Accounting in Europe*, pp. 1-18, doi: [10.1080/17449480.2024.2382205](https://doi.org/10.1080/17449480.2024.2382205).
- Kriechbaum, M., Posch, A. and Hauswiesner, A. (2021), "Hype cycles during socio-technical transitions: the dynamics of collective expectations about renewable energy in Germany", *Research Policy*, Vol. 50 No. 9, 104262, doi: [10.1016/j.respol.2021.104262](https://doi.org/10.1016/j.respol.2021.104262).
- Ku, L. (2024), "From greenwashing to green hushing: the quiet ESG challenge", *Euromoney*, available at: <https://www.euromoney.com/article/2d8k72kn9o3rmlqe1hlhc/opinion/from-greenwashing-to-green-hushing-the-quiet-esg-challenge>
- La Torre, M., Sabelfeld, S., Blomkvist, M., Tarquinio, L. and Dumay, J. (2018), "Harmonising non-financial reporting regulation in Europe: practical forces and projections for future research", *Meditari Accountancy Research*, Vol. 26 No. 4, pp. 598-621, doi: [10.1108/medar-02-2018-0290](https://doi.org/10.1108/medar-02-2018-0290).
- La Torre, M., Sabelfeld, S., Blomkvist, M. and Dumay, J. (2020), "Rebuilding trust: sustainability and non-financial reporting and the European Union regulation", *Meditari Accountancy Research*, Vol. 28 No. 5, pp. 701-725, doi: [10.1108/medar-06-2020-0914](https://doi.org/10.1108/medar-06-2020-0914).
- Lauffer, W. (2003), "Social accountability and corporate greenwashing", *Journal of Business Ethics*, Vol. 43 No. 3, pp. 253-261, doi: [10.1023/a:1022962719299](https://doi.org/10.1023/a:1022962719299).
- Lu, T., Sivaramakrishnan, K., Wang, Y. and Yu, L. (2021), "The real effects of mandatory corporate social responsibility reporting in China", *Production and Operations Management*, Vol. 30 No. 5, pp. 1493-1516, doi: [10.1111/poms.13334](https://doi.org/10.1111/poms.13334).

