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# The influence of pressure: why some stakeholders drive non-financial reporting and others do not

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*Examining the influence of primary stakeholder salience on voluntary non-financial reporting among non-listed SMEs*



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## **Preface**

Before you lies my master's thesis titled "The influence of pressure: why some stakeholders drive non-financial reporting and others do not". Writing this thesis marks my final step in my journey as a Business Administration student, with a specialization in Strategic Management, at Radboud University. Writing this thesis has been both intellectually and personally challenging yet rewarding, allowing me to combine academic theory with real-world organizational dynamics, experiences, and challenges.

I would like to express my gratitude toward my supervisor, dr. ir. Sjors Witjes, for his guidance, feedback, and insights during the entire process of writing my master's thesis. I would also like to thank him for the opportunity to 'get my feet in the mud' at the 'Lifeport@ InnovatieHub Circulair 2025'. I am also grateful to my fellow thesis circle members for providing me with peer feedback and for serving as constructive sparring partners during the thesis writing process.

Additionally, I would like to thank the participants of the interviews, the organizers of the InnovatieHub, and the masterclass speakers for providing me with interesting insights, relevant information, and the possibility to conduct interviews and receive documents. Their cooperation and enthusiasm have helped motivate me to complete my thesis.

Lastly, on a personal note, I would like to thank my family, friends, and roommates for their support throughout this process. Their encouragement, advice, understanding, and ability to provide a listening ear were significantly valued, especially during the final week of this thesis journey.

Completing this thesis has provided me with meaningful scientific, professional, and personal insights. I hope that reading this thesis will be as engaging as writing it, and that it will provide meaningful findings.

## **Abstract**

As sustainability and corporate responsibility become increasingly relevant, non-financial reporting is gaining importance, even among organizations not legally required to disclose non-financial information. This study investigates how primary stakeholder salience, defined by power, legitimacy, urgency, and proximity, shapes voluntary non-financial reporting practices among Dutch non-listed SMEs. Drawing on stakeholder salience theory and employing an explorative-descriptive multiple case study approach, this research incorporates data from semi-structured interviews, document analyses, and participatory observations. The findings reveal that stakeholder salience attributes do not exert influence in isolation, rather, combinations of attributes, particularly power combined with urgency or proximity, drive NFR engagement. The study found that primary stakeholders, such as investors, customers, and employees, were highly influential in driving NFR, while suppliers were contextually influential in driving NFR, and society was found to be hardly influential among the primary stakeholder groups. Furthermore, perceptions of salience are influenced by contextual factors, including organizational values, sector pressures, and strategic priorities. These insights contribute to stakeholder salience theory by providing a dynamic and context-sensitive understanding of how non-listed SMEs interpret and prioritize primary stakeholder pressures in their non-financial reporting practices.

**Key words:** stakeholder salience theory, primary stakeholders, primary stakeholder pressures, non-financial reporting, voluntary sustainability reporting

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# 1 – Introduction

## 1.1 – Research problem

Over the last few decades, stakeholder expectations have played an increasingly important role in shaping the development of non-financial reporting (NFR) (Setyaningsih et al., 2024), evolving from a voluntary practice to a legal requirement driven by legislation and stakeholder pressures (European Union, 2014). For organizations, this development underlines the increasing influence of stakeholder pressures on business activities and reporting practices. Stakeholders expect organizations to display greater transparency and accountability in their corporate activities (Celli et al., 2024; Faqih & Kramer, 2024). Among these stakeholders, primary stakeholders such as investors, customers, suppliers, employees, and society are particularly influential. These stakeholders have a direct impact or are directly impacted by the organizations and can therefore affect business performance if their expectations are not met (Shubham et al., 2017). These increased expectations require organizations to report non-financial information (NFI), focusing on environmental, social, and governance (ESG) data. Failing to meet these stakeholder expectations may result in a decrease in market share, increased financial risks, reputational damage, and a weakened competitive position (Schaltegger et al., 2019; Stocker et al., 2020). Consequently, organizations must adapt by reporting NFI and addressing stakeholder pressures to remain competitive.

To respond effectively to these increasing stakeholder pressures, the concept of stakeholder salience becomes particularly relevant. Stakeholder salience assesses the importance of stakeholders based on multiple attributes, including power, legitimacy, urgency, and proximity (Ernst et al., 2022; Mitchell et al., 1997). By understanding these attributes and their influence on organizational decision-making, organizations can better assess which stakeholder demands to prioritize, ultimately enhancing their ability to meet stakeholder expectations more effectively and ensure long-term viability.

These dynamics are increasingly reflected in the evolving European regulatory landscape. The introduction of the first mandatory sustainability reporting directive, the NFRD (NFRD 2014/95/EU), reflected the growing stakeholder pressures that organizations faced to enhance transparency and accountability in their NFR. The NFRD required organizations to disclose NFI, aiming to improve comparability, reliability, and clarity of sustainability reports (European Union, 2014). However, the directive's impact was limited due to challenges in reporting formats and enforcement, which resulted in variability in the quality and comparability of reports (Celli et al., 2024; Pizzi et al., 2023). These shortcomings triggered the development of the Corporate Sustainability Reporting Directive (CSRD 2021/1119/EU) by the European Union (2022).

The CSRD, introduced by the European Union (2022) and coming into effect in January of 2023, strengthens NFR by mandating increased transparency and accountability for large organizations, listed organizations, credit institutions, and organizations meeting two out of three thresholds (turnover, balance sheet total, or number of employees). With the first reports due in January 2025, the directive aims to enhance the uniformity, comparability, and reliability of non-financial reports by imposing legal and financial penalties for non-compliance (Celli et al., 2024; Pizzi et al., 2023). Additionally, the CSRD mandates the use of standardized reporting frameworks, aiming to address the challenges faced by previous directives and better meet stakeholder expectations (Ortiz-Martínez et al., 2023). While the CSRD primarily affects selected organizations, there is also indirect pressure on organizations within the value chain and business relationships to provide non-financial reports (Allgeier & Feldmann, 2023; European Union, 2025). In response to challenges in CSRD compliance for smaller organizations, the European Commission proposed an omnibus package in March 2025, which aims to simplify reporting by narrowing its scope, capping value chain reporting, and delaying the reporting obligation for organizations that have not yet complied (European Commission, 2025). Despite these revisions, non-mandated organizations continue to face indirect NFR pressures, particularly from key stakeholders such as customers, investors, employees, suppliers, and society.

NFR has become a critical tool for organizations to transparently demonstrate their non-financial performance and build trust with stakeholders (Celli et al., 2024; Roberto et al., 2024; Setyaningsih et al., 2024). The effects of stakeholders affecting NFR practices of organizations have been extensively examined for large or listed organizations (Lisi et al., 2024; Ortiz-Martínez et al., 2023; Pizzi & Coronella, 2024). However, little attention has been given to the impact of stakeholder pressures on non-listed organizations, particularly in light of recent developments (European Commission, 2025). As regulations, such as the CSRD, and stakeholder expectations continue to evolve, even non-mandated organizations are increasingly facing indirect pressures to engage in NFR (Ahern, 2023; Allgeier & Feldmann, 2023). However, limited studies have investigated how non-mandated organizations respond to these developments, particularly concerning the importance of specific stakeholder demands (Awa et al., 2024; Schaltegger et al., 2019). While mandatory NFR is gaining importance due to regulatory and stakeholder pressures, engagement with NFR on a voluntary basis remains underexplored. Therefore, there is a pressing need to explore how non-mandated organizations perceive these stakeholder influences and how this affects their engagement with NFR practices in an increasingly complex reporting landscape.

## 1.2 – Relevance of the problem

This research contributes to the scientific literature of stakeholder salience theory and NFR by investigating how primary stakeholder pressures drive NFR engagement among non-listed SMEs (Small- and Medium-sized Enterprises). While earlier studies primarily focused on listed SMEs or large organizations subject to mandatory disclosure under frameworks like the NFRD or CSRD (Celli et al., 2024; Ortiz-Martínez et al., 2023; Pizzi & Coronella, 2024; Roberto et al., 2024), limited attention has been given to how non-mandated organizations voluntarily engage in NFR. The research of Celli et al. (2024) examines the challenges of CSRD compliance faced by listed SMEs but does not address how stakeholder pressures influence NFR engagement. Similarly, Pizzi and Coronella (2024) emphasize the role of institutional and regulatory pressures in shaping organizational decision-making regarding NFR engagement, however, they do not focus on the broader impact of stakeholder pressures. While most research on stakeholder pressures and NFR emphasized top-down regulatory drivers, this study shifts the focus to voluntary, stakeholder-driven motivations for non-mandated organizations to engage in NFR. Moreover, both Celli et al. (2024) and Ortiz-Martínez et al. (2023) call for further research on the effects of NFR in diverse cultural and institutional contexts, with a particular focus on stakeholder dynamics. Therefore, this study contributes to the literature by examining how stakeholder pressures influence NFR engagement in non-mandated organizations, providing valuable insights while addressing underexplored contexts.

Moreover, this research offers practical insights for non-mandated organizations that operate under the indirect influence of mandatory NFR regulations, such as the CSRD. As sustainability and corporate responsibility become increasingly prioritized by governments, consumers, investors, employees, suppliers, and society, meeting stakeholder expectations is essential for maintaining long-term viability (Ahern, 2023; Setyaningsih et al., 2024). Although non-listed SMEs are not legally required to comply with the CSRD, they still face indirect pressures to report NFI (Allgeier & Feldmann, 2023; Ortiz-Martínez et al., 2023), particularly from primary stakeholders. Existing research highlights that SMEs face substantial barriers when engaging in NFR, including limited financial and human resources, as well as the perceived complexity of aligning with formal standards (Faqih & Kramer, 2024; Setyaningsih et al., 2023). This study addresses these challenges by exploring how non-mandated organizations perceive and respond to stakeholder pressures related to NFR engagement. By identifying the most influential stakeholder attributes, such as power, legitimacy, urgency, and proximity, this research provides insights that can help organizations prioritize primary stakeholder engagement and improve their NFR practices.

### 1.3 – Objective and research question

The objective of this research is to investigate how perceived primary stakeholder salience influences NFR engagement among non-listed SMEs that are not mandated to report NFI. While existing regulations, such as the CSRD, target large and listed organizations, non-listed SMEs face increasing pressures from primary stakeholders, including investors, customers, employees, suppliers, and society. These stakeholders progressively expect organizations to be transparent and accountable through non-financial disclosures. By examining how different attributes of primary stakeholder salience, such as power, legitimacy, urgency, and proximity, shape organizational responses, this study aims to deepen understanding of how primary stakeholder salience dynamics influence NFR engagement. To address this objective, the following research question has been formulated: “How do primary stakeholder salience attributes, power, legitimacy, urgency, and proximity influence non-financial reporting engagement among non-listed SMEs?”

### 1.4 – Thesis outline

The following section will provide a theoretical framework that clarifies core concepts, including stakeholder salience theory and NFR. The third chapter describes the methods used in this research and discusses the data collection method, data characteristics, data analysis method, validity, reliability, and ethical considerations of this study. Chapter four presents the results section of this study, where relevant findings will be presented. Subsequently, chapter five of this study will reflect on the research with the discussion and conclusion sections, where the insights and implications of the study will be examined, and the research question will be addressed.

## 2 – Theoretical background

### 2.1 – Stakeholder theory

Over the past decades, the role of organizations in society has shifted from focusing primarily on maximum value for shareholders to creating value for all stakeholders affected by organizational activities (Freeman, 2010). This transition from a shareholder-centric approach (Friedman, 1970) to a stakeholder-centric approach emphasizes the essential need to consider the interests of various stakeholder groups in organizational decision-making (Freeman, 2010). As organizations are expected to operate with greater consideration of their impact (Freeman, 2010; Friedman, 1970), stakeholder theory provides a valuable lens to understand the motivations to engage in NFR, particularly for organizations not legally obligated to adhere to mandatory directives.

By considering the expectations of all stakeholders (Freeman, 2010), organizations must integrate both financial and non-financial disclosure expectations into their operations and decision-making processes. This highlights that reporting on NFI is equally essential as reporting financial information, particularly for organizations facing direct and indirect pressures from stakeholders (Celli et al., 2024). Since sustainability directives do not apply to all organizations, meeting stakeholder demands related to NFR can be a strategic move to enhance credibility among stakeholders (Guidi et al., 2024).

