NON-FINANCIAL REPORTING AND DIGITALIZATION, KEY FACTORS IN STAKEHOLDER ENGAGEMENT

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Abstract

Because of its huge potential influence on consumers, society, and businesses, digitalization has been named "the fourth industrial revolution." In terms of businesses, digitalization provides the possibility to employ digital technology to transform company models and generate new income and value. However, digitization brings with it opportunities and challenges. For example, the digitization of services and the large collection of customer information might provoke skepticism and distrust among stakeholders, threatening the company's income. One way for companies to overcome this problem is to build a strong reputation through sustainability reporting. Sustainability refers to the inclusion of social and environmental concerns in business operations and stakeholder interactions. As a result, sustainability reporting may be a powerful tool for increasing stakeholder trust and capitalizing on digital prospects.

The paper examines the effects of digitalization and non-financial reporting on stakeholder engagement. To address the research query, we conducted a thorough content analysis of company reports. It was crucial to employ empirical research to comprehend how stakeholder engagement evolves within nonfinancial reporting and digitalization. The first part of the study describes and evaluates the linkages between corporate digitalization, nonfinancial reporting, and stakeholder engagement based on qualitative data analysis of sustainability reports. The sample comprised sustainability reports from companies listed in the BSE BET-Index. The second part of the study is based on the same sample of companies. The company's financial reports published on their website and the BSE website were analyzed to see if the companies have published their financial reports in XBRL format and if they can be found on the iXBRL site. Most companies currently give high priority to self-reported non-financial data and provide annual non-financial reports. After conducting the study, we can say that the companies not only acknowledge the importance of innovation but also demonstrate the capability to identify opportunities for global collaboration to improve their offerings and set themselves apart from competitors. The merging of sustainability and digitalization is pivotal for sustaining competitiveness and creating value for stakeholders.

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Keywords

sustainability reporting, digitalization, stakeholders, value creation

JEL Classification

M49; O39

Introduction

Businesses nowadays are moving away from the idea of maximizing shareholder value. This shift is favorable for building a long-term position by attending to the interests of not only owners and shareholders, but also employees, customers, suppliers, the local community, and society at large. This is reflected in the open communication of information that is relevant to stakeholders. In addition to financial information, non-financial information is increasingly being disclosed.

In recent years, stakeholder engagement has evolved from a peripheral concern to a core strategy for organizations. Non-financial reporting, which encompasses environmental, social, and governance (ESG) disclosures, along with digitalization, plays a pivotal role in engaging stakeholders. Non-financial reporting typically includes information on: environmental performance, social performance and governance. Non-financial reporting is crucial for stakeholder engagement because it provides transparency and accountability in areas that matter to a wide range of stakeholders, including investors, customers, employees, regulatory bodies, and the broader community. It helps build trust, foster long-term relationships, and demonstrate a company's commitment to responsible business practices.

Digitalization refers to the process of integrating digital technologies into various aspects of business operations. In the context of stakeholder engagement and non-financial reporting, digitalization plays a critical role in data collection and management, communication and transparency, stakeholder engagement, and performance tracking. Overall, digitalization enhances the accessibility and relevance of non-financial information, making it easier for stakeholders to access and understand a company's sustainability efforts. This, in turn, contributes to more effective and meaningful stakeholder engagement, as stakeholders can actively participate in discussions, hold companies accountable, and influence their actions in the realms of sustainability and corporate responsibility.

This study aimed, to investigate how digitalization and non-financial reporting impact stakeholder engagement. To address the research query, we conducted a thorough content analysis of company reports. It was crucial to employ empirical research to comprehend how stakeholder engagement evolves within nonfinancial reporting and digitalization. Although annual reports provide insights into these dynamics, delving deeper into stakeholder engagement often requires interpretation beyond evident content. To accomplish this, we utilized interpretative textual analysis to meticulously examine the phrases and reveal the fundamental nature of stakeholder engagement.

This study posits that digitalization and sustainability might serve as pivotal points in the intricate relationship between stakeholders who prioritize their vested interest in sustainability and their obligation to actively contribute, advocate, and accomplish sustainability goals in the era of digitalization, as both companies and stakeholders hold a shared interest in a sustainable future. Consequently, using qualitative analysis of the companies' reports, we wanted to see if the organizations recognize the importance of sustainable practices and leverage digitalization to achieve them, not only to fulfill their corporate social responsibility but also to engage stakeholders and secure a sustainable and prosperous future for all.

This article is structured in two parts. In the first part, we explain the interplay between non-financial reporting and digitalization as key drivers of stakeholder engagement. In the second part, we highlight some of the effects digitalization on corporate reporting in Romania, especially the engagement of stakeholders.

