

Sustainability Reporting in Third Sector Organizations: A Systematic Literature Review

Roberta Costanzo

Ph.D. Student

University of Calabria, Department of Business Administration and Law

E-mail: roberta.costanzo@unical.it

Antonio Sonetto

Ph.D. Student

University of Calabria, Department of Business Administration and Law

E-mail: antonio.sonetto@unical.it

Giulia Muraca

Ph.D. Student

University of Calabria, Department of Business Administration and Law

E-mail: giulia.muraca@unical.it

Abstract

Purpose: This study aims to analyze the existing literature on Sustainability Reporting (SR) in Third Sector Organizations (TSOs), assessing its impact on transparency, accountability, and stakeholder engagement. Given the increasing relevance of sustainability disclosures across various sectors, this research identifies key trends, challenges and opportunities associated with SR adoption in TSOs.

Design/methodology/approach: This study employs a Systematic Literature Review (SLR) methodology, following the PRISMA framework and integrating a bibliometric analysis. Articles were retrieved from Scopus and Web of Science, applying predefined inclusion and exclusion criteria. The selected literature was analyzed using Bibliometrix and VOSviewer software.

Findings: The results indicate that SR enhances the reputation, the transparency, the legitimacy, and stakeholder engagement of TSOs. Despite its advantages, several barriers hinder its adoption, including lack of clear regulatory frameworks, absence of uniform regulatory standards, and difficulties in measuring social and environmental performance.

Research implications: The findings provide valuable insights both from a theoretical perspective—by identifying research gaps and offering a solid foundation for scholars to conduct future investigations on the topic—and from a practical standpoint, serving as a useful reference for TSO managers and policymakers.

Originality/Value: This study fills a gap in the literature by providing a comprehensive synthesis of SR practices in TSOs. It extends prior research by combining systematic review techniques with bibliometric analysis, offering a structured perspective on the challenges and opportunities associated with sustainability disclosures in the non-profit sector.

Keywords: Sustainability; Sustainability Reporting; Third Sector Organizations; Non-profit sector; Systematic Literature Review; Sustainable Development Goals; Non-financial disclosure.

Doi: [10.5281/zenodo.15221268](https://doi.org/10.5281/zenodo.15221268)

1. Introduction

In recent years, growing awareness of the urgency to address environmental and social issues has led to the development of several international initiatives aimed at implementing a long-term strategy for tackling these challenges (Biermann et al., 2017). This shift has inevitably influenced organizational management, assigning firms greater environmental and social responsibility and pushing them beyond a profit-driven logic toward more ethical business models considering stakeholder expectations (Jensen, 2001). There is an increasing need for integrated information to support stakeholders, enabling them to understand corporate policies and performance not only in economic and financial terms but also in relation to environmental and social aspects (Tettamanzi & Minutiello, 2022).

Although there are substantial differences among countries regarding the non-financial disclosure requirements for companies (Brescia & Campra, 2023), in the past decade, the European landscape of Sustainability Reporting (SR) has witnessed several legislative initiatives to enhance the reliability and comparability of the information disclosed by organizations. The gradual introduction of mandatory SR through the Corporate Sustainability Reporting Directive (CSRD) and the establishment of the first European SR standards under Delegated Regulation (EU) 2023/2772 of the European Commission (dated July 31, 2023) highlights the increasing importance of environmental and social disclosures. Although these regulatory interventions primarily target private and public enterprises, they now extend to all organizations, including Third Sector Organizations (TSOs) (Dumay et al., 2010). Given their non-profit nature and social utility objectives, implementing non-financial reporting is becoming increasingly relevant for these organizations as well (Brusca et al., 2022).

While extensive literature has examined SR in private corporations, there is a significant research gap concerning SR in TSOs (Elmagrhi & Ntim, 2023; Simaens & Koster, 2013). This difference may also be due to substantial divergences from a regulatory point of view. In fact, while private companies, especially large ones, are often subject to non-financial reporting obligations — as in Europe under Directive 2014/95/EU — TSOs are not formally required to report, and their reporting takes place on a voluntary basis (Brescia & Campra, 2023).

Therefore, the present study aims to contribute to the existing body of knowledge through a Systematic Literature Review (SLR) that analyzes the available research on the relationship between SR and TSOs, providing directions for future studies. In this way, we aim to demonstrate that if TSOs align themselves with the obligations established for private companies, they can achieve the same benefits as the latter (Brescia & Campra, 2023). To achieve this objective, this article aims to answer two research questions (RQs):

RQ₁: What is the state of the art on sustainability reporting in third sector organizations?

RQ₂: What factors influence the decision of third sector organizations to adopt sustainability reporting practices?

The findings reveal that environmental and social reporting by TSOs plays a crucial role in enhancing their reputation (Gazzola et al., 2021), and improving transparency and legitimacy (Brusca et al., 2022). Moreover, SR has proven to be an effective tool for increasing TSOs' impact and fostering greater stakeholder engagement (Gazzola et al., 2021). Therefore, this research provides a valuable contribution for researchers interested in further exploring this topic. Additionally, it offers managerial implications regarding the potential impact of SR on TSOs' performance and governance, as well as insights for policymakers in developing a more harmonized regulatory framework for these matters.

This study is structured as follows. Section 2 presents the theoretical background on the relationship between SR and TSOs; Section 3 outlines the research methodology; Section 4 discusses the key findings, analyzing the main performance indicators and thematic clusters identified through the construction of a co-occurrence network map and, finally, section 5 contains a discussion of the results and related implications, highlighting research limitations and offering suggestions for future studies.

2. Theoretical background

In recent times, the concept of sustainability has gained significant importance. Although there are various interpretations of "*sustainability*", the widely accepted definition is that presented in the Brundtland Report of 1987, which describes sustainable development as "*development that meets the needs of the present without compromising the ability of future generations to meet their own needs*". This perspective encourages the regulation of resource utilization to prevent depletion and to ensure a balance between economic growth and ecosystem protection (WCED, 1987). However, this concept represents an ethical paradox because, on the one hand, sustainability is seen as the characteristic of a process or state that can be maintained indefinitely; on the other hand, its purpose is environmental modification, which requires a profound intervention in nature (Jabareen, 2008).

Sustainable development is becoming increasingly central to national and international strategies, to the point that the United Nations has approved 17 interconnected goals to be achieved by 2030, as defined in the Global Agenda for Sustainable Development (ASVIS). These Sustainable Development Goals (SDGs) aim to address the economic, social, and environmental issues affecting the world (Halkos & Gkampoura, 2021). Numerous firms are striving to incorporate these objectives through tangible commitments, aiming to establish a new paradigm centered on the production of more sustainable goods and services, as well as the adoption of practices and behaviors that align with environmental standards (Sneirson, 2009). Similarly, Public Sector Organizations (PSOs) are central to the delivery of sustainable development (Birney et al., 2010). In implementing the principle of subsidiarity, they are considered pivotal to sustainable development due to their direct involvement in activities that shape people's lives (Dumay et al., 2010).

Recently, attention has also shifted to TSOs which, like private firms and PSOs, are expected to account for their actions and demonstrate respect for environment in which they operate, safeguard their work and human resources' needs, and meet the expectations of all social actors affected by their activities (Vlad, 2012; Simaens & Koester, 2013; Gazzola et al., 2021). In other words, to enhance their accountability, TSOs must commit to adhering to the same standards of responsibility that are often demanded of other organizations (Simaens & Koester, 2013).

2.1 The Third Sector Organizations

TSOs are increasingly becoming a focal point for policymakers and researchers, largely due to their growing importance as providers of public, social and healthcare services (Bach-Mortensen et al., 2018; Cordery & Sinclair, 2013).

