An Exploration of Integrated Reporting and Its Applicability: A Stakeholder Perspective

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Declaration

I declare that this thesis is my own work and that no material contained within has been used in any other submission for an academic award. All sources have been properly acknowledged, as and when they occur in the body of this thesis.

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Abstract

Integrated reporting (IR) is an emerging corporate practice shaped by market forces and regulations. The organisations (IIRC, 2021; IDSA, 2016) and scholars (Abeysekera, 2013; Branwijck, 2012; and Eccles & Krzus, 2010) developed the five IR approaches based on their requirements. The study aims to explore the applicability of IR from a stakeholder perspective, particularly on guiding principles and content elements aspects. Quantitative content analysis and semi-structured in-depth interviews are employed to investigate the companies' IR disclosure and stakeholders' perceptions.

The study provides evidence of an apparent gap between the companies' IR disclosure and stakeholders' perceptions. The content analysis results suggest that financial performance is the most highlighted content element in the sample, followed by governance. The result is different from IIRC's strategic focus approach. The findings of the interviews provide evidence that strategy, business model, and risk management are the three primary content elements, and materiality, connectivity, and conciseness are the three primary guiding principles of IR from the stakeholders' perspective. However, it is challenging for stakeholders to assess the guiding principles of IR because of the limited explanations provided in the IR framework.

The thesis is the first study, including all the identified guiding principles and content elements of IR. The study discusses multiple guiding principles and content elements of IR, providing a comprehensive view of the IR for future research. The study also provides practical implications for policymakers, companies, and stakeholders. The policymakers should provide more detailed explanations regarding some core concepts of IR (e.g., conciseness, materiality, and business model). The companies engaging with IR should

consider the demands and requirements of stakeholders for more information about corporate strategy and business model. Finally, standard setters and stakeholders should consider the important role of quantitative thresholds when assessing materiality in IR.

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List of Abbreviations

AB	Accountancy Body
ACCA	Association of Chartered Certified Accountants
AICPA	American Institute of Certified Public Accountants
APB	Accounting Principles Board
AS	Academic Staff
ASSC	Accounting Standards Steering Committee
BSC	Balance Scorecard
CDP	Carbon Disclosure Project
CDSB	Climate Disclosure Standards Board
COP26	26th UN Climate Change Conference of the Parties
CSR	Corporate Social Responsibility
ERSC	Economic and Social Research Council
ESG	Environment, Social and Governance
FASB	Financial Accounting Standards Board
FM	Fund Manager
FRC	Financial Reporting Council
GAAP	Generally Accepted Accounting Principle
GRI	Global Reporting Initiative
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IASC	International Accounting Standard Committee
IC	Intellectual Capital
ICAEW	Institute of Chartered Accountants in England and Wales
ICAS	Institute of Chartered Accountants of Scotland
IDSA	Institute of Directors of South Africa
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council

IR	Integrated Reporting
ISO	International Standard Organisation
ISSB	International Sustainability Standards Board
JSE	Johannesburg Stock Exchange
KPIs	Key Performance Indicators
MA	Manager and Accountant
OECD	Organisation for Economic Co-operation and Development
PhD	Doctor of Philosophy
PIEs	Public Interest Entities
SASB	Sustainability Accounting Standards Board
TCFD	the Financial Stability Board's Task Force on Climate-related Financial Disclosures
TCR	The Corporate Report
TRWG	Technical Readiness Working Group
UK	United Kingdom
UN	United Nations
UNEP FI	United Nations Environment Programme Finance
USA	United States of America
VRF	Value Reporting Foundation

Chapter One Introduction

1.1 Introduction

The last ten years have witnessed significant growth in the number of organisations engaging with Integrated Reporting (IR) and the amount of information being disclosed on an integrated thinking approach (IIRC, 2013; 2021). The first guideline of IR, the King III Report (IDSA, 2009), was released in South Africa in 2009, and the first comprehensive framework of IR, the International <IR> framework (IIRC, 2013), was published in the UK in 2013. However, some key concepts of IR are still unregulated, such as the definitions of IR (IDSA, 2009; Eccles & Krzus, 2010; Branwijck, 2012; Abeysekera, 2013; IIRC, 2013) and some guiding principles of IR (Fasan & Mio, 2017; Gerwanski, Kordsachia & Velte, 2019; IIRC, 2013; Melloni, Caglio & Perego, 2017; Rivera-Arrubla & Zorio-Grima, 2016). Thus, this study explores the applicability of IR from a stakeholder perspective, particularly on the guiding principles and content elements aspects. Section 1.2 presents the research background, followed by motivations, overarching objective, and research questions of the study. The following section is substantial as it summarises the research design. The penultimate section provides contributions and significance of the study, and the final section outlines the summaries and structure of the thesis.

1.2 Background

Corporate reporting aims to provide information about the resources and performance of firms for those who have reasonable rights to such information (ASSC, 1975). Such ‘those’ is named the term ‘stakeholders’ of companies, including governments, employees, customers, suppliers, creditors, communities, investors, society or even non-human life and future generations

(Gray, Owen & Adams, 1996). The current corporate reporting regime includes traditional financial reporting, which aims to maximise shareholders' value (Kontes, 2004) and non-financial reporting (such as sustainability and CSR reporting), which seeks to maximise the benefits of stakeholders (O'Dwyer, Unerman & Bradley, 2005a; O'Dwyer, Unerman & Hession, 2005b). Since the 1990s, non-financial reporting that contains Environment, Social and Governance (ESG) performance has attracted much attention from both corporations and researchers (Baudot, Johnson, Roberts & Roberts, 2020; Cho, Laine, Roberts & Rodrigue, 2015; Gray, 2010; Hoi, Wu & Zhang, 2013; Lanis & Richardson, 2015; Mathews, 1997; Owen, 2008; Wang, Tong, Takeuchi & George, 2016).

There are criticisms of traditional financial reporting for its inability to provide wider stakeholders with ESG information to achieve the accountability of companies (Gray et al., 1996; Gray, 2013). The second limitation of traditional financial reporting is the difficulty in coping with the new knowledge economy in the value creation of organisations (OECD, 2006). Critics of present-day non-financial reporting highlight that non-financial information lacks credibility, timeliness, and relevance (Arnold, Bassen & Frank, 2012; Eccles & Serafeim, 2014; Serafeim, 2015). Eccles and Serafeim (2014) point out that

> The data included in a sustainability report is frequently not audited. Even when they are, the report receives negative assurance rather than the more investor-useful positive assurance. One of the major reasons for this is that ESG data lack the rigorous measurement and reporting standards that exist for financial information. (p.5)

Non-financial reporting, like Corporate Social Responsibility (CSR) and sustainability reporting, currently a voluntary practice in many countries, typically exhibits a delay of several months in its publication compared to financial statements. (Arnold et al., 2012; Jensen & Berg, 2012; Serafeim, 2015). Furthermore, the criticism of financial and non-financial reporting focuses on the limited amount of forward-looking information provided (Bloxham, 2012; Busco, Frigo & Quattrone, 2013), such as companies' strategic objectives and outlook.

Finally, and perhaps most importantly, another major criticism of corporate reporting is its disconnected evolution into financial and stand-alone non-financial reporting (Perrini, 2006; Daub, 2007). The disconnected evolution makes it challenging for stakeholders to understand how non-financial information relates to financial information and how sustainability problems impact the value-creation process of a company.

In response to the criticisms of the current corporate reporting regime, several leading companies (e.g., Banca Fideuram, Generali, Royal DSM, Titan, and Vodacom) produced new types of corporate reporting, which intended to fill the gaps of the traditional corporate reporting and combine financial reporting with non-financial reporting. IR is one emerging type of corporate reporting with a concise history (appearing after 2000). It is still evolving, and the stakeholders do not agree on the definition of IR. From 2000 to 2013, there was a lack of relatively accepted frameworks/guidelines to guide IR implementation in practice. South African government first employed IR in their corporate reporting system. In 2009, the Institute of Directors of South Africa (IDSA) produced the King III report to guide listed companies in South Africa on implementing IR and creating an integrated report. Four years later, based in the UK, the International Integrated Reporting Council (IIRC) published a formal guideline for IR, namely, the International <IR> framework, in 2013. However, organisations (e.g., IDSA, 2009; IIRC, 2013) and researchers (e.g., Eccles & Krzus, 2010; Branwijck, 2012; Abeysekera, 2013) have used different IR definitions and requirements. For instance, IDSA states that IR "means a holistic and integrated representation of the company's performance in terms of both its finance and its sustainability in the King III (IDSA, 2009, p. 53, similar definitions used by Anria, 2013; Hindley & Buys, 2012)". IIRC (2013) also defined IR in the International <IR> framework (2013, similar argument by Adams & Simnett, 2011; Jensen & Berg, 2012; Verschoor, 2011; Adams, 2015) as follows.

> Integrated reporting is a concise communication about how an organisation'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 (p.7).

The research field of CSR reporting has developed relatively straightforward concepts (definitions) to explain an emerging type of reporting and some widely accepted guidelines/models to guide companies to employ such reporting in practice. For example, Gray, Owen and Maunders (1987, p. 9) define CSR reporting as "the process of communicating the social and environmental effects of organisations' economic actions to particular interest groups within society and society large", and this definition is supported by many in the CSR literature (O'Dwyer & Gray, 1998; Zain, 1999; Woodward, Edwards & Birkin, 2001). Furthermore, a variety of global organisations published their guidelines, such as the Organisation for Economic Co-operation and Development (OECD) (2006), International Standard Organisation (ISO) 26000 (2010), and the most prominent Global Reporting Initiative (GRI) (GRI, 2000; G2[1], revised 2002; G3[2], revised 2006; GRI, 2016a; 2016b), to guide companies on how to employ CSR reports in practice. In the research field of IR, the term "integrated reporting" has been defined by IIRC (2013; 2021), IDSA (2009; 2016), Abeysekera (2013),

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[1] G2 refers to Global Reporting Initiative (GRI). (2002). Sustainability reporting guidelines. Boston. MA: GRI.

[2] G3 refers to Global Reporting Initiative (GRI). (2006). Sustainability reporting guidelines, V.3.0. Amsterdam: GRI.

Branwijck (2012), and Eccles & Krzus (2010) in the extant literature. However, there has been no consensus on the definition of IR. Some core concepts of IR, such as materiality, conciseness, and connectivity, are debated by organisations and researchers (e.g., IIRC, 2013; Rivera-Arrubla & Zorio-Grima, 2016; Fasan & Mio, 2017; Melloni et al., 2017; Gerwanski, Kordsachia & Velte, 2019).

1.3 Issues, Overarching Objective and Research Questions

The concept of IR is consistently discussed in the IR research field because of its relatively vague definitions and boundary of IR. In 2015, a series of studies (Adam, 2015; Flower, 2015; Thomson, 2015) doubted the usefulness of current IR and the limitations of the IIRC IR approach. In 2015, the IIRC approach of IR abandoned traditional sustainability accounting (Adam, 2015; Flower, 2015; Thomson, 2015). Specifically, the IIRC's concept of value focuses on the value of investors and not the value of society. The companies are not required to publish harm inflicted on entities outside the organisation (e.g., the environment) (Flower, 2015). Flower (2015) further points out that the IIRC's proposals have limited influence on corporate reporting practice due to the relatively low level of force of IIRC. With the debate in mind, two issues are raised about whether the IIRC approach is the only approach for the IR initiates; whether the IR is useful in the current business context.

The first issue is about the framework/approach of IR. Adam (2015), Flower (2015) and Thomson (2015) debate the limitations of the IIRC approach. The study identifies five IR approaches in the previous literature, which are IIRC (2013; 2021), IDSA (2009; 2016), Abeysekera (2013), Branwijck (2012), and Eccles & Krzus (2010). The organisations and scholars develop the five IR approaches based on their different requirements in terms of guiding principles and content elements of IR. The term 'guiding principle' of IR is initially described by IIRC (2013) in the International <IR> framework. The guiding principles are "the principles that underpin the preparation of an integrated report, informing the content of the report and how information is presented" (IIRC, 2013, p. 36). The guiding principles of IR include "strategic focus and future orientation, connectivity of information, stakeholder responsiveness, materiality, conciseness, reliability, completeness, consistency and comparability" (IIRC, 2021, p.7). The 'content element' of IR is stated by IIRC as follows.

> The categories of information required to be included in an integrated report; the Content Elements, which are fundamentally linked to each other and are not mutually exclusive, are stated in the form of questions to be answered in a way that makes the relationships between them apparent (IIRC, 2013, p. 16).

The content elements comprise "organisational overview, governance, opportunities and risks, strategy and resource allocation, business model, performance, and future outlook" (IIRC, 2021, p.8).

Guiding principles and content elements are the two significant concepts of IR. Numerous studies concentrate on one or two specific guiding principles in the research field of IR, such as materiality (Cerbone & Maroun, 2020; Fasan & Mio, 2017; Gerwanski et al., 2019; Green & Cheng, 2018), conciseness (Melloni et al., 2017) and connectivity of IR (Rivera-Arrubla & Zorio-Grima 2016). However, there is a lack of studies which include multiple guiding principles and content elements and compare the different requirements of the IR approaches. An apparent academic gap is about providing a comprehensive view of all guiding principles and content elements in the research field of IR.

The second issue is relevant to the usefulness of IR in the current business context. Adam (2015), Flower (2015) and Thomson (2015) doubt the usefulness of current IR, and they argue that the current IR focuses on the value of investors and not the value of society. An apparent gap is between the IR frameworks' requirements and the stakeholders' perceptions. Companies publish IR in compliance with the IR frameworks, such as IIRC (2013; 2021) and King IV (IDSA, 2016), so an apparent practical gap exists between the companies' IR disclosure and stakeholders' perceptions.

In response to the existence of the academic and practical gaps, the overarching objective of the study is to explore the applicability of IR from a stakeholder perspective, particularly on guiding principles and content elements aspects. Therefore, three research questions are raised as follows:

- How guiding principles and content elements of IR are disclosed by companies?
- What are the stakeholders' perceptions in terms of guiding principles and content elements of IR?
- Is there a gap between companies' IR disclosure and stakeholders' perceptions in relation to guiding principles and content elements?

Firstly, the study investigated the guiding principles and content elements of IR based on a critical analysis of the 288 integrated reports published by business organisations from 2013 to 2018. The content analysis approach has been employed in the study to answer the first research questions. Secondly, the study ascertained stakeholders' perceptions in terms of the frameworks, guiding principles, and content elements of IR. Semi-structured interviews have been conducted with eighteen stakeholders of IR, including five academic staff, one fund manager, one staff of chartered accountancy bodies, and eleven managers and accountants. Thirdly, the study investigated the gap between companies' IR disclosure and the stakeholders' perceptions, particularly in relation to guiding principles, content elements, motivations, and future developing directions of IR. The third research question is answered in the discussion section of the conclusion chapter.

1.4 Research Design

The methodological discussion is reflected in chapter 4 of the study. This chapter provides the author's philosophical position and explains the process of conducting the data collection and analysis. This study is mainly supported by subjectivism and adopts the realism paradigm, a mixed-methods approach, and a combination of content analysis and interviews. The research design of the study is divided into two major stages. The content analysis method investigates the IR status quo in the 50 companies and further explores the guiding principles and content elements of IR in 288 integrated reports. Moreover, the interview approach explores the applicability of IR to stakeholders' expectations in terms of the frameworks, guiding principles, and content elements of IR. Semi-structured in-depth interviews were conducted with 18 participants from four categories of stakeholders: academic staff, fund managers, directors of chartered accountancy bodies, and managers and accountants of listed companies.

1.4.1 Stage One: Content Analysis

The study adopted a quantitative content analysis approach. The design of the content analysis comprises three core steps: sampling, context, and recording units (Krippendorff, 2004; 2013; Vourvachis, 2007; 2009; Vourvachis & Woodard, 2015). The sampling units of the content analysis contain 288 integrated reports published by 50 companies from 2013 to 2018. The context units of the content analysis include seven guiding principles and seven content elements of IR. The study employed the 'words' recording unit, "the smallest unit of measurement for analysis and can be expected to provide the maximum robustness in assessing the quantity of disclosure" (Wilmshurst & Frost, 2000,

p. 16). The words are obtained from the IR models and an analysis of the results of pilot studies.

The data collection of the content analysis was completed in October 2020. NVivo 12 is employed to calculate the frequency of the keywords in each integrated report. The outcomes of each keyword were separately exported to the documents of Microsoft Excel. Afterwards, the study summarised all the results of the content analysis. The data analysis of the content analysis results was based on two main steps. First, the study focused on the themes of IR and compared the results among different guiding principles and content elements. Second, the study employed three benchmarks (region, year, and industry) and regrouped the sample into different regions, years, and industries.

1.4.2 Stage Two: Interviews

The interview part of the study aims to explore the stakeholders' views and expectations regarding the applicability of IR. Four categories of stakeholders were interviewed: academic staff (AS), fund manager (FM), director of chartered accountancy bodies (AB), and manager and accountant (MA) of listed companies. Semi-structured in-depth interviews were employed in the study.