After conducting the content analysis of the annual reports, we can say that the companies not only acknowledge the importance of innovation, but also demonstrate the capability to identify opportunities for global collaboration to improve their offerings and set themselves apart from competitors. During the pandemic, investors gained access to current data, allowing them to assess the rapidly evolving global economic scenario. In contrast to traditional economic data, which were previously subject to significant delays in publication, technology has made it possible to monitor the economy in real-time. Businesses are aware of the increasing desire for sustainable practices and products and are developing strategies to shift towards sustainability. The merging of sustainability and digitalization is pivotal for sustaining competitiveness and creating value for stakeholders.

1. Review of the scientific literature

1.1. Non-Financial Reporting and Stakeholder Engagement

Non-financial reporting involves disclosing information related to an organization's ESG practices. Stakeholders, including investors, employees, customers, and the broader community, have shown growing interest in this information. The transparency provided through non-financial reporting not only addresses stakeholder concerns, but also helps build trust and long-term relationships. The spread of financial data has been a prominent theme in the literature for many years. In the private sector, a strict regulatory framework has led to the normalization and widespread acceptance of financial information. Simultaneously, efforts to enhance the distribution of non-financial information in various countries have been on the rise. An illustrative example is the European Union's pursuit of legal standardization of non-financial information through Directive 2014/95/EU. In this context, Dumay et al. (2015) emphasize the growing trend among European organizations to incorporate the communication of their non-financial performance, especially since the legislation has mandated the inclusion of non-financial statements in annual reports since 2018.

At the national level, various modifications have been introduced in external reporting regulations. These include legislation about external reporting guidelines for state-owned companies in Sweden, the extension of the Danish Financial Statements Act in Denmark, and the Grenelle II Act in France (Ioannou and Serafeim, 2017). In Spain, the Spanish Association of Accounting and Administration (AECA) has formulated a framework designed to facilitate the provision of comparable, analytical, and practical non-financial information to foster improved decision-making for both companies and their stakeholders. In the United Kingdom, the legislation mandates the inclusion of non-financial reports as part of the annual management report, with a focus on elucidating matters related to the environment, employees, social concerns, human rights, anti-corruption efforts, and anti-bribery initiatives (Jeffery et al., 2017). In Germany, the legal framework is similar, with the only distinction being that the sustainable report can be published either separately or on the company's website for up to four months following the release of the annual management report (Jeffery et al., 2017). Italy has taken a more comprehensive approach, requiring organizations to disclose information related to energy and water consumption, greenhouse gas emissions, and air pollution, as well as social and employee-related issues, including gender equality, among other aspects (Venturelli et al. 2019). In addition to the developed economies, the implementation of mandatory integrated reporting in South Africa through King Code III is worth noting (Ioannou and Serafeim, 2017). Furthermore, national bodies in Australia, as well as those in New Zealand and Japan collaborate with the International Integrated Report Committee to facilitate the disclosure of non-financial information (Eccles and Saltzman, 2011). It is important to highlight that although Australia does not have a legal mandate for sustainability reports, Australian companies are more proactive in disclosing their non-financial performance compared to China, where non-financial reporting is still in its early stages (Noronha et al., 2013).

It has been previously established that conventional reporting by organizations fails to fully meet the informational needs of a diverse array of stakeholders. The pursuit of new methods of engaging with stakeholders has given rise to the concept of integrated reporting. However, the following question arises: Can integrated reporting become a universal and contemporary means of communication with stakeholders? To answer this question, the primary advantages and potential drawbacks of this form of communication must be examined. When assessing the advantages of integrated reporting, it is crucial to begin with the scope of the disclosures. A focal point here is the inclusion of non-financial information, particularly information related to the management approach aimed at balancing social, environmental, and economic impacts – essentially, the concepts of corporate social responsibility and sustainable development.

Disclosing information regarding social, economic, and environmental initiatives; the implementation of corporate social responsibility and sustainable development concepts; management systems; and other non-financial data can contribute significantly to the creation of economic and social value for the enterprise, surpassing the influence of traditional tangible assets (Szczepankiewicz, 2014). Traditional tangible assets alone cannot fully capture an organization's complete potential. Integrated reporting strives to present not only financial, production, and natural capital – those assets that can be easily quantified and described – but also human, intellectual, social, and relational capital, where the genuine value of a company is concealed. Nevertheless, an organization lacking the knowledge and expertise of its employees, proprietary knowledge, procedures, patents, etc., remains ill-equipped to effectively compete in the market. Hence, it is worth noting that the disclosure of such information has both advantages and disadvantages. On one hand, it provides an advantage, but on the other, it presents challenges. First, collecting, analyzing, and processing data related to intellectual, human, and relational capital for report preparation is an arduous and time-consuming task. Some elements can be intricate in identifying and describing, and there may be difficulties in integrating them into financial accounts, even though integrated reporting emphasizes the connection between financial and non-financial data. Second, such information is often closely guarded by companies to maintain a competitive market edge.