As stated in the Third Sector Code, in Italy, *TSOs “are volunteer organizations, social promotion associations, philanthropic entities, social enterprises (including social cooperatives), associative networks, mutual and aid societies, legal business and voluntary (recognized or unrecognized) associations, foundations and private non-profit entities other than firms that are set up to carry out non-profit activities for civic, solidarity and social purposes, through the exclusive or main pursuit of one or more general interest activities in the form of voluntary action or provision of money, goods or services free of charge, or mutual assistance or production or exchange of goods or services”*.

TSOs typically encompass a range of entities that exist at the intersection of the market, the state and the community (Pestoff, 1998). Nowadays, they represent well-established entities that operate in close contact with local public authorities: a concrete example in this regard comes from

the city of Turin, which entrusts certain public services to corporations, associations, institutions, and foundations (Biancone et al., 2014). This view is consistent with the New Public Governance framework, which emphasizes inter-institutional collaboration and the shared management of services to pursue the public good (Orlandini & Amelio, 2020)

The Italian third sector industry generates over 60 billion euros annually and includes all non-profit organizations, which are predominantly focused on social issues (Gazzola et al., 2021). Due to their significant engagement in activities that shape people's lives, these organizations are regarded as essential for achieving Sustainable Development Goals (SDGs) (Dumay et al., 2010).

In recent decades, there has been a notable increase in interest surrounding research on the third sector, as evidenced by numerous studies conducted in various disciplines focusing on non-profit organizations (Brusca et al., 2022). Additionally, research has indicated the increasing role of TSOs in advocating for sustainability through their collaborations with businesses, policymakers, and communities (Bendell, 2005). The interdisciplinary nature of third sector research arises from their peculiar nature, the complexity of their operations, and the relationships they maintain with the environment, which make it difficult to define the boundaries of their activity and to determine, categorically, what is (or is not) a TSO (Helmig et al., 2004).

2.2 Sustainability Reporting

In recent years, SR has gained greater importance worldwide, driven by increasing pressure from stakeholders for greater transparency regarding both environmental and social issues (Siew, 2015). Profit maximization is no longer the exclusive objective for the firm but, for survival on the market, it has also become crucial to meet the expectations of all stakeholders (Jensen, 2001). Organizations are increasingly under pressure to demonstrate their commitment to the environment and social development, in addition to accounting for their economic performance (Subramaniam et al., 2006). In this context, SR serves as a crucial tool for organizations to demonstrate their commitment to sustainable development (Beyne et al., 2021).

The expansion of the SR obligation to a broader range of organizations, implemented through the European Corporate Sustainability Reporting Directive (CSRD) in 2022, confirms the critical and timely nature of this issue. Several national and international institutions have established guidelines for the preparation of SR, aimed at facilitating the disclosure of social, environmental, ethical, and governance information (Dumay et al., 2010). The most recognized and used guidelines are those developed and produced by the Global Reporting Initiative (GRI) (Guthrie et al., 2010). The GRI Standards provide a structured framework for organizations to report on their economic,

environmental, and social performance, offering a standardized approach that enhances credibility and comparability (GRI, 2021). Alongside the GRI Standards, the more recent European Sustainability Reporting Standards (ESRS) also aim to ensure an adequate level of harmonization and comparability of the information disclosed by organizations at the European level (European Commission, 2023). Although these guidelines were initially developed for the corporate sector, they have since been adapted for public and non-profit organizations (Dumay et al., 2010).

2.3 Theoretical Framework

Empirical studies have documented a range of benefits associated with SR for private firms, especially large ones, including improved stakeholder engagement (Cho, 2009; Adams, 2015), enhanced legitimacy (Lai et al., 2016), reduced information asymmetry (Li et al., 2018), better ESG performance (Aluchna et al., 2022), and even financial advantages such as lower capital costs (Salvi et al., 2020) or enhanced market valuation (Yu et al., 2020). These outcomes are largely supported by frameworks such as legitimacy theory, stakeholder theory, and institutional theory, which frame sustainability reporting as both a strategic and normative practice (Brescia & Campra, 2023).

For this type of companies, SR has become a highly institutionalized practice in Europe in recent years. This is because regulatory requirements, such as the EU Directive 2014/95/EU (implemented in Italy through Legislative Decree 254/2016), mandate the publication of Non-Financial Information (NFI) by large public-interest entities.

By contrast, TSOs are generally not subject to the same mandatory reporting obligations. The lack of regulatory pressure has resulted in significant heterogeneity in reporting practices, with many TSOs opting not to disclose ESG-related information or adopting informal and inconsistent formats (Asogwa, 2023). While frameworks such as the GRI or Integrated Reporting (IIRC) are technically available to TSOs, they are often perceived as too complex or resource-intensive for organizations operating with limited budgets and reporting expertise.

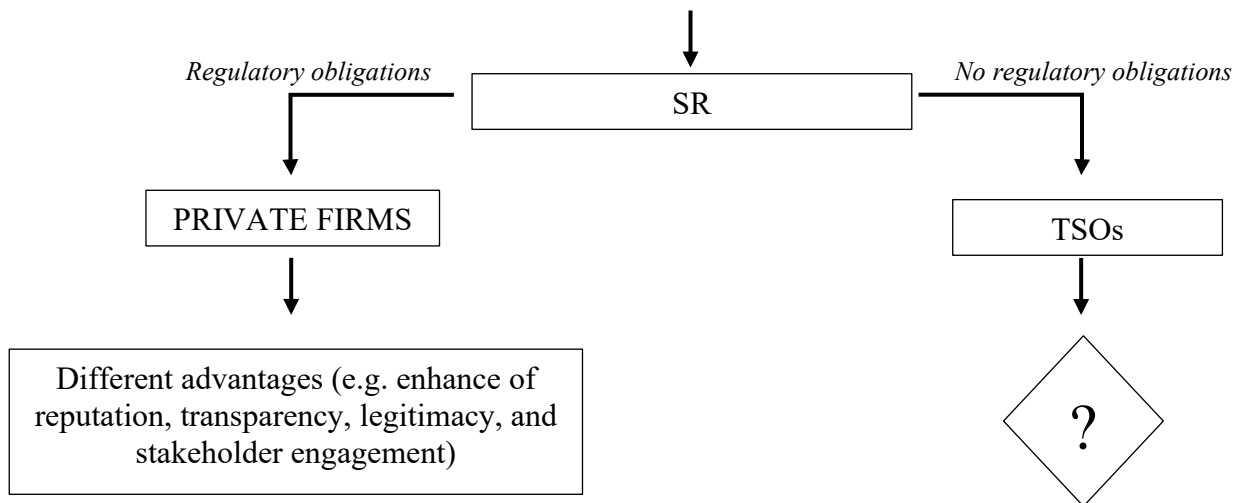
For these reasons, the objective of this study is to bridge this gap by exploring the benefits that TSOs can gain from sustainability reporting, as well as the limitations and barriers they face in pursuing this challenge.

Figure 1 summarizes the theoretical framework underlying our research work.

Figure 1 – Theoretical Framework

This figure summarizes the theoretical framework on SR in TSOs.

SUSTAINABILITY ISSUES



Source: Author's elaboration

3. Methodology

To investigate the existing knowledge surrounding SR in TSOs, we conducted a SLR, combined with bibliometric analysis, similar to the approaches utilized by Latella & Veltri (2024), Bartolacci et al. (2020), and Pastore & Tommaso (2024).