Each interview of the study includes fourteen questions and five main areas to generate relevant findings in terms of fundamental concepts, future developing directions, and barriers to IR development. The interview was structured in the following five aspects:

- Stakeholders' views in terms of the important Content elements of IR.
- Their opinions in terms of the important Guiding principles of IR.
- The motivations for IR employment.
- The future developing directions of IR.

- The barriers to IR development.

1.5 Contributions and Significance of the Study

The thesis is the first study of its type, exploring multiple guiding principles and content elements of IR from a stakeholder perspective. The previous literature only concentrates on one or two specific guiding principles (e.g., Cerbone & Maroun, 2020; Fasan & Mio, 2017; Rivera-Arrubla & Zorio-Grima, 2016; Melloni et al., 2017; Gerwanski et al., 2019).

The thesis contributes to the IR literature in the five aspects as follows. Firstly, the study critically reviews five IR models (IDSA, 2009; Eccles & Krzus, 2010; Branwijck, 2012; Abeysekera, 2013; IIRC, 2013) and analyses IR guiding principles and content elements in the extant literature, which enriches the IR literature with the understandings of guiding principles and content elements.

Secondly, the study identifies five theoretical explanations of IR in the extant literature and explores agency, signalling, institutional, legitimacy, and stakeholder theories in the IR area. The institutional theory is adopted to explain the companies' IR disclosure, which provides evidence of the adoption of institutional theory in the research field of IR. Therefore, a theoretical contribution is provided to the institutional theory area by employing the theory to discuss the companies' disclosure in the context of IR.

Thirdly, the study provides a model for content analysis for future IR research. Based on the results of pilot studies, themes and two-level subsidiary themes of content analysis are developed.

Fourthly, the study originally considers and fills the gap between companies' IR disclosure and stakeholders' perceptions regarding guiding principles and content elements of IR. This contribution significantly fills the research gap in the IR area.

Last but not least, the study deeply explores the multiple guiding principles and content elements of IR in a single thesis. The discussion on guiding principles and content elements provides a relatively broad picture for other researchers in the research field of IR.

The thesis also provides five practical implications as follows. First, the policymakers (e.g., IIRC and King Committee) should provide more detailed explanations/guidance in terms of the core concepts of IR (e.g., conciseness, materiality, and business model) in response to the stakeholders' perceptions in terms of the limitations of the IR framework.

Second, policymakers and companies should consider connectivity and conciseness as the important guiding principles of IR. The stakeholders of IR required more explanations of connectivity and conciseness in the IR framework and more information in terms of the guiding principles in companies' integrated reports.

Third, the companies engaging with IR should consider the expectations and perceptions of stakeholders, which prefer detailed IR disclosure in terms of the strategy, business model, and risk management. Fourth, the IIRC should provide essential training to the IR stakeholders in response to the lack of familiarity with IR.

Finally, the IR stakeholders should pay more attention to developing the quantitative materiality determination process in IR. The quantitative thresholds for materiality are extensively adopted in financial reporting, but this term is still an emerging concept for IR stakeholders.

1.6 Organisation of the Thesis

Chapter 2 - Origin and Evolution of Integrated Reporting

The chapter reviews the history of corporate reporting and identifies the limitations of traditional financial and non-financial reporting, the failure of business reporting, and the rise of strategic reporting. Furthermore, it presents the origin and evolution of IR, followed by a review of its benefits and limitations of IR. It also reviews motivations for IR and employs theories from the research field of voluntary information disclosure in the research field of IR. Finally, the research gaps are identified in the extant literature, and the overarching objective and three research questions are developed.

Chapter 3 - Guiding Principles and Content Elements of IR

The chapter aims to identify the guiding principles and content elements in the extant IR literature. Firstly, it provides a critical review of five models of IR. Furthermore, a critical review of existing literature has identified nine guiding principles and nine content elements. Lastly, a summary of the chapter is provided.

Chapter 4 - Research Philosophy and Methodology

The chapter provides the author's philosophical position and explains the data collection and analysis process, focusing on justifying the methods employed. To this end, a discussion on the philosophical stance is first provided, followed by the research design employed in the study. Subsequently, the employment of content analysis is justified. The designs of six versions of pilot studies are presented, followed by the content analysis adopted in the study. The employment of semi-structured interviews is also justified. Finally, a discussion on ways to collect and analyse data is also provided.

Chapter 5 - Content Analysis Findings

The chapter presents the content analysis results to investigate companies' IR disclosure in the 288 integrated reports of 50 companies. First, the pilot study results are provided. Section 5.3 provide comparisons among different guiding principles and content elements of IR, followed by an analysis of three benchmarks, region, year, and industry.

Chapter 6 - Interview Findings

The chapter concentrates on generating the interview findings by using illustrative verbatim quotes. It first reports on the stakeholders' opinions in terms of two fundamental concepts of IR, content elements and guiding principles. Moreover, the chapter investigates motivations for IR as well as the future developing direction of IR. Furthermore, it explores the potential barriers to IR development from the stakeholders' perspective. Finally, a summary of the interview findings is provided.

Chapter 7 - Discussion and Conclusion

The chapter summarises each chapter of the thesis. Firstly, the chapter revisited the overarching objective and research questions of the study. Moreover, the key findings are summarised, followed by a discussion on content analysis and interview findings. Furthermore, Contributions, limitations of the study and areas for further research are also discussed. Finally, a conclusion is provided.

Chapter Two Origin and Evolution of Integrated Reporting

2.1 Introduction

The chapter is the first chapter of the literature review, including six sections. The chapter aims to review the relevant literature in the research field of IR, identify the potential research gaps, and then develop the overarching objective and research questions. The chapter starts with a review of the development of corporate reporting. Development of financial and CSR reporting, failure of business reporting, and rise of strategic reporting are reviewed. By clarifying the benefits and limitations of these different types of corporate reporting, the chapter moves to the evolution of IR and critically analyses the benefits and limitations of IR. In section 2.4, the study provides some theoretical explanations for IR. Motivations for IR and five potential theories in the IR area are presented and summarised. Section 2.5 is the most important section that reviews relevant IR literature from 2015 to 2022. In addition to the review, the section identifies research gaps in the current IR area and gradually develops the overarching objective of the study. Moreover, the section also reveals the link between research gaps and questions. A comprehensive summary of the chapter is presented at the end.

2.2 Development of Corporate Reporting

Corporations are the central economic agents in a capitalist system and appear to be increasingly powerful (Vourvachis, 2009), while the corporate reporting regime is also continually developed. Companies employ corporate reporting to provide stakeholders with information regarding management and performance (Zairi & Letza, 1994). A variety of corporate reports are utilised by companies to manage their reporting systems. More specifically, financial reporting provides the financial information of companies to investors, and the motivation behind such reporting is to maximise shareholder value (Kontes, 2004). Furthermore, non-financial reporting (e.g., sustainability and CSR reporting) seeks stakeholders' benefits (O'Dwyer et al., 2005a; b). According to Eccles & Serafeim (2014, p. 4), "while financial reporting is geared towards investors, sustainability reporting is geared towards stakeholders including employees, customers, suppliers, local communities, and NGOs". The notion of CSR is dominated by the need to make money and seek shareholder value, but social responsibility is "the most important for the planet and society if not for business and accounting" (Gray et al. 1992, p. 92). In recent decades, some emerging types of reports are also employed by companies and discussed by interested scholars, such as strategic reporting and IR.

2.2.1 Development of Financial Reporting

Financial reporting emerged in the 1930s. The International Accounting Standards Board (IASB) states the objective of financial reporting in its conceptual framework. The general-purpose financial reporting is "to provide financial information about the reporting entity that is useful to existing and potential investors, lenders and other creditors in making decisions relating to providing resources to the entity" (IASB, 2018, p. 19). However, the USA and UK accounting professions made their objectives of financial reporting until now because of the different economic and political environments in the USA and the UK (Shahwan, 2008). The purposes of financial reporting are continually debated by a variety of organisations, such as the Accounting Standards Steering Committee (ASSC), American Institute of Certified Public Accountants (AICPA), and Financial Accounting Standards Board (FASB), in their frameworks.

In the United States, according to the framework of AICPA (1970, p. 37), financial reporting aims to "provide reliable financial information about economic resources and obligations of a business enterprise". Two years later, the AICPA (1973) issued a report entitled "Objectives of Financial Statements" (also called Trueblood Report) that contains twelve objectives of financial reporting. The first objective, which is the most general, is to "provide information useful for making an economic decision" (AICPA, 1973, p. 19). Moreover, the financial statement also aims to "provide users with information for predicting, comparing and evaluating enterprise earning power" (AICPA, 1973, p. 21). The objective of financial reporting is "to provide even-handed financial and other information that, together with information from other sources, facilitates efficient functioning of capital and other markets and otherwise assists in promoting efficient allocation of scarce resources in the economy" in the framework of FASB (1978, p. 3).

In the UK, objectives of financial reporting are expressed by ASSC in the Corporate Report (TCR) (ASSC, 1975; 1976), which is "to communicate economic measurements of and information about the resources and performance of the reporting entity useful to those having the reasonable right to such information" (ASSC, 1975, p. 28). The ASSC states "the most radical re-statement, from the accounting profession, of how organisational disclosure needed to be enhanced by social and environmental accounting" (Gray, 2002, p. 690). Some scholars (McMonnies, 1988; Solomons, 1989) also state their viewpoints regarding the objectives of financial reporting. The discussion illustrates that the USA and the UK frameworks aim to satisfy user needs by employing a user-oriented approach. However, the objectives of financial reporting have slight differences between the USA and the UK because of the different economic and political environments.

The USA and UK accounting professions employ various financial reporting frameworks because of their different objectives. The Generally Accepted Accounting Principle (GAAP) governs the accounting measurement and reporting procedure in the USA. A series of guidelines were originally known by the AICPA from 1939 to 1959, followed by Accounting Principles Board (APB) from 1959 to 1973, and finally developed by the FASB in 1973. Furthermore, the GAAP was employed worldwide and became divergent in different countries because of the various cultural, legal, and regulatory systems. According to Yallapragada, Toma & Roe (2011), these differences made it difficult for the reporting users to interpret and compare financial statements disclosed by companies in different countries. In response to the problem, an increasing number of accounting professionals worldwide paid attention to the different employment of GAAP and began moving towards convergence of the GAAP. In the UK, the ASSC issued the framework of financial reporting, which was named Corporate Report during the 1970s. The International Accounting Standard Committee (IASC) was established in 1973 and restructured in 2001 namely, IASB located in London. The International Financial Reporting Standards (IFRS) is issued by the IASB, which has been extensively employed as the financial reporting standard in companies from approximately a hundred countries to date (Wiecek & Young, 2010).

The conceptual framework for financial accounting, which is also a milestone during the development of financial reporting, was issued by IASB in 2010. This framework aims to improve and combine the prior financial reporting frameworks of IASB and FASB. According to the conceptual framework (IASB, 2018, p. 19), financial reporting is

> to provide financial information about the reporting entity that is useful to existing and potential investors, lenders and other creditors in making decisions relating to providing resources to the entity (similar argument by

IASB, 2006; 2008; 2010; FASB, 2010). Those decisions involve buying, selling or holding equity and debt instruments and providing or settling loans and other forms of credit.

Furthermore, several qualitative characteristics that make financial information useful are also stated in the framework. “If financial information is to be useful, it must be relevant and faithfully represents what it purports to represent. The usefulness of financial information is enhanced if it is comparable, verifiable, timely and understandable” (IASB, 2010, p. 16).

The topic of how well financial reporting performs has been frequently debated since the 1990s. With ever-increasing accounting standards and growingly complicated information requirements, even the most sophisticated users are confused about understanding the current financial reports (Eccles & Krzus, 2010). Firstly, financial statements are increasingly criticised as they significantly emphasise the financial results rather than the performance of society and the environment (Terry, 2008). Furthermore, the current financial reporting model hardly concerns the long-term consequences of corporate actions (Bloxham, 2012). Finally, the increasing information on intangible assets that are not measured in financial reporting is frequently regarded as a shortcoming or inadequacy of financial reporting (Amir & Lev, 1996; Azam, Warraich & Awan, 2011). As a result, the increasing number of literature has illustrated “a deterioration of the value relevance of accounting numbers, although the specifics remain a contested terrain” (Eccles & Serafeim, 2014, p.4).

2.2.2 Development of CSR Reporting

Since the 1990s, non-financial reporting (e.g., sustainability and CSR reporting), which generally contained ESG information, has been interested by a growing number of organisations and researchers (e.g., Guenther, Hoppe & Poser, 2007; Visser, Matten, Pohl & Tolhurst, 2010; Stolowy & Paugam, 2018). The non-financial reports, such as sustainability reports, CSR reports, and triple-bottom-line reports, are important for stakeholders to identify whether the companies are socially and environmentally responsible or not (Economist, 2009). The modern CSR era started with Bowen's publication (1953). The book is a milestone in CSR development, named ‘Social Responsibilities of the Businessman’. Heald (1957) states that companies should maximise the shareholders’ benefits and emphasise the social and humane benefits. TCR was published in 1975 by ASSC (1975). As the first public report of CSR, TCR points out that the accounting profession should improve disclosure in terms of social and environmental accounting (Perks, 1993; Gray, Kouhy & Lavers, 1995; Gray, 2002). Along with the development of CSR, a group of global organisations produced their guidelines and frameworks, such as AccountAbility (2008a, 2008b), ISO 26000 (2010), and OECD (2006). The widely recognised international framework of CSR is the Sustainability Reporting Guidelines established by GRI (e.g., GRI, 2000; 2002; 2006; 2016a; 2016b). The GRI initiates cooperation amongst the public, firms, and academic professions and further generalises the multi-stakeholder approach (GRI, 2006). The primary aim of the guideline is to: “develop and disseminate globally applicable sustainability reporting guidelines for voluntary use by organisations reporting on the economic, environmental and social dimensions of their activities, products and services” (GRI, 2000, p.1). The latest development in terms of voluntary CSR initiatives is provided in section 2.2.3.

The European Parliament issued the European Directive 2014/95/EU, also commonly referred to as the Non-Financial Reporting Directive, on 22nd October 2014. The European Directive lays down the rules on disclosing non-financial and diverse information by certain large firms (Dumitru, Dyduch, Guse,

& Krasodomska, 2017). The European Directive (European Parliament, 2014) covers about 11700 organisations with more than 500 employees throughout the European Union. European Commission (2021) claims that large companies are required to publish information about “environmental matters, social matters and treatment of employees, respect for human rights, anti-corruption and bribery, and diversity on company boards”. The European Parliament has been consistently developing non-financial reporting, not only for the public benefits but also for improving the competitiveness and innovation of businesses in the European Union (FEE, 2016).

Several research papers present that CSR performance and disclosure impact companies’ access to finance (Cheng, Ioannou & Serafeim, 2014). According to the United Nations Environment Programme Finance (UNEP FI) (2006), some investors interested in CSR performance information are driven by moral or ethical reasons, while others are caused by economic reasons. In other words, the former is driven by protecting the environment or saving emerging. In contrast, the latter is driven by increasing the potential benefit or improving the risk-return of a portfolio.

Non-financial reporting was adopted to fill the gap in financial reporting, and it has had little success in improving businesses to be more accountable and responsible (Visser, 2011). The criticisms usually focus on the lack of credibility, timeliness, and relevance. Firstly, the CSR information disclosed in a non-financial report is frequently not audited by the professional counterparty (Eccles & Serafeim, 2014). The reporting standards govern the accounting measurement and reporting procedures of financial reporting. The financial performance information in a financial report is compulsively audited by accounting firms, such as Ernst & Young, Deloitte, and KMPG. However, the CSR information lacks rigorous measurement and reporting standards, although the organisations like GRI and ISO issued several guidelines to help companies conduct their non-financial reports. Secondly, the disclosure of non-financial reports tends to be later than that of financial reports in companies (King, 2011). A lag of several months makes CSR information less valuable.

Last but not least, the current non-financial reports rarely disclose information in terms of the business model and the core strategy of organisations (Jensen & Berg, 2012). It is difficult for stakeholders to understand the link between sustainability issues and financial performance (King, 2011). The traditional CSR reports are generally regarded as a tool for improving the reputations of companies (Christian Aid, 2004), rather than offering forwarding-looking information in terms of performance, risk management, and strategic aspect (Busco et al., 2013).

2.2.3 Voluntary and Mandatory CSR Reporting

GRI is developing voluntary CSR initiatives, and the Sustainability Reporting Guidelines of GRI are the prominent framework for voluntary CSR reporting. The latest version of GRI standards (GRI, 2022a) includes 39 specific guidelines which provide a comprehensive approach to guide companies and stakeholders. The 39 documents include some core guidelines, such as foundation G1 (GRI, 2021a), general disclosure G2 (GRI, 2021b), and material topics G3 (GRI, 2021c). GRI also provides detailed requirements for some specific topics, such as tax G207 (GRI, 2019), energy G302 (GRI, 2016c) and emissions G305 (GRI, 2016d). According to G1 (GRI, 2021a, p.4), sustainable development is defined as “development which meets the needs of the present without compromising the ability of future generations to meet their own needs”. Companies which employ the GRI standards can enhance their accountability and transparency (GRI, 2021a). GRI also designs specific standards for the different sectors, such as oil and gas G11 (GRI, 2021d), coal G12 (GRI, 2022b) and agriculture aquaculture and fishing Sectors G13 (GRI, 2022c). In a word, GRI has a significant impact on voluntary CSR reporting worldwide, and its CSR initiatives have been advocated by thousands of reporters and more than 100 countries (GRI, 2022d).

