International Journal of Contemporary Economics and Administrative Sciences
ISSN: 1925 – 4423
Volume: 9, Issue: 2, Year: 2019, pp. 327-347
DOI: 10.5281/ zenodo.3596090

THE FUTURE OF CORPORATE REPORTING: INTEGRATED REPORTING

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Received: 26.06.2019, Accepted: 29.10.2019

Abstract

Throughout the history, many different reporting practices have been emerged in accordance with the needs of business environment such as financial, corporate social responsibility and sustainability reporting. Today, stakeholders want to be informed more in a simplest way, but many stand-alone and genuinely long reports have been still prepared by companies to demonstrate their financial and non-financial outcomes. However, it is inadequate to assess the reports separately to understand and make a decision on the actual performance of companies. Additionally, creating value side of the current reports are still being debated. Therefore, corporate reporting must move a step forward to express more with less, which called as “Integrated Reporting” (IR) that combines the all pieces of puzzle. It isn’t only integrating both financial and non-financial knowledge into a single and brief report, but also integrated thinking of all aspects of businesses in terms of creating value over time. Accordingly, the aim of this study is to emphasize advancements in corporate reporting towards the IR. Also, it aims to explain its meaning, main aspects, and effects on the business environment. Today, companies should comply with IR, and this study is essential to contribute to the literature, subsequent studies, and companies.

Keywords: Corporate Reporting, Integrated Reporting

JEL Classification Codes: M40, M49

This paper is derived from the MSc thesis of Mert Sarıoğlu, Dokuz Eylul University, Graduate School of Social Sciences.

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Introduction

In the 21st century's business environment, new changes, trends and improvements can be arisen at any time. Besides, corporations and companies have started to face with various problems, risks and many different cases, which drifted them into complicated situations. On the other hand, transparency and accountability have been taken into account as main concerns. In this regard, the new outlook of business environment and companies as well as the terms such as transparency and accountability, which have already given rise to reveal the significance of corporate governance system (Bushman et al., 2004a). For this reason, corporate governance has been a familiar concept in terms of corporations and any sized companies. Corporate governance is a system, which always strives to constitute the best business environment by means of communicating with the stakeholders on the critical issues in line with the principles of OECD (2015). In this manner, corporate reporting is regarded as the most crucial way to communicate on the business related issues such as firm performances, financial outcomes and governance issues to the public (Healy and Palepu, 2001). In the simplest meaning, corporate reporting can be pointed out as one of the most vital component of the corporate governance system.

Corporate reporting has a powerful content, which is beneficial in point of presenting the both quantitative and qualitative data such as historical and financial information, operations, environmental issues, numbers, and strategies as well as many other important information. In this context, reporting of the both financial and non-financial information on a mandatory or voluntary basis have been regarded as the most fundamental part of corporate reporting practices for many years. However, recently, Eccles and Spiesshofer (2015) stated that *Integrated Reporting* has emerged and taken into consideration as a new reporting practice, and three different reporting practices have been addressed as financial reporting, non-financial reporting and integrated reporting (IR).

In the majority of the history of corporate reporting, it has been always significant to take financial transactions of companies into account, which is also one of the reason why it has been used as a stand-alone assessment tool by investors and shareholders. However, the implications of social, environmental and governance issues have been the most critical concerns of business environment increasingly, which have been considered as a part of corporate reporting since the last decades in order to attract, satisfy and provide additional information to the stakeholders (Eccles and Saltzman, 2011; Eccles and Sarafeim, 2011;

Ioannou and Serafeim, 2015; Rupley et al., 2017). In this way, the non-financial information, which helps to complement financial information, have begun to be reported. Therefore, the different needs of stakeholders have been met through the different reporting practices. By considering these different reporting practices, corporations and other sized companies have promoted in the some prominent issues such as transparency, accountability and sustainability as well. In this sense, many different variations of the reporting practices have been already taken its place as the companies' main reporting practices. However, the complexity and length of non-financial reports have been the major points that have been criticized by society (de Villers et al., 2014). In addition, various information have been reported separately by means of financial and non-financial reports, which should be considered by users of information one by one. In short, the deficient points of financial reporting led to emerge of the non-financial reporting, but it has been a temporary solution. In this context, can these two reporting practices come up with a new approach as a new part of today's corporate reporting? Unsurprisingly, these reporting practices have already been a way to go a new reporting approach which is known as *Integrated Reporting* in the business literature.