SLR is defined as “a replicable, scientific and transparent process” (Tranfield et al., 2003, p. 209) “that locates existing studies, selects and evaluates contributions, analyses and synthesizes data, and reports evidence in such a way that allows reasonably clear conclusions to be reached about what is and is not known” (Denyer & Tranfield, 2009, p. 671). Therefore, this methodology ensures greater objectivity compared to a traditional literature review (Tranfield et al., 2003) and allows for the clear identification of potential research gaps on the topic (Kraus et al., 2020). A well-conducted SLR should not simply summarize the topic but should also provide added value (Palmatier et al., 2018).

This review followed the guidelines established by Denyer & Tranfield (2009) and the PRISMA framework (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) (Liberati et al., 2009). Thus, the analysis was developed through the following key stages (Denyer & Tranfield, 2009):

- (i) Formulation of the research questions;
- (ii) Selection of databases to collect articles;
- (iii) Selection and evaluation of articles based on specific inclusion and exclusion criteria;
- (iv) Analysis and descriptive synthesis of the selected sample;
- (v) Formulation of discussion and conclusions.

The fourth stage was supported by bibliometric analysis, which systematically examines the existing literature on a specific topic, providing a set of quantitative indicators (Donthu et al., 2021) that help identify key research trends (Lamboglia et al., 2021). Specifically, the “*Bibliometrix*” software package (Aria & Cuccurullo, 2017) was employed to identify performance indicators, while “*VOSviewer*” software (Van Eck & Waltman, 2010) was used to build a co-occurrence network, which facilitates the identification of key clusters and research gaps (Grames et al., 2019).

Figure 2 - Main steps of the SLR

This figure illustrates the key stages for conducting a systematic literature review that is replicable, scientific, and transparent.



Source: Denyer & Tranfield, 2009

3.1 Data collection

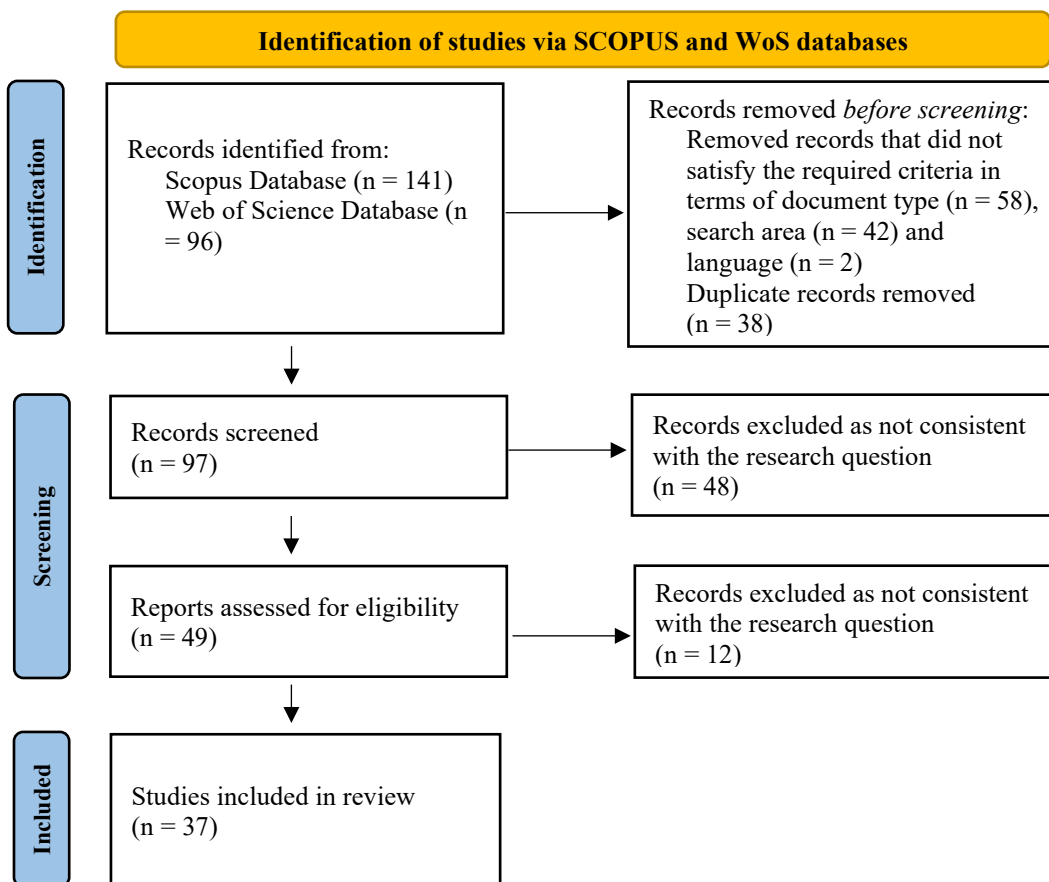
The data collection process was carried out on February 22, 2025, using two databases: Scopus and Web of Science (WOS). Specifically, by using the Boolean operators AND/OR, the following search string was defined and applied to titles, abstracts, and keywords:

("sustainability reporting" OR "sustainability disclosure" OR "non-financial report" OR "ESG report*" OR "ESG" OR "non-financial disclosure") AND ("third sector" OR "TSO" OR "third sector entit*" OR "non-profit organization*" OR "non-governmental organization*" OR "nonprofit organizations" OR "nonprofit entit*" OR "non-profit entit*" OR "NGOs")*

The initial search returned 96 results from WOS and 141 from Scopus. Subsequently, the search was limited to scientific articles only, to ensure higher quality results. Furthermore, only articles belonging to the following research areas were considered: “*business finance; business; management; economics; social issues*” (WOS) and “*business, management and accounting; social sciences; economics, econometrics and finance; decision sciences*” (Scopus). Finally, only articles written in English were included. After removing 38 duplicates, the sample was reduced from 135 to 97 articles. Then, following an abstract screening, 48 articles were excluded as they were not consistent with the research question, bringing the sample to 49 articles. Finally, after a full-text reading, 12 additional papers were excluded. Consequently, the final sample consists of 37 articles. The entire data collection process is summarized in Figure 3.

Figure 3 – Data collection process

This figure illustrates the entire data collection process that was implemented to include only the articles useful for answering the research questions in the analysis.



Source: Author's elaboration

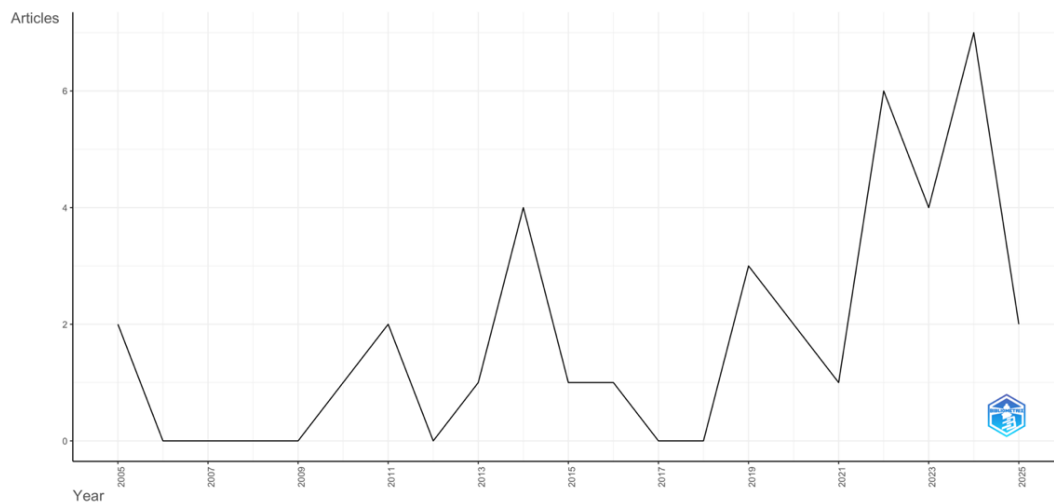
4. Findings

4.1 Performance Indicators

As shown in Figure 4, scientific output on this topic has grown significantly since 2021, peaking in 2024 with seven articles published. Naturally, the decline in publications observed in 2025 is entirely negligible, given that the year has only just begun. These data clearly highlight how academic research has only recently started to thoroughly investigate this topic.