Stakeholders vary in the degree of pressure they exert and the influence they hold over organizational decision-making (Freeman et al., 2007). According to Freeman et al. (2007), Guerrero-Baena et al. (2024), and Valentino (2023), stakeholders can be categorized into primary and secondary stakeholder groups. Primary stakeholders, including suppliers, investors, communities, customers, and employees, are the most influential stakeholders and have a direct impact on or are directly impacted by the organization (Shubham et al., 2017). These stakeholders may require organizations to disclose NFI, and failing to meet these expectations can result in a negative impact on trust, sales, or access to resources (Freeman et al., 2007; Shubham et al., 2017). On the other hand, secondary stakeholders, such as government bodies, special interest groups, competitors, and media, have indirect impacts but can still influence organizational practices (Shubham et al., 2017). While all stakeholder expectations are important, prioritizing primary stakeholders is particularly crucial due to their direct impact on operations and decision-making.

Primary stakeholders have a significant role in shaping organizational decision-making (Guidi et al., 2024). Their pressures, such as financial, operational, regulatory, and market pressures, directly influence the extent and quality of an organization's NFR practices (Liesen et al., 2015; Vitolla et al., 2019). For instance, financial pressures from investors and customers can prompt organizations to incorporate sustainability practices into their reporting, as access to funding or revenue generation

may depend on meeting these expectations. Operational pressures from employees can lead organizations to adjust their reporting practices due to concerns that continuity may be affected (Fernandez-Feijoo et al., 2014). Regulatory pressures, such as governmental regulations, can influence organizations to disclose NFI in order to avoid legal consequences (European Union, 2022; Liesen et al., 2015). Additionally, market pressures from customers and society can influence organizations' reporting practices, motivating them to comply in order to avoid losing trust or market share (Fernandez-Feijoo et al., 2014). Responding to primary stakeholder pressures can enhance transparency, credibility, and trust, ultimately contributing to a stronger organizational reputation (Guidi et al., 2024).

Applying a stakeholder theoretical lens in the context of voluntary NFR engagement enables organizations to strengthen their reputation among stakeholders, potentially leading to increased competitive advantage and long-term sustainability (Roberto et al., 2024). However, stakeholder theory also presents certain limitations, as smaller organizations such as SMEs with limited resources (Faqih & Kramer, 2024; Setyaningsih et al., 2024) may face challenges in creating value for all stakeholders (Freeman, 2010). Due to resource constraints, such as time, knowledge, financial, and human resources (Setyaningsih et al., 2024), smaller organizations may struggle to address the expectations of all stakeholders equally. To address this challenge, organizations can use stakeholder salience theory, which helps prioritize stakeholders based on several attributes, thereby facilitating a strategic and structured approach to managing stakeholder influence.

### 2.1.1 – Stakeholder salience theory

As the demand for transparency and accountability of business practices increases (Faqih & Kramer, 2024), NFR has become a strategic tool for organizations to meet these demands (Ortiz-Martínez et al., 2023). Although smaller organizations, such as non-listed SMEs, are not directly obligated to comply with NFR directives, they are indirectly pressured to disclose NFI due to expectations from investors, customers, employees, suppliers, and society (Celli et al., 2024; Faqih & Kramer, 2024). These pressures have evolved voluntary NFR into a strategic tool for organizations to maintain credibility and competitiveness (Guidi et al., 2024).

To navigate these complex expectations effectively, stakeholder salience theory can provide a strategic framework for identifying and prioritizing stakeholders (Mitchell et al., 1997). This prioritization is based on the capacity of stakeholders to influence the organization (Mahajan et al., 2023), which is determined by their attributes, power, legitimacy, urgency, and proximity (Ernst et al., 2022; Mitchell et al., 1997). Stakeholders with high power can influence an organization through financial, contractual, or legal pressures (Mitchell et al., 1997). For instance, banks, investors, or supply

chain partners may require organizations to disclose NFI, as a condition for access to funding or contracts, thereby indirectly affecting the organizations' operations and stability (Aluchna et al., 2022; Courrent & Omri, 2022). Legitimacy refers to the credibility of the relationship between an organization and its stakeholders, such as employees or communities, whose interests can influence organizational actions, like NFI reporting (Mitchell et al., 1997). Urgency refers to the interests of stakeholders that require instant attention due to claims against the organization, such as environmental groups or investors responding to changes in the environment (Mitchell et al., 1997). Lastly, proximity, which has been suggested as the fourth attribute in recent research, refers to the operational or relational closeness of stakeholders to an organization (Ernst et al., 2022). Proximate stakeholders may be perceived as more important by organizations, since they are more apparent and visible, increasing their salience (Ernst et al., 2022). By prioritizing stakeholders based on power, legitimacy, urgency, and proximity, smaller organizations with limited resources can optimize the use of their resources while remaining compliant with the most important stakeholders.

In the context of NFR, the application of stakeholder salience theory can help organizations balance transparency for stakeholders with the feasibility of reporting on NFI. As NFR requirements become more complex and comprehensive, and stakeholders' expectations increase (Allgeier & Feldmann, 2023), organizations with limited resources (Setyaningsih et al., 2024) must decide what information and what stakeholders to focus on in their reports. As a result, non-mandated organizations, such as non-listed SMEs, may face indirect compliance through their stakeholders (Faqih & Kramer, 2024). In this context, stakeholder salience theory may serve as a tool to prioritize stakeholders, ensuring that NFI disclosures address the expectations of stakeholders that have the most significant impact on organizational operations and decision-making.

## 2.2 – Non-financial reporting

Reporting NFI has gained significant importance for organizations across sectors as they are increasingly expected to disclose NFI related to ESG practices (Roberto et al., 2024; Setyaningsih et al., 2024). This shift is primarily driven by the increasing awareness of sustainability issues and the resulting pressure from stakeholders, such as investors, customers, and regulators. Initially voluntary, participation in NFR has become more regulated, particularly with the introduction of directives like the NFRD (European Union, 2014) and the CSRD (European Union, 2022). The transition to mandatory reporting highlights the increasing demand for transparency and accountability in how organizations manage their sustainability and corporate responsibility.

Organizations engage in NFR for several reasons. First, organizations disclose NFI to comply with current or potential future direct and indirect regulatory requirements (Guidi et al., 2024; Ortiz-

Martínez et al., 2023). Regulatory compliance is important for disclosing NFI, since failure to comply can result in legal or financial penalties (European Union, 2022; Celli et al., 2024). Second, as stakeholders increasingly evaluate organizations based on societal and environmental impact, NFR becomes important for maintaining a competitive market position (Faqih & Kramer, 2024; Guidi et al., 2024; Ortiz-Martínez et al., 2023). As stakeholders increasingly demand greater transparency regarding NFI from organizations, organizations are expected to report on their sustainability and responsibility to a greater extent (Moisescu & Gică, 2020). Disclosing NFI enhances brand reputation, helps build stakeholder trust, and can boost stakeholder loyalty, resulting in stronger market performance (Guidi et al., 2024; Roberto et al., 2024; Setyaningsih et al., 2023). Moreover, NFR allows organizations to demonstrate transparency and responsibility, enhancing their competitive advantage in a market that increasingly values responsibility and sustainability.

Despite its growing importance, engaging in NFR presents numerous challenges, particularly for smaller organizations. One of the main barriers to engage in NFR is the lack of financial and human resources (Faqih & Kramer, 2024; Setyaningsih et al., 2023). Many smaller organizations struggle to allocate resources toward researching and reporting NFI, or lack internal knowledge and expertise to report on NFI (Faqih & Kramer, 2024). Moreover, the administrative burden associated with NFR can be perceived as a disadvantage, particularly when organizations are uncertain about the effects of NFR (Setyaningsih et al., 2023). Despite the various challenges of engaging in NFR and the growing intensity of stakeholder pressures, the advantages of disclosing NFI can ultimately outweigh the disadvantages of not disclosing NFI for organizations.

### 2.2.1 – Non-financial reporting frameworks

Numerous voluntary and mandatory NFR standards and frameworks have been established for European organizations (Council of the European Union, n.d.; European Union, 2022; International Institute for Sustainable Development, 2012). The development of NFR frameworks was driven by the need for standardized, comprehensive, and structured frameworks to guide organizations in disclosing the impact on environmental, social, and economic factors (Roberto et al., 2024; Setyaningsih et al., 2023).

The NFRD, introduced by the European Union in 2014, marked the first attempt to standardize NFR practices, requiring large organizations with over 500 employees to disclose information on their ESG impacts (European Union, 2014). While the NFRD aimed to improve the comparability, reliability, and clarity of non-financial reports, its impact was limited due to inconsistent standards and weak enforcement, leading to variability in reports (Celli et al., 2024; Pizzi et al., 2023). These shortcomings highlighted the need for a more comprehensive and standardized reporting framework, leading to the

development of the CSRD (European Union, 2022). The CSRD, which came into effect in January 2023, mandates the use of the European Sustainability Reporting Standards (ESRS), a set of 12 detailed standards designed to improve the transparency and reliability of non-financial reports (Arena & Catuogno, 2024; Faqih & Kramer, 2024). The CSRD introduces the concept of double materiality and mandates external audits to ensure the accuracy of the reports (European Union, 2022), which further enhances stakeholder trust (Fornasari & Traversi, 2024). While the CSRD applies to a specific set of organizations, non-listed SMEs are not legally required to report in line with the CSRD. However, to encourage voluntary NFR among organizations, the European Financial Reporting Advisory Group (EFRAG) has established the VSRS (Voluntary Sustainable Reporting Standard). This simplified version of the ESRS allows smaller organizations to report on sustainability and responsibility without the full regulatory burden (EFRAG, n.d.).

The development of both mandatory reporting frameworks, like the CSRD, and voluntary frameworks, like the VSRS, demonstrates the increasing importance of NFR for organizations. While selected organizations are required to comply with the CSRD, the VSRS provides non-listed SMEs with a simplified reporting tool that allows them to meet the rising expectations of stakeholders and demonstrate their commitment to sustainability and transparency.

### 2.2.2 – Voluntary NFR engagement

Engagement with NFR offers several benefits, particularly for organizations not required to report NFI. Although not legally required to disclose NFI, some organizations choose to engage in voluntary NFR due to rising market-driven pressures and stakeholder expectations (Allgeier & Feldmann, 2023; Celli et al., 2024). By voluntarily engaging in NFR, organizations can enhance their transparency, strengthen relationships with stakeholders, and improve their market credibility compared to competitors who do not engage in NFR (Guidi et al., 2024; Setyaningsih et al., 2023). Furthermore, voluntary NFR can help organizations position themselves as frontrunners in sustainability and corporate responsibility, which can attract new investors and customers, contributing to long-term viability (Ahern, 2023; Setyaningsih et al., 2024). Moreover, engaging in NFR can prepare organizations for future regulatory requirements and improve their resilience to changes in sustainability regulations (Setyaningsih et al., 2024). Voluntary compliance with NFR not only strengthens an organization's market position and stakeholder relationships but also provides strategic advantages, enhancing its long-term viability.