IR is a vitally pivotal way to overcome the complex situations, which is more than an ordinary integration of financial and non-financial reporting. The idea of IR has already been supported by International Federation of Accountants (IFAC), Global Reporting Initiative (GRI), and The Prince Accounting for Sustainability Project (A4S). Therefore, International Integrated Reporting Council (IIRC) was founded in 2010, and an important role has been already undertaken by IIRC in the matter of contributing to companies, organizations as well as leading to development of IR. On the other hand, IR goes beyond the current reporting tools, which is originated from integrated thinking that considers the both internal (business model, performance and governance) and external environment (providers financial capitals', stakeholder) of business by mean of six capitals.

To sum up, the main aim of this study is to put forward the advancements of corporate reporting towards the integrated reporting. IR has started to be prepared by businesses on a mandatory or voluntary basis, and it is expected that the more attention will be paid on this new reporting approach in the following years. Also, it is recommended that IR should be considered by businesses as a new corporate reporting practice. Accordingly, in this study, it is crucial to explain why current reporting approaches should be replaced by IR, what is IR and its major aspects as well as its benefits on the business environment. In this regard, this study consists of two main sections to reach its goal which are; corporate reporting, and integrated reporting. Finally, this study is vitally substantial to contribute the current literature, to keep light for new studies, to be a guide and source for companies and organizations in the matter of introducing IR.

Corporate Reporting

Corporate governance has been one of the vitally crucial concept in the way of creating the best business environment. This system is critical to regulate, balance, and manage interrelation among the both external and internal environment of a business through the set of laws, rules, policies, principles and structures, which leads to control and monitor operations, and to improve efficiency and effectiveness of a business (Gillan and Starks, 1998; OECD, 2015). On the other hand, "corporate governance framework should ensure that timely and accurate disclosure is made on all material matters regarding the corporation, including the financial situation, performance, ownership, and governance of the company" (OECD, 2015:37). Moreover, it is stated that the stakeholders and the investors demand more require, precious and effective information, which are directly related with the past to future oriented in association with the greatest transparency as well as accountability (Rupley et al., 2017). Therefore, it has been critical to be transparent and accountable in terms of the operations of the businesses. In the light of these facts, corporations or any sized companies must show their financial conditions, transactions, performances, operations, activities, strategic decisions and plans, and risk factors, and so on to the all their stakeholders by means of corporate reporting practices. In brief, corporate reporting "involves periodic disclosure of firm-specific information on a voluntary or mandatory basis" (Bushman et al., 2004b:210). Accordingly, it is regarded as the most significant communication tool regarding on informing users of information about the necessary issues that are related to businesses. In this manner, periodic reporting or disclosure enables to form of more transparent and accountable business environment. Also, it has been revealed that a significant role has been undertaken by corporate reporting regarding on promoting the best corporate governance regime, and this relationship is vitally significant.

In today's business environment, there are many stakeholders which are located around the businesses. Within the scope of today's

IJCEAS
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ISSN: 1925 – 4423
Volume: 9, Issue: 2, Year: 2019, pp. 327-347
DOI: 10.5281/zenodo.

needs, three different reporting practices have been adopted by companies and organizations. These are known as the basic types of corporate reporting which are mainly specified as financial reporting, non-financial reporting (mainly sustainability reporting), and IR (Eccles and Spiesshofer, 2015). Also, the table 1 is created to emphasize on the key features of these reporting practices.