Figure 4 – Annual scientific production

This figure illustrates the annual scientific production on SR in TSOs from 2021 to 2025.



Source: Author's elaboration using Bibliometrix

Table 1 presents the top ten articles, ranked by the average number of citations per year, to avoid distorted results caused by the high citation counts of older publications (Tranfield et al., 2003). Dumay et al. (2010) is the most influential article, with an average of 13.88 citations per year. Interestingly, more recent articles (e.g., Elmaghri & Ntim, 2023) also rank among the top, indicating an increasing focus on the topic.

Table 1 – Top Ten articles in the sample

This table shows the ten most cited articles on SR in TSOs, ranked by their average annual citations.

No.	Author(s)/Year	Title	TC per Year
1	Dumay et al., 2010	Gri Sustainability Reporting Guidelines For Public And Third Sector Organizations	13.88
2	Lodhia & Hess, 2014	Sustainability accounting and reporting in the mining industry: current literature and directions for future research	9.33

3	O'Dwyer, 2005	User needs in sustainability reporting: Perspectives of stakeholders in Ireland	8.34
4	Camilleri, 2015	Valuing Stakeholder Engagement and Sustainability Reporting	6.45
5	Leong & Hazelton, 2019	Under what conditions is mandatory disclosure most likely to cause organisational change?	5.00
6	Elmaghri & Ntim, 2023	Non-financial reporting in non-profit organisations: the case of risk and governance disclosures in UK higher education institutions	5.00
7	Bendell, 2005	In whose name? The accountability of corporate social responsibility	4.62
8	Gazzola et al., 2021	Sustainability reporting practices and their social impact to NGO funding in Italy	4.40
9	Monciardini, 2016	The 'Coalition of the Unlikely' Driving the EU Regulatory Process of Non-Financial Reporting	4.20
10	Traxler et al., 2020	GRI Sustainability Reporting by INGOs: A Way Forward for Improving Accountability?	3.50

Source: Author's elaboration using Bibliometrix

The articles were published in 29 different journals. Specifically, Table 2 presents those journals with at least 2 publications.

Table 2 – Journals with at least 2 publications

This table presents the journals with at least two publications on SR in TSOs.

Journal	N. of articles
Corporate Social Responsibility and Environmental Management	3
Voluntas	3
Australian Accounting Review	2
Journal of Cleaner Production	2
Public Management Review	2
Sustainability	2

Source: Author's elaboration using Bibliometrix

Table 3 presents the leading authors on the topic, highlighting those with more than one publication.

Table 3 – Authors with more than one publication

This table presents a list of authors with more than one publication on the topic of SR in TSOs.

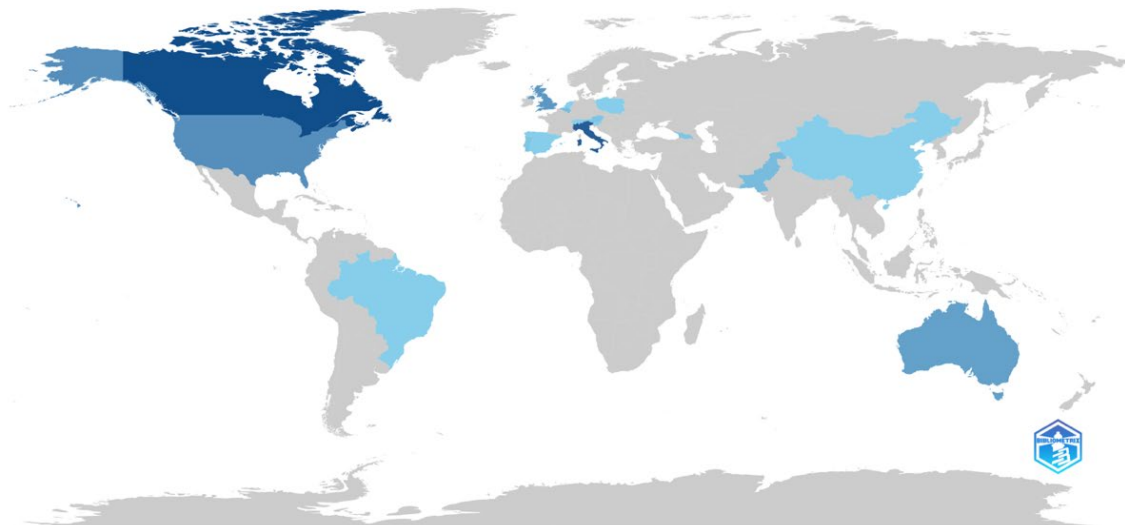
Author	N. of articles
Ali W.	2
Cyr D.	2
Fortin A.	2
Landry S.	2
Wilson J.	2

Source: Author's elaboration using Bibliometrix

The most influential country in terms of scientific output is Canada, followed by Italy and the USA. These insights are visually represented in Figure 5 and described in detail in Table 4.

Figure 5 – Country Scientific Production

This figure shows the most influential countries in terms of scientific production on SR in TSOs.



Source: Author's elaboration using Bibliometrix

Table 4 – Top Ten Countries in Terms of Scientific Production

This table summarizes the most influential countries in terms of scientific production on SR in TSOs, showing the number of articles published by each between 2021 and 2025.

Country	N. of articles
Canada	16
Italy	14
Usa	8
Uk	7
Australia	6
Belgium	3
Pakistan	3