In today's information-rich environment, access to information is not the sole crucial factor; its quality surpasses its quantity in importance. As highlighted by Szczepankiewicz (2014), a well-prepared integrated report, especially one with high-quality and reliable information (trustworthy, timely, comprehensive, clear, and understandable) and content that showcases societal contributions, can become a fundamental tool for engaging with stakeholders (Brown and Dillard, 2014). Ensuring the quality of published information, particularly its trustworthiness and accuracy, should primarily involve auditing by independent external certified bodies. However, this is currently a challenge, as there are no legal regulations governing the auditing of integrated reports. Introducing such a requirement could substantially bolster confidence in the disclosed data and simultaneously promote an increased interest in integrated reporting.

An early obstacle associated with the concept of integrated reporting can emerge from the need for managers to acquire information for report preparation. Management and accounting systems do not always provide all requisite data (Feng et al., 2017). One potential solution to this problem lies in the adoption of the XBRL standard (Extensible Business Reporting Language), which streamlines reporting processes by linking them with a company's existing financial and management accounting systems. Utilizing the XBRL standard in the report preparation process can significantly reduce costs, diminish the need for a large workforce involved in report creation, save time, and enhance the report's communicative capabilities, making data search and analysis more accessible and facilitating comparisons.

Disclosing data related to the business model may concern managers, as these data often constitute sensitive and proprietary information, and sometimes even a trade secret. The decision to disclose such data can, in extreme cases, lead to legal liability. From the perspective of stakeholder communication, the concept of integrated reporting offers the significant advantage of merging financial and non-financial data into a single document. This elevates the effectiveness of data research and analysis for stakeholders who, to this point, have had to sift through numerous corporate documents. Undoubtedly, the most notable feature of integrated reporting is stakeholders' engagement in defining the report's content.

In the process of creating an integrated report, it is essential to identify key stakeholders and their information requirements. This is crucial because companies do not create value in isolation but rather through their relationships with stakeholders (IIRC, 2021). Involving stakeholders in defining the report's content transforms the role of organizational reporting from a unidirectional communication tool with stakeholders into a two-way mechanism – the report becomes an integrated response to the legitimate information needs of stakeholders.

1.2. Digitalization and Stakeholder Engagement

Since the introduction of the World Wide Web and its widespread adoption, a growing number of additional technologies have emerged. It is anticipated that the emergence of new digital technologies, such as blockchain, artificial intelligence (AI), Internet of Things (IoT), robotics, and big data (Wedel and Kannan, 2016), will have a significant impact on company operations (Ng and Wakenshaw, 2017). The widespread adoption of new digital technologies indicates that businesses must digitally transition, although it is possible that some of them won't be as powerful as anticipated. Additionally, the cost structure of the company may be affected by these new digital technologies, which could replace costly employees with robots during the delivery of services, optimize logistics streams, and lower supply chain costs by utilizing blockchain and artificial intelligence.

The expectations and behaviors of consumers have drastically changed by digital transformation and the ensuing innovation in business models, which has put pressure on established companies and upended several marketplaces. Customers interact with businesses and other customers in an active and effortless manner, have access to dozens of media channels, and navigate an ever-growing number of touchpoints along their customer journey, many of which are digital (Lemon and Verhoef, 2016). At the corporate level, many established businesses suffered because they were overtaken by creative, rapidly expanding digital competitors.

Digitalization refers to the integration of digital technologies into business operations. It offers several avenues for organizations to effectively engage with stakeholders. Digital platforms, social media, and data analytics enable real-time communication, feedback, and customized experiences for stakeholders. Furthermore, digitalization facilitates the dissemination of non-financial information to a broader audience. The advent of new technologies, including platforms such as social media and review websites, has provided companies with opportunities to enhance their performance and communication methods (Westerman et al., 2014). Technological innovations significantly influence the choices that companies and entrepreneurs make in their communication strategies and strategic decision-making processes (Aydalot and Keeble, 2018). In this rapidly changing landscape, there are numerous cutting-edge technologies that can potentially disrupt contemporary corporate communication processes. These innovations include artificial intelligence (AI), machine learning (ML), the Internet of Things (IoT), big data analytics, mobile applications, cloud computing, augmented and virtual reality, and blockchain.

Business owners and managers may encounter challenges and risks as they navigate the opportunities provided by the new digital transformation landscape (Hess et al., 2016). Their primary objective is to gain a competitive edge by enhancing their corporate image and reputation through their digital presence (Andriole, 2017). These new digital technologies enable firms to engage with online users (Matt et al., 2015) and leverage their image and reputation among various stakeholders, particularly customers, suppliers, investors, other companies, employees, social communities, non-governmental organizations, public agencies, and authorities (Camilleri, 2018b). Companies must align their organizational objectives and corporate communications with stakeholders' expectations and interests (Camilleri, 2015).