Table 1: Main Types and Features of Corporate Reporting

	Types of Reporting		
Key Features	Financial	Sustainability	Integrated
Content	Financial Information	Non-financial Information	Financial and Non-financial Information
Framework or Standards	IFRS or US GAAP	GRI	IIRC
Comparability	High comparability	Very limited comparability	Considerable Comparability
Users of report	Investors, Shareholders	Stakeholders	Stakeholders, providers of financial capitals
Global Applicability	Applicable to all businesses		
Practice	Mandatory	Voluntary	Mostly Voluntary

Source: Adapted from Eccles and Spiesshofer, 2015; Willis et al., 2015

In the view of the table above, it is clearly indicated that different structures have been followed by different types of reporting practices. Also, different types of information are reported by businesses to meet the needs of various users of information. In addition, it might be argued that integrated approach is a combination of the key features of other reporting's types, which should be considered to as the best alternative. Accordingly, today, the adventure of corporate reporting is still being continued by IR practice, which is substantial to figure out how current reporting practices are replaced by integrated reporting in this regard. Furthermore, it can be specified that IR will not be the end of this adventure, and it is expected that the new approaches may arise in the following decades. Nevertheless, everything has its own starting point, and the whole story moves on it respectively. Finally, the advancements in the corporate reporting will be examined in the following paragraphs briefly.

Advancements in Corporate Reporting

Corporate reporting, which has been always regarded as a vitally substantial tool of corporate governance regime, has been emerged and evolved during the history. The content of corporate reporting has subjected to a number of major changes in accordance with the changing landscape of business environment. In this sense, as it mentioned in the previous section that three different types of reporting practices have been adopted in order to meet the different needs and demands.

Financial reporting has been one of the most essential part of corporate reporting for many years, which has considered as the stand-alone reporting tool with respect to present financial information. As put forward by Bushman and Smith (2003), financial accounting information have been driving force behind the financial reporting, which is the best method to present financial performance. Also, one of the main objective of businesses as well as managers have always been to improve to the returns of providers of financial capitals, which always leads to increase the importance of financial reporting. Accordingly, as it noted by Simnett and Huggins (2015), financial reporting is a fundamental tool to contribute only for the shareholders and providers of funds. However, under the conditions of the 21st century, it can be wrong to consider only financial information as the most proper way to make a decision. Also, it is obvious that in the centuries that we left behind, the size and operation of the businesses were smaller than the today's businesses, which made it simpler to deal with some substantial issues. In this context, financial accounting information, which has been sufficient in terms of businesses and shareholders for many years, has been considered as a pivotal way to communicate with users of information. However, financial reporting practices were prepared to fulfill the needs of 1930's industrial conditions (IIRC, 2011). In this regard, financial reporting, which has started to be inadequate day by day, has failed to meet the needs of stakeholders and business environment against the today's advanced conditions. In the light of all these situations above, stakeholders have intended to know more about businesses, which have led them to demand and interest in the additional information about the non-financial side of businesses in order to complement financial information (Eccles and

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Sarafeim, 2011; Ioannou and Serafeim, 2015). In this manner, intangible assets have started to play prominent role in decision making (Alves and Martins, 2014), which have already forced businesses to produce various kind of voluntary reporting practices such as sustainability reporting, corporate social responsibility reporting (CSR), environmental reporting and so on (Eccles and Krzus, 2010a; Eccles and Saltzman, 2011). Accordingly, the days when only the physical assets have been taken into consideration, have already left behind. For these reasons, reporting of the non-financial information have been a part of corporate reporting practices.

As it indicated that the missing aspects of financial information have been supported by the non-financial information. Accordingly, the nature of corporate reporting mainly contains the reporting of financial and non-financial sides of businesses. However, these reports have been only temporary solutions in the face of the today’s conditions. First of all, these reports have started to be very complicated and long for users of information. Also, these reporting approaches have been implemented separately, which lead to inconsistency between many substantial factors such as strategy, governance, financial and non-financial information (Eccles and Krzus, 2010a; IIRC, 2011). It means that the relationship between financial and non-financial reporting has been criticized (Robertson and Samy, 2015). Accordingly, the weak relationship between current reporting practices in the matter of their contents, have led to some problems in terms of users of information. Under these conditions, an increasing number of stakeholders want to comply with a new approach which combines the financial and non-financial information in a single report (de Villiers et al., 2014; Rupley et al., 2017). In other words, corporate reporting practices need to evolve towards a new approach that demonstrates the linkages between an organization’s strategy, governance, and financial and non-financial performances. All these might be solved by an integration that shows the associations between the financial and non-financial performance, information, and its effect on the business related issues in order to create additional values. In this context, as stated by Jeyaretnam and Niblock-Siddle (2010a), the emergency of integrated reporting is strictly related with the failures of the current reporting practices. This new approach can be indicated as a more beneficial one than the traditional reporting practices in terms of both businesses and stakeholders in order to see the entire picture. Consequently, in the literature, this integration is named as