Austria	2
Georgia	2
Portugal	2

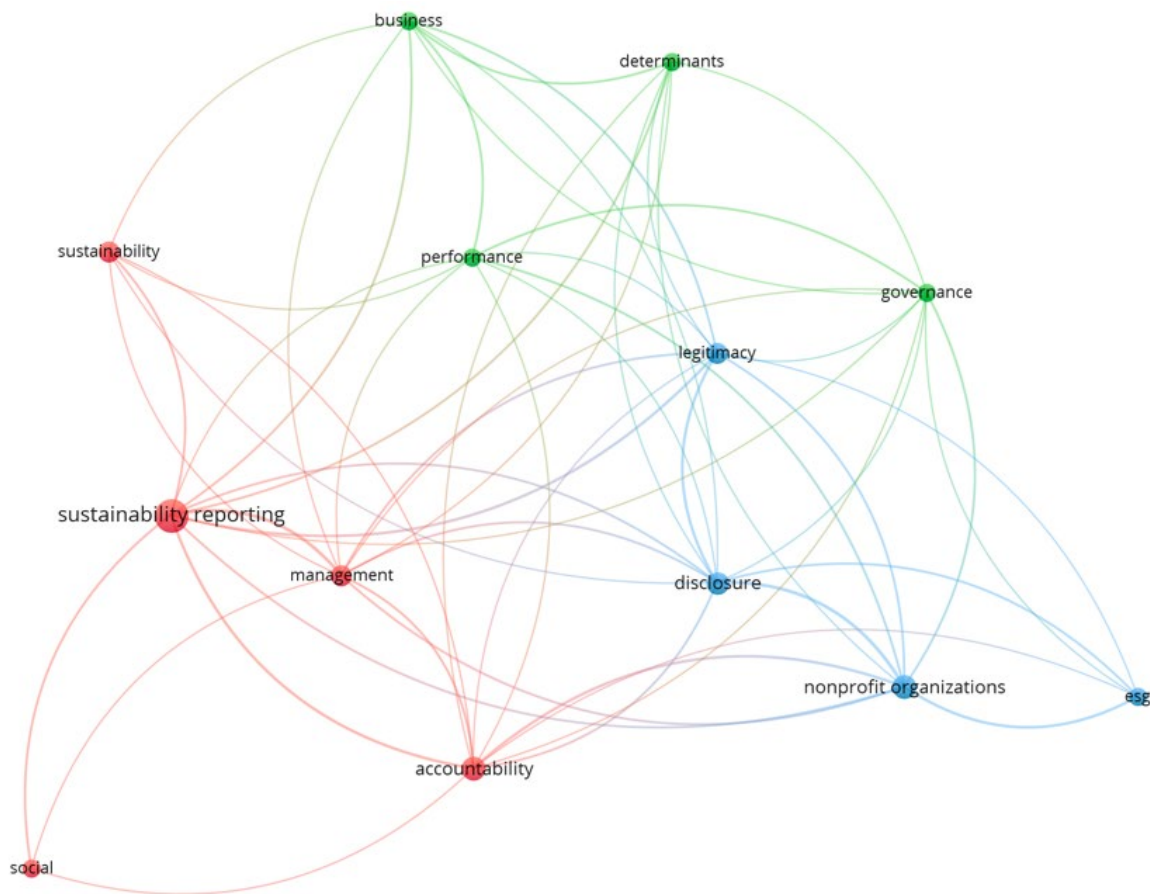
Source: Author’s elaboration using Bibliometrix

4.2 Co-occurrence analysis

Figure 6 illustrates the co-occurrence network map built using the “VOSviewer” software, considering keywords that appeared at least 4 times. Therefore, we identified three main clusters: the blue cluster concerning the role of SR in achieving SDGs, the red cluster which explain the SR in TSOs context and, finally, the green cluster about the impact of SR in accountability and stakeholder engagement in TSOs.

Figure 6 – Co-occurrence Network Map

This figure shows the co-occurrence network map built using the VOSviewer software, highlighting three main clusters related to the role of SR in achieving SDGs, SR in TSOs, and its impact on accountability and stakeholder engagement in TSOs.



Source: Author’s elaboration using “VOSviewer”

4.2.1 Blue Cluster - the strategic role of SR in achieving SDGs

The third cluster focuses on terms such as “*non-profit organizations*,” “*disclosure*,” “*legitimacy*,” and “*ESG*,” highlighting the strategic importance of SR—across its environmental, social, and governance (ESG) dimensions—in strengthening stakeholder trust and organizational legitimacy. In recent years, organizations have been required to demonstrate their commitment to environmental and social development, in addition to reporting their economic performance (Subramaniam et al., 2006). More recently, the interest of policymakers and researchers has also shifted toward TSOs (Bach-Mortensen et al., 2018; Cordery & Sinclair, 2013), which are increasingly expected to account for their actions in addressing environmental and social issues (Vlad, 2012; Simaens & Koester, 2013; Gazzola et al., 2021). TSOs are considered crucial for achieving the Sustainable Development Goals (SDGs), not only due to their significance within the economic system but also, and more importantly, because they have a direct impact on people’s lives (Dumay et al., 2010; Gazzola et al., 2021). Consequently, it is reasonable to argue that TSOs should be subject to the same social responsibility standards as private organizations and public sector organizations (PSOs) (Simaens & Koester, 2013) to enhance their legitimacy and social prestige (Brusca et al., 2022).

4.2.2 Red Cluster - SR in TSOs: Drivers, Benefits, and Barriers

The red cluster focuses on SR, accountability, and management, highlighting that TSOs face increasing pressure to demonstrate their commitment to sustainability in their operations (Siew, 2015). Therefore, the reporting of their environmental, social, and governance (ESG) practices to stakeholders is becoming increasingly relevant. As noted by Jensen (2001), firms are no longer solely concerned with profit maximization but are also focused on meeting the needs of all stakeholders. In this context, SR in TSOs can be considered a valuable tool for enhancing an organization’s reputation in the eyes of stakeholders, who may use it to assess the impact of their contributions and foster the creation of shared value through more active engagement in the organization’s strategic management (Gazzola et al., 2021; Brusca et al., 2022). The literature indicates that, in order to enhance their accountability, TSOs must adopt the same responsibility standards typically applied by other organizations (Simaens & Koester, 2013). Specifically, the reasons why a TSO should choose to voluntarily disclose sustainable information are numerous. Among the most significant motivations, Gazzola et al. (2021) identify:

- (a) *Enhancing Reputation*. Sustainability reports contribute to building trust among stakeholders and improving the organization's reputation by demonstrating how resources are effectively utilized;
- (b) *Improving economic, social and environmental impact*. By increasing the effectiveness of social and environmental programs, TSOs can focus more directly on their core mission;
- (c) *Boosting stakeholders' engagement*. For instance, donors may be more inclined to support organizations that publish sustainability reports, as these documents serve as a "guarantee" of the noble purpose behind their contributions. Additionally, employees may feel more motivated to work for socially responsible organizations.

In this context, GRI has played a key role by promoting a structured framework to assist organizations in reporting on their social, environmental, and governance performance (GRI, 2021). However, despite the advantages associated with the disclosure of sustainable information by TSOs, existing literature emphasizes that numerous challenges and barriers restrict the preparation of this type of report by these entities. Among the most important:

- (a) *Lack of resources and skills*. The preparation of a sustainability report requires the involvement of key and skilled individuals, as well as the active participation of the board of directors and management (Brusca et al., 2022);
- (b) *Absence of uniform regulatory standards*. TSOs often adopt different practices in the preparation of their Sustainability reports, and this could create confusion and inconsistencies (Gazzola et al., 2021; Brusca et al., 2022);
- (c) *Difficulties in measuring performance*. Measuring results for TSOs continues to be a significant challenge, particularly regarding the evaluation of the impact of their initiatives on beneficiaries (Cordery & Sinclair, 2013).

4.2.3 Green Cluster - the role of SR in enhancing accountability and stakeholder engagement in TSOs

The second cluster groups terms related to business, governance, performance, and determinants. This cluster suggests that SR is influenced by various drivers. Among the most significant, Gazzola et al. (2021) highlight the following: the need to enhance reputation in the eyes of stakeholders, the improvement of the economic, social, and environmental impact inherently embedded in the core mission of these organizations, and, finally, the strengthening of stakeholder engagement. Stakeholders are key actors for market survival (Jensen, 2001) and, in recent years, have become increasingly aware of social and environmental issues, thereby demanding greater transparency from organizations (Siew, 2015). Brusca et al. (2022) argue that SR can enhance the transparency, accountability, and legitimacy of the organization, allowing stakeholders to see the

results and impacts of their contribution. Furthermore, the authors agree that this type of reporting can serve as a tool to engage stakeholders in the strategic management of the organization and promote value creation. Specifically, although many TSOs disseminate information regarding their ethical conduct and public relations concerning social and environmental issues (Striebing, 2017), certain studies emphasize that the credibility and effectiveness of SR are still limited and frequently fail to meet the needs of stakeholders, particularly in the case of environmental and social NGOs (O'Dwyer, 2005). Therefore, the literature indicates that there are still substantial limitations in measuring the environmental and social performance of TSOs due to the complexity of defining non-financial indicators (Cordery & Sinclair, 2013). This raises concerns about the credibility and comparability of sustainability reports across different TSOs (Beyne et al., 2021). To address these issues and mitigate these challenges, TSOs should adopt a more structured and adequate governance framework.