In contrast to voluntary reporting, mandatory CSR reporting is typically required by formal or informal laws in some countries (ACCA, 2010). To my knowledge, companies have been required to disclose mandatory CSR reporting in Brazil, China, Denmark, India, Indonesia, Malaysia and South Africa since 2012. Additionally, state-owned companies were mandated CSR reporting in Finland and Sweden. In these countries, Mandatory CSR reporting can discipline their organisations and motivate companies to improve ESG performance. However, compliance with laws and principles can result in higher costs which distinguish companies from their peers and decrease shareholder value eventually (Ioannou & Serafeim, 2017).

Mandatory CSR reporting has also been explored in some other contexts, such as Italian-listed corporate groups (Costa & Agostini, 2016), Spanish companies (Criado-Jimenez, Fernandez-Chulian, Husillos-Carques & Larrinaga-Gonzalez, 2008), and Australian evidence (Frost, 2007). However, various studies investigate the countries where CSR reporting is mandated to disclose, such as Indonesia and Malaysia (Arena, Liong & Vourvachis, 2018), Denmark, South Africa, China and Malaysia (Ioannou & Serafeim, 2017), and Chinese evidence (Hung & Wang, 2014). The scholars above explore mandatory CSR reporting in different contexts, compare it with voluntary disclosure and further discuss the benefits and limitations of the two types of reporting.

2.2.4 Failure of the Business Reporting

Business reporting was proposed by AICPA in the USA in 1992. The Jenkins

Report was designed to enhance business reporting by adopting a customer approach, for instance, by meeting the requirements of investors and creditors (AICPA, 1994). The further study proposed a "comprehensive model of business reporting" which would "help focus attention on a broader, integrated range of information" (AICPA, 1994, p. 131). Jenkins's model included five broad categories of information, encompassing ten elements. The detailed information is provided in Table 2.2.1 as follows.

Table 2.2.1 The Jenkin's Model

Five broad categories	Ten elements
Financial and non-financial data	Financial statements and related disclosures
	High-level operating data and performance measurements that management users to manage the business.
Management's analysis of financial and non-financial data	Reasons for changes in the financial, operating, and performance-related data and the identity and past effect of critical trends.
Forward-looking information	Opportunities and risks, including those resulting from critical trends.
	Management's plans, including critical success factors.
	Comparison of actual business performance to previously disclosed opportunities, risks, and management's plans
Information about management and shareholders	Directors, management, compensation, major shareholders, and transactions and relationships among related parties
Background about company	Broad objectives and strategies
	Scope and description of business and properties
	Impact of industry structure on the company

Source: AICPA (1994)

Numerous scholars and professional accounting bodies (e.g., ICAS, ICAEW, FASB) got involved in developing business reporting until 2003. Business reporting was cited as the future of financial reporting (Battie, 1999), but the community of business reporting has disappeared since 2003. What can we learn from the failure of business reporting?

> A lot is right with today's business reporting in the United States. It generally provides users with essential information that heavily influences their decisions. Financial statements are viewed as an excellent framework for capturing and organising financial information. Users have welcomed improvements in business reporting, but few suggest the current framework should be scrapped and a new one developed (AICPA, 1994, p. 5).

Furthermore, "an important limitation of the study is that it focused on immediate rather than longer-term information needs" (AICPA, 1994, p. 15).

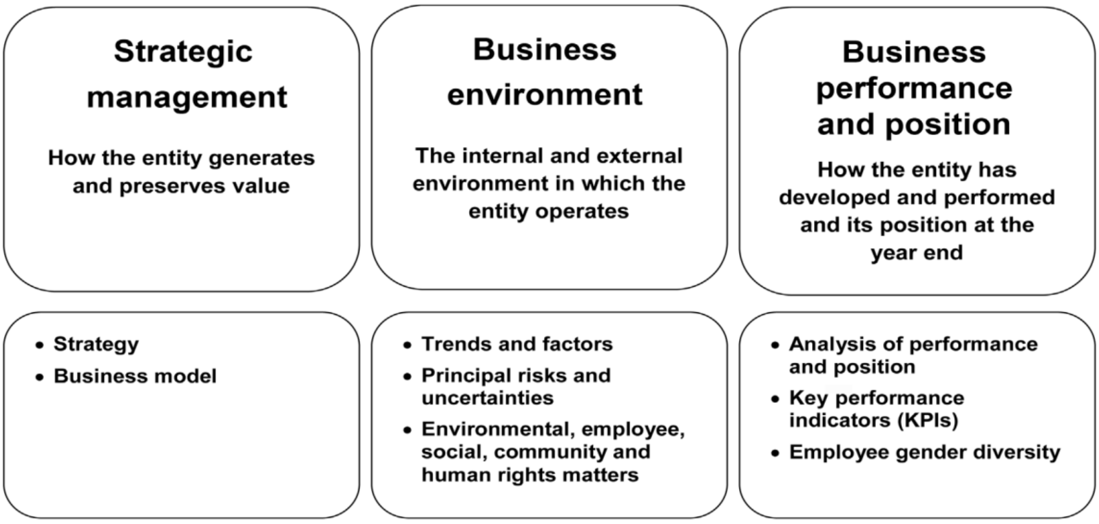
Business reporting has been limitedly discussed by accounting professional bodies and scholars since the financial crisis of 2007-2008, but business reporting shares some elements with the IIRC approach of IR. The failure of business reporting was based on three reasons. First, the complicated business context during 2007 and 2008 is the main reason for the failure of business reporting. Second, business reporting only focuses on the benefits of customers rather than all stakeholders. Third, business reporting focuses on value creation in the particular immediate term rather than the medium and long term.

2.2.5 Rise of Strategic Reporting

The IASB issued the International Accounting Standards (IAS) in 2004, highlighting the increasing convergence between financial accounting and management accounting (Seyfert & Rosenberg, 2006). The strategic accounting information seemingly satisfies both management accounting and financial accounting requirements. The most famous strategic performance reporting framework, the Balance Scorecard (BSC), was developed by Kaplan & Norton (1992) and has received substantial and increasing attention since 1992. The BSC can be regarded as a strategic management system that comprises financial, customer, internal business processes, and innovation perspectives (Kaplan & Norton, 1996). BSC aims to set organisations' strategic goals and provide information about organisations' performance (Kaplan & Norton, 2001). Kaplan & Norton (1992; 1996; 2001) also claim that the BSC system overcomes primary problems in the traditional financial reporting system, which is historical and not a good predictor of future financial performance. However, four particular perspectives of the BSC system exclude the non-finance perspective of companies.

Financial Reporting Council (FRC), which set the UK's corporate governance and stewardship codes, published guidance on strategic reporting in 2018. FRC (2018, p.16) states that "The strategic report should provide shareholders of the company with information that will enable them to assess how the directors have performed their duty to promote the success of the company for the benefit of shareholders as a whole". FRC (2018, p.9) defines an emerging type of entity, public interest entities (PIEs), which are "traded, banking or insurance companies with more than 500 employees". The content elements of the strategic report for entities that are not PIEs are provided in Figure 2.2.1 as follows.

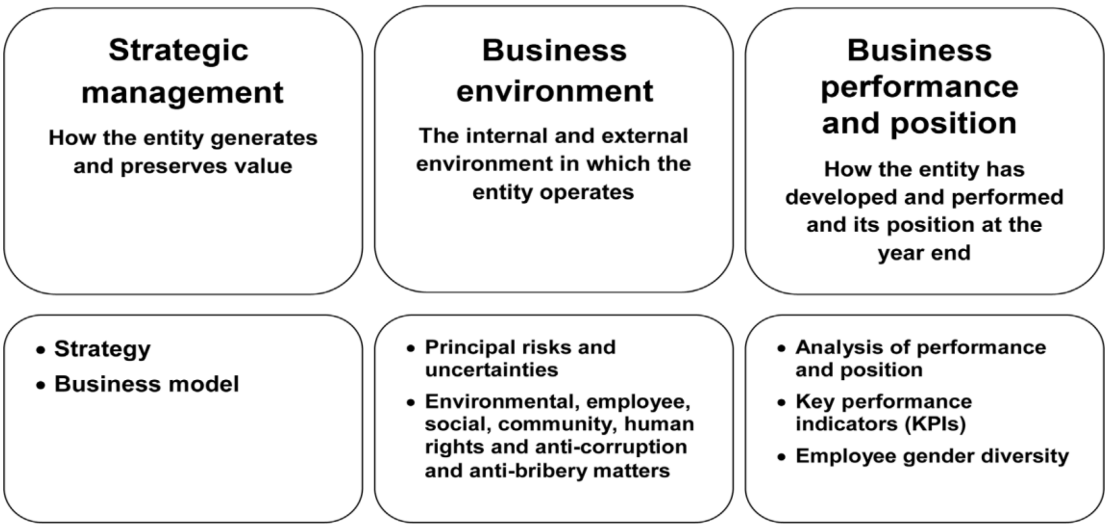
Figure 2.2.1 Content Elements for Entities that are not PIEs



Source: FRC (2018, p.25)

The content elements of the strategic report for PIEs are provided in Figure 2.2.2 as follows.

Figure 2.2.2 Content Elements for Entities that are PIEs



Source: FRC (2018, p.40)

Figures 2.2.1 and 2.2.2 illustrate that the strategic report should include information on three aspects, which are strategic management, business environment, and business performance and position. Furthermore, strategic reporting shares some content elements with IR, such as strategy, business, principal risks, and performance. Strategic reporting comprises both financial and non-financial information, such as environmental, employee, and social information. Strategic reporting also highlights the role of materiality (FRC, 2018, p. 59) and guides firms to determine the appropriate reporting with an aim to meet the requirements. So far, FRC (2018) is non-mandatory and encourages all entities to prepare a strategic report. So far, the study has reviewed four types of corporate reporting, and Table 2.2.2 provides a summary of the above four types of corporate reporting as follows.

Table 2.2.2 Four Models of Corporate Reporting

	Information	Benefits to	Motivations
Financial reporting	Financial information	Shareholders	Maximise shareholder value
CSR reporting	CSR information	Stakeholders	CSR thinking
Business reporting	Financial, management and strategic information	Customers, investors and creditors	Profit-oriented thinking
Strategic reporting	Strategy, business model, CSR	Mainly investors	Strategic thinking

Table 2.2.2 illustrates that the emerging strategic reporting has gradually embraced both financial and non-financial information and highlighted the role of the business model in the reporting system.

2.2.6 Limitations of Traditional Corporate Reporting

The study reviews the development of corporate reporting and the current corporate reporting status quo. The definitions, objectives and frameworks of traditional corporate reporting (financial and CSR reporting) have been continually debated during their development. The widely applicable frameworks are gradually accepted by the public, such as the conceptual framework for financial reporting (IASB, 2010) and the GRI's frameworks for

CSR. The applicable frameworks are essential for corporate reporting to develop in the business context. There are criticisms of traditional financial reporting for its inability to provide the broader stakeholders with non-financial information to achieve the accountability of companies (Gray et al., 1996; Gray, 2013). Secondly, traditional financial reporting is difficult to cope with the new knowledge economy in which intangible assets dominate an organisation's value creation (OECD, 2006).

Critics of non-financial reporting also debate that the non-financial information provided by traditional non-financial reporting lacks credibility, timeliness, and relevance (Eccles & Serafeim, 2014; Arnold et al., 2012; Serafeim, 2015). The information contained in a non-financial report is frequently not audited. Even when the audit is available, the report obtains negative assurance rather than investor-useful positive assurance (Eccles & Serafeim, 2014). Financial reporting is a statutory reporting requirement that is published timely. Non-financial reporting, which is currently a voluntary practice, typically delays several months compared to financial reporting (Arnold et al., 2012; Jensen & Berg, 2012; Serafeim, 2015).

Furthermore, the criticism of financial and non-financial reporting concentrates on the limited forward-looking information, such as companies' strategic objectives and outlook (Bloxham, 2012; Busco et al., 2013). Finally, another main criticism of corporate reporting is its disconnected evolution into financial and stand-alone non-financial reporting (Perrini, 2006; Daub, 2007). The separate development makes it challenging for stakeholders to understand how non-financial information relates to financial information and how sustainability issues impact the value-creation process of an organisation.

Overall, the criticisms of financial reporting tend to focus on the lack of CSR performance disclosure (Terry, 2008), the failure of long-term consequences of corporate actions (Bloxham, 2012), and the failure of intangible assets disclosure (Azam et al., 2011). The criticisms of non-financial reporting usually focus on the lack of credibility (Eccles & Serafeim, 2014), timeliness (King, 2011), and relevance (Jensen & Berg, 2012). According to Eccles & Serafeim (2014), corporate reporting serves the information and transformation functions. Eccles & Serafeim (2014) further state that:

> Separate financial and sustainability reports are no longer adequate for performing either function. Investors need a better understanding of how companies are managing the relationships between financial and non-financial performance. Companies themselves need integrated reporting to make sure that they are having the appropriate forms of stakeholder engagement" (p. 19).

In response to the criticisms of financial and non-financial reporting and the rise of strategic performance reporting, organisations and researchers have increasingly paid attention to IR (Schaltegger & Wagner, 2011), which would be a potential solution for the shortcomings of the traditional corporate reporting.

2.3 Evolution of Integrated Reporting

IR is an evolution of mainstream corporate reporting with a short history after 2000. IR aims to improve organisational transparency, governance and decision-making (Eccles & Krzus, 2010). According to the International <IR> framework published by the IIRC, "An integrated report is a concise communication about how an organisation'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" (IIIRC, 2013, p.7).

Furthermore, "Integrated Reporting promotes a more cohesive and efficient approach to corporate reporting and aims to improve the quality of information available to providers of financial capital to enable a more efficient and productive allocation of capital" (IIRC, 2013, p. 4). However, IR is still evolving as an emerging type of corporate reporting. A large number of scholars (e.g., Abhayawansa, Dumay & Elijjdo-Ten, 2018; Caglio, Melloni & Perego, 2020; Cerbone & Maroun, 2020; Eccles & Krzus, 2010; Gerwanski et al., 2019; Gibassier, Rodrigue, & Arjaliès, 2018; Mammatt, 2009; Rinaldi, Userman & De Villiers, 2018; Zyl, 2013), organisations (e.g., GRI, 2010a, b; IRCSA, 2011; IIRC, 2011, 2013), government, and accounting firms (KPMG, 2010; PWC, 2010) are engaging with the development of IR. Even the definitions, objectives, and frameworks of IR are uncertain within the extant literature.

2.3.1 The Development of Integrated Reporting

Like other emerging management concepts, IR also started in practice. According to Jensen & Berg (2012), the first integrated report was produced in 2002, but the company's name is not verified. According to available information, Novozymes, a Danish enzymes company, is recognised as one of the early adopters, publishing their IR in 2002. This was followed by Natura, a Brazilian cosmetics and fragrances company, in 2003, Novo Nordisk, another Danish pharmaceutical company, in 2004, and an American company named United Technological Corporation in 2008 (Eccles & Serafeim, 2014). In 2009, the Johannesburg Stock Exchange (JSE) required the listed companies in South Africa to publish integrated reports in compliance with the series of King Report on Governance (IDSA, 2009; 2016). Half companies disclose their integrated reports based on the King Reports, while the remainders explain their omission (Deloitte, 2012). In 2010, the 450 companies listed on the JSE were required to issue an integrated report in compliance with King III (IDSA, 2009; Zyl, 2013). The IIRC (2011) engaged with an IIRC Pilot Programme in 2012 and issued the IIRC Pilot Programme Yearbook annually. According to the Yearbook 2013 (IIRC, 2013, p. 3), this programme "is now active in 25 countries…during the year…359 submissions we received on the Consultation Draft of the Framework in July 2013”. More specifically, 175 market participants in Brazil, nearly 50 companies in Japan, 200 members in Australia, Germany’s stock exchange operator (the Deutsche Börse Group), the JSE, the South African Institute of Chartered Accountants, the Integrated Reporting Committee in South Africa have joined the pilot programme and engaged with the development of integrated reports (IIRC, 2013). Since the first integrated report was produced, IR has been extensively employed in different countries, while integrated reports have been increasingly adopted (Elkington & Renaut, 2010). Integrated Reporting Examples Database has listed thousands of integrated reports of 486 organisations worldwide from 2011 to 2021 (IFRS Foundation, 2022). IIRC and IDSA published their latest framework, International <IR> Framework (IIRC, 2021) and King IV (IDSA, 2016), in 2021 and 2016, respectively. 486 companies have been involved in the IIRC programme from 2011 to 2021, and thousands of integrated reports have been listed in the IIRC database.