Despite the benefits organizations can obtain by engaging voluntarily with NFR and the growing importance of NFR, smaller organizations face significant challenges when engaging in NFR. One of the primary challenges is the limited financial and operational resources available, which makes

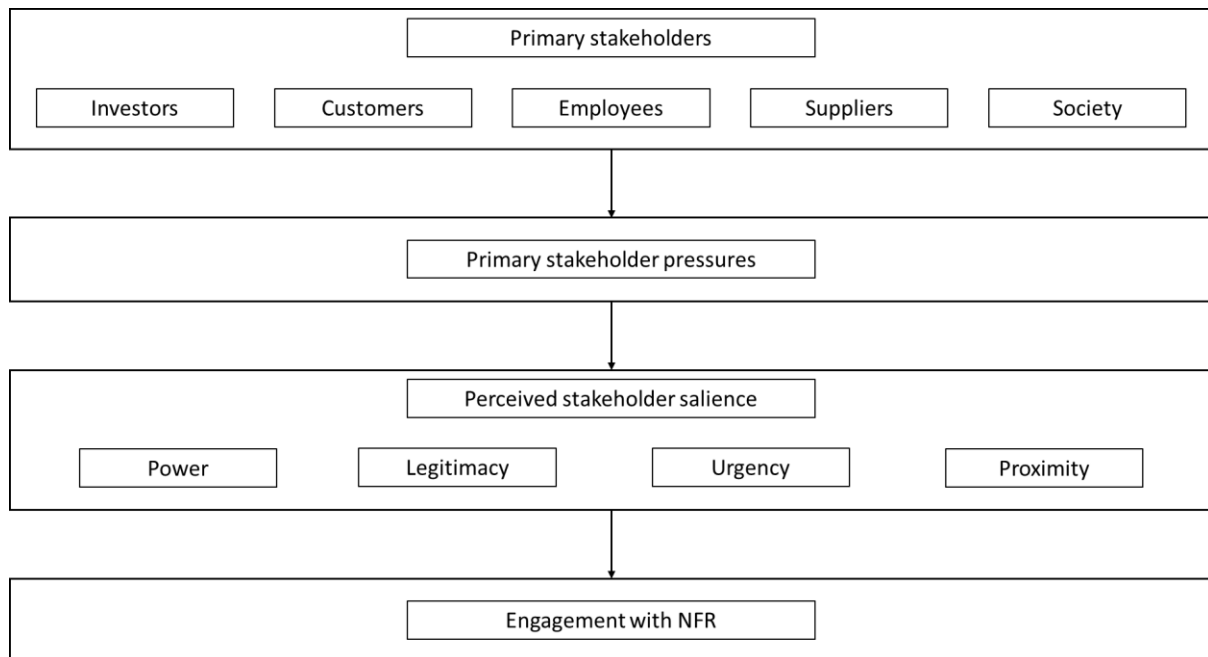
it difficult for these organizations to allocate the necessary resources to engage in NFR (Faqih & Kramer, 2024). Subsequently, the complexity of sustainability reporting frameworks and the challenges in collecting, measuring, and verifying ESG data can make the reporting process challenging for non-listed SMEs (Setyaningsih et al., 2024). Furthermore, the risk of greenwashing, and thereby incorrectly presenting NFI to stakeholders, further complicates NFR engagement (Yu et al., 2020). Despite these barriers, the increasing pressure from stakeholders can make the benefits of NFR, such as enhanced reputation, trust, and a stronger market position, outweigh the challenges of compliance.

### 2.3 – Conceptual framework

The conceptual framework, as displayed in Figure 2, can be used to understand organizational engagement with NFR. Central to this model are primary stakeholders (Freeman et al., 2007), including investors, customers, employees, suppliers, and society, who exert varying degrees of pressure on organizations to engage in sustainability and responsibility reporting practices (Liesen et al., 2015; Vitolla et al., 2019). However, not all stakeholders exert equal influence over organizations (Freeman et al., 2007). Drawing on stakeholder salience theory, the framework posits that organizations are more likely to respond to stakeholders they perceive as salient, which is defined by the attributes power, legitimacy, urgency, and proximity (Ernst et al., 2022; Mitchell et al., 1997). These perceived attributes of stakeholder salience shape how seriously an organization takes stakeholder expectations, and consequently, how and whether it engages in NFR. The framework, therefore, highlights that engagement with NFR is not only a response to market or regulatory pressure, but is filtered through subjective perceptions of stakeholder salience. This model helps explain why some organizations, not mandated by formal requirements, still demonstrate engagement with NFR. Moreover, it enables the identification of which primary stakeholder group attributes most strongly influence NFR engagement across organizational contexts.

**Figure 1**

*Conceptual framework.*



## 3 – Methods

### 3.1 – Research design

This research aims to develop insights into how primary stakeholder salience influences NFR in non-listed SMEs, which are organizations not subject to regulatory requirements to report NFI. In this research, an in-depth understanding of the influence of primary stakeholder salience on NFR engagement will be developed. A qualitative research design is deemed most appropriate for this study, as it enables the analysis of complex, socially constructed phenomena within real-world contexts and is well-suited to capture depth, variation, and context-specific practices in which organizations perceive and respond to primary stakeholder influences in their NFR engagement (Bleijenbergh et al., 2022).

This study employs an explorative-descriptive approach to investigate how primary stakeholder salience influences NFR engagement of non-listed SMEs. While prior research has examined stakeholder, institutional, and regulatory pressures and sustainability reporting in large and listed SMEs more broadly (Ortiz-Martínez et al., 2023; Pizzi & Coronella, 2024), limited attention has been given to how primary stakeholder salience, specifically the attributes power, legitimacy, urgency, and proximity, affects NFR in non-listed SMEs (Roberto et al., 2024). The explorative element of this study focuses on gaining new insights into how primary stakeholder salience attributes are perceived and interpreted by organizations, while the descriptive component aims to capture how these perceptions translate into varying levels and forms of NFR engagement. Therefore, an explorative-descriptive approach is appropriate for extending existing theoretical frameworks to underexplored contexts, as it enables the investigation of real-world dynamics while generating in-depth and context-specific insights into how aspects of primary stakeholder salience shape NFR (Bleijenbergh et al., 2022).

By employing a multiple case study design, various non-listed SMEs in the Netherlands can be examined. This design enables the collection and comparison of data across different cases, thereby enhancing the depth and richness of the data (Bleijenbergh et al., 2022). Due to complex and context-dependent phenomena being examined, this design allows for an in-depth examination of stakeholder salience and NFR within their specific organizational context, thereby making the collection of data more valid (Vennix, 2019).

In line with the qualitative, exploratory-descriptive nature of the study and its multiple-case study design, an abductive approach was adopted (Vennix, 2019). This approach combines elements of deductive and inductive reasoning by initially drawing on existing theoretical concepts, such as stakeholder salience, to start interpreting empirical data, while also remaining open to insights that diverge from the theory (Bleijenbergh et al., 2022). A key benefit of an abductive approach is that it

allows the researcher to remain open-minded during data analysis, enabling theoretical operationalizations to be refined iteratively in response to empirical findings, thereby enhancing the capacity to generate new insights through a flexible structure (Bleijenbergh et al., 2022).

### 3.2 – Data collection

To examine the influence of primary stakeholders' pressures on NFR for non-listed SMEs, this study employs data from interviews, document analyses (Bleijenbergh et al., 2022), and collaborative participation in a triple helix collaboration network (Mutsaers, 2025). By using multiple data sources and diverse data collection methods, triangulation is achieved, which enhances the credibility of the findings and provides a more comprehensive understanding when consistency across data is observed (Nair et al., 2023; Vennix, 2019).

Data collection for this research was conducted within the context of the 'Lifeport@ InnovatieHub Cicrulair 2025', a triple helix community involving academics, organizations, and governmental institutions (Mutsaers, 2025). This setting provided a unique opportunity to access a diverse range of non-listed SMEs actively engaged in sustainable practices or initiatives. By using a criterion sampling method, participants can be selected based on specific criteria (Vennix, 2019). Respondents were selected based on their knowledge of and involvement in organizational sustainability practices, NFR practices, and stakeholder interactions. To ensure diversity and relevancy of the sample, both smaller and larger SMEs from diverse industries were selected, reflecting the diversity in the SME landscape (see Appendix E). This allowed the research to capture a broader range of perspectives and organizational responses to stakeholder pressures. In total, eight interviews were conducted with representatives from eight non-listed SMEs participating in the InnovatieHub. Furthermore, the InnovatieHub context enabled the researcher to observe informal interactions, discussions, and presentations related to sustainability, circularity, and reporting practices. Thereby, enriching the contextual understanding of how SMEs interpret and respond to stakeholder pressures regarding NFR. By actively participating in the InnovatieHub, through attending masterclasses and advising on case assignments, the researcher enhanced the contextual validity of the research through engagement with the sample group. However, this type of participation affects the relationship with the respondents and influences the validity and reliability of the data of this study (Bleijenbergh et al., 2022). The information and relevance of each session were documented through notes, video evidence, and presentation slides, forming the basis for the documentation (see Appendix D). This documentation focuses on observations related to stakeholder pressures, sustainability decision-making, and NFR practices. The InnovatieHub documents were subsequently coded and used to complement the data from the interviews and document analysis.

Semi-structured interviews were conducted to gain in-depth insights into how stakeholder salience influences NFR engagement of organizations. This method was chosen for its format that allows for consistency through concepts using open-ended questions, and the flexibility to explore themes in greater depth (Bleijenbergh et al., 2022; Vennix, 2019). An interview guide (see Appendix A) was used to introduce the topic, outline the structure, and present additional information, including the rights of each respondent, thereby ensuring voluntary participation. The interviews were conducted guided by a topic question list (see Appendix B), which was refined iteratively during the interviews (see Appendix C). The interviews captured rich and practical perspectives on stakeholder influence, sustainability, responsibility, and NFR. All interviews were consensually recorded, transcribed, and coded to identify patterns and overarching themes (Bleijenbergh et al., 2022). The interview questions were developed based on the concepts and dimensions of stakeholder salience theory as outlined by Ernst et al. (2022) and Mitchell et al. (1997). The NFR questions were adapted from the questions used in the study by Qian et al. (2024) and served as the basis for the interview questions in this study, as presented in the overview in Table 1.

To complement the interviews, a document analysis was conducted to examine how organizations communicate NFI. By analyzing documents, data can be collected objectively, reducing the risk of subjectivity (Bleijenbergh et al., 2022). The aim of analyzing documents, such as webpages, sustainability reports, and internal documentation, was to identify how stakeholder demands and pressures influence the disclosure of NFI. These documents were selected based on availability and relevance to NFR (see Appendix F). For all organizations, documents were analyzed, except for organization C, which had no webpages that included NFR or relevance to sustainability. Moreover, analyzing documents provides additional insights into reporting practices and reveals the effective influence of stakeholder engagement, thereby enriching overall findings.

**Table 1**

*Operationalization table of dimensions, variables, and sources.*

Dimension	Variable	Source
Stakeholder salience	Power	(Ernst et al., 2022; Mitchell et al., 1997)
	Legitimacy	(Ernst et al., 2022; Mitchell et al., 1997).
	Urgency	(Ernst et al., 2022; Mitchell et al., 1997)
	Proximity	(Ernst et al., 2022)

	Expectations and prioritization	(Best et al., 2019; Ernst et al., 2022; Mitchell et al., 1997)
Non-financial reporting engagement	Scope and vision	(Qian et al., 2024)
	Strategic alignment	(Qian et al., 2024)
	Depth and impact	(Qian et al., 2024)
	Disadvantages	(Faqih & Kramer, 2024; Setyaningsih et al., 2023; Yu et al., 2020)
	Advantages	(Allgeier & Feldmann, 2023; Guidi et al., 2024; Roberto et al., 2024; Setyaningsih et al., 2024)
	Stakeholder focus/ engagement	(Alessa et al., 2024; Best et al., 2019; Qian et al., 2024)

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### 3.3 – Data analysis

Following the interviews, the recordings will be transcribed verbatim to conserve contextual nuances and to prepare the data for analysis. The interview transcripts, the documents, and the InnovatieHub documentation will be analyzed using the Gioia method in Atlas.ti (Gioia et al., 2013). The Gioia method provides a structured approach to data analysis, aligning with an abductive approach that enables the iterative development of conceptual insights from qualitative data (Gioia et al., 2013). The Gioia approach is often employed in exploring complex organizational dynamics, making it suitable for analyzing the data gathered for this study (Gioia et al., 2013).

The analysis begins by identifying key phrases and quotations from the transcripts and documents that reflect the respondent's experience, a process known as first-order coding (Gioia et al., 2013). In this round of coding, interesting and important quotes were sought after in the transcripts and documents. For example, respondent six stated, "Our company vision states that we should be stewards of the earth. We are allowed to use the world [world's resources], but not exploit or misuse it" (I6, April 23, 2025, Appendix E). Statements like this were coded with first-order codes that accurately captured the participants' intended meanings. After providing first-order codes for all interviews and documents, the codes were then grouped into an abstract level of coding, which are the second-order themes (Gioia et al., 2013). For instance, overarching themes such as 'organizational

sustainability vision' were created. After constructing themes (second-order codes), the aggregate dimensions (third-order dimensions) can be derived from these second-order themes (Gioia et al., 2013). Correlating themes subsequently resulted in aggregate dimensions such as 'internal sustainability orientation'. These aggregate third-order dimensions capture overarching patterns across the second-order themes, yielding theoretical insights from the raw data.

### 3.4 – Quality criteria and ethical considerations

To ensure that the data collection, data analysis, and consequently the findings and conclusions of this qualitative research are derived in a reliable, valid, and methodologically sound manner, quality criteria of qualitative research are adhered to (Bleijenbergh et al., 2022; Vennix, 2019). This research employs validity and reliability measures to ensure methodological rigor, thereby supporting the validity and reliability of the findings.