5. Discussion and Conclusion

Building on the results obtained, this section critically discusses the main contributions of SR for TSOs, analyzing its potential benefits, persistent challenges, and the theoretical and practical implications of its adoption. The comparison between empirical evidence and existing literature allows for the identification of useful insights, both for the development of future research and for the improvement of managerial practices.

Like private organizations, TSOs can gain significant benefits from disclosing environmental and social information, as this practice enhances transparency and, consequently, strengthens their accountability (Simaens & Koester, 2013; Brusca et al., 2022). Moreover, the social utility objectives of TSOs align with the principles guiding SR preparation, ensuring that adopting such reporting practices increases their legitimacy and enhances their reputation (Gazzola et al., 2021; Brusca et al., 2022). This, in turn, enables them to respond more effectively to institutional and stakeholder pressures (Siew, 2015).

However, several challenges hinder the preparation of sustainability reports by these organizations, including limited resources and expertise, as well as difficulties in measuring the impact of sustainable initiatives on beneficiaries (Cordey & Sinclair, 2013; Brusca et al., 2022). Another critical issue is the absence of clear regulatory standards. The dissemination of reporting frameworks such as the GRI Standards and the European ESRS, which can be adopted not only by for-profit organizations but also by TSOs, could help address this gap (Dumay et al., 2010). These frameworks would enhance the accuracy, transparency, and accessibility of reporting for all

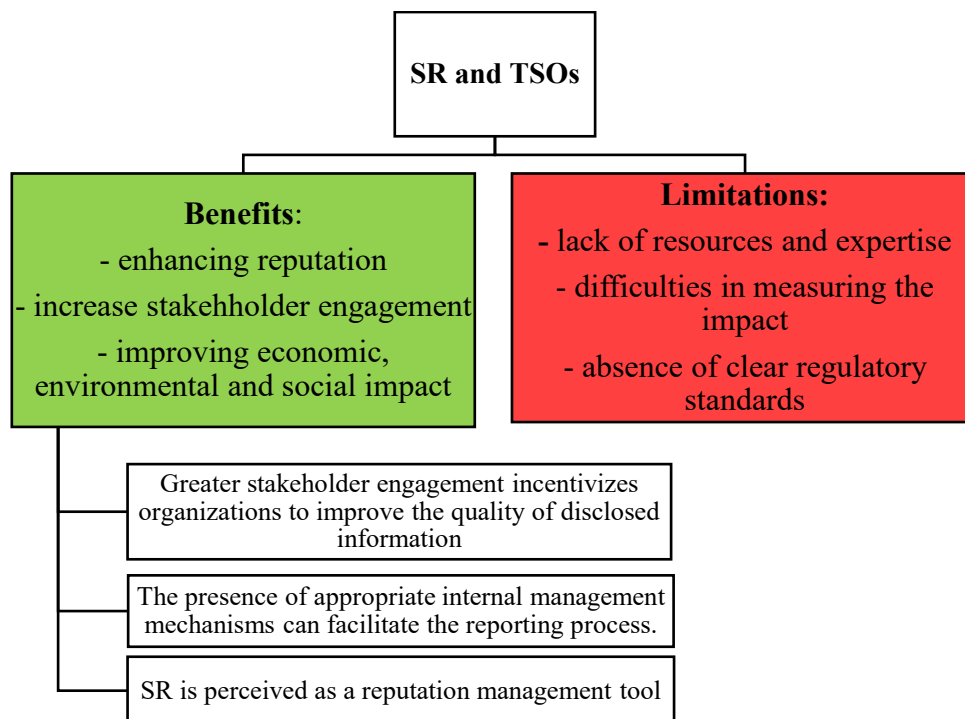
stakeholders (GRI Standard, 2021), ensuring a higher degree of harmonization and comparability of the information provided by organizations (European Commission, 2023).

Moreover, greater standardization of regulatory requirements regarding non-financial disclosure would help make the reporting process more consistent and comparable. Although in Italy the importance of disclosure by TSOs has been increasingly recognized in recent years—thanks in particular to the Decree of the Minister of Labor and Social Policies dated July 4, 2019, which introduced official guidelines for the preparation of the social balance sheet for TSOs and promoted the adoption of standardized reporting practices under specific circumstances—several aspects related to non-financial disclosure (NFD) remain unclear, especially considering the substantial differences that exist among countries on this matter. Evidence shows that Europe adopts stricter parameters for non-financial disclosure compared to other countries. A high level of disclosure detail is also required in the United States and Canada by the Securities and Exchange Commission (SEC), while countries such as Australia, New Zealand, and several in Asia and Africa do not have specific regulatory obligations but instead adopt guidelines and CSR-oriented approaches (Brescia & Campra, 2023).

SR is widely perceived as a reputation management tool, reinforcing the idea that its adoption can strengthen an organization's positioning and reputation (Gazzola et al., 2021), just as it does in the private sector. Therefore, it is advisable for TSOs to adopt the same reporting standards as private entities. The new European Union Sustainability Reporting guidelines and the GRI Standards serve as key references in this regard. Moreover, SR is shaped by several factors, particularly governance and performance, which influence its implementation. This suggests that the presence of well-structured internal management mechanisms oriented toward sustainability can facilitate the reporting process (Gazzola et al., 2021; Brusca et al., 2022). Additionally, increased stakeholder engagement serves as an incentive to improve the quality of disclosed information. Given the growing pressure for more sustainable social and environmental management — an intrinsic part of TSOs' missions — organizations that implement SR can enhance their legitimacy and trustworthiness (Siew, 2015; Brusca et al., 2022). Finally, Figure 7 graphically summarizes the benefits and limitations associated with the adoption of SR by TSOs discussed thus far.

Figure 7 – SR and TSOs: benefits and limitations

This figure illustrates the benefits and limitations that TSOs face in SR.



Source: Author's elaboration

5.1 Research implications

These findings have significant theoretical and practical implications, which will be discussed below.

5.1.1 Theoretical implications

From a theoretical perspective, this study contributes to the existing body of knowledge on TSO reporting practices, providing a foundation for further research. It offers a comprehensive overview of the characteristics and key challenges associated with SR in the third sector. Although scientific production on this topic has increased significantly since 2021, the literature remains limited, particularly in comparison to research on the private sector. Moreover, this research identifies the research gaps on the topic and provides suggestions for future research, which will be described below.

5.1.2 Policy Implications

This research provides important implications for policymakers, suggesting that the introduction of a standardized framework tailored to the specific characteristics of TSOs could promote broader adoption of SR practices, enhancing transparency, comparability, and harmonization of disclosed information (GRI Standard, 2021). Clear and simplified guidelines could help reduce the costs and uncertainties associated with environmental and social disclosure (CSRD, 2022). The development of a standardized and structured framework aligned with the specific characteristics of TSOs is therefore crucial for policymakers (European Commission, 2023). Our findings highlight that policymakers should not only establish standardized guidelines but also ensure their effective implementation across diverse organizational contexts. Given the increasing regulatory requirements for sustainability disclosure, it is crucial that policymakers consider the operational challenges faced by TSOs and support this transition by providing financial incentives, enhancing digital infrastructure, and implementing capacity-building programs. Integrating SR with innovative technologies and digitalization processes could facilitate report preparation, making the reporting process more standardized (CSRD, 2022). Therefore, governments should facilitate the acquisition of such technologies by TSOs to support their digital transition. The development of a standardized and structured framework aligned with the specific characteristics of TSOs is therefore crucial for policymakers (European Commission, 2023). Moreover, governments could stimulate the adoption of CSR practices among TSOs by promoting the delivery of specific training and awareness programs. In summary, drawing on best practices from other sectors, a combination of regulatory requirements and incentive-based approaches—such as subsidies for digital tool acquisition, easier access to funding, or certification programs—could significantly encourage the widespread adoption of sustainable and responsible practices among TSOs.