1.3. Non-financial reporting and digitalization and stakeholder engagement

Companies with a strong commitment to social responsibility continue to prioritize the establishment and structuring of connections with their environment. At the core of this effort lies the establishment of enduring relationships based on trust, fostering dialogue with stakeholders, and involving them in the company's activities and decision-making processes. This necessitates ongoing dedication to improve the communication-related aspects. The realm of communicating corporate social responsibility (CSR) has evolved significantly within organizations alongside the increasing adoption of the CSR concept.

The advancement of information and telecommunication technologies (ICT) has played a pivotal role in this evolution, especially in terms of the new communication possibilities brought about by the Internet's transformation from Web 1.0 (focused on technical aspects) to Web 2.0 (emphasizing the social sphere), and now, in the present moment, to Web 3.0 (with a focus on the informational aspect). Web 2.0 marked a crucial stage in building relationships with stakeholders, highlighting the role of recipients in shaping and expanding the World Wide Web and introducing the concept of social networking sites, which centered on the creation of virtual communities. On the other hand, Web 3.0 is seen as an extension of Web 2.0, incorporating features related to artificial intelligence. It uses semantic solutions and software to facilitates three-dimensional data transfer. Its operation relies on intelligent tools that enable the retrieval of information in a targeted manner tailored to the user's preferences.

From a stakeholder relationship perspective, the role of new ICT is particularly significant as it offers quick, equitable, and easily accessible information about company operations. In addition, they provide access to a wide array of information without temporal constraints and empower stakeholders to move beyond passive recipient roles. These technologies also cater to individual stakeholder needs regardless of location and time. They contribute to reduced transaction costs due to minimal distribution and communication expenses, and enhance the efficiency of business and transaction processes, especially within supply networks. Media convergence is a critical factor in CSR communication development. It requires the ability to interact with recipients (Uzunoglu et al., 2017) and an understanding of the methods, channels, and tools for involving users in the co-creation of communication.

Innovative and creative contributions from active internet users serve as a virtually cost-free source of ideas for entrepreneurs, and facilitate improved consumer identification. Company websites are among the most widely used means of communicating about CSR. Placing information on a website allows for both internal (information for employees) and external communication (information for customers and business partners). It can also be seen as a platform for presenting the organization's official stance on various aspects, including social responsibility.

Schnieder et al. (2013) demonstrated that social media contributes to companies' financial performance and has a favorable impact on impression management. Other academics have observed that social media strengthens companies' relationships with multiple stakeholders. For instance, Mumi et al. (2019) revealed a positive correlation between a company's use of social media and its initial public offering (IPO) value, thereby confirming the signaling role of social media. Social media communication can also enhance a business's likelihood of attracting financing from potential investors and crowdfunding sources (Troise et al., 2020). Social media platforms can connect entrepreneurs with prospective investors and potentially reduce the information disparities between them.

The significant advantages of swift, cost-effective CSR (Corporate Social Responsibility) communication and heightened customer awareness should not be underestimated. Through social media, companies can inspire online users to participate in particular environmental and social initiatives while also having control over their responses. This aspect is of great importance for socially responsible organizations.

2. Research methodology

The information provided by the reports of the companies listed on the BSE BET-Index was the basis of the research methodology. The choice of the sample was based on two rationales. First, BET companies are large companies operating in a multinational context with high economic and sustainability significance. Second, European law obligates companies to report sustainability impacts in a formalized manner. This resulted in 20 reports in the sample, that were downloaded from the company's website.

This study examines the effects of digitalization on corporate reporting development in Romania. The first part of the study describes and evaluates the linkages between corporate digitalization, nonfinancial reporting, and stakeholder engagement based on a qualitative data analysis of sustainability reports. The sample comprised sustainability reports from companies listed on the BSE BET-Index. The second part of the study was based on the same sample of companies. The company's financial reports published on their website and on the BSE website were analyzed to see if the companies had published their financial reports in XBRL format and if they could be found on the iXBRL site.

In this research we address the following research questions: (To what extent is digitization mentioned in sustainability reports?); (How do the analyzed companies see digitalization and sustainability?); (How do companies use digitalization to enable stakeholder engagement?); (How has COVID-19 driven digitalization within the analyzed companies?); (What is the stage of iXBRL implementation by the analyzed companies?).