To ensure the internal validity of this research, triangulation has been incorporated into the study, resulting in increased robustness of data (Vennix, 2019). By using semi-structured interviews, internal and external document analysis, and participatory data collection from within the InnovatieHub, the comprehensiveness and consistency of the findings were enhanced (Bleijenbergh et al., 2022). By carefully selecting the organizations, participants for the interviews, and documents to be analyzed based on specific criteria, relevant and comprehensive data can be collected. Furthermore, the interview questions will be refined iteratively (see Appendix C), and any gaps identified in responses will be addressed after the interviews to enhance the overall validity and quality of the data collection.

External validity refers to the generalizability of research findings (Vennix, 2019). Given that this research focuses on non-listed SMEs in the Netherlands and that data is gathered using a context-dependent sample, the results will be inherently context-dependent and may not be directly applicable to different contexts.

To ensure the reliability of this study, efforts were made to maintain consistency and transparency throughout the process (Vennix, 2019). By using semi-structured interviews, all participants are asked the same set of base questions, resulting in consistent core data. Additionally, when the answers provided did not offer a clear response to the question, follow-up questions can be asked (Vennix, 2019). Therefore, increasing the understanding and improving both validity and reliability of the research. Furthermore, to increase transparency, the Dutch quotes from the interviews were translated into English and are included in Appendix G.

It is essential to acknowledge that the researchers' active involvement in the InnovatieHub may have introduced a degree of subjectivity into the data collection process of this study. This dual

role of participant and researcher should be considered a potential source of bias when interpreting the findings, as it may have influenced the objectivity of the relationship with participants and the data collected. To mitigate this, efforts were made to ensure transparency and consistency in data collection and data analysis (Bleijenbergh et al., 2022).

Ethical principles, including respondent participation, confidentiality, informed consent, and data management, were carefully considered during this study (APA, 2017). Maintaining an objective and unbiased position is a key priority. To ensure this, all data obtained was processed as neutrally and impartially as possible, with the use of data triangulation to strengthen the credibility and minimize subjectivity of findings. These practices will also be incorporated in the interview guide, where the rights, confidentiality, and participatory consent of the participants will be discussed (see Appendix A). All collected data, including recordings, transcripts, and documents, were securely stored in a digital cloud environment provided by Radboud University to ensure privacy.

## 4 – Results

### 4.1 – Primary stakeholder salience influence on NFR practices

The extent to which non-listed SMEs engage in NFR is heavily influenced by how organizations perceive their primary stakeholders as salient. The results of this study show that the aspects of power, legitimacy, urgency, and proximity all exert a particular influence on SMEs, but differ in the extent and weight they exert on SMEs' NFR practices.

#### 4.1.1 – Stakeholder power

The data revealed that stakeholder power is a key determinant for organizations to engage in NFR. Across the interviews, it was discovered that there were notable variations in primary stakeholder groups exerting the highest power over organizations. Investors, customers, suppliers, and employees differ in the degree of power they exert, with investors consistently being perceived as the most powerful stakeholders. In contrast, society was generally considered not to be a powerful stakeholder, due to its indirect influence and lack of measurable impact on organizational performance (I2, April 14, 2025, Appendix E; I3, April 15, 2025, Appendix E; I4, April 16, 2025, Appendix E; I5, April 22, 2025, Appendix E).

Stakeholders regarded as highly powerful can influence whether and how organizations engage in NFR, as investor demands are often perceived as near mandates. For organizations that are financially dependent on external funding, or that operate under a parent company obligated to comply with the CSRD, NFR is often perceived as quasi-mandatory (I3, April 15, 2025, Appendix E; I4, April 16, 2025, Appendix E; I5, April 22, 2025, Appendix E). Several respondents emphasized that failure to meet investor or holding expectations could impact their access to funding or strain relationships within the organizational network, highlighting their power (I3, April 15, 2025, Appendix E; I4, April 16, 2025, Appendix E; I5, April 22, 2025, Appendix E). Respondent four stated that “they just have to get these things delivered”, referring to their non-financial reports (I4, April 16, 2025, Appendix E). Customers exert significant power over organizations due to their impact on the financial stability and continuity, particularly through long-term client relationships and revenue streams (I1, April 10, 2025, Appendix E; I4, April 16, 2025, Appendix E; I7, April 29, 2025, Appendix E). Respondents noted that customer pressure directly impacts NFR compliance, which is essential for maintaining market share and, consequently, the organization's viability (I3, April 15, 2025, Appendix E; I5, April 22, 2025, Appendix E). Suppliers, particularly when providing unique goods or services, also shape NFR practices through their control over the continuity of supply and, therefore, the continuity of the organization (I1, April 10, 2025, Appendix E; I2, April 14, 2025, Appendix E). Employees can influence

NFR through operational, financial, and cultural significance to the organization. This was supported by respondent five, stating that: “employees are eventually crucial to your organization” (I5, April 22, 2025, Appendix E). Through their importance, SMEs often state that they adapt their decision-making related to NFR to meet employee expectations, highlighting that employees are perceived as powerful and are perceived as important stakeholders (I1, April 10, 2025, Appendix E; I5, April 22, 2025, Appendix E; I8, April 30, 2025, Appendix E).

Despite the overall recognition of power as a decisive stakeholder attribute, organizations do not assign equal weight to each stakeholder group. Variations arise due to differences in industry characteristics, ownership structures, and organizational dependencies. For instance, organizations embedded in structures with binding CSRD obligations experience significantly more holding and investor pressures compared to organizations without investors. Similarly, organizations operating in industries with few suppliers experience higher supplier pressures to conform to than organizations operating in industries with many suppliers. Organizational culture also plays a significant role, strong internal motivation toward sustainability and responsibility reduces sensitivity to external stakeholder demands, specifically societal pressures.

In summary, power has a significant influence on stakeholder salience in the context of NFR, due to commercial value, financial, or operational dependence. Stakeholders, including investors, customers, suppliers, and employees, are perceived as powerful when they control critical resources or have the potential to impact organizational performance significantly. However, the degree to which organizations respond to these dynamics is shaped by context-dependent factors, such as industry characteristics, ownership structures, organizational dependencies, and culture. These nuances suggest that while power is a crucial attribute driving NFR, its influence is affected by organizational and relational aspects.

#### 4.1.2 – Stakeholder legitimacy

The interviews indicated that stakeholder legitimacy is experienced as a critical attribute in assessing stakeholder salience. However, the degree to which stakeholders are perceived as legitimate varies considerably, influenced by industry and organizational characteristics. Stakeholder legitimacy is rarely perceived as an isolated attribute and is often intertwined with stakeholder power, enabling stakeholders to gain legitimacy. Stakeholders, such as employees, investors, customers, suppliers, and society, are recognized to possess a certain degree of legitimacy, however, this is scarcely sufficient in isolation to drive NFR for SMEs. Instead, legitimacy tends to influence NFR when combined with other attributes such as power, making it an influential but not decisive condition for NFR.

Legitimacy plays a significant role in organizations' motivations to engage in NFR, particularly when the stakeholder is directly tied to organizational operations or continuity. Employees are widely perceived by SMEs as highly legitimate due to their role in daily operations and can therefore significantly influence organizational performance. For instance, one respondent stated that they see it as important to "involve employees and to represent different perspectives, demands and expectations" (I2, April 14, 2025, Appendix E). By incorporating employees' perspectives, organizations acknowledge their legitimacy. Given employees' influence on organizational performance, organizations are more likely to engage in NFR when employees consider this important (I5, April 22, 2025, Appendix E; I7, April 29, 2025, Appendix E; I8, April 30, 2025, Appendix E). Customers also influence organizations through their legitimate interest in sustainable and responsible business practices. One respondent noted that they share impact data with customers, highlighting that customers have legitimate interests in understanding the organization's impact (I5, April 22, 2025, Appendix E). The legitimacy of investors is particularly evident in financially dependent organizations, where it was noted that "if they (organization) do not comply, this could potentially lead to reduced access to funding or subsidies" (I2, April 14, 2025, Appendix E). This highlights how investor expectations carry consequences for organizational stability and decision-making. These findings suggest that stakeholder legitimacy from employees, customers, and investors drives organizations to engage in NFR, particularly when it aligns with the organization's strategic or operational focus.

Organizations also assign varying degrees of legitimacy, based on how legitimacy is perceived in their specific context. Not all stakeholders are perceived as equally legitimate by organizations, this perception is influenced by contextual factors, such as sector-specific expectations and organizational perspectives. For instance, supplier legitimacy varies among SMEs, with one respondent stating that they perceive the relationship with their supplier as legitimate due to the uniqueness of their products or services, and therefore tend to comply with their demands (I4, April 16, 2025, Appendix E). However, some respondents remarked that when suppliers do not operate sustainably and are not transparent themselves, their requests to report on NFI carry less legitimacy, resulting in less influence over the organization to report on NFI (I1, April 10, 2025, Appendix E). Similarly, society is widely acknowledged as a legitimate stakeholder as organizations acknowledge societal expectations but see little direct influence on their reporting decisions and therefore rarely act upon this legitimacy in their NFR practices (I1, April 10, 2025, Appendix E; I4, April 16, 2025, Appendix E). Respondent six stated the following: "We have no direct perceived obligation to report to society" (I6, April 23, 2025, Appendix E), indicating the lack of societal authority and involvement that influences organizations to

engage in NFR. This underscores that legitimacy is not a fixed and isolated attribute, but is interpreted depending on stakeholder engagement and relevance to the organization.

In conclusion, legitimacy is perceived as an essential stakeholder attribute that supports organizational engagement with NFR, but is rarely perceived in isolation. It is most influential when coupled with power, such as financial dependence, commercial value, or operational importance. Due to sector-specific dynamics and internal motivations, stakeholder legitimacy is perceived differently among organizations, leading to varying stakeholder prioritizations. These nuances suggest that legitimacy has a significant influence on NFR, shaped by organizational and sectoral contexts in relation to other salience attributes.

#### 4.1.3 – Stakeholder urgency

The extent to which organizations perceive stakeholders to be urgent and therefore act upon these claims varies among organizations. Urgency is primarily understood as the potential operational impact of stakeholders' claims, with those perceived as pressing considered the most critical. Investors and employees were generally perceived as more urgent compared to customers, suppliers, and society, depending on the organization's operational and contextual context (I2, April 14, 2025, Appendix E; I6, April 23, 2025, Appendix E; I7, April 29, 2025, Appendix E; I8, April 30, 2025, Appendix E).

Urgency plays a significant role in organizations' engagement in NFR. Investors are perceived as highly urgent stakeholders due to their significant financial influence, leading organizations to closely comply with their critical expectations. Respondent five emphasized that their investors provide financing partly because of the “sustainability story behind their organization” (I5, April 22, 2025, Appendix E), illustrating how urgency emerges when NFR is a condition for financing. Similarly, respondent three remarked that if investors were to “expect, demand or require that [non-financial reports]” the organization would have to comply with these demands (I3, April 15, 2025, Appendix E). Employees are also perceived as highly urgent stakeholders, as their expectations often require immediate attention due to their direct influence on the organization's operational and financial health (I4, April 16, 2025, Appendix E; I5, April 22, 2025, Appendix E; I8, April 30, 2025, Appendix E). This suggests that stakeholder urgency plays a significant role in shaping an organization's engagement with NFR.

However, urgency is not perceived equally across organizations or stakeholder groups. Several factors influence how organizations perceive and prioritize stakeholder urgency. Customers, although essential for continuity, were not consistently perceived as urgent in relation to NFR. Respondents indicated that customer focus on NFR is limited within the sector (I2, April 14, 2025, Appendix E; I7,

April 29, 2025, Appendix E; I8, April 30, 2025, Appendix E). However, when customers do shift expectations toward NFR, organizations are willing to adapt to this (I2, April 14, 2025, Appendix E; I4, April 16, 2025, Appendix E). Suppliers are viewed similarly, where some organizations experience no reporting pressure from suppliers (I3, April 15, 2025, Appendix E; I7, April 29, 2025, Appendix E; I8, April 30, 2025, Appendix E), other organizations use NFR to preserve business relationships or influence suppliers for commercial purposes (I1, April 10, 2025, Appendix E; I4, April 16, 2025, Appendix E; I6, April 23, 2025, Appendix E). When suppliers do request NFI, organizations are typically willing to comply to avoid losing valuable supplier relationships (I1, April 10, 2025, Appendix E; I3, April 15, 2025, Appendix E; I5, April 22, 2025, Appendix E). Society, in contrast, is perceived as having indirect and unclear expectations and, therefore, holds little urgency for organizations to engage in NFR. Respondent six remarked that “the organization itself is educating the society, more than the society is educating us” reflecting low levels of experienced urgency to engage in NFR (I6, April 23, 2025, Appendix E). These findings highlight that stakeholder urgency is not uniformly perceived, but is shaped by the nature of stakeholder engagement in NFI, sectoral expectations, and the perceived impact on organizational continuity.