- Masiero, E., Arkhipova, D., Massaro, M. and Bagnoli, C. (2020), "Corporate accountability and stakeholder connectivity. A case study", *Meditari Accountancy Research*, Vol. 28 No. 5, pp. 803-831, doi: [10.1108/medar-03-2019-0463](https://doi.org/10.1108/medar-03-2019-0463).
- McGuire, J.W. (1963), *Business and Society*, McGraw-Hill, New York.
- Meyer, J.W. and Rowan, B. (1977), "Institutionalized organizations: formal structure as myth and ceremony", *American Journal of Sociology*, Vol. 83 No. 2, pp. 340-363, doi: [10.1086/226550](https://doi.org/10.1086/226550).
- Mezzanotte, F.E. (2023), "Corporate sustainability reporting: double materiality, impacts, and legal risk", *Journal of Corporate Law Studies*, Vol. 23 No. 2, pp. 633-663, doi: [10.1080/14735970.2024.2319058](https://doi.org/10.1080/14735970.2024.2319058).
- Moggi, S., Lehman, G. and Pagani, A. (2023), "The juridification of social accounting and the transposition process of the non-financial reporting directive 2014/95/EU", *Meditari Accountancy Research*, Vol. 31 No. 7, pp. 185-208, doi: [10.1108/medar-01-2023-1897](https://doi.org/10.1108/medar-01-2023-1897).
- Nicolò, G., Zamponi, G., Sannino, G. and De Iorio, S. (2021), "Sustainable corporate governance and non-financial disclosure in Europe: does gender diversity matter?", *Journal of Applied Accounting Research*, Vol. 23 No. 1, pp. 227-249, doi: [10.1108/jaar-04-2021-0100](https://doi.org/10.1108/jaar-04-2021-0100).
- Nicolò, G., Santis, S., Incollingo, A. and Polcini, P.T. (2023), "Value relevance research in accounting and reporting domains: a bibliometric analysis", *Accounting in Europe*, Vol. 21 No. 2, pp. 1-36.
- O'Dwyer, B. and Owen, D. (2005), "Assurance statement practice in environmental, social and sustainability reporting: a critical evaluation", *The British Accounting Review*, Vol. 37 No. 2, pp. 205-229, doi: [10.1016/j.bar.2005.01.005](https://doi.org/10.1016/j.bar.2005.01.005).
- O'Dwyer, B., Owen, D. and Unerman, J. (2011), "Seeking legitimacy for new assurance forms: the case of assurance on sustainability reporting", *Accounting, Organizations and Society*, Vol. 36 No. 1, pp. 31-52, doi: [10.1016/j.aos.2011.01.002](https://doi.org/10.1016/j.aos.2011.01.002).
- O'Reilly, S., Gorman, L., Bhairs, C. and Brennan, N.M. (2023), "Implementing the European Union Green Taxonomy: implications for small- and medium-sized enterprises", *Accounting Forum*, Vol. 48 No. 3, pp. 401-426, doi: [10.1080/01559982.2023.2272394](https://doi.org/10.1080/01559982.2023.2272394).
- Paiva, I.S. and Gavancha, I.F. (2018), "Determinants of sustainability reporting in medium enterprises", in *Maintaining Sustainable Accounting Systems in Small Business*, IGI Global, pp. 94-111.
- Parker, L.D. (2014), "Corporate social accountability through action: contemporary insights from British industrial pioneers", *Accounting, Organizations and Society*, Vol. 39 No. 8, pp. 632-659, doi: [10.1016/j.aos.2014.10.001](https://doi.org/10.1016/j.aos.2014.10.001).
- Perrini, F., Russo, A. and Tencati, A. (2007), "CSR strategies of SMEs and large firms. Evidence from Italy", *Journal of Business Ethics*, Vol. 74 No. 3, pp. 285-300, doi: [10.1007/s10551-006-9235-x](https://doi.org/10.1007/s10551-006-9235-x).
- Pizzi, S. and Coronella, S. (2024), "Are listed SMEs ready for the corporate sustainability reporting directive? Evidence from Italy", *Business Ethics, the Environment and Responsibility*. doi: [10.1111/beer.12736](https://doi.org/10.1111/beer.12736).
- Pizzi, S., Caputo, A., Venturelli, A. and Caputo, F. (2022), "Embedding and managing blockchain in sustainability reporting: a practical framework", *Sustainability Accounting, Management and Policy Journal*, Vol. 13 No. 3, pp. 545-567, doi: [10.1108/sampj-07-2021-0288](https://doi.org/10.1108/sampj-07-2021-0288).
- Power, M. (1994), *The Audit Explosion*, Demos, London.
- Power, M. (2003), "Evaluating the audit explosion", *Law and Policy*, Vol. 25 No. 3, pp. 185-202, doi: [10.1111/j.1467-9930.2003.00147.x](https://doi.org/10.1111/j.1467-9930.2003.00147.x).
- Rajgopal, S. and Tantri, P. (2023), "Does a government mandate crowd out voluntary corporate social responsibility? Evidence from India", *Journal of Accounting Research*, Vol. 61 No. 1, pp. 415-447, doi: [10.1111/1475-679x.12461](https://doi.org/10.1111/1475-679x.12461).
- Reyes-Rodriguez, J., Ulhoi, J. and Madsen, H. (2016), "Corporate environmental sustainability in Danish SMEs: a longitudinal study of motivators, initiatives, and strategic effects", *Corporate Social Responsibility and Environmental Management*, Vol. 23 No. 4, pp. 193-221.
- Reynolds, M. and Yuthas, K. (2008), "Moral discourse and corporate social responsibility reporting", *Journal of Business Ethics*, Vol. 78 Nos 1-2, pp. 47-64, doi: [10.1007/s10551-006-9316-x](https://doi.org/10.1007/s10551-006-9316-x).