In November 2020, Deloitte (2020) announced that the IIRC and the Sustainability Accounting Standards Board (SASB) planned to merge, forming the Value Reporting Foundation (VRF). The primary objective of this merger was to advance the initiatives of various organisations, including the Carbon Disclosure Project (CDP), Climate Disclosure Standards Board (CDSB), GRI, IIRC, and Sustainability Accounting Standards Board (SASB), towards the establishment of a comprehensive corporate reporting system (Deloitte, 2020).

In June 2021, IIRC and SASB officially merged to establish the Value Reporting Foundation (VRF) (Deloitte, 2021a). The VRF aims to facilitate a shared understanding of the value for businesses and investors through three significant resources (VRF, 2021). Firstly, integrated thinking principles (IIRC,

2021) guide board and management decision-making processes. Secondly, the International IR framework (IIRC, 2021) offers principles-based, multi-capital guidance for comprehensive corporate reporting. Finally, SASB Standards (SASB, 2018a) represent a powerful tool that enhances investor decision-making when integrated into investment tools and processes.

IIRC published the widespread International IR Framework (IIRC, 2021), and SASB was established in 2011 by Jean Rogers to develop industry-based sustainability accounting standards (Lydenberg, Rogers & Wood, 2010). SASB (2018b) developed a complete set of 77 industry standards encompassing 11 primary sectors, such as consumer goods, financials, infrastructure, and transportation. Furthermore, VRF was committed to establishing a coherent corporate reporting system by closely collaborating with the IFRS Foundation, as well as other leading standard setters and framework providers worldwide (Deloitte, 2021a). In November 2021, the IFRS Foundation made a significant announcement regarding creating the International Sustainability Standards Board (ISSB). The ISSB aims to develop a comprehensive global baseline of high-quality sustainability disclosure standards to meet the information needs of investors effectively. (Deloitte, 2021b).

During the COP26 summit in Glasgow in November 2021, significant developments were announced by the IFRS Foundation Trustees to enhance the provision of high-quality disclosures on climate and other sustainability matters (IFRS, 2021). These developments include the establishment of the ISSB to develop a comprehensive global baseline of high-quality sustainability disclosure standards in the public interest, aiming to fulfil investors' information requirements. Furthermore, a commitment by leading investor-focused sustainability disclosure organisations to consolidate into the new board. The CDSB and VRF consolidation process is expected to be finalised by June 2022.

Finally, the publication of the prototype climate and general disclosure requirements are developed by the Technical Readiness Working Group (TRWG). The requirements result from six months of collaborative efforts involving VRF, CDSB, IASB, and the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).

Academically, IR was known originally in 1977 with the book 'The Social Audit for Management' by Clark (1977). The last twenty years have seen significant growth in the number of scholars engaging with IR and the amount of literature being published (Adhariani & De Villiers, 2019; Chaidali & Jones, 2017; Eccles & Krzus, 2010; Eccles & Serafeim, 2014; Haller & Staden, 2014; Lai, Melloni, & Stacchezzini, 2018; Rupley, Brown, & Marshall, 2017; Terblanche & De Villiers, 2019; Toit, Zyl, & Schutte, 2017; Rinaldi et al., 2018; Vitolla, Raimo, & Rubino, 2020). However, several IR studies are still in the beginning stage (one of the four stages) when effects typically emphasise raising awareness of a specific research field's potential (Dumay, Bernardi, Guthrie, Guthrie, & Demartini, 2016). Dumay et al. (2016) present four distinct research stages in the research field of IR, which refer to as parallels from the intellectual capital area (Dumay & Garanina, 2013). Dumay et al. (2016, p. 178) do not believe that "<IR> research has progressed much beyond this first stage because second stage research has not yet established IR as a legitimate undertaking and gathered robust evidence in support of its further development".

The IR has been prominently explored in definitions of IR, theoretical explanations, case studies, comparisons between traditional sustainability and integrated reporting, and the determinants of IR employment in the business context. More specifically, the definitions of IR have been studied by IIRC (2011), IRCSA (2011), Abeysekera (2013), Branwijck (2012), and Eccles & Krzus (2010), which is further presented in section 2.2.3. Furthermore, the motivations for IR have been explained by agency theory (Adhariani & De Villiers, 2019; Briem & Wald, 2018; Vitolla et al., 2020), signalling theory (Albertini, 2019; Girella, Rossi, & Zambon, 2019), institutional theory (Adhariani & De Villiers, 2019; Apostolakou & Jackson 2010; Girella et al., 2019; Granovetter, 2000; Rriem & Wald, 2018), legitimacy theory (Cerbone & Maroun, 2019; Rivera-Arrubla & Zorio-Grima, 2016; Toit, 2017; and stakeholder theory (Brusca, Labrador, & Larran, 2018; Dragu & Tiron-Tudor, 2013; Garcia-Sanchez, Rodriguez-Ariza & Frias-Aceituno, 2013; Gerwanski, Kordsachia, & Velte, 2019; Jensen & Berg, 2011; Vitolla, Raimo, Rubino & Garzoni, 2019a; 2019b). The theories provide potential theoretical explanations for the motivations behind IR in the study, and the institutional theory is employed to explain the companies' IR disclosure which is relevant to the first research question.

A large number of scholars study IR through case study analysis. Several case studies are based on different industries in particular countries, such as the not-for-profit sector in Australia (Adams & Simnett, 2011), IR and its internal mechanisms in Australia (Stubbs & Higgins, 2014), IR in the Netherlands (Bommel, 2014), mining industry in South Africa (Deloitte, 2012), and accuracy of analyst forecasts in IR in South Africa (Bernardi & Stark, 2016). Other researchers select particular companies as their research sample, for example, a global company named Indra Corporation in Spain (Dumitru et al., 2013), southwest airlines in the USA (Phillips, Watson & Willis, 2011), a midsize private company named Mergenthal corporation (James, 2013) and a large multinational company in the oil and gas industry, Eni corporation (Busco et al., 2013). Furthermore, the comparison between traditional sustainability reporting and IR also attracts scholars to explore. Jensen & Berg (2012) examine the similarities and differences between firms that engage in traditional sustainability reporting and those that publish integrated reports. Adams et al. (2016) explore the implications of IR for social investment (disclosure). Finally, the determinants influencing the employment of IR are also investigated by interested researchers. Cultural and legal systems significantly impact IR in different countries (Garcia-Sanchez et al., 2013).

2.3.2 Benefits and Limitations of Integrated Reporting

2.3.2.1 Benefits of Integrated Reporting

The evolution of IR is driven by the development of reporting regulations and standards, the information needs of various stakeholders, and shortcomings of the current corporate reporting regime. Firstly, some current corporate reporting regulations and standards are a driver of IR. In 2010, IFRS issued a Practice Statement named Management Commentary and emphasised the importance of forward-looking and strategy in the financial reporting of companies (IFRS, 2010). According to the principles of the statement (IFRS, 2010, p. 8), "In aligning with those principles, management commentary should include forward-looking information and information that possesses the qualitative characteristics described in the Conceptual Framework for Financial Reporting". "Such (forward-looking) information does not predict the future but instead sets out management objectives for the entity and its strategies for achieving those objectives" (IFRS, 2010, p. 9).

Furthermore, IFRS (2010, p. 13) states that "management should discuss significant changes in an entity's objectives and strategies from the previous period or periods. Discussion of the relationship between objectives, strategy, management actions, and executive remuneration is also helpful". While the IFRS emphasises the roles of forward-looking and strategy in financial reporting, the IDSA issued the King III (IDSA, 2009), which required all companies listed on JSE to report integrated reports in 2011. The regulations and standards are important for IR to develop in the current business context.

Secondly, the information needs of stakeholders are also a driver of IR. According to Adams & Simnett (2011), worldwide companies improve their corporate reports to meet the increasing information needs of the various stakeholders. A rising number of companies combined financial reporting with non-financial reporting to incorporate financial performance information, CSR KPIs, corporate governance, and strategy into an “integrated” report. Furthermore, some scholars (Adams, 2015) also support the rise of IR.

Thirdly, the increasing shortcomings of the current corporate reporting regime are another driver of IR. These shortcomings are concluded in the prior sections of the study. First, the information provided in traditional corporate reporting is not comprehensive enough (Gray et al., 1996; Gray, 2013). The disclosure of CSR information and intangible assets is unsuccessful in financial reporting (OECD, 2006). The business model and strategic objectives of companies barely appear in the non-financial reporting. Second, the information provided in both financial and non-financial reporting is not forward-looking enough (Bloxham, 2012; Busco et al., 2013). Third, regarding non-financial reporting, the information provided lacks credibility and timeliness (Eccle & Serafeim, 2014; King, 2011). With those shortcomings of the current corporate reporting, one could question whether the IR is superior to the existing corporate reporting.

The IIRC issued the first formal framework of IR named The International <IR> framework in December 2013. This framework aims “to establish Guiding Principles and Content Elements that govern the overall content of an integrated report, and to explain the fundamental concepts that underpin them " (IIRC, 2013, p. 4)”. The superiority of IR is also illustrated in the framework. First, an integrated report comprises “Six Capitals”, which are categorised and described as “financial, manufactured, intellectual, human, social and relationship, and natural capital” (IIRC, 2021, p.19). Eight “Content Elements” are also incorporated into an integrated report, such as “external environment, governance, business model, risk and opportunities, strategy and resource allocation, performance, and outlook” (IIRC, 2021, p.8). The contents of all types of the current corporate reports seem to be incorporated into these “Six Capital” and “Content Elements”. Furthermore, “an integrated report is intended to be more than a summary of information in other communications (e.g., financial statement, a sustainability report, analyst calls, or on a website); rather, it makes explicit the connectivity of information to communicate how value is created over time” (IIRC, 2013, p. 8). So far the first gap of the current corporate reporting regime has been filled, because of the “integrity” of IR.

Second, in the International <IR> framework (IIRC, 2013; 2021), the term “future orientation” has been emphasised several times. For example, in the guiding principles section, Strategic focus and future orientation is the first principle, which is described as: “An integrated report should provide insight into the organisation’s strategy, and how it relates to the organisation’s ability to create value in the short, medium and long term, and to its use of and effects on the capitals” (IIRC, 2013, p. 5). More specifically, the future-oriented information includes “The types of disclosures that may be made; whether cautionary statements may be required or permitted to highlight uncertainty regarding achievability; and an obligation to publicly update such information” (IIRC, 2013, p. 22). Furthermore, the future risks, opportunities and outcomes of companies are also included in an integrated report. According to such a framework (IIRC, 2013, p. 20), “The purpose of looking beyond the financial reporting boundary is to identify risks, opportunities and outcomes that materially affect the organisation’s ability to create value”. Therefore, the second problem of the current corporate reporting is solved.

Finally, internal audit and external assurance are stated in the framework within the reliability section regarding the reliability of IR. “Reliability (which is often referred to as faithful representation) is enhanced by mechanisms such as robust internal control and reporting systems, stakeholder engagement, internal audit or similar functions, and independent, external assurance” (IIRC, 2013, p. 21). Furthermore, “Maintaining an audit trail when preparing an integrated report helps senior management and those charged with governance review the report and exercise judgement in deciding whether the information is sufficiently reliable to be included” (IIRC, 2013, p. 21). However, the external audit has not been employed in the framework to date. Regarding the timeliness of IR, the specific time of IR disclosure is also not provided in the framework. The discussion so far proves the superiority of IR. However, some shortcomings of corporate reporting still exist in the current framework of IR because the concept of IR is still evolving.

2.3.2.2 Limitation of Integrated Reporting

The debates on the limitations of IR are not related to the concept of IR *per se* but focus on the IIRC approach (IIRC, 2013) and the IR employment in practice. Flower (2015) stated two limitations of the IIRC framework. Firstly, the IIRC has shifted its focus away from sustainability accounting. More specifically, the IIRC’s concept of value focuses on the value of investors and not the value of society, and the companies are not required to disclose the harm caused to external entities outside the corporation, such as the environment. Second, IIRC’s proposals have a limited impact on corporate reporting practice due to the limited force of IIRC (Flower, 2015). Thomson (2015) supported Flower’s statement and further argued that the IIRC approach of IR “excludes too much of the sustainability programmatic and does not allow for any substantive redistribution of power”, and the IIRC needs “to develop a deeper understanding of the sustainability programmatic” (p. 21). “The IR shares more characteristics with traditional management accounting practices such as the

BSC (Kaplan & Norton, 1992) and Strategy Mapping than with accounting sustainability practices intended to embed sustainability into everyday business practices” (Thomson, 2015, p. 20).

Adam (2015) partly agrees with Flower’s view. Adam (2015) supports that the current non-mandatory version of IR is insufficiently developed. However, Adam (2015) doubts whether the IIRC’s impacts are limited or not. More than a hundred organisations have participated in the pilot programme and extensively adopted IR elements in their integrated reports (Adam, 2015). Furthermore, the third limitation of IR relates to the stakeholders’ familiarity with IR. Slack & Tsalavoutas (2018) illustrate that the stakeholders lack familiarity with IR. Only three of the twenty-two interviewees, fund managers and two equity analysts, confirmed that they had previously heard of IR (Slack & Tsalavoutas, 2018).

2.4 Theoretical Explanations of Integrated Reporting

No generally agreed theory explains why corporations engage in integrated reporting (Tweedie & Martinov-Bennie, 2015) and further provides insight into why stakeholders should demand such information. Agency theory, signalling theory, institutional theory, legitimacy theory and stakeholder theory have been identified in the extant literature in the research field of IR. The section first reviews the primary motivations for IR and then moves to explore the theoretical explanations of IR. Finally, a theoretical framework is produced to provide comprehensive views of IR employment and implementation.

2.4.1 Motivations for Integrated Reporting

The topic of motivations for IR is a relatively under-researched area in the research field of IR. The motivations for IR are summarised as follows:

- The knowledge that the competitors/peers are preparing IR (Adhariani & De Villiers, 2019);

- The accounting profession mandates IR (Adhariani & De Villiers, 2019);
- Corporate regulations mandate IR (Adhariani & De Villiers, 2019);
- To satisfy shareholders and other stakeholders (Adhariani & De Villiers, 2019; Briem & Wald, 2018);
- Positive impact on internal processes (Briem & Wald, 2018).

The five motivations are identified into three categories: internal benefits, external market benefits, and management regulatory risks (similar argument by Eccles & Armbrester, 2011). Table 2.4.1 summarises the identified motivations for IR in the extant literature.

Table 2.4.1 A Summary of the Identified Motivations for IR

Main motivations for IR	Motivations for IR in extant literature
Internal benefits	Positive impact on internal processes
External market benefits	Shareholders' and other stakeholders' satisfaction
	Competitors' pressure
Management regulatory risks	Requirements of the accounting profession
	Requirements of corporate regulations

Source: Adhariani & De Villiers (2019), Briem & Wald (2018) and Eccles & Armbrester (2011)

With the motivations for IR in mind, the following section moves to a review of relevant theories in the IR area.

2.4.2 Agency Theory as Rationale for Integrated Reporting

Agency theory has been extensively adopted to explain the managers' motivations for voluntary disclosure of information (Cooke, 1989; Hossain, Perera & Rahman, 1995). Agency theory explains the agency relationship between the agent and the principal in decision-making authority (Jensen & Meckling, 1976; Eisenhardt, 1989). In the context of corporate reporting, agency theory explains that corporate reporting is adopted as a mechanism for supervising managers' actions (Briem & Wald, 2018). The information asymmetry between managers and shareholders entails three main agency costs (Jensen & Meckling, 1976), specifically, bonding, monitoring, and residual loss (Vitolla et al., 2020).

Agency theory has been employed by several studies (e.g., Adhariani & De Villiers, 2019; Briem & Wald, 2018; Girella et al., 2019; Vitolla et al., 2020) to explain the managers' motivations for IR. Vitolla et al. (2020) explore the effect of board characteristics on IR quality from the agency theory perspective. Briem & Wald analyse the assurance process of IR by using institutional and agency theory. Girella et al. (2019) employ agency theory to explore the firm and country determinants of IR adoption. Adhariani & De Villiers (2019) explains the information needs of IR stakeholder on an agency theory approach.

South African companies are mandated to publish their IR in compliance with King IV, but companies voluntarily disclose their IR in other regions worldwide. In the context of current IR, except in South Africa, managers engage with voluntary IR disclosure because of external pressure from shareholders and stakeholders. IR is used as a mechanism to provide more detailed information on the managers' (good) performance. Organisations can mitigate agency costs because of the IR adoption (Garcia-Sanchez & Noguera-Gamez, 2017).