In conclusion, these findings demonstrate that urgency is a dynamic and context-dependent attribute within stakeholder salience. Investors and employees are commonly perceived as urgent stakeholders due to their direct financial or operational influence. Other stakeholders, such as customers, suppliers, and society, are perceived as urgent when their expectations become explicit and directly influence organizational outcomes. However, urgency alone is typically not sufficient to motivate NFR engagement, it tends to drive organizations to engage in NFR when combined with stakeholder power, such as financial or operational influence. The extent to which stakeholder urgency motivates organizations to engage in NFR depends not only on stakeholder type but also on organizational dependency, strategic alignment, and focus.

#### 4.1.4 – Stakeholder proximity

Proximity is an important stakeholder attribute in determining how SMEs engage with NFR. Data revealed that stakeholders such as employees, customers, investors, suppliers, and society were perceived to vary in terms of relational and operational closeness, which influenced their salience. Employees were consistently considered the most proximate stakeholders due to their daily involvement in operations (I1, April 10, 2025, Appendix E; I2, April 14, 2025, Appendix E). Customers were also experienced as relatively close, especially when long-term relationships and regular communication were present (I5, April 22, 2025, Appendix E; I7, April 29, 2025, Appendix E). Investors were also perceived as proximate stakeholders due to their continuous interaction and financial

dependencies (I2, April 14, 2025, Appendix E; I3, April 15, 2025, Appendix E; I5, April 22, 2025, Appendix E). Suppliers were generally considered distant unless the organization was highly dependent on them for specific products or services (I1, April 10, 2025, Appendix E; I6, April 23, 2025, Appendix E). Societal proximity varied the most, with some organizations reporting some engagement (I1, April 10, 2025, Appendix E; I4, April 16, 2025, Appendix E; I6, April 23, 2025, Appendix E), while others experienced no pressures (I7, April 29, 2025, Appendix E).

Stakeholders perceived as proximate were often described as motivators for engaging in NFR practices. Employees were seen as contributors and influencers of NFR, most respondents remarked that when employees perceive NFR as important, their views should be acknowledged and action should be taken (I1, April 10, 2025, Appendix E; I4, April 16, 2025, Appendix E; I8, April 30, 2025, Appendix E). Customers were also frequently mentioned as drivers of NFR, especially when they were relationally close (I4, April 16, 2025, Appendix E; I5, April 22, 2025, Appendix E). However, if customers have a proximate relationship but are not interested in NFR, then organizations are unlikely to engage in NFR (I2, April 14, 2025, Appendix E; I7, April 29, 2025, Appendix E; I8, April 30, 2025, Appendix E). Suppliers are generally perceived as less proximate stakeholders, being perceived as physically and relationally distant from core operations. This perceived distance reduces supplier influence on NFR practices. However, when suppliers are perceived as more proximate and organizational dependency is higher, their demands carry greater weight in shaping NFR decisions. Societal proximity did not have significant influence over organizations to report on NFI (I6, April 23, 2025, Appendix E), primarily due to a lack of interest and direct influence on organizational performance (I5, April 22, 2025, Appendix E; I7, April 29, 2025, Appendix E). These findings indicate that although stakeholders are perceived as relationally close, they do not always influence an organization's engagement with NFR.

Although proximity is generally recognized as influential to NFR engagement, organizations do not assign equal weight to stakeholders with high proximity. This variation is often driven by differing stakeholder expectations and organizational dependencies. While some organizations perceived their investors as proximate and closely engaged, others described them as more distant and less engaged. However, despite their lower proximity, distant investors were still perceived as highly salient, as most organizations emphasized that their influence remains strong due to providing financial resources (I2, April 14, 2025, Appendix E; I3, April 15, 2025, Appendix E; I5, April 22, 2025, Appendix E). These variations suggest that proximity does not always determine influence, as its impact is shaped by other salience attributes such as power and urgency.

In sum, proximity plays a significant role in shaping stakeholder salience within the context of NFR in combination with other salience attributes. Stakeholders, such as employees, customers, and investors, are considered more proximate due to frequent interaction and operational

interdependence, often resulting in higher influence over NFR. While proximity enhances visibility and urgency of stakeholder demands, its influence depends on contextual factors such as industry dynamics and stakeholder expectations.

## 4.2 – Non-financial reporting

### 4.2.1 – Motivations for organizations to engage in NFR

While stakeholder salience influences NFR engagement to some extent, internal motivations also play a critical role in shaping whether and how organizations report NFI. The decision to engage in NFR is not based solely on external pressures, but often reflects an organization's values, identity, and vision as well. The data showed that internal and external motivations play a critical role in the decision for organizations to engage in NFR (I1, April 10, 2025, Appendix E; I4, April 16, 2025, Appendix E; I5, April 22, 2025, Appendix E; I6, April 23, 2025, Appendix E).

Many organizations indicated that sustainability is deeply embedded in their core identity and business model. For these organizations, sustainability is not additional, but a fundamental principle. Respondent six stated: “This is our business concept, right? So, if we don’t operate sustainably, we might as well stop tomorrow. ... It’s like Shell deciding to stop selling fuel” (I6, April 23, 2025, Appendix E). Similarly, respondent five remarked: “Sustainability should simply be a fundamental part of any business ... it contributes to continuity and long-term viability” (I5, April 22, 2025, Appendix E). These perspectives indicate that, for many organizations, sustainability is strategic and morally driven and integrated into the organization’s business model, for instance, “we already do these things because we sincerely think it’s important to do so” (I2, April 14, 2025, Appendix E). Other respondents positioned their organization as pioneers in the field of sustainability, reinforcing this internal commitment. For instance, “[organization] aims to be a pioneer in the field of sustainability” (I1, April 10, 2025, Appendix E). This intrinsic motivation explains why some organizations voluntarily engage in NFR, even in the absence of formal obligations by their stakeholders.

Subsequently, external factors such as customer relationships, reputation, and strategic positioning affect the decision to engage in NFR. Several respondents stated that NFR helps build customer relationships: “the main reason we report is because we want to create, retain, and win good client relationships” (I1, April 10, 2025, Appendix E). Others noted that NFR impacts visibility and their market positioning, with respondent four indicating that “sustainable reporting is a marketing tool, and it can also have a financial impact” (I4, April 16, 2025, Appendix E). Furthermore, some organizations stated to align their reporting with recognized sustainability frameworks, such as ISO, the CSRD or the Greenhouse Gas Protocol, to prepare for future regulations (I1, April 10, 2025, Appendix E; I2, April 14, 2025, Appendix E; I4, April 16, 2025, Appendix E). This suggests that external

motivations are more strategically based and used to enhance market positioning, influence customer relationships, or in order to prepare for future regulatory changes.

Together, internal and external motivations shape NFR engagement in complementary ways. Internal values often serve as a foundation for sustainability initiatives, while external incentives are used to validate these efforts within the organization and the market. Organizations with strong internal alignment on sustainability and responsibility tend to align with stakeholders' NFR expectations, while other organizations use NFR to build credibility, enhance their reputation, or build client relationships. This indicates that NFR serves both ethical and strategic purposes, strengthening internal coherence while responding to external demands.

#### 4.2.2 – Expected effects of engaging in NFR

Besides stakeholder pressures and internal and external motivations, the anticipated effects of NFR have a significant impact on the decision to engage in reporting NFI. Motivations reflect the underlying reasons for engaging in NFR, including expected outcomes of the decision to engage in NFR, will clarify the nuanced decisions organizations face when deciding whether and how to report NFI. An organization's perception of the benefits, disadvantages, and potential unexpected effects also influences its decision to engage in NFR.

Most respondents identified several expected benefits of engaging in NFR, including enhanced credibility, stakeholder trust, competitive positioning, and access to funding (I1, April 10, 2025, Appendix E; I3, April 15, 2025, Appendix E; I4, April 16, 2025, Appendix E; I6, April 23, 2025, Appendix E; I7, April 29, 2025, Appendix E). Reporting NFI positively affects stakeholder perception as it “creates a sense of honesty for your organization and creates a bond by showing who you deal with” emphasizing the influence of NFR on stakeholder perception (I4, April 16, 2025, Appendix E). NFR was also considered to attract and retain customers, partners, and employees by showcasing responsible behavior (I6, April 23, 2025, Appendix E; I4, April 16, 2025, Appendix E). Moreover, several respondents stated that NFR influences access to funding or subsidies, as it has become an increasingly important topic for investors (I3, April 15, 2025, Appendix E; I4, April 16, 2025, Appendix E; I5, April 22, 2025, Appendix E). This suggests that NFR is increasingly viewed as a means to enhance strategic positioning, build stakeholder relationships, and gain easier access to funding or subsidies.

Despite these benefits, respondents also described a range of disadvantages and barriers that limit their engagement in NFR. The most frequently mentioned challenges were time investment, administrative burden, the accuracy and validity of information, and financial cost. (I1, April 10, 2025, Appendix E; I3, April 15, 2025, Appendix E; I5, April 22, 2025, Appendix E; I6, April 23, 2025, Appendix E; I7, April 29, 2025, Appendix E; I8, April 30, 2025, Appendix E). Respondent six remarked: “all those

hours don't contribute financially, we can't sell the report" (I6, April 23, 2025, Appendix E), highlighting the tension between reporting NFI and supporting their income streams. Other respondents highlighted that limited internal resources led to the prioritization of operational tasks over reporting practices (I3, April 15, 2025, Appendix E; I5, April 22, 2025, Appendix E). Additionally, multiple respondents reported difficulties in collecting representative and valid data, as well as accurately measuring impact, making NFR challenging. Concerns about data quality and greenwashing, resulting from invalid information, further complicate NFR (I1, April 10, 2025, Appendix E; I6, April 23, 2025, Appendix E; I8, April 30, 2025, Appendix E). These considerations highlight how the perceived credibility of NFR can become a liability if not carefully enforced.

Subsequently, several respondents expressed uncertainty about the impact of NFR practices, questioning their value when stakeholder interest is low or unclear. It was noted that "the negative side is just a certain uncertainty. What is that [NFR] going to cause?" (I4, April 16, 2025, Appendix E), while others noted that in some industries stakeholders have little to no interest in non-financial reports (I7, April 29, 2025, Appendix E; I8, April 30, 2025, Appendix E), leading some organizations to delay or minimize reporting practices. These insights demonstrate that uncertainty regarding NFR outcomes and stakeholder responses can hinder organizations' engagement with NFR practices.

In sum, while NFR is associated with reputational and strategic benefits, it also presents financial, operational, and credibility challenges. The decision to engage in NFR is therefore twofold: organizations must weigh the value of benefits against the disadvantages and the uncertain impact of NFR. This demonstrates that the decision to engage in NFR is not only driven by stakeholder pressures, but also influenced by the organization's perception of the effects of NFR. However, these trade-offs indicate the nuance organizations must navigate when deciding to engage in NFR practices.

#### 4.2.3 – Engagement with NFR

The engagement of organizations with NFR varies significantly and is influenced by several factors. This variation ranges from fully integrated sustainability and responsibility reports to minimal reporting efforts on webpages.

Organizations highly engaged in NFR treat sustainability as a core aspect of their business. These organizations not only include sustainability on their websites but also publish detailed reports aligned with formal frameworks, such as the CSRD, ISO, or the Greenhouse Gas Protocol (Appendix F). For instance, organization 1 provides a comprehensive CSRD-aligned report, a sustainability webpage, and sustainability flyers for internal and external use (I1, April 10, 2025, Appendix E). Organization 4 highlights sustainability through its sustainability webpage, external flyers, and internal sustainability and responsibility information that support the CSRD reporting obligations of its holding company (I4,

April 16, 2025, Appendix E). These organizations have an inherent focus on sustainability and responsibility, integrating it into their operations and reporting practices, or are forced by holding requirements, however, challenges in data collection and concerns about greenwashing still influence their NFR practices.