5.1.3 Managerial implications

From the perspective of TSOs' managers, understanding the impact of SR on their organizations is essential. Well-structured, comparable, and comprehensible reporting strengthens relationships with stakeholders, including funders, public institutions, and local communities, increasing awareness of the organizations' practices (Brusca et al., 2022; Gazzola et al., 2021). Given that TSOs' missions are inherently tied to social objectives, they could benefit from improved reputation and legitimacy through appropriate sustainability information disclosure (Gazzola et al., 2021).

5.2 Suggestions for future research

Based on the analysis conducted and the research gaps identified, future studies could explore the role of regulatory interventions in promoting SR adoption among TSOs, examining the extent to which public policies act as a catalyst for the implementation and dissemination of reporting practices. It would be particularly valuable to assess the concrete impact of SR on TSOs' performance, especially regarding access to financial capital and social innovation capacity. Additionally, future comparative studies could help identify potential differences in SR practices among TSOs, influenced by different regulatory, cultural, and economic contexts. An additional area for future research could be the exploration of the impact of digital technologies, such as artificial intelligence (AI), on the adoption of SR practices by TSOs. Finally, further studies could investigate how collaborations between TSOs and other actors (such as private firms, public entities, or universities) influence the adoption of SR practices by the former and enhance their ability to develop social innovation.

5.3 Research limitations

Despite the contributions of this study, some limitations must be acknowledged. The research was conducted solely using Scopus and Web of Science, excluding other relevant databases. Additionally, the search string may not be exhaustive. Similarly, the application of search filters — such as document type, research area, or language — resulted in the exclusion of certain studies that could have provided further valuable insights.

References

- Adams, C. A. (2015). The international integrated reporting council: a call to action. *Critical perspectives on accounting*, 27, 23-28. <https://doi.org/10.1016/j.cpa.2014.07.001>
- Alleanza Italiana per lo Sviluppo Sostenibile. Goal and Targets: Objectives and Milestones for 2030. Retrieved from <https://asvis.it/goal-e-target-obiettivi-e-traguardi-per-il-2030/>
- Aluchna, M., Roszkowska-Menkes, M., & Kamiński, B. (2022). From talk to action: the effects of the non-financial reporting directive on ESG performance. *Meditari Accountancy Research*,

31(7), 1-25. <https://doi.org/10.1108/MEDAR-12-2021-1530>

Aria, M., & Cuccurullo, C. (2017). bibliometrix: An R-tool for comprehensive science mapping analysis. *Journal of Informetrics*, 11(4), 959–975. <https://doi.org/10.1016/j.joi.2017.08.007>

Asogwa, I. E. (2023). Uptake of sustainability reporting adoption by non-governmental organisations: An agenda for policy and practice. *Journal of Cleaner Production*, 388, 135842. <https://doi.org/10.1016/j.jclepro.2022.135842>

Bach-Mortensen, A. M., Lange, B. C. L., & Montgomery, P. (2018). Barriers and facilitators to implementing evidence-based interventions among third sector organizations: A systematic review. *Implementation Science*, 13 (103). <https://doi.org/10.1186/s13012-018-0789-7>

Bartolacci, F., Caputo, A., & Soverchia, M. (2020). Sustainability and financial performance of small and medium sized enterprises: A bibliometric and systematic literature review. *Business Strategy and the Environment*, 29(3), 1297–1309. <https://doi.org/10.1002/bse.2434>

Bendell, J. (2005). In whose name? The accountability of corporate social responsibility. *Development in Practice*, 15(3–4), 362–374. <https://doi.org/10.1080/09614520500075813>

Beyne, J., Visser, W., & Allam, I. (2021). Sustainability reporting in the Antwerp port ecosystem, Belgium: Understanding the relationship between reporting on the Sustainable Development Goals and integrated thinking. *Frontiers in Sustainability*, 2. <https://doi.org/10.3389/frsus.2021.689739>

Biancone, P. P., Secinaro, S., & Indelicato, A. (2014). Public local group: The influence of stakeholders in consolidated accounting process. Empirical evidence in Italy. *International Journal of Management*, 5(10), 115–121.

Biermann, F., Kanie, N., & Kim, R. E. (2017). Global governance by goal-setting: the novel approach of the UN Sustainable Development Goals. *Current Opinion in Environmental Sustainability*,

26–27, 26–31. <https://doi.org/10.1016/J.COSUST.2017.01.010>

- Birney, A., Clarkson, H., Madden, P., Porritt, J., & Tuxworth, B. (2010). Stepping up: A framework for public sector leadership on sustainability. *Forum for the Future*.
- Brescia, V., & Campra, M. (2023). Non-Financial Information: quali prospettive di ricerca e ricadute sulla Dichiarazione di carattere non finanziario in Italia. *Economia Aziendale Online – Business and Management Sciences International Quarterly Review*, 14(4), 1253–1278. <https://doi.org/10.13132/2038-5498/14.4.1253-1278>
- Brusca, I., Blasco, P., & Labrador, M. (2022). Accountability in nonprofit organizations: The value of integrated reporting for the case of Spain. *CIRIEC-España, Revista de Economía Pública, Social y Cooperativa*, 106, 123-147. <https://doi.org/10.7203/CIRIEC-E.106.16926>
- Camilleri, M. A. (2015). Valuing Stakeholder Engagement and Sustainability Reporting. *Corporate Reputation Review*, 18(3), 210–222. <https://doi.org/10.1057/crr.2015.9>
- Cho, C. H. (2009). Legitimation strategies used in response to environmental disaster: A French case study of Total SA's Erika and AZF incidents. *European Accounting Review*, 18(1), 33-62. <https://doi.org/10.1080/09638180802579616>
- Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standard
- Cordery, C., & Sinclair, R. (2013). Measuring performance in the third sector. *Qualitative Research in Accounting & Management*, 10(3/4), 196-212. <https://doi.org/10.1108/QRAM-03-2013-0014>
- Denyer, D., & Tranfield, D. (2009). Producing a systematic review. In *The Sage handbook of organizational research methods* (pp. 671–689). Sage Publications Ltd.

Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting

Donthu, N., Kumar, S., Mukherjee, D., Pandey, N., & Lim, W. M. (2021). How to conduct a bibliometric analysis: An overview and guidelines. *Journal of Business Research*, 133, 285–296. <https://doi.org/10.1016/j.jbusres.2021.04.070>

Dumay, J., Guthrie, J., & Farneti, F. (2010). GRI Sustainability Reporting Guidelines For Public And Third Sector Organizations: A critical review. *Public Management Review*, 12(4), 531–548. <https://doi.org/10.1080/14719037.2010.496266>

Elmagrhi, M. H., & Ntim, C. G. (2022). Non-financial reporting in non-profit organizations: the case of risk and governance disclosures in UK higher education institutions. *Accounting Forum*, 47(2), 223–248. <https://doi.org/10.1080/01559982.2022.2148854>

European Commission. (2016). "Next steps for a sustainable European future: European action for sustainability."