- Rhodes, C. and Fleming, P. (2020), "Forget political corporate social responsibility", *Organization*, Vol. 27 No. 6, pp. 943-951, doi: [10.1177/1350508420928526](https://doi.org/10.1177/1350508420928526).
- Schoeneborn, D., Morsing, M. and Crane, A. (2021), "Formative perspectives on the relation between CSR communication and CSR practices: pathways for walking, talking, and t(w)alking", *Business and Society*, Vol. 59 No. 1, pp. 5-33, doi: [10.1177/0007650319845091](https://doi.org/10.1177/0007650319845091).
- Schwoy, S., Dutzi, A. and Messing, J. (2024), "Silence is golden? – analysing the transparency of ESG controversies in corporate reporting within the pharmaceutical and textile industry", *Management Decision*, Vol. 63 No. 2, pp. 665-707, doi: [10.1108/md-10-2023-1988](https://doi.org/10.1108/md-10-2023-1988).
- Sheldon, M.D. and Jenkins, J.G. (2020), "The influence of firm performance and (level of) assurance on the believability of management's environmental report", *Accounting, Auditing & Accountability Journal*, Vol. 33 No. 3, pp. 501-528, doi: [10.1108/aaaj-11-2018-3726](https://doi.org/10.1108/aaaj-11-2018-3726).
- Shore, C. and Wright, S. (2000), "Coercive accountability: the rise of audit culture in higher education", in Strathern, M. (Ed.), *Audit Cultures: Anthropological Studies in Accountability, Ethics and the Academy*, Routledge, London and New York.
- Sodhi, M.M.S., Kumar, C. and Ganguly, A. (2022), "How mandatory corporate social responsibility can help governments with development goals", *Business Strategy and Development*, Vol. 5 No. 1, pp. 30-43, doi: [10.1002/bsd2.181](https://doi.org/10.1002/bsd2.181).
- South Pole (2022), "Going green, then going dark – one in four companies are keeping quiet on science-based targets", available at: <https://www.southpole.com/news/going-green-then-going-dark>
- Stubbs, W., Higgins, C. and Milne, M. (2013), "Why do companies not produce sustainability reports?", *Business Strategy and the Environment*, Vol. 22 No. 7, pp. 456-470, doi: [10.1002/bse.1756](https://doi.org/10.1002/bse.1756).
- Suchman, M.C. and Eyre, D.P. (1992), "Military procurement as rational myth: notes on the social construction of weapons proliferation", *Sociological Forum*, Vol. 7 No. 1, pp. 137-161, doi: [10.1007/bf01124759](https://doi.org/10.1007/bf01124759).
- Tarquinio, L. and Posadas, S.C. (2020), "Exploring the term 'non-financial information': an academics' view", *Meditari Accountancy Research*, Vol. 28 No. 5, pp. 727-749, doi: [10.1108/medar-11-2019-0602](https://doi.org/10.1108/medar-11-2019-0602).
- Tarquinio, L. and Xhindole, C. (2022), "The institutionalisation of sustainability reporting in management practice: evidence through action research", *Sustainability Accounting, Management and Policy Journal*, Vol. 13 No. 2, pp. 362-386, doi: [10.1108/sampj-07-2020-0249](https://doi.org/10.1108/sampj-07-2020-0249).
- Vallaster, C., Lindgreen, A. and Maon, F. (2012), "Strategically leveraging corporate social responsibility: a corporate branding perspective", *California Management Review*, Vol. 54 No. 3, pp. 34-60, doi: [10.1525/cm.2012.54.3.34](https://doi.org/10.1525/cm.2012.54.3.34).
- Van Lente, H., Spitters, C. and Peine, A. (2013), "Comparing technological hype cycles: towards a theory", *Technological Forecasting and Social Change*, Vol. 80 No. 8, pp. 1615-1628, doi: [10.1016/j.techfore.2012.12.004](https://doi.org/10.1016/j.techfore.2012.12.004).
- Verney, P. (2023), "Auditing uncertainty: are assurers prepared for CSRD?", *Responsible Investors*, available at: <https://www.responsible-investor.com/auditing-uncertainty-how-prepared-are-assurers-for-csrd/>
- Vormedal, I.H. and Ruud, A. (2009), "Sustainability reporting in Norway – an assessment of performance in the context of legal demands and socio-political drivers", *Business Strategy and the Environment*, Vol. 18 No. 4, pp. 207-222, doi: [10.1002/bse.560](https://doi.org/10.1002/bse.560).
- Wickert, C., Scherer, A.G. and Spence, L.J. (2016), "Walking and talking corporate social responsibility: implications of firm size and organizational cost", *Journal of Management Studies*, Vol. 53 No. 7, pp. 1169-1196, doi: [10.1111/joms.12209](https://doi.org/10.1111/joms.12209).
- World Bank (2022), "Small and medium enterprises (SMEs) finance", available at: <https://www.worldbank.org/en/topic/sme/finance>

Corresponding author

Patrizia Di Tullio can be contacted at: patrizia.ditullio@unich.it

For instructions on how to order reprints of this article, please visit our website:

www.emeraldgroupublishing.com/licensing/reprints.htm

Or contact us for further details: permissions@emeraldinsight.com