Moderately engaged organizations incorporate sustainability into their practices but do not provide fully detailed reports. These organizations also consider sustainability a crucial aspect of their business and engage with NFR on dedicated sustainability webpages, utilize NFR to persuade investors, customers, or suppliers, or currently work on NFI reports. For instance, organizations 2 and 5 mention sustainability on their homepage or provide NFR to customers, but they do not provide in-depth NFI (Appendix F). Organization 6 includes sustainability content regarding operations and impact, but lacks formal reports (Appendix F). These organizations report on NFI, primarily driven by internal motivation, using NFR to attract stakeholders or secure funding and subsidies, seeing NFR as an opportunity. However, the extent of their NFR practices is significantly influenced by available organizational resources as well as reliable sustainability data.

Some organizations exhibit minimal engagement with NFR, this is primarily due to internal barriers or low perceived benefits. Organizations 3, 7, and 8 mention sustainability to a limited extent, if at all, on their websites, and do not provide measurable NFI data or formal reports (Appendix F). These organizations experience limited formal stakeholder pressures and market demand, resulting in a lower priority regarding NFR. Furthermore, sustainability was considered less integral to their business model compared to moderately or highly engaged organizations, thereby prioritizing operational and commercial aspects and reducing the relative perceived importance of sustainability. These organizations exhibit limited NFR engagement, driven by internal barriers and low perceived benefits, with operational and commercial priorities considered more important and NFR practices constrained by organizational resources and valid data.

While NFR engagement is influenced by organizational motivations and the expected effects of NFR, opportunities for learning and growth also play a significant role in organizations' decisions to actively engage in NFR. The InnovatieHub sessions highlighted the relevance and implications of sustainability, resulting in consistently high participant engagement across all organizations. Not every session was directly related to NFR, however, the session on Life Cycle Analysis (LCA) and CSRD stood out for their strong alignment with NFR (see Appendix D). These sessions had high levels of participant engagement as they directly addressed challenges, focus, and depth of specific NFR practices. Interestingly, participant engagement during these sessions did not correlate with an organization's actual NFR practices. Some organizations with limited or no formal NFR practices were among the most active participants, asking targeted questions about the practical actions they could take, while

other organizations with high NFR engagement remained relatively quiet (see Appendix D). This suggests that an organization's participation in the NFR-related InnovatieHub sessions does not directly correlate with NFR practices. Ultimately, engagement in the InnovatieHub sessions related to NFR was motivated by the perceived usefulness of the sessions, underscoring the role of learning and growth in shaping NFR engagement.

In conclusion, in addition to stakeholder pressures, the degree of NFR engagement is influenced by internal motivations, external factors, organizational characteristics, available resources, data availability, and opportunities for learning and growth. Organizations with higher engagement integrate sustainability deeply into their strategy, while moderately engaged organizations engage with NFR driven by internal motivation in combination with external incentives, with organizations minimally engaging with NFR lacking both internal and external motivations to pursue NFR practices.

### 4.3 – Synthesis

NFR engagement of organizations is shaped by a complex interplay of stakeholder salience, internal motivations, and organizational perceptions. Rather than being driven solely by the presence of one salient attribute, organizations respond most strongly when attributes such as power, urgency, and proximity are combined, creating perceived necessity and relevance. For instance, investors were perceived as highly salient, not only because of their financial power but also due to their urgent demands, their perceived legitimacy, and, for some organizations, their proximity to the organization. In contrast, stakeholders with one salient attribute, such as society that conferred legitimacy, rarely prompted NFR engagement on its own.

Beyond stakeholder salience, the decision to engage in NFR is influenced by internal motivations, such as long-term viability, moral commitment, and alignment with organizational identity, as well as external factors, including customer relationships, reputation, and strategic positioning, along with the expected outcomes of NFR. Organizations that are highly engaged in NFR often have sustainability integrated into their business models, either voluntarily or due to holding company obligations, with sustainability serving as a core value that drives NFR and is utilized as a strategic tool. Organizations that are moderately engaged with NFR tend to leverage NFR to attract customers or suppliers or to secure funding, in combination with their internal sustainability motivations. Their efforts are often limited by resource constraints or concerns regarding the quality or validity of data. Organizations with minimal NFR engagement often refrain from reporting NFI due to limited resources, insufficient external market pressures, or the absence of reliable and qualitative data. Additionally, findings from the InnovatieHub sessions suggest that perceived opportunities for

learning and growth, especially when the content is practically relevant to the organization, can stimulate NFR engagement, even among organizations with limited NFR practices.

Ultimately, NFR engagement is shaped by dynamic configurations of stakeholder salience attributes, filtered through organizational alignment, organizational perception of NFR outcomes, and organizational characteristics and resources. Attributes like urgency, proximity, and legitimacy gain influence when coupled with operational, commercial, or financial power, reinforcing that stakeholder salience is most influential when combined with other salience attributes. The findings suggest that non-listed SMEs do not simply react to stakeholder pressure, but rather interpret and prioritize claims based on alignment with their values, capacities, and strategic priorities. This explains why similar stakeholder salience attributes can result in diverse reporting practices across organizations.

## 5 – Discussion and conclusion

### 5.1 – Discussion

#### 5.1.1 – Contribution to science

This study contributes to the existing literature on stakeholder salience theory and NFR by investigating how Dutch non-listed SMEs, not subject to mandatory NFR, perceive primary stakeholder pressures and how stakeholder pressures influence their NFR engagement. While previous studies examined listed SMEs (Pizza & Coronella, 2024; Roberto et al., 2024), this study expands theoretical knowledge by investigating how non-listed SMEs, organizations not subject to formal NFR obligations, experience the pressures of primary stakeholders that shape their engagement with NFR. This study deepens the understanding of stakeholder salience theory, as proposed by Mitchell et al. (1997) and Ernst et al. (2022), regarding how the power, legitimacy, urgency, and proximity of primary stakeholders affect NFR engagement, thereby broadening the contextual understanding of stakeholder pressures in relation to NFR. This study enhances a context-sensitive understanding of stakeholder salience related to NFR by demonstrating that attributes such as legitimacy or proximity rarely drive NFR independently.

The findings of this study challenge previous research by Ardheta et al. (2025), which suggested that employees and customers do not significantly influence NFR. In contrast, this study demonstrates that these stakeholders can significantly impact an organization's decision to engage in NFR, particularly when their expectations align with organizational goals. Moreover, this study aligns with the research of Alessa et al. (2024), which highlights that customer pressure positively influences NFR engagement. This study adds nuance to this by indicating that not all organizations assign the same weight to customer influence, as its impact is shaped by both contextual factors, such as organizational alignment and customer prioritization of NFR, and organizational characteristics, including industry type and resource availability, which shape the extent to which organizations are able or willing to respond to customer demands.

This study subsequently builds on the research of Ortiz-Martínez et al. (2023), who identify organizational size and resource constraints as key factors influencing the NFR engagement of SMEs. While their study highlights internal and external pressures, incentives, and barriers to engaging in NFR, this study refines their findings by including the influence of organizational perceptions of NFR outcomes, as well as organizational alignment with sustainability and responsibility, on organizations' decisions to engage in NFR.

This research contributes to the existing literature by extending and deepening the understanding of primary stakeholder salience theory in the context of voluntary NFR for non-listed

SMEs. A deeper understanding is created by offering a more comprehensive and nuanced understanding of how primary stakeholder pressures, organizational characteristics, perceptions of NFR, and contextual factors collectively shape voluntary NFR practices.

### 5.1.2 – Contribution to practice

The findings of this study have several implications for sustainability managers and directors of non-listed SMEs, who are navigating how to effectively engage in NFR voluntarily. The results indicate that primary stakeholders are increasingly expecting more from organizations regarding NFR practices. For organizations with limited resources and expertise regarding NFR, it is essential to understand which primary stakeholders to prioritize. The findings suggest that organizations benefit from focusing their efforts on stakeholders with high power or those who combine power with urgency or proximity. However, which stakeholders are regarded as most influential heavily depends on organizational and external contextual factors. SMEs should reframe NFR as a strategic communication tool rather than a compliance burden. By engaging in NFR, even with simplified formats such as visual reports, flyers, or dedicated webpages, organizations can enhance their credibility and transparency, thereby strengthening stakeholder relationships and sustaining or securing access to funding. However, the findings also indicate that reporting valid and high-quality information is crucial for engaging in NFR, without this, organizations may be perceived as engaging in greenwashing, which could harm credibility and stakeholder trust. When NFR is driven by stakeholder engagement and internal motivation, it becomes more consistent, commercially valuable, and strategically beneficial.

These insights also offer practical implications for policymakers. Understanding how non-mandated organizations perceive and engage with NFR, particularly through the lens of stakeholder salience, can help shape more effective support measures. Many SMEs struggle with the administrative burden of reporting frameworks due to limited resources and therefore choose not to comply with these guidelines. Policymakers should develop clear, relevant, and specific reporting templates that align financial reporting obligations with voluntary sustainability information. This can enhance compliance for these organizations, since many non-listed SMEs are willing to engage in NFR. By aligning reporting frameworks or guidelines with the motivations and constraints of SMEs, policymakers can significantly enhance the quantity, impact, and effectiveness of sustainability reporting.

### 5.1.3 – Methodological reflection

This research contributes to the scientific literature by examining how primary stakeholder salience influences NFR engagement through semi-structured interviews, internal and external document analysis, and participatory observational data from an InnovatieHub. The credibility and depth of this research are achieved through interviews with representatives from eight non-listed Dutch SMEs. The researcher's active participation in the InnovatieHub may have affected participants' responses and the data collection process. While this involvement may have affected the objectivity of the interactions, it also provided a richer, more contextual, and nuanced understanding of stakeholder pressures and NFR practices.

Additional methodological limitations include the relatively small sample size and its context-specific focus. Although organizations were selected based on size and sector, and respondents were selected based on their knowledge of sustainability, responsibility, and stakeholder influence, the findings cannot be generalized to broader SME contexts. Given the emphasis on sustainability and responsibility, which is central to the InnovatieHub, there is a possibility of social desirability bias among respondents. Organizations that position themselves as sustainability-driven may present their practices as more favorable, requiring careful interpretation of the reported NFR practices and stakeholder influences.

## 5.2 – Conclusion

### 5.2.1 – Concluding remarks

This study set out to investigate how primary stakeholder salience attributes affect the voluntary NFR engagement among non-listed SMEs. Consequently, the research questions addressed in this study read: "How do primary stakeholder salience attributes, power, legitimacy, urgency, and proximity, influence non-financial reporting engagement among non-listed SMEs?"

This research provides empirical evidence that power emerged as the most decisive driver, particularly when held by stakeholders with financial leverage over the organization or operationally critical stakeholders. However, power's effect was often amplified when combined with urgency or proximity. Legitimacy, in contrast, was found to be the least significant contributor to organizational action, it required reinforcement through other attributes to translate into influence. These findings illustrate that stakeholder salience is interactional, meaning that the influence of stakeholders depends on the alignment of multiple attributes and on how these attributes are perceived through the lens of organizational values and context. Moreover, the findings indicate that stakeholder salience is not static, but dynamically constructed, shaped by an organization's dependencies, the perceived impact of stakeholder claims, and sector-specific pressures. The decision to engage in NFR

is influenced by organizational alignment, organizational perceptions of NFR outcomes, and characteristics and resources of the organization, making NFR engagement more nuanced rather than just seeing it as a consequence of primary stakeholder pressures.

### 5.2.2 – Suggestions for future research

While this study provides valuable insights, several suggestions for future research on stakeholder salience and NFR can be made. First, future research could expand the sample size, particularly by including SMEs not actively engaged in sustainability initiatives, such as the InnovatieHub. In doing so, the limitation of this current study, specifically social desirability bias, can be mitigated. Increasing the sample size would enable a broader perspective on stakeholder influences across different organizational contexts, leading to a more comprehensive understanding of stakeholder salience influences. Second, examining specific contextual factors, such as a particular sector, could yield more profound insights, as this study found that stakeholder salience is shaped by contextual factors, including organizational aspects and sector influences. By focusing the research on a specific industry, more detailed insights can be provided regarding stakeholder dynamics. Lastly, as NFR becomes increasingly important and regulated, longitudinal research could investigate how stakeholder relationships and reporting behaviors evolve, offering insights into the development of NFR in response to shifting stakeholder demands.

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## Appendices

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### Appendix A – Interview guide

#### **Bedanken voor medewerking**

Allereerst wil ik u hartelijk bedanken voor uw bereidheid om mee te werken aan dit interview voor mijn onderzoek en voor het vrijmaken van uw tijd.