2.4.3 Signalling Theory as Rationale for Integrated Reporting

Signalling theory is extensively employed in capital market studies (Giner & Reverte, 2001; Miller & Rock, 1985). The theory is similar to agency theory which is also based on the information asymmetry premise. More precisely, the premise illustrates that managers are assumed to control superior private information about the firm, while the investors, shareholders and stakeholders are presumed to know less information (Asquith & Mullins, 1986). Signals conveyed by companies can be identified into three main categories (Spence

1973, 1978; 2002), specifically, intent, camouflage and need. Some extant studies (e.g., Albertini, 2019; Girella et al., 2019) employ signalling theory in the research field of IR. Albertini (2019) examines whether IR can effectively decrease information asymmetry when companies disclose the information in terms of multiple capitals.

IR represents a marketing tool for signalling companies' good performance and higher quality to stakeholders (Eccles, 2001). The signals can distinguish the organisations from the other competitors. Indeed, signals that convey private information to the market have contributed to mitigating financial costs and increasing capital returns (Ravid & Sarig, 1991; Yeo & Ziebart, 1995).

2.4.4 Institutional Theory as Rationale for Integrated Reporting

Institutional theory supports that management behaviours of organisations are controlled by institutional pressures, which create tendencies towards institutional isomorphism in organisations (DiMaggio & Powell, 1983). Organisations tend to employ similar rules and norms within the organisational field (Meyer & Rowan, 1977), especially if they belong to the same industry (Girella et al., 2019). IR, as an institutionalised practice, helps managers respond to institutional pressures from society, government, and professional bodies.

Institutional theory has been extensively adopted in the extant literature of IR (e.g., Adhariani & De Villiers, 2019; Briem & Wald, 2018; Frías Aceituno et al., 2013; Girella et al., 2019; Jensen & Berg, 2012; Vaz, Fernandez-Feijoo, & Ruiz, 2016; Vitolla, Raimo & Rubino, 2019c). Adhariani & De Villliers (2019) employ institutional theory to explore the preparers' and stakeholders' perceptions of IR. Briem & Wald (2018) adopt institutional theory to investigate companies' motivation for IR and the auditor's role in IR development.

2.4.5 Legitimacy Theory as Rationale for Integrated Reporting

Legitimacy theory is based on the concept of a social contract between organisations and society (Rivera-Arrubla & Zorio-Grima, 2016). Legitimacy theory considers that an organisation can (and does) provide voluntarily disclosing information to create the image of a legitimate business with legitimate activities to the public (Ahmed Haji & Anifowose, 2016; De Villiers & Van Staden; Lai, Melloni & Stacchezzini, 2014; Montecchia, Giordano & Grieco, 2016). Employment of CSR improves organisations' economic position, enhances reputation, and gains additional market share (Vourvachis, 2009). However, the concept of legitimacy is relatively less significant in the current IR context because IR has not been extensively accepted by the stakeholders.

Legitimacy theory is not frequently adopted in extant IR studies (e.g., Brusca et al., 2018; Rivera-Arrubla & Zorio-Grima, 2016; Toit, 2017). A legitimacy approach is adopted by Toit (2017) to explore the readability of integrated reports. Brusca et al. (2018) employ legitimacy theory to examine the drivers of the process and stakeholder theory to investigate the role of stakeholders. Rivera-Arrubla & Zorio-Grima (2016) adopt legitimacy theory to explore the connectivity of IR.

2.4.6 Stakeholder Theory as Rationale for Integrated Reporting

Scholars have extensively adopted stakeholder theory (e.g., Brusca et al., 2018; Gerwanski et al., 2019; Vitolla et al., 2019a; 2019b) to explain motivations for IR theoretically. Financial reporting provides the financial information of companies to investors, and the motivation behind such reporting is to maximise shareholder value (O'Dwyer, 2002). Along with the emergence of CSR, the stakeholders believe companies should maximise the shareholders' benefits and take into account the social and humane benefits (Freeman, 1984; Rezaee, 2016). Organisations should consider the stakeholders' benefits and not just the shareholders. According to Deegan & Unerman (2006), there are two stakeholder theory approaches: moral and managerial.

The moral approach sets ethical principles as the fundamental of stakeholder theory. Organisations treat stakeholders fairly and consider the interests of stakeholders (Hasnas, 1998). That means "regardless of whether stakeholder management leads to improved financial performance, managers should manage the organisation for the benefit of all stakeholders" (Vourvachis, 2009, p. 46). The managerial approach of stakeholder theory is relatively organisation-centred (Gray et al., 1996). Furthermore, a further explanation of the managerial approach is stated

> Stakeholders are identified by the organisation of concern by reference to the extent to which the organisation believes the interplay with each group needs to be managed in order to further the interests of the organisation. The more important the stakeholder to the organisation, the more effort will be exerted in managing the relationship (Gray et al., 1996, p.45).

2.4.7 Summary of Theoretical Frameworks of Integrated Reporting

The section provides an analysis of the theoretical frameworks of IR, which links the relevant theories with the identified motivations for IR in the extant literature. The detailed information is presented in Table 2.4.2 as follows.

Table 2.4.2 Motivations and Theoretical Explanations for IR

Theoretical Framework	Main motivations for IR	Motivations for IR in extant literature
Agency theory	External market benefits	Shareholders' satisfaction
Signalling theory	External market benefits	Stakeholders' satisfaction
		Competitors' pressure
Institutional theory	External market benefits	Pressures from society
	Management regulatory risks	Pressures from government and professional bodies
Legitimacy theory	External market benefits	Show legitimacy to public
Stakeholders theory (Moral)	External market benefits	Stakeholders' satisfaction
Stakeholders theory (managerial)	Internal benefits	The Firm's value
	External market benefits	Stakeholders' satisfaction

Source: Adhariani & De Villiers (2019), Briem & Wald (2018) and Eccles & Armbrester (2011)

Three main motivations for IR are external market benefits, management regulatory risks and internal benefits. Agency, signalling, institutional, legitimacy and the managerial approach of stakeholders theory believe external market benefits motivate the use of IR in companies. More specifically, agency theory explains that companies adopt IR because managers intend to obtain the shareholders' satisfaction in terms of management. Signalling and institutional theory explain that the employment of IR is based on stakeholders' satisfaction and pressure from competitors and society. The managerial approach of stakeholders theory believes that the companies adopt IR because of the internal benefits, such as the increase of the firm's value and advanced management systems. Management regulatory risk is also a motivation for IR. The institutional theory explains that the employment of IR is required by regulations and local laws, such as King Reports (IDSA, 2009; 2016) in South Africa.

2.5 Research Gap in the IR research field

2.5.1 A Review of IR Literature from 2015 to 2022

The research topic of IR has been extensively discussed by scholars in hundreds of research papers since 2015. After a review of the existing literature, we can identify that there are two stages for IR literature. The first stage is from 2015 to 2019. The topics of the research papers concentrate on structured literature review (Dumay et al., 2016; Rinaldi et al., 2018), guiding principles (Rivera-Arrubla & Zorio-Grima, 2016; Fasan & Mio, 2017; Melloni et al., 2017), motivations for IR (Briem & Wald, 2018), and the usefulness of IR (Chaidali & Junes, 2017; Gibassier et al., 2018; Naynar, Ram & Maroun, 2018; Slack & Tsalavoutas, 2018; Abhayawansa et al., 2018).

The literature in terms of guiding principles only focuses on one or two specific guiding principles of IR, such as materiality (Cerbone & Maroun, 2020; Fasan & Mio, 2017; Gerwanski et al., 2019; Green & Cheng, 2018), connectivity of IR (Rivera-Arrubla & Zorio-Grima, 2016), conciseness and completeness (Melloni et al., 2017). There is a lack of studies which include all the guiding principles and provide a broad view of guiding principles in the research field of IR. A research gap is identified as follows:

- There is a lack of IR studies which include multiple guiding principles and content elements.

The literature in terms of the usefulness of IR provides perceptions from the preparers (Chaidali & Junes, 2017) or analysts (Slack & Tsalavoutas, 2018; Abhayawansa et al., 2018), respectively. Naynar et al. (2018) provide an exploration which identifies the expectation gap between prepares and stakeholders of IR. However, their study only investigates some particular components of IR on different expectations and does not provide a comprehensive view of guiding principles and content elements. There is a lack of studies exploring both preparers'(companies) and stakeholders' perceptions and comparing their different demands. Therefore, a research gap is generated:

- There is a lack of studies exploring the usefulness of IR from both preparers' (companies) and stakeholders' perceptions.

The second stage is from 2020 to 2022, and the research papers change their focus to explore the IR status quo in some specific contexts, such as different countries and industries. Numerous studies explore IR development in different regions, such as Australia (Williams & Lodhia, 2021), Bangladesh (Dey, 2020; Shahria, 2022), Brazil (Maria, d'Angelo & Borgerth, 2022), Ghana (Maama & Mkhize, 2020), Nigeria (Alade & Odugbemi, 2022), South Africa (Richard & Odendaal, 2020), Poland (Bek-Gaik & Surowiec, 2022), the UK (Robertson & Samy), Europe and Asia (Sriani & Agustia, 2020). Additionally, some scholars discuss IR in various industries, such as the bank sector (Dey, 2020), health organisations (Dameri & Ferrando, 2021), non-bank financial institutions (Shahria, 2022), oil and gas firms (Alade & Odugbemi, 2022). However, there is a lack of studies which compare IR development in the different regions or industries and further provide a worldwide view of the IR status quo. Another research gap is identified:

- There is a lack of studies which compare IR development in the different regions or industries worldwide.

The study started with a motivation for exploring the usefulness of IR. In 2015, Adam (2015), Flower (2015), and Thomson (2015) discussed the limitations of the IIRC approach to IR and the usefulness of current IR. More specifically, Flower (2015) states that the IIRC approach of IR has abandoned sustainability accounting. The IIRC's value (IIRC, 2013) is 'value for 'investors' and not 'value of society' like the traditional CSR accounting. Adams (2015) responds to John Flower's criticism in terms of the IIRC approach of IR. Adam (2015) agrees that the current non-mandatory IR is insufficiently developed, and he also supports that material CSR disclosure should be mandatory in IR. However, Adam (2015) believes that the IR will keep evolving and that the IIRC will significantly impact the future of reporting. Thomson (2015) mainly supports John Flower's criticism in terms of current IR and IIRC. He notes that IIRC should develop a deeper understanding of sustainability and build sustainability-accounting practices. The current IR is taking the wrong direction, which should move towards a sustainable future. The three scholars doubt whether the current IR should move towards the IIRC's approach or a CSR/sustainable direction. Finally, a research gap is identified as follows:

- There is a lack of studies exploring which directions the current IR should move; and which type of IR is applicable in the current business context.

2.5.2 Summary of Research Gaps and Revisit of Research Questions

In consideration of the lack of studies in the existing literature, four research gaps have been identified as follows.

- There is a lack of studies which compare IR development in the different regions or industries worldwide.
- There is a lack of IR studies which include multiple guiding principles and content elements and provide a broad view of IR.
- There is a lack of studies exploring the usefulness of IR from both companies' and stakeholders' perceptions.
- There is a lack of studies exploring which type of IR is applicable in the current business context.

In response to the existence of the research gaps and scholars' doubts in terms of IR *per se*, the overarching objective of the study is to explore the applicability of IR from a stakeholder perspective, particularly on guiding principles and content elements aspects. The overarching objective is originally based on the fourth research gap, and it is also relevant to the remaining three gaps.

Therefore, three research questions are raised as follows:

- How guiding principles and content elements of IR are disclosed by companies?
- What are the stakeholders' perceptions in terms of guiding principles and content elements of IR?
- Is there a gap between companies' IR disclosure and stakeholders' perceptions in relation to guiding principles and content elements?

The first research question is based on the first research gap, which compares IR development in different regions and industries and further provides a worldwide view of the IR status quo. The study investigated the guiding principles and content elements of IR based on a critical analysis of the 288 integrated reports published by business organisations from 2013 to 2018. The content analysis approach has been employed in the study to answer the first research questions.

The second research question is related to the second research gap, which explores the frameworks, guiding principles, and content elements of IR from stakeholders' perceptions. Semi-structured interviews have been conducted with eighteen stakeholders of IR, including five academic staff, one fund manager, one staff of chartered accountancy bodies, and eleven managers and accountants.

The third research question is relevant to the third research gap, which investigated the gap between companies' IR disclosure and the stakeholders' perceptions, particularly concerning guiding principles, content elements, motivations, and future developing directions of IR. The third research question is discussed in the discussion section of the conclusion chapter.

2.6 Summary

The chapter started with a review of the family of corporate reporting, which comprises traditional financial reporting, CSR reporting, business reporting, and strategic reporting. The limitations of traditional corporate reporting were discussed. Along with the rise of IR, an increasing number of companies (e.g., Banca Fideuram, Generali, Royal DSM, and Titan) disclosed financial and non-financial information in their integrated reports. The chapter reviewed the history of IR and then moved to discuss the benefits and limitations of IR in the current business context. In section 2.4, the chapter identified the motivations for IR in the extant literature and provided some theoretical explanations of IR from different perspectives. The relevant theories, such as agency, signalling, institutional, and legitimacy, are reviewed. The study also reviewed the moral and managerial versions of stakeholder theory. Finally, section 2.5 focuses on identifying research gaps in the existing IR literature and developing research overarching objective and questions of the study.

Chapter Three Guiding Principles and Content Elements of Integrated Reporting

3.1 Introduction

The chapter is the second chapter of the literature review part, which critically reviews the guiding principles and content elements of IR in the five models of IR. Firstly, section 3.2 reviews the five definitions in the existing literature (IIRC, 2013; 2021; IDSA, 2009; 2016; Eccles & Krzus, 2010; Abeysekera, 2013; Branwijck, 2012). Secondly, the five models of IR are also reviewed, and the different characteristics and requirements of these models are compared. Thirdly, the chapter provides critical reviews in terms of core IR concepts: guiding principles and content elements. Guiding principles and content elements of IR are discussed on the basis of comparisons among conceptual frameworks (IASB, 2018), GRI (2022a), IIRC (2021) and King IV (IDSA, 2016). Finally, a summary of the chapter is provided.

3.2 Definitions of Integrated Reporting

The concept of IR is still complex and debatable, and the interested organisations and scholars discussed the definitions of IR from 2009 to 2013. Five definitions have provided the foundation for the development of the five IR models (IIRC, 2013; 2021; IDSA, 2009; 2016; Eccles & Krzus, 2010; Abeysekera, 2013; Branwijck, 2012). A summary of these definitions is provided in Table 3.2.1.

Table 3.2.1 Definitions of IR

The names of organisations and scholars	Definitions of IR
the International Integrated Reporting Council (IIRC, 2013)	IR is a concise communication about how an organisation'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, 2013, p.7).
the Integrated Reporting Committee of South Africa (IDSA, 2009)	IR means a holistic and integrated representation of the company's performance in terms of both its finance and its sustainability (IDSA, 2009, p.54).
Abeysekera (2013, p.232)	IR brings governance, financial capital, intellectual capital, social capital, and environmental capital onto a common platform (Abeysekera, 2013, p.232).
Eccles & Krzus (2010)	One Report means producing a single report that combines the financial and narrative information found in a company's annual report with the nonfinancial (such as on environmental, social, and governance issues) and narrative information found in a company's "Corporate Social Responsibility" or "Sustainability" report (Eccles & Krzus, 2010, p.10).
Branwijck (2012)	IR takes both IC and CSR elements into account (Branwijck, 2012, p.81). Consequently, a new perspective in the IC and CSR research field is initiated, resulting in a framework that eliminates any overlap between a CSR and IC framework.

Source: IIRC (2013), IDSA (2009), Eccles & Krzus (2010), Abeysekera (2013), and Branwijck (2012).

