Mandatory and Discretional Non-financial Disclosure After the European Directive 2014/95/EU

An empirical analysis of Italian listed companies’ behavior

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About the Book

The aim of the EU Directive 2014/95/EU, requiring the mandatory disclosure of non-financial information (NFI) by large undertakings and groups, is to rebuild trust with stakeholders. This book aims to summarize the relevant literature about company information with particular reference to the voluntary vis a vis mandatory NFI, addressing the main research question: how mandated NFI affects companies’ key performance indicators and how markets use NFI in assessing the company’s value?

To this end, the book provides an empirical analysis of Italian listed joint-stock companies subjected to the new law requirements. Findings provide evidence of a negative relationship between new mandatory NFI and the key performance indicators and the market value of the company. However, there is a positive correlation between the size and structure of governance and NFI, and a negative correlation between the non-manufacturing companies and NFI. These results could help managers and investors to follow the best practices in adopting an approach that could be able to face the trade-off between being transparent or secretive. As depicting the first-year adoption of the new rules, results are also relevant for policymakers aiming to improve the convergence between European policies and the global approach to NFI.