#### **Introductie van het interview**

Voor mijn masterscriptie voor de opleiding ‘Strategic Management’ aan de Radboud Universiteit doe ik onderzoek naar de invloed van primaire stakeholder salience op de manier waarop organisaties rapporteren over niet-financiële informatie. Hierbij richt ik mij op niet beursgenoteerde Mkb’s die bewust omgaan met duurzaamheid en verantwoord ondernemen. Primaire stakeholder salience bestaat uit vier aspecten, “power, legitimacy, urgency en proximity” die weergeven hoe belangrijk iedere primaire stakeholder is en op welke manier deze worden geprioriteerd binnen organisaties. Non-financiële rapportage gaat over non-financiële informatie gericht op verantwoordelijkheid en duurzaamheid van organisaties voor stakeholders binnen en buiten de organisatie.

#### **Doel van het interview**

Het doel van dit interview is om beter te begrijpen in welke mate primaire stakeholders invloed hebben op de vrijwillige rapportage van non-financiële informatie binnen jouw organisatie. Middels deze inzichten kunnen mkb’s hun non-financiële rapportage activiteiten efficiënter inzetten en focussen op stakeholders die als het meest belangrijk worden gezien.

#### **Interview proces**

Voor het verwerken van dit interview zou ik deze graag willen opnemen, vind je dat oké? Met de opname, resultaten en opslag van de data zal vertrouwelijk om worden gegaan. Het interview zal maximaal anderhalf uur duren. Ik zal zo beginnen met enkele inleidende vragen over jou en de organisatie waarna ik mijn vragen verder zal toespitsen op non-financiële rapportage activiteiten en de invloed die primaire stakeholders hebben op de keuze voor non-financiële rapportage activiteiten. Als je aan het eind van het interview nog vragen, aanvullingen of opmerkingen hebt, dan hoor ik die graag.

Heb jij voorafgaand aan het interview nog vragen? Anders kunnen we beginnen met het interview.

## Appendix B – Interview questions version 1

### Introductievragen

*Wil jij jezelf en de organisatie kort voorstellen?*

1. Wat doet organisatie X?
2. Jouw rol gerelateerd aan non-financiële activiteiten/ rapportage
3. Visie organisatie duurzaamheid en non-financiële activiteiten/ rapportage

### Vragen over non-financiële rapportage activiteiten van de organisatie

1. Wat zijn de non-financiële rapportage activiteiten?
  - a. Visie
  - b. Doelen
  - c. Concrete activiteiten gericht op rapportages
  - d. Verwachte impact van rapportages
  - e. Vragen van stakeholders over duurzaamheid
  - f. Uitdagingen en voordelen van non-financiële rapportage
2. Verantwoordelijkheid voor non-financiële rapportages
  - a. Communicatie van non-financiële activiteiten
    - i. Middelen: website, nieuwsbrief, social-media, etc.
    - ii. Toekomst?
  - b. Frequentie van rapporteren
3. Richtlijnen en frameworks
  - a. Europese frameworks en duurzaamheidsrichtlijnen: CSRD/ VSME/ ESRS/ ISO.
  - b. Deelname aan vrijwillige duurzaamheidsrapportage
    - i. Waarom wel/niet?
    - ii. Voor- en nadelen?

### Vragen over primary stakeholder salience:

1. Voor welke stakeholders wordt non-financiële informatie gerapporteerd?
  - a. Van welke stakeholders krijgen jullie vragen?
2. Hoe beïnvloeden verschillende primaire stakeholder groepen non-financiële informatie rapportage binnen de organisatie met een focus op de volgende groepen:
  - a. Leveranciers
    - i. Impact/ urgentie/ legitimiteit/ nabijheid/ betrokkenheid
  - b. Investeerders
    - i. Impact/ urgentie/ legitimiteit/ nabijheid/ betrokkenheid
  - c. Maatschappij
    - i. Impact/ urgentie/ legitimiteit/ nabijheid/ betrokkenheid
  - d. Werknemers
    - i. Impact/ urgentie/ legitimiteit/ nabijheid/ betrokkenheid
  - e. Klanten
    - i. Impact/ urgentie/ legitimiteit/ nabijheid/ betrokkenheid
3. Belangrijkste stakeholder groepen
  - a. Prioritering en waarom belangrijk?
  - b. Tegenstrijdige belangen

### Vragen over Triple Helix:

1. Samenwerkingen kennisinstelling, overheid of andere bedrijven

- a. Beweegredenen voor deelname
  - b. Voordelen/ nadelen van deelname
2. Wanneer is een triple helix samenwerking succesvol?
  - a. Voor- en nadelen triple helix samenwerking

**Afronding**

1. Heb je verder nog vragen of opmerkingen?

## Appendix C - Interview questions version 2

### Introductievragen

Wil jij jezelf en de organisatie kort voorstellen?

1. Wat doet organisatie X?
2. Jouw rol gerelateerd aan non-financiële activiteiten/ rapportage
3. Visie organisatie duurzaamheid en non-financiële activiteiten/ rapportage

### Vragen over non-financiële rapportage activiteiten van de organisatie

1. Wat zijn de non-financiële rapportage activiteiten?
  - a. Visie organisatie duurzaamheid
    - i. *Hoe hoog vind jij persoonlijk dat duurzaamheid en NFR in het vaandel staan binnen de organisatie?*
  - b. Doelen
  - c. Concrete activiteiten gericht op rapportages
  - d. Verwachte impact van rapportages
  - e. Vragen van stakeholders over duurzaamheid
  - f. Uitdagingen en voordelen van non-financiële rapportage
2. *Indien geen rapportage: Waarom geen rapportage?*
  - a. Wanneer wel non-financiële rapportage?
    - i. Welke factoren beperken?
  - b. *Waarom zou je wel rapporteren over non-financiële activiteiten?*
    - i. Verwachte voor- en nadelen
  - c. *Toekomstige rapportage?*
    - i. Op welke manier?
    - ii. Wat is nodig?
3. Verantwoordelijkheid voor non-financiële rapportages
  - a. Communicatie van non-financiële activiteiten
    - i. Middelen: website, nieuwsbrief, social-media, etc.
    - ii. Toekomst?
  - b. Frequentie van rapporteren
4. Richtlijnen en frameworks
  - a. Europese frameworks en duurzaamheidsrichtlijnen: CSRD/ VSME/ ESRS/ ISO.
  - b. Deelname aan vrijwillige duurzaamheidsrapportage
    - i. Waarom wel/niet?
    - ii. Voor- en nadelen?

### Vragen over primary stakeholder salience:

1. Voor welke stakeholders wordt non-financiële informatie gerapporteerd?
  - a. Van welke stakeholders krijgen jullie vragen?
2. Hoe beïnvloeden verschillende primaire stakeholder groepen non-financiële informatie rapportage binnen de organisatie met een focus op de volgende groepen:
  - a. Leveranciers
    - i. Impact/ urgentie/ legitimiteit/ nabijheid/ betrokkenheid
  - b. Investeerders
    - i. Impact/ urgentie/ legitimiteit/ nabijheid/ betrokkenheid

- c. Maatschappij
    - i. Impact/ urgentie/ legitimiteit/ nabijheid/ betrokkenheid
  - d. Werknemers
    - i. Impact/ urgentie/ legitimiteit/ nabijheid/ betrokkenheid
  - e. Klanten
    - i. Impact/ urgentie/ legitimiteit/ nabijheid/ betrokkenheid
3. Belangrijkste stakeholder groepen
- a. Waarom belangrijk?
  - b. Tegenstrijdige belangen
  - c. Ranking maken van stakeholders

#### **Vragen over Triple Helix:**

1. Samenwerkingen kennisinstelling, overheid of andere bedrijven
  - a. Hoe in contact gekomen voor Lifeport@Innovatiehub?
  - b. Beweegredenen voor deelname
  - c. Voordelen/ nadelen van deelname
  - d. Hoe draagt de samenwerking bij aan non-financiële rapportage?
  - e. Specifieke waarde van onderwijs, ondernemers en overheid
2. Wanneer is een triple helix samenwerking succesvol?
  - a. Voor- en nadelen triple helix samenwerking

#### **Afronding**

1. Heb je verder nog vragen of opmerkingen?

*\*Iterative changes of the interview questions are marked in yellow.*

## Appendix D – InnovatieHub sessions documentation

### **Session 1 – Innovation and creativity by dr. Simone Ritter and articulating the problems and challenges**

#### Relevance of the masterclass for SMEs

The masterclass highlighted the importance of innovation as a learnable and trainable process that can be implemented by all entrepreneurs. This perspective can be highly relevant for SMEs that are present in the Innovatiehub, since these organizations focus on incorporating sustainability and responsibility practices in their organizations. By “thinking outside the box”, entrepreneurs can utilize creative thinking, through structured methods to solve problems and face challenges.

#### Relevance of the session regarding NFR for SMEs

This masterclass was not particularly focused on NFR and reporting as a whole. However, these insights can be applied to reporting practices. By using creative methods to report on NFI, stakeholders can be engaged more efficiently, and the message of the organization can be represented more effectively. Furthermore, during the working groups the delegates of the organizations focused on articulating and diverging their problem statements that their organization currently faces and therefore NFR did not have a prominent role within this session.

### **Session 2 – Circular economy by dr. ir. Sjors Witjes and articulating the problems and challenges**

#### Relevance of the masterclass for SMEs

This masterclass emphasized the need for SMEs to rethink how they manage materials, waste and create value efficiently. This related to the idea of a circular economy, where focus is changed towards a long-term, quality focused approach that stems from circular loops. Examples of organizations focusing on a qualitative and circular method of working and producing are Jura and Miele, these organizations focus on longevity of products, reuse and repair. For SMEs, adopting circular strategies can be useful to identify where waste can be eliminated, and business models can be optimized (for example using the 10 R-framework). Since, the world is currently facing such an immense challenge regarding waste, emission and resources, it is essential that organizations ‘step over their shadow’ and ‘leave their ego at the door’ and implement sustainability and responsibility in their practices.

#### Relevance of the session regarding NFR for SMEs

This masterclass was not particularly focused on NFR but showed the necessity of seeing the world and business as a circular economy. This masterclass formed the basis for enhancing reporting practices for organizations and possibly what steps they could take to align their business model or strategy with a sustainable and more responsible vision (10 R-framework). By focusing on circularity and optimizing value creation in a responsible manner, organizations can position themselves as transparent contributors to a circular economy, which they report on in the future. The working group that followed provided organizations the possibility to finetune their problems statements and organizational challenges further. By proposing different solutions to the problems, the delegates of the organizations got the opportunity to see a broad spectrum of possible solutions and limited the pitfall of being narrow minded.

### **Session 3 – Measuring circular economy by dr. Jeroen Jansen and converging the problem statement**

#### Relevance of the masterclass for SMEs

This masterclass emphasized the critical importance of data for organizations and how data can make decisions more responsible, efficient and effective. His masterclass focused on material compositions and lifecycle information, meaning that by tracking in- and outputs, better informed decisions can be made regarding to materials, supply chains and waste and thus optimizing sustainability and efficiency in organizations. During the masterclass, several entrepreneurs were very interested in this topic, since they mentioned that they struggle with collecting data themselves and are therefore a bit wary to share information with their stakeholders.

#### Relevance of the session regarding NFR for SMEs

Although this session was not focused on NFR, it provided valuable insights into how data-driven approaches can strengthen knowledge and substantiate data for NFR enhancing credibility and transparency. By gaining insights into materials, their degradation and making it measurable, organizations enable themselves to report on these matters based on tangible metrics and data. During the working group, converging possible solutions and directions of the problem statements and challenges was central. Therefore, the working group did not excessively focus on NFR. However, several entrepreneurs and delegates did mention that this information did strengthen their basis, broadened their perspectives and knowledge regarding data and NFR.

### **Session 4 – Life cycle analysis by dr. Rosalie van Zelm and converging the problem statement**

#### Relevance of the masterclass for SMEs

This masterclass introduced SMEs to the fundamentals of Life cycle analysis and assessment. By analyzing and assessing the life cycle of products or services, the environmental impact from raw material to end-of-life disposal can be measured. These analyses can help identify impacts from organizations their value chain, such as emissions, transport, usage and production impacts. This related to several organizations since they have produced life cycle assessments or are currently facing challenges with making these assessments. By dividing this process into clear phases (goal and scope, inventory analysis, impact assessment and interpretation), it was emphasized that by mapping this out internal processes and communication to external stakeholders could be substantiated and improved.