To respond to the research question, a content analysis of the companies' reports was performed. An empirical investigation was essential to grasp how stakeholder engagement unfolds through nonfinancial reporting and digitalization. Analyzing annual reports offers a lens to these dynamics, yet uncovering the depth of stakeholder engagement often involves reading between the lines. To navigate this, we employed interpretative textual analysis to systematically scrutinize the phrases and uncover the underlying essence of stakeholder engagement.

Interpretative textual analysis, a form of qualitative data examination (Strauss and Corbin 1990), involves a cyclic process of reading and deliberating to interpret text meaningfully (Laine 2005). A notable challenge of this method is language and its interpretation (Willig 2008). To address this hurdle, the analysis adhered to a meticulous procedure, ensuring the emergence of pertinent aspects within the text (Hood, 2016). The approach commenced with a thorough examination of the reports, aiming to pinpoint indicators of stakeholder engagement via nonfinancial reporting and firms' digitalization. This methodical process aimed to extract crucial insights from textual content while mitigating the challenges in language interpretation.

Based on the research questions, the information was systematically categorized according to specific themes, such as the importance of digitalization for companies, the usage of digitalization in stakeholder engagement, COVID-19, and digitalization, all related to nonfinancial reporting.

The regularity with which digitization is referenced in the reports provides an early indication of its significance in the context of sustainability. Four organizations stand out with over 50 references to digitization in the study, indicating the relevance of the topic. The issue of digitization did not appear in the reports of five firms, which might suggest a very low degree of importance from the companies' perspective.

Tabel no. 1. The extent to which digitization is mentioned in the companies listed in the BSE BET-Index sustainability reports

SYMBOL	ECONOMIC ACTIVITY	Number of Digital*	% of Digital*
ALR	Manufacturing	18	5.4%
AQ	Transportation and storage	4	1.2%
TLV	Financial and insurance activities	51	15.2%
BRD	Financial and insurance activities	62	18.5%

BVB	Financial and insurance activities	0	0.0%
TEL	Electricity; gas, steam and air conditioning	55	16.4%
COTE	Transportation and storage	5	1.5%
DIGI	Information and communication	12	3.6%
FP	Financial and insurance activities	0	0.0%
M	Human health and social work activities	5	1.5%
SNP	Electricity; gas, steam and air conditioning supply	67	20.0%
ONE	Real estate activities	0	0.0%
WINE	Manufacturing	0	0.0%
SNN	Electricity; gas, steam and air conditioning	3	0.9%
SNG	Electricity; gas, steam and air conditioning	4	1.2%
TGN	Electricity; gas, steam and air conditioning	5	1.5%
EL	Electricity; gas, steam and air conditioning	6	1.8%
SFG	Accommodation and food service activities	32	9.6%
TRP	Manufacturing	6	1.8%
TTS	Transportation and storage	0	0.0%
TOTAL		335	100.0%

Source: Authors processing

In the contemporary economy, digital transformation and sustainability have emerged as the prevailing trends. Digital transformation assists enterprises in making prudent sustainable investment choices and systematically establishing and enhancing ESG (Environmental, Social, and Governance) datasets. Consequently, sharing a company's ESG datasets is poised to deliver a competitive advantage over rivals in the long term.

Effective ESG implementation offers several advantages, including the reduction of capital costs and business risks, enhancement of shareholder value, and creation of prospects for long-term capital acquisition, while improving operational efficiency and bolstering corporate reputation.

In 12 out of 20 reports, companies state a positive relationship between digitalization and sustainability, for example:

1. "We are always working on identifying solutions to support the sustainable development of our Company, tailored to fundamental aspects such as innovation, digitalization, collaboration across the supply chain, food quality and safety, and easy communication." (SFG, 2022);
2. "In terms of social responsibility, we will strive for innovation and focus on optimizing business by finding new smart technical solutions and adopting digital technologies." (TGN, 2022)
3. "The Bank is focused on reducing the carbon footprint by investing significantly in innovation and digitalization, to make banking more accessible and user friendly

from the comfort of one's home, thereby reducing the need to visit a regular unit for banking needs." (BRD, 2022);

4. "Our 2030 Strategy builds on a strong sustainability framework, with a clear commitment to running responsible operations, fostering people and communities, and leveraging innovation and digitalization" (SNP, 2022);
5. "The future of our society is determined by the level of digitization and the reduction of gaps between rural and urban areas in terms of access to information. In the long term, RCS & RDS aims to increase the number of Romanians with digital skills, but also to support socially inclusive projects through connectivity services." (DIGI, 2022).

Sustainability and digitalization are inextricably linked to mutually beneficial relationships. Digitalization not only provides a means to reduce environmental impact but also creates new opportunities for business growth and innovation. As organizations increasingly recognize the importance of sustainable practices and leverage digitalization to achieve them, they not only fulfill their corporate social responsibility but also secure a sustainable and prosperous future.