Integrated Reporting (IR), which has emerged as a new part of corporate reporting.

Integrated Reporting and Integrated Report

Financial and non-financial information have been the major drivers of the corporate reporting practices, which have been taken into account for many years. However, the deficient sides of current reports, demands of the users of information, and other problems have led to open ways to go an integrated approach.

In a basic meaning, IR, which might be defined as a process that results in the combination of the current reporting approaches, enables to present essential information together in a single and brief report. In this manner, financial and non-financial performances as well as other required information are provided by means of IR in a single report to the all users of information, which have been never done by other reports before (Eccles and Krzus, 2010b; Eccles and Saltzman, 2011; Perego, 2016; Melloni et al, 2017). Besides, as it stated by King III Report on Corporate Governance (IoDSA, 2009:54), IR "means a holistic and integrated representation of the company's performance in terms of both its finance and its sustainability". However, it is wrong to define IR as a new form of sustainability reporting or CSR (Willis et al., 2015). Therefore, IR leads to change the viewpoints of business environment from the narrow range financial objectives to the wider range objectives of business in order to see and evaluate the biggest picture. In this regard, all the critical parts of the current stand-alone reports have been handled by IR to meet more cohesive and efficient reporting practice. However, this definition might be true for some degree because IR goes beyond an ordinary integration, and only a small part of holistic approach has been covered by this view. In other words, IR is far from being a simple integration of the financial and sustainability reports (Eccles and Krzus, 2010b). In a more comprehensible sense, *integrated reporting* is "a process founded on integrated thinking that results in a periodic integrated report by an organization about value creation over time and related communications regarding aspects of value creation" (IIRC, 2013a:33). In this context, integrated thinking can be taken into account to be the most crucial aspect of IR. In addition to be a combination of current reports, the business model of companies, performances, strategies and long-term targets have been considered within the scope of integrated reporting as well (Jensen and Berg, 2012; de Villiers et al., 2014). In so doing, the holistic view will be provided on business, and the limits of previous reporting practices will be exceeded by means of

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IR. Finally, all these issues are taken place in IR, and this process ends with the creation of an integrated report, which has already led to change the definition of corporate reporting.

Integrated report is one of the most substantial outcome of a process that is named as IR (IIRC, 2011) which has been progressing on the way of becoming the primary report in the business environment. At this point, it is critical to emphasize that the term IR and integrated report is not interchangeable with each other. In the view of the consideration of all these matters that mentioned above, an integrated report might be stated as an end product of IR process. Accordingly, *integrated report* covers "concise communication about how an organization's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value over the short, medium and long term" (IIRC 2013a:7).

As a result, holistic view on any business is provided by taking all these issues into account, which is called as IR, and results in producing and disclosing an integrated report. In this point of view, IR should be considered as one of the most effective and efficient method to communicate on all business related issues.

Integrated Thinking and Value Creation

IR has started to be an essential part of the today's business environment as a new corporate reporting practice. In this process or system, one of the most vital role has been undertaken by integrated thinking regarding on promoting the IR process in order to create value and generate the best integrated report respectively, which will be discussed in the following.

It has been put forward by the definitions of IR, the holistic picture on all aspects of a business have been presented by IR as a new type of corporate reporting. In this new reporting approach, integrated thinking is considered as a vitally critical component (IIRC, 2011; Churet and Eccles, 2014). Also, to provide connectivity and interdependencies between various business related elements, have been possible by means of IR, which helps to the value creation over time (IIRC, 2013a; IoDSA, 2016). In this sense, it might be said that the holistic view is provided by means of integrated thinking. Therefore, two critical matters have been emphasized above which are integrated thinking and value creation. This is regarded as a reason why IR is different than other reporting practices.