#### Relevance of the session regarding NFR for SMEs

During the session it became clear that by performing an LCA, the depth and credibility of non-financial reports could be enhanced. Furthermore, an LCA provides a structured and quantitative foundation to report on the impact of your processes, products or services on the climate. However, collecting all data can be challenging, since you have to have access to a lot of information from different stakeholders affected in the process, this was also mentioned by delegates from organizations. The interaction from the participants during this sessions was relatively high. It was interesting that some participants from organizations that did not have/ were not highly engaged in NFR were highly involved during the masterclass and asking questions regarding the impact on their organization. During the working groups, the participants focused on choosing the best solution to the organizational problems.

### **Session 5 – Chips and semiconductor solutions by Jan Driessen (Nexperia) and visualizing/ concretizing the solutions**

#### Relevance of the masterclass for SMEs

This masterclass highlighted how innovations in the semiconductor industry are responding to societal and environmental demands while at the same time showing that they are innovating at a fast pace. This session showed the importance of embedding sustainability and circularity into designing and manufacturing processes, in a high-tech manufacturing industry. Consequently, it was focused on how sustainability affects the business model of a cutting edge and highly competitive organization and how important it is to embed sustainable practices in your business.

#### Relevance of the session regarding NFR for SMEs

This session had no clear link to NFR, but was interesting because it was shown how a big organization handles societal and sustainability pressures from the market. Furthermore, the participants did find the information regarding chips and semiconductors highly interesting, and it was relevant to some of the organizations. In the working groups, the participants focused on concretizing the solutions to the organizational challenges and some organizations refined and/or changed their solutions based on their organizational challenge.

## **Session 6 – CSRD and the impact of mandatory reporting by Arnold Wijbenga and visualizing/ concretizing the solutions**

### Relevance of the masterclass for SMEs

This masterclass on the (once mandatory) CSRD and how the CSRD affected reporting practices of organizations. The session highlighted the goals of the reporting obligation for organizations and how this reporting mandate could have influenced SMEs in the Netherlands. However, due to the Omnibus declaration, the CSRD lost much of its power and influence over organizations and therefore has less influence over strategy, governance and operations of SMEs. It was mentioned that the CSRDs impact was limited due to regulatory complexity and administrative burdens but was also hard to comply to due to lack of data clarity and difficulty of translating operations into measurable reporting. Organizations such as Zeeman and Ikea were proposed as example organizations that implement sustainability into their business models efficiently and with the proper motivations. Delegates of organizations were very interested in why the CSRD lost its support within Europe and what the implications were for the reporting obligations for SMEs. Furthermore, the delegates of SMEs were interested in the type of information, the extent and depth of information needed and frameworks or guidelines that can be used.

### Relevance of the session regarding NFR for SMEs

The masterclass was highly relevant for NFR for SMEs. Many delegates were quite interested and were invested in asking questions relevant to their case or organization. It was mentioned that not all organizations are quite at the point of reporting NFI, however the organizations did seem to be interested in ways to increase their reporting practices in the future. Especially the extent to which organizations need to map their impacts, and substantiate how their operations have impact on society, environment and other facets. Furthermore, some delegates asked the expert for some suggestions regarding reporting practices for SMEs in line with the developments in the sustainability realm. Overall, the delegates were highly engaged during this session. The questions were primarily focused on how the CSRD could impact the organizations, what will be expected from these

organizations related to mandatory NFR, how the development of the CSRD will continue, and what organizations can do to be prepared. It was noted that NFR will become more important, but at the moment it is not quite clear how SMEs will be required (if at all) to report NFI, but due to stakeholder expectations, reporting can always be useful. During the working groups, a live drawing artist joined the delegates to visually describe the problem and solution for the organization. In the session, delegates were forced to choose one concrete solution and to try and develop the solution as best as possible and link it to the subsequent steps they should undertake.

### **Session 7 – Digital sustainability by dr. Bernard van Gastel and validating the solutions**

This masterclass stressed the environmental impact of the digital world, such as the amount of energy, and resources ICT systems, data centers, software and AI uses. For SMEs this is particularly relevant as technology is often used by these organizations, but there is little awareness regarding the footprint and impact of these solutions. In this masterclass, the aim was to make the participants aware of the immense impact of digital technologies and how green software practices can influence and minimize the impact on the society and environment. By providing insight into the reality of technology, SMEs can use, become aware and eventually minimize of the impact they have on their environment.

#### Relevance of the session regarding NFR for SMEs

While this masterclass did not have an explicit focus on NFR for SMEs, these insights did have significant implications for one of the organizations that is active in the digital community. The delegate of this organization was motivated and interested in asking relevant questions to his problem when facing reporting challenges. Furthermore, the basics of the impact of digitalization is however relevant for all organizations. This could make these organizations more aware and influence their decision-making regarding technology and software behavior, which they could process in their non-financial reports. During the working group, the organizations were forced to try and validate their solution with stakeholders relevant to their problem and solution and to pitch this at the end of the session.

## Appendix E – Personal communications list

**Table 2**

*Interview information from respondents*

Interview	Respondent & job title	Organization	Sector	Date
1	1 Sustainability manager	A	Manufacturing/ industrial goods and services	April 10 <sup>th</sup> 2025
2	2 Sustainability coordinator	B	Media/ cultural and creative industries	April 14 <sup>th</sup> 2025
3	3 Owner	C	Manufacturing/ industrial goods and services	April 15 <sup>th</sup> 2025
4	4 Sustainability specialist	D	Manufacturing/ industrial goods and services	April 16 <sup>th</sup> 2025
5	5 Co-owner	E	Retail/ consumer goods	April 22 <sup>nd</sup> 2025
6	6 Account manager	F	Retail/ distribution & social services	April 23 <sup>rd</sup> 2025
7	7 Owner	G	Information & communication technologies	April 29 <sup>th</sup> 2025
8	8 Owner	H	Retail/business- to-business services	April 30 <sup>th</sup> 2025
	9 Quality and sales manager			

*Note.* Sector retrieved from European Commission, n.d.

The recordings of the interviews are available through RIS for the supervisor and second examiner.

## Appendix F – Overview document analyses

**Table 3**

*Overview of documents used for analysis*

Organization	Webpage or document	Internal/ external availability	Reason(s) for inclusion
A	Webpage home + CSRD	External	Webpages refer to sustainability and responsibility  Flyers show the impact of operations and influence on sustainability
	CSRD document	External	
	3 Flyers	Internal	
B	Webpage home	External	Webpages refer to sustainability and responsibility
	Greenhouse Gas Protocol document	Internal ( <i>not available</i> )	
C	No document/ webpage	-	No website for the organization
D	Webpage home	External	Webpages refer to sustainability and responsibility  Flyers show the impact of operations and influence on sustainability
	Webpage CSRD	External	
	Flyer	Internal	
E	Webpage home	External	Webpages refer to sustainability and responsibility
	Webpage about us	External	
F	Webpage home	External	Webpages refer to sustainability and responsibility
	Webpage recycling	External	
	Webpage integration	External	
G	Webpage home	External	Webpages refer to sustainability and responsibility
	Webpage about us	External	
H	Webpage home	External	Webpages refer to sustainability and responsibility

The webpages and documents are available through RIS for the supervisor and second examiner.

## Appendix G – Translations quotations interview

Quotations from the interviews are translated from Dutch to English. To minimize discrepancies and increase the transparency and reliability of this study, these translations of the quotations are included.

**Dutch text:** “En een bedrijfsvisie zegt dat we redmeester moeten zijn van onze wereld. Dus we mogen onze wereld wel gebruiken, maar niet verbruiken of misbruiken.”

**Translation:** “Our company vision states that we should be stewards of the earth. We are allowed to use the world [worlds’ resources], but not exploit or misuse it” (I6, April 23, 2025, Appendix E). p.15

**Dutch text:** “zorg dat je deze zaken aangeleverd krijgt.”

**Translation:** “they just have to get these things delivered”, (I4, April 16, 2025, Appendix E). p. 18

**Dutch text:** “Ik denk dat uiteindelijk dat je werknemers cruciaal zijn voor je organisatie.”

**Translation:** “employees are eventually crucial to for your organization” (I5, April 22, 2025, Appendix E). p. 19

**Dutch text:** “het is ook juist goed om die mensen daarin te betrekken, en ook hun mening en hun ervaring daarin meten”

**Translation:** “involve employees and to represent different perspectives, demands and expectations” (I2, April 14, 2025, Appendix E). p. 20

**Dutch text:** “En daardoor misschien ook minder aanmerkingen komen voor dat soort fondsen of subsidies”

**Translation:** “if they (organization) do not comply, this could potentially lead to reduced access to funding or subsidies” (I2, April 14, 2025, Appendix E). p. 20

**Dutch text:** “Alleen hebben we niet direct dat wij aan hun een verplichting willen voldoen om te rapporteren.”

**Translation:** “we have no direct perceived obligation to report to society” (I6, April 23, 2025, Appendix E) p. 20

**Dutch text:** “(investeerders) mede investeren omdat wij dat duurzame verhaal hebben”

**Translation:** “sustainability story behind their organization” (I5, April 22, 2025, Appendix E) p. 21

**Dutch text:** “Als zij dat verwachten en gaan opeisen of vragen [non-financial rapporten]”

**Translation:** “expect, demand or require that [non-financial reports]” (I3, April 15, 2025, Appendix E). p. 21

**Dutch text:** “Wij zijn meer de maatschappij aan het opvoeden dan de maatschappij ons aan het opvoeden is”

**Translation:** “the organization itself is educating the society, more than the society is educating us” (I6, April 23, 2025, Appendix E) p. 22

**Dutch text:** “En het is echt het concept. [Dus als we niet meer duurzaam ondernemen kunnen net zo goed morgen stoppen]. Dat is net zoals Shell geen benzine meer gaat verkopen”

**Translation:** “This is our business concept, right? So, if we don’t operate sustainably, we might as well stop tomorrow. ... It’s like Shell deciding to stop selling fuel” (I6, April 23, 2025, Appendix E). p. 24

**Dutch text:** “In de basis zou ik zeggen, hoort duurzaamheid echt gewoon als onderdeel van je bedrijf te zijn. Ik geloof dat duurzaamheid gewoon zorgt voor continuïteit en toekomstbestendigheid.”

**Translation:** “Sustainability should simply be a fundamental part of any business ... it contributes to continuity and long-term viability” (I5, April 22, 2025, Appendix E). p. 24

**Dutch text:** “Maar het feit dat we dat nu eigenlijk al allemaal doen zonder dat het wordt gevraagd, dat is ook omdat we het gewoon oprecht belangrijk vinden”

**Translation:** “we already do these things because we sincerely think it’s important to do so” (I2, April 14, 2025, Appendix E). p. 24

**Dutch text:** “naam bedrijf] wil pionieren op het gebied van duurzaamheid”

**Translation:** “[organization] aims to be a pioneer in the field of sustainability” (I1, April 10, 2025, Appendix E). p. 24

**Dutch text:** “Je wil jezelf goed voelen, maar je wil ook jouw klanten goed kunnen bedienen. Goede klantrelaties opbouwen, behouden en ook nieuwe klanten winnen”

**Translation:** “the main reason we report is because we want to create, retain and win good client relationships” (I1, April 10, 2025, Appendix E). p. 24

**Dutch text:** “sustainable rapportage is een marketing tool, daarmee kan die ook een financiële impact hebben”

**Translation:** “Sustainable reporting is a marketing tool, and it can also have a financial impact” (I4, April 16, 2025, Appendix E). p. 24

**Dutch text:** “Ik denk wel dat dit soort dingen een soort eerlijkheid geeft van jouw bedrijf. Wat ook een band maakt, een band creëert om inzicht te geven met wat voor partijen jij dealt”

**Translation:** “creates a sense of honesty for your organization and creates a bond by showing who you deal with”(I4, April 16, 2025, Appendix E). p. 25

**Dutch text:** “Het zijn allemaal uren die financieel niet bijdragen. Wij kunnen het rapport niet verkopen.”

**Translation:** “all those hours don’t contribute financially, we can’t sell the report” (I6, April 23, 2025, Appendix E) p. 25

**Dutch text:** “Dus ik denk dat de negatieve kant gewoon een bepaalde onzekerheid is. Wat gaat dat teweeg brengen?”

**Translation:** “the negative side is just a certain uncertainty. What is that [NFR] going to cause?” (I4, April 16, 2025, Appendix E) p. 26