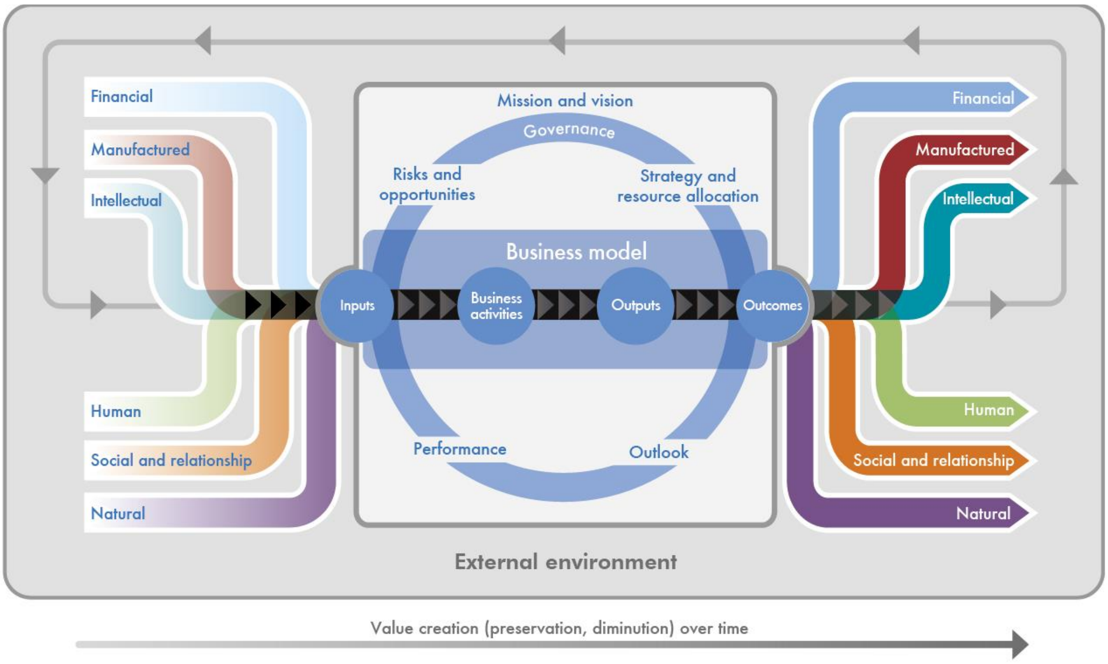
These organisations and scholars discuss their different viewpoints in terms of definitions of IR. The IIRC's definition of IR is advocated by numerous scholars (Adams & Simnett, 2011; Busco et al., 2013; Frias-Aceituno et al., 2013; Garcia-Sanchez et al., 2013; Jensen & Berg, 2012; Verschoor, 2011), and the IDSA's definition is supported by relatively fewer scholars (Anria, 2013; Hindley & Buys, 2012). More specifically, four types of definitions of IR (IIRC, 2013; IDSA, 2009; Eccles & Krzus, 2010; Abeysekera, 2013) comprise both financial and non-financial aspects of companies, but Branwijck's definition only focuses on non-financial and intellectual capital aspects. Furthermore, the IIRC's definition highlights companies' strategic and long-term information in an integrated report, which is a future-oriented or forward-looking disclosure. However, the remainders suppose an integrated report only comprises the performance of companies, which is backwards-looking disclosure. These different viewpoints of definitions result in the different IR requirements in the models provided by organisations and scholars. The differences and similarities in terms of the five models provide in Tables 3.4.1 and 3.5.1.

3.3 Five Models of Integrated Reporting

The preceding section reviews the definitions of IR in the extant literature. The two organisations and three scholars developed their IR models based on their definitions of IR. The section reviews the five existing IR models and further discusses whether the five models correspond to the definitions above. Firstly, a review of these models is provided. This is followed by identifying the guiding principles and content elements of IR in the following sections. More precisely, in the study, the guiding principles focus on the theoretical aspects, such as definitions of IR, motivations for IR, and guiding principles of IR (e.g., materiality, conciseness, consistency and comparability). The content elements focus on the practical aspects, such as styles and components of an integrated report (e.g., strategy, performance, governance, and risk management).

The International <IR> framework was issued by the IIRC in 2013 to "establish Guiding Principles and Content Elements that govern the overall content of an integrated report, and to explain the fundamental concepts that underpin them (IIRC, 2013, p. 7)". According to the International <IR> framework, "An integrated report is a concise communication about how an organisation'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, 2013, p. 7, supported by Adams & Simnett, 2011; Verschoor, 2011; Jensen & Berg, 2012; Busco et al., 2013; Frias-Aceituno et al., 2013; Garcia-Sanchez et al., 2013). The IR Framework also emphasises the importance of "future-oriented information" (IIRC, 2013, p. 22). The "Capitals" are also highlighted in the "fundamental concepts", which include "financial, manufactured, intellectual, human, social, relationship and natural capital" (IIRC, 2013, pp. 11-12). Furthermore, the value creation process of IR is highlighted and illustrated in Figure 3.3.1 as follows.

Figure 3.3.1 The Value Creation Process of IR



Source: IIRC (2013, p. 13)

The aims of IR are to:

- "Improve the quality of information available to providers of financial capital to enable a more efficient and productive allocation of capital.
- Promote a more cohesive and efficient approach to corporate reporting that draws on different reporting strands and communications the full range of factors that materially affect the ability of an organisation to create value over time.
- Enhance accountability and stewardship for the broad base of capitals and promote understanding of their interdependencies.
- Support integrated thinking, decision making and actions that focus on the creation of value over the short, medium and long term" (IIRC, 2013, p. 2).

The primary purpose of an integrated report is to "explain to providers of financial capital how an organisation creates value over time (Ibid, p. 4)". An integrated report benefits all stakeholders, including "employees, customers, suppliers, business partners, local communities, legislators, regulators and policy-makers" (IIRC, 2013, p. 7).

The IIRC (2013) also states seven guiding principles of IR, such as strategic focus and future orientation, connectivity of information, stakeholder relationships, materiality, conciseness, reliability and completeness, consistency, and comparability.

- Strategic focus and future orientation: "An integrated report should provide insight into the organization's strategy and how it relates to the organization's ability to create value in the short, medium and long term and to its use of and effects on the capitals" (IIRC, 2013, p. 16).
- Connectivity of information: "An integrated report should show a holistic picture of the combination, interrelatedness and dependencies between the factors that affect the organization's ability to create value over time" (IIRC,

2013, p. 16).

- Stakeholder relationships: “An integrated report should provide insight into the nature and quality of the organization’s relationships with its key stakeholders, including how and to what extent the organisation understands, takes into account and responds to their legitimate needs and interests” (IIRC, 2013, p. 17).
- Materiality: “An integrated report should disclose information about matters that substantively affect the organisation’s ability to create value over the short, medium and long term” (IIRC, 2013, p. 18).
- Conciseness: “An integrated report should be concise. An integrated report includes sufficient context to understand the organisation’s strategy, governance, performance and prospects without being burdened with less relevant information” (IIRC, 2013, p. 21).
- Reliability and completeness: “An integrated report should include all material matters, both positive and negative, in a balanced way and without material error” (IIRC, 2013, p. 21).
- Consistency and comparability: “The information in an integrated report should be presented on the basis that is consistent over time; in a way that enables comparison with other organisations to the extent it is material to the organisation’s own ability to create value over time” (IIRC, 2013, p. 23).

Regarding the style of reports, an integrated report is “either a standalone report or be included as a distinguishable, prominent and accessible part of another report or communication” (IIRC, 2013, p. 4).

According to the International <IR> Framework (IIRC, 2013, p. 24), an integrated report should comprise nine content elements, which are “organisation overview and external environment; governance; business model; risks and opportunities; strategy and resource allocation; performance; outlook;

the basis of presentation; and general reporting guidance". More specifically,

- Organisation overview includes the organisations' essential context (such as culture, ownership, market positioning and position within the value chain); and critical quantitative information (e.g., the number of employees, revenue and significant changes from prior periods) (IIRC, 2021, p. 39).
- The external environment includes legal, commercial, social, environmental and political context (IIRC, 2021, p. 39).
- The governance section provides the organisation's leadership structure, specific processes used to make strategic decisions and to establish and monitor the culture of the organisation, and particular actions of those charged with governance (IIRC, 2021, p. 40).
- The business model described in an integrated report includes inputs, business activities, outputs and outcomes (IIRC, 2021, p. 41).
- The risk and opportunities section comprises the specific source of risks and opportunities; and the organisation's assessment of the likelihood that the threat or opportunity will come (IIRC, 2021, p. 44).
- Strategy and resource allocation includes the linkage between the organisation's strategy and resource allocation plans, differentiates the organisation to give it a competitive advantage, and key features and findings of stakeholder engagement (IIRC, 2021, p. 45).
- Performance includes quantitative indicators, the organisation's effects; the state of key stakeholder relationships; and the linkages among past, current and future performance (IIRC, 2021, pp. 45-46).
- Outlook comprises the anticipated changes of an organisation; the organisation's stated expectation; potential implications (e.g., future financial performance); and lead indicators, KPIs and objectives (IIRC, 2021, p. 46).
- The basis of preparation and presentation includes a summary of the organisation's materiality determination process, a description of the

reporting boundary, and a summary of the significant frameworks and methods used to quantify or evaluate material matters (IIRC, 2021, p. 47).

However, the IIRC's approach has been criticised by a series of studies (Flower, 2015; Adam, 2015; Thomson, 2015). the IIRC's model neglects and obscures other possible pathways on the basis of stakeholder accountability and critical framings (Brown & Dillard, 2014). Flower (2015) and Thomson (2015) state that IR has been a repudiation of its original objectives and further point out four critical areas Flower (2015, p. 15):

- The single report: IR is not to become the firm's primary report; it is an extra report alongside conventional financial statements and sustainability reports
- Sustainability: IR does not cover sustainability
- Stakeholders: IR is not to cover the impact of the firm's activities on stakeholders comprehensively
- Lack of impact: The IIRC places very few specific obligations on the preparer of an Integrated Report.

The IDSA issued a report on corporate governance in 2009, which is referred to as King III (IDSA, 2009), "because of the new Companies Act no. 71 of 2008 ('the Act') and changes in international governance trends (IDSA, 2009, p. 4)". According to this IDSA (2009, p.12), a company can increase "the trust and confidence of its stakeholders and the legitimacy of its operations" by publishing integrated reports. Integrated reports can "increase the company's business opportunities and improve its risk management (IDSA, 2009, p.12)". Furthermore, companies will also evaluate their ethics, fundamental values, and governance and externally improve the trust and confidence that stakeholders have in it if they issue IR internally (IDSA, 2009).

In the model of King III, IR “means a holistic and integrated representation of the company’s performance in terms of both its finance and its sustainability (IDSA, 2009, p. 53, supported by Anria, 2013; Hindley & Buys, 2012)”. King III report also states, “A key challenge for leadership is to make sustainability issues mainstream. Strategy, risk, performance and sustainability have become inseparable; hence the phrase ‘integrated reporting’ which is used in this report (IDSA, 2009, p. 11)”. The primary aim of IR is “to help stakeholders assess whether an organisation can create and sustain its value over the short, medium, and long term” (IDSA, 2009, p. 3). Such reporting is “an approach by which organisations demonstrate their responsibility towards the global economy and the three major stakeholders: shareholders, society and the environment” (IDSA, 2009, 2009, p.4). The King III also highlights that the integrated report should “be prepared every year; convey adequate information regarding the company’s financial and sustainability performance; and focus on substance over form (IDSA, 2009, p. 49)”.

The IDSA published their version of the King Report (King IV, 2016) on 1 November 2016 and refined its approach from “Apply or explain” (IDSA, 2009) to “Appy and explain” (IDSA, 2016). The “apply or explain” approach requires “more consideration and explanation of what has actually been done to implement the principles and best practice recommendations of governance” (IDSA, 2009). “King IV has moved from ‘apply or explain’ to ‘apply and explain’ but has reduced the 75 principles in King III to 17 basic principles in King IV” (IDSA, 2016, p. 7). The “Apply and explain” approach means that the JSE listed companies are mandatory to implement the principles of King IV and explain their compliance with King IV. The companies are required to not only take measures and actions to achieve the principles but also explain measure and their results.

Abeysekera (2013) stated his IR views in the paper named ‘A temple for integrated reporting’ in 2013. This model is referred to as the “Governance+ Capital Framework” in this study. “Integrated reporting makes the organisation accountable about its performance to stakeholders in reaching its vision (long-term) through the use of multi-dimensional (financial, non-financial, social, and environmental) resources (Abeysekera, 2013, p. 229)”. The integrated reports include governance information of companies and several types of capitals: financial capital, intellectual capital, environmental capital, and social capital (similar argument by Monterio, 2013). Moreover, the characteristics of IR, such as transparency, relevance, and accountability, are stated in the model. Furthermore, he suggests that an integrated report should not be more than ten pages or 2,500 words because stakeholders can obtain detailed information from external sources.

Abeysekera (2013) also presents a template for an integrated report. This model comprises six sections, which are “Our vision”, “Our financial capital”, “Our intellectual capital”, “Our environmental capital”, “our social capital”, and “Our governance”. More specifically,

- Our vision section includes the organisation's core values and “Our context in action in 2012” (Abeysekera, 2013, p. 236).
- The financial capital section includes CSR expenses, intangibles, non-current assets, and short-term loans (Abeysekera, 2013, pp. 236-237).
- Intellectual capital comprises intellectual property, culture, brand building and customers (Abeysekera, 2013, pp. 237-239).
- Environmental capital includes material, energy, water, and gas (Abeysekera, 2013, p. 239).
- Social capital comprises equitable opportunity, training and development, and health and safety (Abeysekera, 2013, pp. 239-241).
- Governance includes independent directors and an audit committee

(Abeysekera, 2013, pp. 241-242).

Eccles & Krzus (2010; 2015) studied IR in several books and papers since 2009 and referred to the integrated report as “One Report”. According to Eccles & Krzus (2010, p. 10), an integrated report is “a single report that combines the financial and narrative information found in a company’s annual report with the non-financial (such as environmental, social, and governance issues) and narrative information found in a company’s CSR or sustainability report” (similar argument by Azam et al., 2011). In the recent paper by Eccles & Serafeim (2014), the definition of IR is in line with that of IIRC. Furthermore, they emphasise IR has met both information and transformation functions of corporate reporting (Eccles & Serafeim, 2014). The model is referred to as the “One Report Framework” in this study.

Branwijck (2012) states his viewpoints on integrated reporting in his paper, “Corporate Social Responsibility + Intellectual Capital= Integrated Reporting”. Branwijck’s concept of integrated reporting is referred to as the framework of “CSR + IC”. In this study, he claims that CSR and IC share some similar elements, employing quantitative indicators to disclose financial and non-financial accounting information. Integrated reporting taking both CSR and IC elements into account, can eliminate any overlap between a CSR and IC framework. Therefore, this framework of IR would be sufficient to cover all necessary elements of both CSR and IC frameworks. Furthermore, Branwijck (2012) suggests that the integrated report would not only be issued like an annual report but also on other types of corporate documents such as web pages, interim reports, analyst presentations or preliminary reports. The model is referred to as the “CSR+IC Framework” in the study.

The review also illustrates that the International <IR> framework is the most comprehensive model within the extant literature. The IIRC model is extensively employed by leading companies worldwide (e.g., Aegon, FMO, Generali, Royal DSM, TITAN Cement, and the Crown Estate). In the previous studies (e.g., Dumay et al., 2016; Feng, 2014), three different IR models are identified. These IR models are distinctly different in terms of their different definitions of IR (Dumay et al., 2016). Five models of IR have been identified in the study, which is the International <IR> framework (IIRC, 2013), King III Report (IRCSA, 2009), One Report as per Eccles and Krzus (Eccles & Krzus, 2010), Governance & Capitals Report as per Abeysekera (Abeysekera, 2013), and CSR & IC Report as per Branwijck (Branwijck, 2012). These approaches share similarities, although they are not the same (Feng, 2014).

The International <IR> framework (IIRC, 2013; 2021) seeks to the disclosure of strategy and stakeholders' long-term "value creation". The King III Report (IDSA, 2009) highlights historical information on corporate governance, and IR is only regarded as an important aspect of this approach. One Report (Eccles & Krzus, 2010) combines financial and non-financial information in the approach of IR. Governance & Capitals Report (Abeysekera, 2013) is a template for an integrated report, which combines corporate governance and six types of capital in an integrated report. CSR & IC Report (Branwijck, 2012) comprises all necessary elements of both CSR and IC frameworks. In the next section, some comparisons among the different models are provided to identify the guiding principles and content elements of IR in the extant literature and models.

Based on the review of the five models above, we can find that the five models correspond to the claimed definitions. IIRC's definition of IR highlights the strategy, governance and performance and the creation of value over the short, medium and long terms. The definition is reflected and achieved in the guiding principles (e.g., strategic focus and future orientation) and content elements (e.g., strategy, governance, and performance). IDSA's definition aims to provide an integrated representation of the company's performance on both financial and non-financial aspects. The King Reports (IDSA, 2009; 2016), the code of governance principles, focuses more on corporate governance and performance and less on strategic information. In addition to the organisations, scholars (Abeysekera, 2013; Eccles & Krzus, 2010; Branwijck, 2012) also develop their models of IR above based on the different definitions. A summary of the differences among the five models is provided in Table 3.3.1, based on Table 3.2.1 and discussion in section 3.3.

Table 3.3.1 Differences among the Five Models of IR

	Financial or non-financial	Future-oriented or historical disclosure	Stand-alone integrated report or a part of another report
IIRC (2013; 2021)	Financial and Non-financial	Future-oriented	Standalone integrated report or a part of another report
IDSA (2009)	Financial and Non-financial	Historical	Standalone annual integrated report
IDSA (2016)	Financial and Non-financial	Change historical to Future-oriented	Standalone annual integrated report
Abeysekera (2013)	Financial and Non-financial	Future-oriented	Standalone integrated review
Eccles & Krzus (2010)	Financial and Non-financial	Historical	Standalone integrated report
Branwijck (2012)	Non-financial	Historical	Standalone or a part of another report

Source: IIRC (2013; 2021), IDSA (2009; 2016), Eccles & Krzus (2010), Abeysekera (2013), and Branwijck (2012).