Stakeholders have a significant impact on the existence and progress of business. Enterprises must cultivate their relationships with stakeholders by embracing approaches that involve information sharing, attentive listening, and active engagement. This is essential for bolstering the credibility of corporate social responsibility (CSR) initiatives. It is noteworthy that, in recent years, stakeholders have held higher expectations for the ethical and social conduct of companies and are increasingly seeking detailed information about the social and environmental consequences of corporate business strategies. In practice, the advent of digitalization can revolutionize how project stakeholder management operates. Emerging digital technologies open up novel avenues for stakeholder engagement.

In 15 out of 20 reports, companies mentioned the benefits of digitalization for their stakeholders, for example:

6. "Our contribution to banking growth, digitization, and job creation generates value for all our stakeholders. " (TLV, 2022);
7. "In the field of technology and innovation, BRD supports the training of key players (a new generation of tech creators – students, teachers, entrepreneurs, NGOs) for a digital society. The projects that BRD developed are focusing on education in STEM disciplines, R&D in AI and machine learning and tech entrepreneurship" (BRD, 2022);
8. "Also, the research and innovation strategy provides operationalization for the vision of all stakeholders, in the sense of implementing a flexible infrastructure, open and interoperable under a digital portfolio where traditional processes, especially the manual ones are eliminated or digitalized so that information can be accessible in real time." (TEL, 2022);

9. "GES (Guest Experience Survey), a digital platform offered by the franchisor, through which our customers can leave comments/submit complaints about the quality of the products and services offered: overall satisfaction, the taste of the food, the speed of service, the accuracy of the order, staff courtesy, general cleanliness, issues identified, problem-solving;" (SFG, 2022);
10. "Also in this direction, correlated with the objectives of digitization of the company, from the second half of the year 2021, we have implemented the eVote solution as an alternative method to take part and vote at the General Assembly of Shareholders" (TRP, 2022);
11. "In 2020, we launched the 'E-learn@SPHERA' project based on a digital learning platform including 12 major categories of topics and over 600 different courses. We reached 75% in-house promotion rate; we continue implementing skill development programs and closely monitoring the in-house human potential" (SFG, 2022);
12. "The IT function has an important role to play in the implementation of the business strategy, beyond the digitization of processes and their integration into IT platforms, for the distribution area, the development of smart grids, the integration of smart meters into existing grids, support for the operationalization of prosumers, etc. In the supply area, developments for customer-friendly interfaces, automation of contracting, reporting and billing processes and data exchange with all distributors are foreseen." (EL, 2022);
13. "The specialized committee has the duty to continue the processes initiated earlier and make progress in perfecting the documentation and mechanisms of the anti-bribery management system, as well as to test, operationalize, digitalize, and effectively apply the procedures, instructions, and provisions of the anti-bribery mechanism, as well as the provisions of anti-corruption legislation" (SNG, 2022).

In essence, digitalization is not just about adopting the latest technology; it is a strategic shift that redefines how businesses operate and engage with their stakeholders. Organizations can create a more inclusive, sustainable, and prosperous future by recognizing the multifaceted benefits of digitalization for various stakeholder groups. This approach not only drives business success but also contributes to the broader well-being of society. Thus, a holistic understanding of stakeholders in the digitalization journey is essential for organizations looking to thrive in the modern, technology-driven world.

The pandemic has set off a shift from traditional enterprises to online businesses, presenting an appealing opportunity for Romania and other emerging nations to increase their competitiveness. COVID-19 has bolstered companies' capabilities to adopt digital platforms and has fueled the process of digital transformation. The COVID-19 pandemic has acted as a catalyst for companies to propel the digital economy in Romania forward by incorporating digital technology into their CSR efforts. CSR digitalization refers to the approach that companies employ to infuse digital technology into their corporate social responsibility activities or programs.

Only seven companies mentioned the effects of COVID-19 on the digitalization process:

14. "Facial recognition, OCR, and forensic scan based digital identification and verification (IDV) solutions got accelerated with COVID-19 induced proliferation of digital services." (BRD, 2022)
15. "The Group speed-up the process’s digitalization and automation for increasing the efficiency and reducing the physical contact" (DIGI, 2022)
16. "The telecommunications sector has become increasingly digitalized, automated and online-based in recent years, particularly in the last couple of years due to COVID-19" (DIGI, 2022)
17. "During the COVID-19 pandemic, MedLife developed telemedicine services to allow its patients and clients access to health services" (M, 2022)
18. "COVID-19 transformed traditional classroom training, and we are now increasingly focusing on e-learning and digital content platforms where we encourage our employees to select the subjects better suited to their needs" (SNP, 2022)
19. "Considering the precedent created by the COVID-19 pandemic, ROMGAZ aims to adopt a new digitalization strategy to improve its service quality and be able to respond to similar future situations in a timely manner" (SNG, 2022)
20. "the transition to new employee profiles, including new skills and a new approach to the employee-employer relationship, will be generated by accelerating digitization and changing employee expectations - catalyzed by the pandemic context - as well as accelerating technological change" (EL, 2022)
21. "COVID-19 period has proven that digitalization and flexibility are two principal points on which each company must focus." (ALR, 2022)