Gazzola, P., Amelio, S., Papagiannis, F., & Michaelides, Z. (2021). Sustainability reporting practices and their social impact on NGO funding in Italy. *Critical Perspectives on Accounting*, 79, 102085. <https://doi.org/10.1016/j.cpa.2019.04.006>

Global Reporting Initiative (GRI). (2021). GRI Standards 2021: Consolidated Set of Sustainability Reporting Standards. Amsterdam, The Netherlands: Global Reporting Initiative. Retrieved from <https://www.globalreporting.org>

Grames, E. M., Stillman, A. N., Tingley, M. W., & Elphick, C. S. (2019). An automated approach to identifying search terms for systematic reviews using keyword co-occurrence networks. *Methods in Ecology and Evolution*, 10(10), 1645–1654. <https://doi.org/10.1111/2041->

210X.13268

- Halkos, G., & Gkampoura, E.-C. (2021). Where do we stand on the 17 Sustainable Development Goals? An overview on progress. *Economic Analysis and Policy*, 70, 94–122. <https://doi.org/10.1016/j.eap.2021.02.001>
- Helmig, B., Jegers, M., & Lapsley, I. (2004). Challenges in managing nonprofit organizations: A research overview. *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*, 15, 101–116. <https://doi.org/10.1023/B:VOLU.0000033176.34018.75>
- Jabareen, Y. (2008) A New Conceptual Framework for Sustainable Development. *Environment, Development and Sustainability* 10, 179–192. <https://doi.org/10.1007/s10668-006-9058-z>
- Jensen, M. C. (2001). Value maximisation, stakeholder theory, and the corporate objective function. *European Financial Management*, 7(3), 297–317. <https://doi.org/10.1111/1468-036X.00158>
- Lai, A., Melloni, G., & Stacchezzini, R. (2016). Corporate sustainable development: is ‘integrated reporting’ a legitimization strategy? *Business Strategy and the Environment*, 25(3), 165-177. <https://doi.org/10.1002/bse.1863>
- Lamboglia, R., Lavorato, D., Scornavacca, E., & Za, S. (2021). Exploring the relationship between audit and technology. A bibliometric analysis. *Meditari Accountancy Research*, 29(5), 1233–1260. <https://doi.org/10.1108/MEDAR-03-2020-0836>
- Latella, P., & Veltri, S. (2024). The drivers of nonfinancial disclosure quality: A systematic literature review analysis. *Corporate Social Responsibility and Environmental Management*, 31(6), 5524–5542. <https://doi.org/10.1002/csr.2880>
- Leong, S., & Hazelton, J. (2019). Under what conditions is mandatory disclosure most likely to cause organisational change? *Accounting, Auditing & Accountability Journal*, 32(3), 811–835. <https://doi.org/10.1108/AAAJ-12-2015-2361>

- Li, Y., Gong, M., Zhang, X. Y., & Koh, L. (2018). The impact of environmental, social, and governance disclosure on firm value: The role of CEO power. *The British Accounting Review*, 50(1), 60-75. <https://doi.org/10.1016/j.bar.2017.09.007>
- Lodhia, S., & Hess, N. (2014). Sustainability accounting and reporting in the mining industry: Current literature and directions for future research. *Journal of Cleaner Production*, 84, 43–50. <https://doi.org/10.1016/j.jclepro.2014.08.094>
- Ministero del Lavoro e delle Politiche Sociali. Codice del Terzo Settore. Retrieved from: <https://www.lavoro.gov.it/temi-e-priorita/terzo-settore-e-responsabilita-sociale-impres/focus-on/riforma-terzo-settore/pagine/codice-del-terzo-settore>
- Monciardini, D. (2016). The ‘Coalition of the Unlikely’ Driving the EU Regulatory Process of Non-Financial Reporting. *Social and Environmental Accountability Journal*, 36(1), 76–89. <https://doi.org/10.1080/0969160X.2016.1149302>
- O’Dwyer, B., Unerman, J., & Hession, E. (2005). User needs in sustainability reporting: Perspectives of stakeholders in Ireland. *European Accounting Review*, 14(4), 759–787. <https://doi.org/10.1080/09638180500104766>
- Orlandini, P., & Amelio, S. (2020). Public interest network and new public governance: The role of the third sector in the government equation. *European Journal of Volunteering and Community-Based Projects*, 1(1), 23–38. <https://journal.odvcasarcobaleno.it/index.php/ejvcbp/article/view/12>
- Palmatier, R. W., Houston, M. B., & Hulland, J. (2018). Review articles: Purpose, process, and structure. *Journal of the Academy of Marketing Science*, 46(1), 1–5. <https://doi.org/10.1007/s11747-017-0563-4>
- Pastore, P., & Tommaso, S. (2024). Women in Firms and Circular Economy Actions: A Systematic

- Literature Review with a Bibliometric Analysis. In *Gender Issues in the Sustainable Development Era* (pp. 189-220), Springer. https://doi.org/10.1007/978-3-031-57193-0_11
- Pestoff, V. (1998). *Beyond the market and the state: Social enterprise and civil democracy in a welfare state*. Ashgate Publishing Limited.
- Salvi, A., Vitolla, F., Giakoumelou, A., Raimo, N., & Rubino, M. (2020). Intellectual capital disclosure in integrated reports: The effect on firm value. *Technological Forecasting and Social Change*, 160, 120228. <https://doi.org/10.1016/j.techfore.2020.120228>
- Siew, R. Y. J. (2015). A review of corporate sustainability reporting tools (SRTs). *Journal of Environmental Management*, 164, 180-195. <https://doi.org/10.1016/j.jenvman.2015.09.010>
- Simaens, A., & Koster, M. (2013). Reporting on sustainable operations by third sector organizations: A signalling approach. *Public Management Review*, 15(7), 1040–1062. <https://doi.org/10.1080/14719037.2012.757350>
- Sneirson, J. (2009). Green is good: Sustainability, profitability, and a new paradigm for corporate governance. *Iowa Law Review*, 94, 987.
- Striebing, C. (2017). Professionalization and voluntary transparency practices in nonprofit organizations. *Nonprofit Management & Leadership*, 27(4), 639-657. <https://doi.org/10.1002/nml.21263>
- Subramaniam, N., Hodge, K., & Ratnatunga, J. (2006). Corporate responsibility reports assurance trends and the role of management accountants.
- Tettamanzi, P., & Minutiello, V. (2022). *Esg bilancio di sostenibilità e integrated reporting* (Wolters Kluwer (ed.); 2° edition).
- Tranfield, D., Denyer, D., & Smart, P. (2003). *Towards a Methodology for Developing Evidence-*

Informed Management Knowledge by Means of Systematic Review. *British Journal of Management*, 14(3), 207–222. <https://doi.org/10.1111/1467-8551.00375>

Traxler, A. A., Greiling, D., & Hebesberger, H. (2020). GRI Sustainability Reporting by INGOs: A Way Forward for Improving Accountability? *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*, 31(6), 1294–1310. <https://doi.org/10.1007/s11266-018-9976-z>

Van Eck, N. J., & Waltman, L. (2010). Software survey: VOSviewer, a computer program for bibliometric mapping. *Scientometrics*, 84(2), 523–538. <https://doi.org/10.1007/s11192-009-0146-3>

Vlad, S. (2012). The motivation and ways of motivating the human resources – Best Western Hotel Central Arad. *Annals of Faculty of Economics, University of Oradea*, 1(2), 398-403.

World Commission on Environment and Development. (1987). *Our common future*. Oxford University Press.

Yu, E. P. Y., Van Luu, B., & Chen, C. H. (2020). Greenwashing in environmental, social and governance disclosures. *Research in International Business and Finance*, 52, 101192. <https://doi.org/10.1016/j.ribaf.2020.101192>