Table 3.3.1 demonstrates the differences and similarities among the five models of IR. Four models (IIRC, 2013; 2021; IDSA, 2009; 2016; Eccles & Krzus, 2010;

Abeysekera, 2013) state that IR should comprise both financial and non-financial performance, but Branwijck (2012) describes that IR is a combination of CSR and IC, which only focus on non-financial aspects of the companies. Furthermore, IIRC (2013; 2021) and Abeysekera (2013) believe that IR should disclose more future-oriented information, such as strategy and potential risks. “Future-oriented information is, by nature, more uncertain than historical information. Uncertainty is not, however, a reason in itself to exclude such information” (IIRC, 2021, p. 36). The IR models of Eccles & Krzus (2010) and Branwijck (2012) focus on more historical information. The King report IDSA (2009; 2016) changed from historical disclosure in the King III report (IDSA, 2009) to future-oriented disclosure in the King IV report (IDSA, 2016) because IDSA and IIRC have worked together on IR since King IV.

Table 3.3.1 also shows that IR can exist as a standalone or integral part of another report. The International <IR> framework (IIRC, 2021) states that “an integrated report may be either a standalone report or be included as a distinguishable, prominent and accessible part of the other reports or communication” (IIRC, 2021. p.5), which is similar to Branwijck (2012). IDSA (2009; 2016), Abeysekera (2013) and Eccles & Krzus (2010) believe that IR should be a standalone report. Moreover, all JSE-listed companies have been mandated to publish their annual integrated reports in compliance with King IV (IDSA, 2016). However, Abeysekera (2013) prefers the stand-alone integrated report, which should not exceed ten pages (or 2500 words). The section has critically reviewed the differences and similarities of the five models of IR. Then the study moves to the discussion regarding guiding principles and content elements of IR in the following section.

3.4 Guiding Principles of Integrated Reporting

Guiding principles of IR comprise “Strategic focus and future orientation, connectivity of information, stakeholder relationships materiality, conciseness, reliability and completeness, consistency, comparability" (IIRC, 2021, pp. 25-36). IR also shares some principles with financial and CSR reporting. The study employs the conceptual framework (IASB, 2018), GRI (G1, 2021), International IR framework (IIRC, 2021) and King IV (IDAS, 2016) to review the principles in the area of corporate reporting. A summary of principles of corporate reporting is presented in Table 3.4.1 as follows.

Table 3.4.1 Guiding Principles of Traditional Corporate Reporting and IR

	IASB (2018)	G1 (2021)	IIRC (2021)	IDSA, (2016)
Principles				
Relevance	✓			✓
Materiality	✓		✓	✓
Faithful representation	✓		✓	✓
Comparability	✓	✓	✓	
Verifiability	✓	✓		
Timeliness	✓	✓		
Understandability	✓			
Accuracy		✓		✓
Balance		✓		
Clarity		✓		
Completeness		✓	✓	✓
Sustainability context		✓		
Strategic focus and future orientation			✓	
Connectivity of information			✓	✓
Stakeholder relationships			✓	
Conciseness			✓	
Consistency			✓	✓

Source: IASB (2018), GRI (2021a), IIRC (2021), and IDSA (2016)

IASB (2018) presents three fundamental qualitative characteristics (relevance, materiality and faithful representation) and four enhancing qualitative characteristics (comparability, verifiability, timeliness and understandability) in its conceptual framework for financial reporting. GRI (G1, 2021) requires eight reporting principles to achieve high-quality sustainability reporting, including accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability.

Compared with IASB (2018), IIRC (2021) does not include several principles in its International IR Framework, such as relevance, verifiability, timeliness and understandability. However, IIRC (2021) includes some new principles, such as strategic focus and future orientation, connectivity of information, stakeholder relationships, and conciseness. The requirements of GRI (G1, 2021) are significantly different from those of IIRC (2021), and the two frameworks only share two principles: comparability and completeness. Compared with King IV (IDSA, 2016), IIRC requires two extra principles, which are strategic focus and future orientation and conciseness.

Materiality is an important guiding principle of IR in the IIRC (2021). IIRC (2015) provides a guide for the preparers to disclose and determine the material matters in their integrated reports. Several scholars also explore materiality in an IR setting (Fasan & Mio, 2017; Green & Cheng, 2018; Gerwanski et al., 2019; Cerbone & Marou, 2020). These studies focus on the determinants of materiality disclosure (Fasan & Mio, 2017; Gerwanski et al., 2019), materiality judgments for nonfinancial performance information (Green & Cheng, 2018) and the materiality determination process (Cerbone & Marou, 2020). Rivera et al. (2016) investigate the levels of connectivity in integrated reports, and Melloni et al. (2017) explore the balance between conciseness and completeness. The materiality of IR has been extensively discussed in the IR area, but the other principles are relatively under-researched. In conclusion, IIRC's IR approach shares more principles with financial reporting than non-financial reporting. Timeliness and relevance are the two key financial reporting principles which have not been adopted in the International IR framework (IIRC, 2021). Conciseness and connectivity are the two key new principles of IR.

3.5 Content Elements of Integrated Reporting

The International <IR> framework (IIRC, 2021) states that an integrated report should comprise eight elements: organisation overview, governance, business model, risks and opportunities, strategy and resource allocation, performance, outlook, basis of preparation and presentation. A summary of the different content elements in the five models is provided in Table 3.5.1.

Table 3.5.1 Content Elements in the Five Models of IR

Content elements	IIRC (2021)	IDSA (2016)	Eccles & Krzus (2010)	Abeysekera (2013)	Branwijck (2012)
Organisational overview and external environment	✓	✓			
Governance	✓	✓	✓	✓	
Business model	✓	✓	✓	✓	
Risks	✓	✓	✓		
Strategy	✓	✓			✓
Financial Performance	✓	✓	✓	✓	
Non-financial Performance	✓	✓	✓	✓	✓
Outlook	✓				
Basis of preparation and presentation	✓				

Source: IIRC (2021), IDSA (2016), Eccles & Krzus (2010), Abeysekera (2013), and Branwijck (2012).

International IR Framework (IIRC, 2021) is the comprehensive IR model which includes all the content elements of IR. Moreover, six common content elements of IR are identified: governance, business model, risks, strategy, financial performance and non-financial performance. Two unique content elements of IIRC (2021) are outlook, the basis of preparation and presentation. The study also employs the conceptual framework (IASB, 2018) and G1 (GRI, 2021) to compare the content elements of corporate reporting, intending to explore how different the IR models are from the financial and CSR models reporting. A summary of content elements of corporate reporting is presented in Table 3.5.2 as follows.

Table 3.5.2 Content Elements of Traditional Corporate Reporting and IR

	IASB (2018)	G2 (2021)	IIRC (2021)
Content elements			
Organisational overview and external environment	✔	✔	✔
Governance		✔	✔
Business model			✔
Risks	✔	✔	✔
Strategy	✔	✔	✔
Financial Performance	✔		✔
Non-financial Performance		✔	✔
Outlook			✔
Basis of preparation and presentation			✔

Source: IASB (2018), GRI (2021b) and IIRC (2021)

Table 3.5.2 illustrate two benefits of IR on the content elements aspect. Firstly, the business model is a key content element of IR, which is very important for organisations to succeed in IR implementation (Albertini, 2019; Nielsen & Roslender, 2015). The business model includes four key steps: inputs, business activities, outputs, and outcomes in an integrated report. It links inputs and outputs through the organisational capitals at the heart of the operation of the companies (Al-Htaybat & Alberti-Alhtaybat, 2018). Secondly, an integrated report discloses financial and non-financial information in a document. Moreover, according to the connectivity section of IIRC (2021), IR serves as a bridge between financial and non-financial performance, reflecting the dynamic and systemic interactions of the organisation's activities as a cohesive and interconnected whole. Furthermore, the connectivity of information is between other content elements of IR and also between quantitative and qualitative information (IIRC, 2013). The outlook is also a new content element of IR, which is relevant to future-oriented disclosure. However, the descriptions of the outlook are relatively vague, and detailed information needs to be provided by IIRC, like the guide on materiality (IIRC, 2015). So far, the section has identified nine guiding principles and nine content elements of IR. Detailed explanations of guiding principles and content elements are provided in Appendix A.

3.6 Summary

The chapter aims to review different IR models in the extant literature and further discuss the guiding principles and content elements of IR. The chapter first started with a review of definitions of IR in five IR models, followed by a critical review of different IR models in the extant literature (IIRC, 2013; 2021; IDSA. 2009; 2016; Eccles & Krzus, 2010; Abeysekera, 2013; Branwijck, 2012). Nine guiding principles and nine content elements of IR were discussed to identify the differences and similarities between the existing corporate reporting (financial and CSR reporting) and IR. A discussion of the five IR models is also provided from a content elements perspective.

Chapter Four Research Philosophy and Methodology

4.1 Introduction

The overarching aim of the philosophy and methodology chapter is to present the philosophical position, research methodology, and methods of the study. A justification of the methods employed is further provided. The study is mainly supported by subjectivism and adopts the realism paradigm, a mixed-methods approach, and a combination of content analysis and interview methods. Firstly, the philosophical stance is discussed, followed by the extant IR literature with a focus on the research designs, data collection and analysis methods. Moreover, the employment of quantitative content analysis is presented and justified. Three primary units of content analysis, the sampling, context and recording units, are highlighted in the section. Furthermore, the employment of semi-structured interviews is also justified. A discussion on ways to collect and analyse data is provided. Finally, ethical considerations are addressed, followed by a chapter summary.

4.2 Research Paradigm

In conducting research, it is significant for researchers to make explicit their philosophical assumptions (their 'paradigms') within which the research is conducted. Easterby-Smith, Thorpe & Lowe (2002, p. xi) express the vital role of the paradigm.

> Several factors beyond the technicalities of research design, or the use of particular methods, assume considerable importance. These start with the philosophical issues underlying management research because the worldview of the researcher can influence both the selection of the methods and judgments about the quality and value of outcomes.

A paradigm is “an overall conceptual framework within which a researcher may work” (Sobh & Perry, 2006, p. 1194). It is a “pattern or model of something. A world view underlying the theories and methodology of a scientific subject” (Pearsall, 1999). It is the “…basic belief system or worldview that guides the investigator” (Guba & Lincoln, 1994, p. 105). It is also “…a basic set of beliefs that guide action” (Denzin & Lincoln, 2000, p. 157). A paradigm encompasses three factors: ontology, epistemology, and methodology (Beech, 2005; Sobh & Perry, 2006). Essentially, ontology is “reality”, which can be more explained explicitly as a systematic account of existence (Gruber, 1993), or “raises basic questions about the nature of reality and the nature of human beings in the world” (Denzin & Lincoln, 2000, p. 157). Epistemology, or the theory of knowledge (Honderich, 1995), is the relationship between reality and the researcher. The methodology is the techniques utilised by the researcher to discover that reality (Sobh & Perry, 2006).

The knowledge is initially based on two philosophical perspectives: the ‘objective’ (also referred to as objectivism, quantitative and deductive), and the ‘subjective’ (also referred to as constructionism, qualitative and inductive) (Burrell & Morgan, 1979). According to Bryman & Bell (2011), knowledge is based in objectivism or constructivism, alternatively within an ontological stance, and in positivism, realism, or interpretivism within an epistemological stance. In this study, the realism paradigm is adopted, highlighted by Sobh and Perry (2006) in the paper “Research design and data analysis in realism research”. To my knowledge, the employment of the realism paradigm in social science research can be traced back to the paper “Competing paradigms in Qualitative Research” (Guba & Lincoln, 1994). The philosophical paradigm of realism is developed by Perry, Riege & Brown (1999) and finally revised by Sobh and Perry (2006). According to Sobh and Perry (2006), philosophical assumptions support four different paradigms of science, namely, positivism, realism, constructivism and critical theory. The specific explanations of the four different paradigms are summarised in Table 4.2.1 and Table 4.2.2

Table 4.2.1 The Three Different Paradigms

Paradigms			
Element	Positivism	Constructivism	Critical theory
Ontology	Reality is real and apprehensible	Multiple local and Specific ”constructed” realities	“Virtual” reality shaped by social, economic, ethnic, political, cultural, and gender values, crystallised over time
Epistemology	Findings true-researcher is objective by viewing reality through a “one-way mirror.”	Created findings-researcher is a “passionate participant” within the world being investigated	Value mediated findings-researcher is a “transformative intellectual” who changes the social world within which participants live
Common methodologies	Primarily concerns with testing of theory. Thus, mainly quantitative methods such as survey, experiments, and verification of hypotheses	In-depth unstructured interviews, participant observation, action research, and grounded theory research	Action research and participant observation

Source: adapted from Sobh & Perry (2006, p. 1195), which itself was based on Perry et al. (1999), and Guba & Lincoln (1994)

Table 4.2.2 Realism: Key Features

Ontology	Critical Realism: Reality is “real” but only imperfectly and probabilistically apprehensible, and so triangulation from many sources is required to try to know it
Epistemology	Modified subjectivist, Findings probably true-researcher is value-aware and needs to triangulate any perceptions he or she is collecting
Logic	Deductive and Inductive
Common methodologies	Mainly qualitative methods; case study and convergent interviews: triangulation, interpretation of research issues by qualitative and quantitative methods such as structural equation modelling
Axiology	Researcher is objective Social theory arising from research can provide a critique that leads to the proposition for change and action. (Syed, Mingers & Murray, 2009) Reflexive analysis required

Sources: Sobh and Perry (2006), Perry et al. (1999), and Bogna, Raineri & Dell (2020)

The realism paradigm is increasingly adopted in some social science research works, and realism is a “growing movement transforming the intellectual scene in management research” (Sobh & Perry, 2006, p. 1199). Realism is an intermediate philosophical position sharing some features with both positivism and interpretivism (Bryman, 2008; Bryman & Bell, 2011). Table 4.2.2 illustrates that the philosophical paradigm of realism supports “reality is ‘real’ but only imperfectly and probabilistically apprehensible, and so triangulation from many sources is required to try to know it” (Sobh & Perry, 2006, p. 1195). Thus an approach based on the realism paradigm does meet the requirements of this study, as the primary “elements” of IR will be investigated from the different perceptions of organisations, scholars, managers and stakeholders. Table 4.2.1 also demonstrates that the common methodologies of the realism paradigm are mainly qualitative methodology, and the research methods, such as case studies and convergent interviews, are usually employed within this paradigm (Sobh & Perry, 2006). The key features of the realism paradigm adopted in this study are summarised in Table 4.2.2.

The study employs a mixed-methods approach. Mixed-methods research is extensively known as one of the three major research approaches, including quantitative, qualitative, and mixed-methods approaches (Silva, 2011). Numerous studies explored mixed methods over the last twenty years (e.g., Azorin & Cameron, 2010; Mertens, 2010; Cameron, 2011a; 2011b; Zhou & Creswell, 2012). Mixed-methods research "includes combining qualitative and quantitative viewpoints, data collection, analysis, and inference techniques" within a single study" (Johnson, Onwuegbuzie & Turner, 2007, p. 123, similar argument by Creswell and Klassen, 2011; Creswell, Klassen, Clark & Smith, 2011). According to Bryman and Bell (2011), mixed methods can avoid the methodological limitations inherent in using a single-method research approach and increase the reliability and trustworthiness of the research findings. The superiority of mixed methods has been concluded by Teddlie & Tashakkori, who states, "Mixed methods research can answer research questions that the other methodologies cannot; Mixed methods research provides better (stronger) inferences; Mixed methods provide the opportunity for presenting a greater diversity of divergent views" (Teddlie & Tashakkori, 2003, pp. 14-15).

Creswell et al. (2011) state that five primary factors determine the classification of mixed methods designs: analytic logic, timing, priority, points of interface, single study, or multiphase program of inquiry. More specifically, there are four key decisions involved in choosing an appropriate mixed method design to use in a study, which are "(1) the level of interaction between the strands (quantitative and qualitative strands), (2) the relative priority of the strands, (3) the timing of the strands, and (4) the procedures for mixing the strands"

(Creswell & Clark, 2011, p. 64). Furthermore, six types of mixed methods designs are discussed in the relevant literature: convergent, explanatory, exploratory, embedded, transformative, and multiphase design (Creswell & Clark, 2011). This study adopted the multiphase design: "A design emerges from multiple projects conducted over time linked together by a common purpose" (Creswell & Clark, 2011, p. 8).

Qualitative and quantitative methods are both employed in the study. The decision on the adopted methods depends upon the research questions of the study. According to Tashakkori & Teddlie (1998, p. v), "research should be done with a clear intention to answer a question, solve a problem, or evaluate a programme. We stress the importance and predominance of the research question over the paradigm, and we encourage researchers to use appropriate methods from both approaches to answer their research question". The study employs the quantitative approach to investigate the first research question: How guiding principles and content elements of IR are disclosed by companies? Moreover, the study uses the qualitative approach to explore the second research question: What are the stakeholders' perceptions in terms of guiding principles and content elements of IR? The two questions are linked by a common purpose which is to explore the gap between companies' IR disclosure and stakeholders' perceptions.