The pandemic has had a substantial effect on companies, compelling them to transition their internal processes into digital formats to ensure seamless operation of their activities. While this shift was already underway before the pandemic reached its peak, it gained momentum as businesses grapple with increased demand and staffing shortages. Finance and fintech companies, in particular, have been significantly affected, given their heavy reliance on digital processes to conduct their operations. As organizations swiftly embrace digitalization to sustain their operations in the midst of the COVID-19 crisis, it becomes imperative to assess the impact of this digital transformation on business continuity. Digital technologies have the potential to enhance business continuity by improving the communication, efficiency, and stability of supply chains.

The CSRD has introduced a mandate to electronically publish sustainability data aligned with the European Single Electronic Format, which has been effective for financial data since 2020 (Directive 2022/2464/EU, European Parliament and the

Council of the European Union, 2022). Additionally, sustainability data now form part of the management report and are subject to limited assurance by external impartial auditors. By prominently featuring sustainability-related information in the initial sections of each financial report within the management report, there is a significant step towards integrating non-financial (sustainability) data with financial information. The EU Parliament emphasized in a press release that the CSRD represents a crucial milestone, as it ensures "financial and sustainability reporting will be on an equal footing [...] to facilitate better comparability and reliability of data" (European Parliament, 2022).

The European Single Electronic Format (ESEF/iXBRL) is a digital reporting format used by companies in EU regulated markets to create annual financial reports. This has been in effect since January 1, 2020, for those who opted for early adoption and became mandatory across the entire European Union from January 1, 2021.

We also analyzed the company's report published on their website and on the BSE website to see if the companies have published their financial reports in XBRL format and if they can be found on iXBRL SITE. XBRL reporting involves the generation of three files. These can be found in the compressed reporting file (zip format) which should have a standard structure, allowing the auditor and regulators to import the file into the software used for further analysis.

Most companies have released their financial reports in XBRL format, but not on the iXBRL website. iXBRL, short for Inline XBRL, is an open standard that enables a single document to offer both information readable by humans and structured data that computers can interpret. It is utilized for creating financial statements in a structured format that fulfills the needs of regulators and analysts while also granting authors the ability to maintain complete control over the layout and appearance of their reports.

Tabel no. 2. The stage of iXBRL implementation by the companies listed in the BSE BET-Index

BET INDEX COMPANIES	IMPLEMENTATION FROM 2020 (WEBSITE)	BSE/WEBSITE		iXBRL	
		2021	2022	2021	2022
ALR	NO	YES	YES	YES	YES
AQ	NO	YES	YES	YES	YES
TLV	NO	YES	YES	NO	NO
BRD	NO	YES	YES	YES	YES
BVB	NO	YES	YES	NO	NO

TEL	NO	YES	YES	YES	NO
COTE	YES	YES	YES	NO	NO
DIGI	NO	YES	NO	NO	NO
FP	YES	YES	YES	NO	NO
M	NO	YES	YES	NO	NO
SNP	NO	YES	YES	YES	YES
ONE	NO	YES	YES	YES	YES
WINE	NO	YES	YES	YES	NO
SNN	YES	YES	YES	YES	YES
SNG	NO	YES	YES	YES	YES
TGN	NO	YES	YES	YES	NO
EL	YES	YES	YES	YES	YES
SFG	NO	YES	YES	YES	NO
TRP	NO	YES	YES	YES	YES
TTS	NO	YES	YES	YES	NO

Source: Authors processing

The implementation of XBRL is a significant step toward enhancing financial reporting and data transparency. By adopting this standardized format, organizations can streamline their reporting processes, improve data accuracy, and meet regulatory requirements, ultimately leading to better-informed stakeholders and more efficient financial markets.

3. Results and discussions

The study aims to underscore the impact of digitalization on corporate reporting in Romania and explore its role in facilitating stakeholder involvement. We can say that companies not only recognize the need for innovation but also possess the capacity to spot opportunities for global collaboration to enhance their offerings and differentiate themselves from competitors. Amid the pandemic, investors gained access to up-to-the-minute data, enabling them to gauge the swiftly changing global economic landscape. Unlike traditional economic data, which used to be published with significant delays, technology has made it feasible to monitor the economy in real-time.