It has been argued that IR is a method, which cooperates with the integrated thinking in order to meet the reporting needs of business environment. As noted by Churet and Eccles (2014), the tip of the iceberg is represented by IR, but the base of iceberg, which is below the surface, is called as *integrated thinking*. In the below of this iceberg, many issues are associated with each other by means of integrated thinking. Accordingly, integrated thinking is defined as "the active consideration by an organization of the relationships between its various operating and functional units and the capitals that the organization uses or affects" (IIRC, 2013a:2). Today's businesses operate in a multidimensional environment as well as globalized business world. In this manner, these operating and functional units, and the capitals of businesses should be considered within all its details, which are possible through the agency of integrated thinking. In so doing, the significant contributions are made to the value creation process as well.

It has been already stated in the previous section that the importance of intangible assets have been improved over time. At this point, this might be indicated as a reason that leads to increase the expectations of society in the matter of linking capitals of business with other important issues. There is no doubt that all these issues led to change the meaning and story of value creation process in a more understandable manner. In this context, IR, which enables to communicate on the all aspects of a business, creates value by means of considering and linking all capitals into business model, and governance, which are known as the financial, human, social, intellectual, manufactured as well as natural capitals (IIRC, 2013a; Willis et al., 2015; Eccles and Serafeim, 2015; Morros, 2016). In this context, these capitals are named as the six capitals in this process.

In brief, IR is based on integrated thinking, which takes six capitals into consideration in order to promote the value creation process of a business. Also, the adaptation of integrated thinking into IR is one of the most suitable method to provide holistic view on a business, and especially on its strategy, performance, governance, sustainability and so on.

The Need for Integrated Reporting, and Its Main Aim

The landscape of corporate reporting has changed towards the integrated approach since the recent years. As a matter of fact that there are number of reasons behind the adoption of IR in the business environment, and some of these reasons have already issued in the previous sections. These reasons have mainly emphasized on the deficient points of and disconnections between both financial and non-financial reporting. Furthermore, many reasons can be addressed behind

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why an integrated approach is needed by today's business world. Accordingly, these reasons have already been defined by International Integrated Reporting Council (IIRC) (2011:2) which will be clarified below;

- Globalization,
- Growing policy activity around the world in response to financial, governance and other crises,
- Heightened expectations of corporate transparency and accountability,
- Actual and prospective resource scarcity,
- Population growth and environmental concerns.

All these issues have started to take place on the agenda of the both internal and external environment of businesses since the last decades, which might be regarded as some leading reasons behind the idea of integration. Moreover, two major challenges in the today's business world, which have been specified as the financial stability and sustainability, have been addressed by IR (IIRC, 2013c). Additionally, in today's corporate world, three shifts have been appeared which are "from financial capitalism to inclusive capitalism; from short-term capital markets to long-term, sustainable capital markets as well as from siloed reporting to integrated reporting" (IoDSA, 2016:4). These shifts have been a sign that business environment needs a new approach, which is called as IR. In this instance, an integrated report does not only consider to the contribution of financial assets of a business, but also consider and meet expectations of society, environment and stakeholders in order to create a sustainable value for business world.

All these reasons above have revealed that there is a need for an integrated approach, which helps to comprehend the main aim of IR as well. In a broader sense, the main aim of IR is to combine all aspects of a business together to present how business has contributed to the short, medium and long-term value creation (IIRC, 2013a; 2013b). In addition, IR "aims to change that by giving intangibles and externalities a place in corporate reporting" (EY, 2014a:12). Moreover, the basic definitions of IR, which have been made in the previous parts of this paper, have reflected the some aims behind this approach. In addition, other aims of IR are listed in below, which is to;

- Improve the quality of information which contributes to efficient capital allocation and the decision making process of investors and shareholders,

- Encourage a cohesive, efficient and effective reporting approach,
- Increase accountability and stewardship,
- Consider integrated thinking and decision making as an integral part of value creation,
- Provide concise and clear communication on all aspects of business as well as on value creation over time,
- Present external factors which affect or affected by business,
- Point out relationship between resources (also named as capitals), external factors and business model,
- Meet the information needs of all business environment (e.g. investors, shareholders, stakeholders) (IIRC, 2011; IIRC, 2013a).

Accordingly, it is summarized that the basic aim of IR is to embrace all the business environment as well as to take all the business specific factors into consideration by means of its unique features and methods. In accordance with the aim of corporate reporting, IR should be regarded as the most significant communication tool as well. The integration of the all business related elements enable to explain how values are created over time.

The Benefits of Integrated Reporting

The interests and needs of the different users of information have been met by the different reporting approaches during the history of corporate reporting. While financial reports have been mainly used by investors and shareholders, non-financial reports have been considered by other stakeholders. However, integrated report has started to be a major tool of all users of information as well as companies (ACCA, 2017), which provides many benefits who are interested in the business related matters. Accordingly, there is no doubt that benefits have been provided by means of presenting the more comprehensive pictures of businesses because IR integrates financial and non-financial performance, strategic components, governance and six capitals into a single report. This might be stated to as a well-known benefit of IR process, but there are too many benefits that should be highlighted as well. Initially, it has been claimed by Morros (2016:349) that two benefits have located at the top which are;

- Transforming decision-making processes in a way which aligns benefits to business, society and the environment.
- Better risk identification and mitigation.

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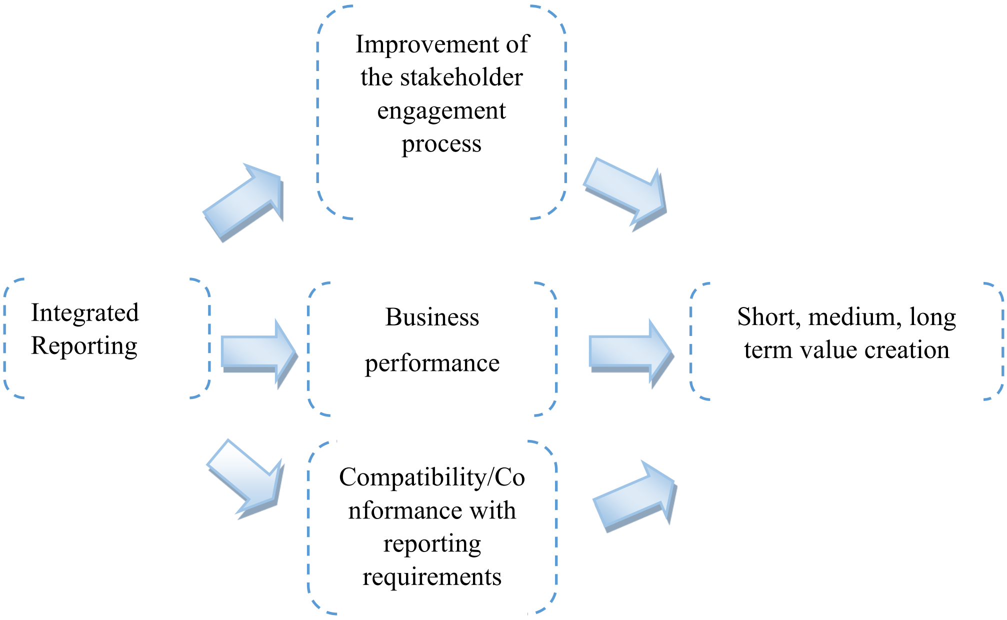
These are regarded to as the most significant benefits, which contribute to the all stakeholders of a business. On the other hand, the major benefits of IR are being illustrated in the following figure.

Figure 1: The Major Benefits of IR



Source: Adapted from ACCA, 2014.