The analyzed companies recognize the growing demand for more sustainable practices and products and have devised strategies to transition toward sustainability. The convergence of sustainability and digitalization is crucial for maintaining competitiveness and generating value for stakeholders. The outcomes of digitization and non-financial data profoundly impact stakeholders within companies' sustainability and financial reports.

The study results are consistent with those of Liu et al. (2023), who state that transparency in performance acts as a signal, reflecting the authenticity of a company's intentions. A strong commitment to transparency is essential for a socially responsible company; it not only enhances the effectiveness of the company's CSR efforts (such as fostering stronger customer loyalty and positive company-related behavior), but also sets a moral example for customers to engage in sustainable and socially responsible conduct themselves. By embedding non-financial data into financial reports, credibility and transparency are strengthened, offering investors, consumers, and communities a comprehensive perspective on a company's performance and sustainability dedication.

The integration of nonfinancial data and digitalization aids investors in making informed choices. Successful integration of digitization and sustainability aligns with competitive advantages, showcasing adaptability and innovation and appealing to potential investors. Naveed et al. (2020), demonstrate that organizations disclosing non-financial information effectively establish strong corporate reputations. Reputation significantly influences individual investors' decisions to buy or sell a company's stock. Investors often perceive good investment opportunities that stem from reputable firms. The study's findings affirm the role of corporate reputation as a mediating factor influencing individual investor decision-making.

From the examination conducted, it is evident that the pandemic had a substantial influence on companies, compelling them to transform their internal processes into digital formats to maintain seamless operational flow. While this shift had been initiated before the pandemic's peak, it gained momentum as businesses dealt with increased demand and workforce constraints. This assertion is supported by Almeida et al. (2020), indicating that COVID-19 has expedited digital transformation not just within businesses, but also among individuals and public institutions. Managers face a significant challenge in engaging with this transformation while ensuring business continuity in a distinct and unpredictable future. The effectiveness of a company's digital transformation relies heavily on its community's embrace, encompassing its employees, suppliers, partners and customers.

Another practical implication of digitalization in the analyzed context is that, by embracing the XBRL format, entities can streamline their reporting procedures, enhance data precision, and comply with regulatory standards, resulting in well-informed stakeholders and more effective financial markets.

Integrating digitization and sustainability-related results into company reports not only influences stakeholders' perceptions but also contributes to more effective and sustainable long-term business management. This discovery aligns with the outcomes of the prior research of Zhang and Jin (2023), illustrating that managerial authority plays a beneficial role in steering digital transformation to bolster corporate sustainability. Management significantly influences decision-making and strategic trajectory within an organization. Empowered management groups actively embrace digitalization, making well-suited strategic decisions that enhance the company's standing. Their use of power resources aids in overcoming challenges during the digital transformation process, ultimately fostering the company's overall prosperity and sustainability.

Conclusions

In the modern era, effective communication with stakeholders has become the cornerstone of every organization's existence. The rapid advancement of technology, globalization of businesses, and societal shifts have given rise to various contemporary communication methods between companies and their stakeholders. Traditional methods of organizational reporting have gradually been adjusted to meet the genuine information needs of a diverse range of stakeholders. However, reporting is not a static entity; it continually adapts to the demands of the environment.

At present, the latest stage in the evolutionary progression of organizational reporting is an integrated report. This form of reporting combines financial and non-financial data into a single comprehensive document. Integrated reporting addresses several limitations associated with traditional reporting. This is achieved by providing more accessible information, connecting data, enhancing comparability, and engaging stakeholders in the process of determining the report's content, among other benefits. All of these characteristics are vital for establishing a robust channel of communication with stakeholders and fostering two-way communication. By involving stakeholders in shaping the report's content, organizations can effectively respond to their legitimate expectations.

This research compiled evidence from analyzed reports on the connection between digitalization and sustainability in business reports. A detailed method was employed to identify relevant elements in the text. The process began with a comprehensive review of the reports, seeking to identify the markers of stakeholder engagement through nonfinancial reporting and the digitalization of firms. This systematic approach aimed to extract vital insights from textual content while addressing potential challenges in interpreting language nuances. Given the dynamic nature of the market, with emerging business models and technologies reshaping the landscape and challenging traditional approaches, it has become imperative to address the issue of digitalization. This is essential to ensure that stakeholders are well-informed about ongoing developments and the current state of affairs. In this context, comprehensive reporting is of utmost importance. The findings of this study reveal that companies recognize the multifaceted benefits of digitalization for various stakeholder groups, and organizations can create a more inclusive, sustainable, and prosperous future.

Our research contributes a small portion to the overall understanding of stakeholder engagement through digitalization and nonfinancial information reporting. One limitation of our current study is the examination of reports from only twenty companies. To enhance future research, expanding the scope by including reports from additional companies in Romania offers comparability. Alternatively, extending the analysis to encompass reports from different years could further enhance the depth of this study.

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