In the view of the figure above, it can be said that these benefits might be mainly associated with the internal benefits of IR. However, through the internal benefits, many external benefits can be created as well. Accordingly, the benefits of IR can be classified into two main groups, which are internal benefits and external benefits (Eccles and Krzus, 2010a; Eccles and Saltzman, 2011), which will be addressed in the following paragraphs.

Internal Benefits of IR

IR has started to be primary reporting vehicle of today's business environment, which might be associated with the various internal benefits. It has been stated that more than 90% believe that integrated approach is one of the most beneficial way of reporting (ACCA, 2014). Also, it has been put forward in the previous section that integrated thinking is a key actor of IR. Therefore, the significant portion of the benefits are provided by the agency of integrated thinking. In this sense, financial and non-financial information are connected together in one report by means of integrated thinking, which results in the cost saving (Druckman and Fries, 2010), and this is stated as a reason that leads to enhance performance of business (Appiagyei et al., 2016). Furthermore, IR supports the businesses in the matter of employee, shareholder and stakeholder engagement, promoting the better internal resource allocation decision, lowering and managing risk, leading better actions, providing transparency and clarity, improving the corporate reputation as well as combining sustainability into business operations and model (Eccles and Krzus, 2010b; IIRC, 2013a; Willis et al., 2017). Besides, the existing users of financial and non-financial reports have been the potential users of IR. On account of this reason, it is expected that the internal decision making process of a business moves in the positive direction as a consequence of stakeholder engagement (Eccles and Serafeim, 2015). Apart from these, there is no doubt that IR and integrated thinking is a leading force behind the performances of businesses in many different perspectives, which might be associated with the financial and economic aspects of business as well. Accordingly, a positive relationship between integrated reporting and financial performance of businesses have been issued (Lee and Yeo, 2016; Barth et al., 2017). In addition, as it found by Barth et al. (2017), there is a positive relationship between integrated reporting quality and liquidity, and firm value, and expected future cash flow as well as investment efficiency. Also, it has been added by authors that higher integrated reporting quality is a way to improve internal decision making, which results in better profitability. This can be associated with the improved and better decisions of managers and other key participants of business through IR. In other words, better information leads to more efficient markets, because investors and corporations will act on that information - with efficiency measured in terms of financial performance (Wood, 2010:26). On the other hands, IR as well as integrated thinking is one of the fundamental drivers of competitiveness, which enables to long-term financial performance of business and returns to providers of financial capitals as well (Churet and Eccles, 2014). These findings have indicated the some critical factors which increase the efficiency, effectiveness as well as the performance of businesses in many perspectives. In this context, the positive relationship between the firm performance and the quality of IR has been noted by Appiagyei et al. (2016).

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In the light of all these above, it might be pointed out that IR is not only a process to enhance the quality of a report, but also the most important way to increase the quality of management of businesses. IR has already been one of the most beneficial tool of corporate reporting which has been a method to transform the negative aspects of existing reporting practices into benefits.

External Benefits of IR

There are many internal benefits of IR as it mentioned in the previous paragraphs, but it should not be limited as only internal benefits. According to ACCA (2014), many investors have showed their interest to IR, which might be associated with the various external benefits of IR as well. In this sense, external benefits of IR are critical for the all stakeholders and providers of financial capitals. In this approach, integrated thinking contributes to the businesses to move in line with the needs and interests of providers of financial capitals and stakeholders, which leads to improve ability of business to communicate to the external environment in the matter of both positive and negative performances (Eccles and Krzus, 2010b; IIRC, 2011; Ioana and Petru, 2017). In this manner, external stakeholders will be able to find the information they need easily, without the need to contact the companies with separate requests (ACCA, 2017:10). It is showed that the expectations of external stakeholders were understood and met by IR. Also, as it indicated previously that the holistic view on business has been provided by IR, which is exactly what stakeholders and investors want. In terms of stakeholders as well as investors, the consideration of the holistic view on a business is a more effective way than addressing issues individually (Eccles and Serafeim, 2015), which improves the content of integrated report as well. Accordingly, a possible outcome of the improved information is to provide stakeholders to the better picture and understanding on the performances of businesses, achievements, costs, risks, opportunities and benefits (Eccles and Krzus, 2010b). This is regarded as a result of collective mind which have been seeking by users of information for many years. Also, the additional information have been addressed by IR, which contributes investors in the matter of making the better assessment on the future performance of businesses (Haller and Staden, 2014). In this case, the trust and confidence of the stakeholders are increased by means of IR (IoDSA, 2009). Furthermore, it might be argued that IR leads to create a common reporting languages. In this instance, another external benefit of IR is to improve comparability of reports and analysis of investors, which results in the better decisions, returns and capital allocation (IIRC, 2011).

As a result, all these benefits have indicated how IR exceeds the limits of traditional financial reporting and existing non-financial reporting. In this perspective, businesses and stakeholders are more likely to be performed better through the agency of IR and integrated thinking of all main aspects of business.

Conclusion

In the 21st century's world, it is not to be surprised to encounter the changes, new approaches, trends as well as new problems. In this regard, everything is getting more complex within the conditions of today's business environment in comply with the many different cases (e.g. financial crises, business specific and external problems, environmental concern, new approaches), and competition is also increasingly getting tough day by day. Under these conditions, it has been nearly impossible to survive and to maintain the presence of business by considering the old methods and approaches. In this context, many different approaches have emerged throughout the history. Only a few years ago, integrated approach has emerged to as a new method in accordance with the changing scope of business environment, which is regarded as a last ring of corporate reporting. In this regard, this study is mainly founded on the introducing this new concept within its meaning, all its major aspects, and its effects on the both internal and external business environment. However, in order to provide a better understanding on this new approach, it is appropriated to take account of the starting point of this chain. This is one of the most important point that differentiates this study from others, which helped to draw more meaningful story. From this point of view, corporate reporting has been considered by this study as a vitally significant part.

It is believed that there is a significant relationship between corporate governance and corporate reporting, and corporate reporting might be stated as an outward reflection of corporate governance. Accordingly, corporate reporting is stated as a substantial part of the well-functioning corporate governance regime. Also, it is indicated that in today's business world, stakeholders need more transparency and accountability than ever before. In this context, more transparency and accountability should be provided by means of corporate reporting practices. However, recently, financial reporting practices have started to be inefficient for many reasons. Accordingly, the additional information have been demanded by stakeholders on the non-financial side in order to complement financial information, and to know more about business. Nevertheless, the different reporting practices have been only a temporary solution against the changing conditions and expectation of the society. Under these conditions, a great number of stakeholders wanted to comply with a new approach, and IR has been emerged as a new tool of corporate reporting, which includes the important features of the current reporting practices.

In the light of this study, it is stated that IR is a way to contribute to the governance side of businesses, to improve relationships with the key stakeholders, and to meet the reporting needs and expectations of users of information. Also, the information should be presented in a holistic way to the all users of information (e.g. investors, shareholders, stakeholders) in order to see and evaluate the biggest picture. In this context, IR should be taken into account to as one of the best approach to deal with today's conditions. This concept should be adopted by each business, especially who operates in the stock exchange markets. In this manner, there is no doubt that the best business environment will be created by means IR. Accordingly, International Integrated Reporting Council have tried to introduce and increase awareness on this new approach since 2010. As it stated by ACCA (2017), the number of businesses that embraced IR, has significantly increased, but IR is still stated as a newly emerging concept in the business environment, and in many countries especially. Also, the number of academic studies, which underline the importance of IR within its all aspects in order to be a guide for companies and organizations, have not meet the expectations yet. For this reason, this study is vitally crucial to inform businesses and stakeholders who are interested in complying with IR. Accordingly, as stated in this study, IR should be taken into account by businesses for many reasons. Moreover, it is expected that IR will be the most preferable tool of corporate reporting in the near future, and this study will contribute to subsequent studies in the matter of highlighting the way to go an integrated approach and its basic aspects.

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IJCEAS

International Journal of Contemporary Economics and Administrative Sciences
ISSN: 1925 – 4423
Volume: 9, Issue: 2, Year: 2019, pp. 327-347
DOI: 10.5281/zenodo.

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