4.3 Research Methods in the Extant Literature

4.3.1 Different Research Designs

The section reviews the different research designs in the extant IR literature. Research designs comprise experimental, cross-sectional, longitudinal, case study and comparative designs (Bryman & Bell, 2011). A number of research works have adopted these research designs to explore their research of IR, including experimental design (Green & Cheng, 2018; Gerwanski, Velte &

Mechtel, 2021), cross-sectional design (Lee & Yeo, 2016; Elshandidy, Elmassri & Elsayed, 2021; Rossignoli, Stacchezzini & Lai, 2022), longitudinal design (Stolowy & Paugam, 2018; Gibassier, Rodrigue & Arjalies, 2018), comparative design (Rivera-Arrubla & Zorio-Grima, 2016; Bochenek, 2020), and case study (Phillips et al., 2011; Deloitte, 2012; Busco et al., 2013; James, 2013; Adams et al., 2016; Brusca, Labrador & Larran, 2018; Dameri & Ferrando, 2021; Arora, Lodhia & Stone, 2022).

4.3.2 Different Data Collection Methods

Numerous data collection methods have been employed in the research field of IR, which include interviews (Abhayawansa et al., 2018; Bloxham, 2012; Monterio, 2013; Bommel, 2014; Higgins et al., 2014; Stubbs & Higgins, 2014; Slack & Tsalavoutas, 2018; Vesty, Ren & Ji, 2018; Cerbone & Maroun, 2020), questionnaires (Azam et al., 2011; Rensburg & Botha, 2014; Dumay & Dai, 2017; Gerwanski et al., 2021), content analysis (Dragu & Tiron-Tudor, 2013; Dumitru, Glavan, Gorgan, & Dumitru, 2013; Zyl, 2013; Reuter & Messner, 2015; Albertini, 2019; Pistoni, Songini & Bavagnoli, 2018), and statistic experiment (Frías-Aceituno et al., 2012; Garcia-Sanchez et al., 2013; Baboukardos & Rimmel, 2016; Bernardi & Stark, 2016; Girella, Rossi & Zanbon, 2019; Caglio et al., 2020; Vitolla et al., 2020).

4.3.3 Different Data Analysis Methods

The section reviews the quantitative and qualitative data analysis, respectively. The extant IR studies employed quantitative data analysis methods, including univariate analysis (Lee & Yeo, 2016; Gerwanski et al., 2019; Dey, 2020; Gerwwanski et al., 2021), Bivariate analysis (Girella et al., 2019; Kılıç, Kuzey & Uyar, 2021; Lueg, 2022), Multivariate analysis (Melloni et al., 2017; Vitolla et al., 2019; Qaderi, Ghaleb, Hashed, Chandren & Abdullah, 2022), statistical significance (Girellla et al., 2019; Dey, 2020), and descriptive statistics (Sriani

& Agusta, 2020; Elshandidy et al., 2021; Kılıç et al., 2021; Alade & Odugbemi, 2022). Scholars also widely adopted qualitative data analysis methods in the IR area, including qualitative content analysis (Briem & Wald, 2018; Albertini, 2019; Bek-Gaik & Surowiec, 2022), narrative analysis (Lai, Melloni & Stacchezzini, 2018; Ren & Ji, 2018) and thematic analysis (Slack & Tsalavoutas, 2018; Robertson & Samy, 2020; Arora et al., 2022).

Section 4.3 presents research designs, data collection and analysis methods in the existing IR literature. A variety of shortcomings of these methods have been expressed by several scholars within the research field of corporate reporting. For example, several researchers (Cormier & Gordon, 2001; Adams, 2002) state that case studies and interview methods can only provide tentative results because of the small sample size. The criticism of the statistical analysis focuses on the possibility of excluding significant factors from the analysis (Toms, 2002; Deegan, 2004). In the remainder of the chapter, the study presents and justifies the adoption of the content analysis and interviews, respectively.

4.4 Content Analysis

Content analysis has been extensively adopted in the research field of corporate reporting. An increasing number of research works have employed this research method within the research field of IR (e.g. Dragu & Tiron-Tudor, 2013; Dumitru, Glavan, Gorgan & Dumitru, 2013; Zyl, 2013; Eccles & Serafeim, 2014). The common definition of content analysis is “a technique for gathering data that consists of codifying qualitative information in anecdotal and literary form into categories to derive quantitative scales of varying levels of complexity” (Abbott & Monsen, 1979, p. 504). However, the definition of content analysis is still discussed. The central question is whether content analysis is a strictly quantitative technique (Neuendorf, 2002; Vourvachis & Woodward, 2015).

Alternatively, it could be further adopted qualitatively as well (Krippendorff, 2004). This study adopts the quantitative content analysis, with the first aim to investigate the current IR status quo. Furthermore, the second aim is to identify the guiding principles and content elements of IR initially explored in the literature review.

An alternative distinction within the quantitative content analysis is the ‘index’ approach and ‘volume’ approach. More specifically, the Index approach generally emphasises the presence or absence of particular themes of disclosure (e.g., Freedman & Wasley, 1990; Campbell, Moore & Shrives, 2006; Eccles & Serafeim, 2014), while the volume approach emphasises the overall volume of disclosure (e.g., Dragu & Tiron-Tudor, 2013; Dumitru et al., 2013; Zyl, 2013). The index approach is more reliable and less subjective than the volume approach because “each coder has fewer possible choices for each coding decision, and consequently, fewer possibilities for disagreeing” (Milne & Adler, 1999, p. 241). Furthermore, the frequency of the presence of disclosure can also be measured by the index approach. For example, Freedman & Wasley (1990) adopt a four-level index content analysis method. The four levels are absent corporate social disclosure (0), general (1), non-quantitative (2), and quantitative (3). Furthermore, Eccles and Serafeim (2014) also employ a similar approach: no information=0, little information=1, moderate information=2, and detailed information=3.

Units of analysis are required to be considered in a study with the use of content analysis. According to Krippendorff (2004, p. 97), “units are wholes that analysts distinguish and treat as independent elements”. He also states that content analysis comprises three principal units: sampling, context, and recording units (similar argument by Vourvachis, 2007; 2009). The sampling unit is the data that selects for the content analysis system as the foundational source

(Krippendorff, 2004). The prior studies of IR employ the database of IIRC as their foundational source. For example, Dumitru et al. (2013) adopted 81 companies that participate in a Pilot Programme Business Network of IIRC as their sample. The sample of Dragu and Tiron-Tudor (2013) comprises integrated reports of the 58 companies from the IIRC pilot programme. Furthermore, Eccles and Serafeim (2014) analyse 124 integrated reports, 24 from South African companies and 100 from organisations in other countries. These 124 reports are published by organisations that participate in the pilot programme of the IIRC or are mandated to produce integrated reports because they are listed in the JSE (Eccles & Serafeim, 2014).

Context unit is defined by Berelson (1952, p. 135) as “the largest body of content that may be examined in characterizing a recording unit”. The recording unit is defined by Holsti (1969, p. 116) as “the specific segment of content that is characterized by placing it in a given category”. According to Vourvachis (2007), ‘words’, ‘sentence’, ‘proportion of page’, and ‘page size data’ are four categories of recording units extensively employed in the studies of content analysis. A conclusion of studies adopting content analysis in the research field of IR is in Table 4.4.1 as follows.

Table 4.4.1 Content Analysis Designs in the Research Field of IR

	Sample	Different approaches to content analysis
Dragu & Tiron-Tudor (2013)	58 companies in the IIRC pilot programme from 2010 to 2012	Quantitative index approach.
Dumitru et al. (2013)	Case study: “Indra”. Annual report 2011	Qualitative approach.
Zyl (2013)	JSE SRI index for the years 2010 and 2011, 23 companies	Quantitative index approach. The Likert Scale: Scale 1: No Disclosure; Scale 2: lesser extent; Scale 3: some extent; Scale 4: large extent; Scale 5: Significant disclosure.
Lee & Yeo (2016)	JSE, 822 firm-year observations for 2010 to 2013	Quantitative index approach. Each content element contains five questions to assess the quality of the IR disclosure.
Reuter and Messner (2015)	Comment letters to the 2011 discussion paper of the IIRC, 197 letters.	Qualitative approach
Humphrey, O’Dwyer & Unerman (2017)	The documentary material, the IIRC’s 2011 discussion paper and responses to this discussion paper.	Qualitative approach
Adams et al. (2016)	Case study, GSK, Heineken, NAB, and Unilever, Annual report, CSR report, financial report	A combination of qualitative and quantitative approaches. √ stands for Clearly demonstrated in the reports; x for not demonstrated.

Source: Adams et al. (2016); Dragu & Tiron-Tudor (2013); Dumitru et al. (2013); Humphrey et al. (2017); Lee & Yeo (2016); Reuter & Messner (2015); Zyl (2013)

The study conducted six pilot studies of content analysis during the period of June 2016 to October 2020. The six versions of content analysis are presented chronologically in the following six sections.

4.4.1 The First Version of Content Analysis

The first version of the pilot study employs the index and word approach of content analysis to explore the guiding principles and content elements of IR. This pilot study was conducted from 6th June 2016 to 22nd November 2016.

The sample of content analysis was collected from the database of IIRC, and all the chosen integrated reports were downloaded on 4th May 2016. These integrated reports comprise all the 178 reports from 2011 to 2015 in the database, except the integrated reports of the Association of Chartered Certified Accountants (ACCA) and CIMA.

The index approach of content analysis is adopted to explore the guiding principles of IR in the pilot study. 1 and 0 are employed to reveal whether the integrated report achieves the guiding principles or not. The 'word' recording unit is employed in the pilot study to explore the content elements of IR. Recording unit in an amount approach of content analysis is "the specific segment of content that is characterized by placing it in a given category" (Holsti, 1969, p. 116). 'Word', 'sentence', 'proportion of page' and 'page size data' are the four types of recording units (Vourvachis, 2007).

In contrast to the other two approaches, the 'word' and 'sentence' approaches remain unaffected by variations in the general font size across different documents (Tilt & Symes, 1999) or by the inclusion of margins or blank pages (Gray et al., 1995). The words approach of content analysis generally "lend themselves to a more controllable analysis" (Gao et al., 2005). The pilot study employed the ‘sentence’ approach is not appropriate because almost every sentence in the target integrated reports is related to the ‘theme’. Furthermore, compared to ‘sentence’, ‘word’ is “the smallest unit of measurement for analysis and can be expected to provide the maximum robustness in assessing the quantity of disclosure” (Wilmshurst & Frost, 2000, p. 16). Words as the recording unit may assist by allowing the inclusion of tables in the analysis.

The 50 keywords are generated by three methods: an analysis of the existing literature, a review of the sample of integrated reports, and a check of word frequency through NVivo 12. The list of words of content analysis is provided in Table 4.4.2.

Table 4.4.2 Key Words of the First Pilot Study

Content elements	Key Words
Organisation overview	Competition; Culture; Ethic; Mission; Ownership; Vision; 6
Governance	Board; Committee; Executive; Leadership; Nomination; Pension; Remuneration; 7
Business model	Brand; Innovation; Portfolio; Partnership; Reputation; Segment; 6
Financial performance	Asset; Dividend; Equity; Expense; Interest; Liability; Profit; Revenue; 8
CSR performance	Community; Customer; Emission; Employee; Environment; Pollution; Train; 7
Strategy	Future; Long-term; Objective; Plan; Strategy; Sustainable; 6
Risk management	Assurance; Audit; Risk; Security; Stable; Threat; Uncertainty; 7
Relevant capital	Intellectual; Manufactured; Natural; 3

Source: the table is based on a critical analysis of IIRC (2013), IDSA (2009), Eccles & Krzus (2010), Abeysekera (2013), and Branwijck (2012).

4.4.2 The Second Version of Content Analysis

The second version of the pilot study is based on the first version conducted from 10th March 2017 to 10th May 2017. A content analysis of 178 integrated reports is adopted to answer the first research question of the study. The list of companies is obtained from the database of IIRC, and the reports are downloaded from the home website of the companies. Reports are selected based on the following requirements:

- Reports are self-declared to be integrated reports.
- Reports are published by a company of any size listed on a stock exchange.
- Reports are during the period 2011 to 2015.
- Reports are published in English, publicly available, and available for download in a PDF format on the home website of companies.
- The company has disclosed an integrated report for at least three years.

The coding sheet of this pilot study is provided in Appendix B.

4.4.3 The Third Version of Content Analysis

The third version of the pilot study employs the amount/volume approach, precisely the "sentence" approach of content analysis conducted from 10th May 2017 to 31st August 2017. The recording units of content analysis are "sentences", and the detailed coding sheet is provided in Appendix C. The four context units are Future orientation vs past performance and Connective vs independent disclosure.

4.4.4 The Fourth Version of Content Analysis

The fourth version of the pilot study employs the IRSCORE approach of the content analysis conducted from 31st August 2017 to 19th October 2017. The pilot study refers to Lee & Yeo's (2016) Integrated Reporting Score approach to design the coding sheet of content analysis. Lee & Yeo (2016) points out that

> In the absence of theoretical guidance about how to weigh each measure

> in constructing an aggregated IR score, we build a composite IR index by assigning equal importance (and thus, equal weights) to each of the eight content elements… Each content element contains five questions to assess the quality of the IR disclosure. For each question, we assign a raw score ranging from 0 (non-compliance with IR framework) to 5 (substantial compliance with IR framework) ...the minimum IRSCORE is 0, and the maximum IRSCORE is 200. Higher IRSCORE denotes better quality integrated reporting in line with the IR framework and guiding principles (p. 1230).

Lee & Yeo (2016) also present two limitations in adopting a self-constructed disclosure score. Firstly, the coding and construction of disclosure scores involve a significant degree of researcher judgment, which would impact the reliability of the findings. Secondly, the scoring system for disclosures often depends on the information provided in publicly available documents like financial and CSR reports.

The study designs a similar IRSCORE system. The pilot study constructs the IRSCORE as an equal-weighted score of eight major content elements (organizational overview and external environment; governance; business model; risks and opportunities; strategy and resource allocation; financial performance; CSR performance; and outlook). Each content element contains five subsidiary themes to assess the quality of the IR disclosure on the report content aspect. The study assigns a score of 0 to 5 for each subsidiary theme. The score is evaluated on five aspects: the five guiding principles of IR (future orientation, connectivity, materiality, reliability, and conciseness). The IRSCORE ranges from a minimum of 0 to a maximum of 200, with a higher score indicating a higher quality IR aligned with the frameworks and approaches of IR. The coding sheet of IRSCORE is provided in Appendix D.

4.4.5 The Fifth Version of Content Analysis

The fifth version of the pilot study is based on the third version conducted from 1st September 2019 to 28th November 2019. In the pilot study, as regards sampling, the 45 integrated reports of the leading practices in 2017 are employed as a research source, which is downloaded from the website of IIRC (http://examples.integratedreporting.org/leading_practices). 17 of the 45 reports are published by South African companies, which are mandatory to publish integrated reports because they are listed in the JSE. The other 28 reports are published by 17 European, 5 Asian, 4 Australasian, and 2 American companies. Moreover, the 45 organisations can be identified in different sectors, such as basic materials, financial services, Industrials, and technology.

4.4.5.1 Deciding on the Sample in the IIRC Database

IIRC database, the first formal database for IR, provides integrated reports, which are self-declared to be integrated reports published by a company of any size listed on a stock exchange, published in English, publicly available, and available for download in a PDF format.

4.4.5.2 Deciding on the South African and European Companies

King IV (IDSA, 2016) and the International <IR> framework (IIRC, 2013) are the two mainstream frameworks of IR, which are extensively adopted in South Africa and Europe, respectively. King IV (IDSA, 20116) highlights governance and risk management roles in an integrated report, while the International <IR> framework highlights the functions of strategy and business model. It would be fascinating to compare the different perceptions of companies in terms of IR in the two different areas.

4.4.5.3 Deciding on the Year 2017

The first framework of IR, the International <IR> framework, was issued in 2013.

Since that time, IR has been gradually used by worldwide companies to manage their corporate reporting systems. The leading companies become experienced after the three-year employment of IR. Moreover, the interviews of the study were conducted during the period 2016 to 2017. It is more reliable to further discuss the findings of content analysis and interviews because of the similar business context.

4.4.5.4 Context and Recoding Units

The pilot study employs future orientation vs past performance and symbolic vs substantive disclosure as the context units. The study employs sentences as the recording units of content analysis to investigate the five guiding principles and the eight content elements of IR, respectively. The subsidiary themes of each content element are identified by a critical review of the five approaches of IR and the existing integrated reports. Moreover, some keywords of each content element are also summarised. The keywords help the author locate the sentences of the different content elements of IR. The number of sentences of the subsidiary themes is collected by hand, and then the total number of sentences is managed by NVivo 12. The formula calculates the proportion of sentences is: Proportion of sentences = (the number of sentences of the subsidiary theme) / (the total number of sentences of the integrated report). The graphs and tables in the sampled integrated report are not counted.

4.4.6 The Sixth Version of Content Analysis

The pilot study adopted quantitative and qualitative content analysis, which was conducted from 21st January 2020 to 1st September 2020. The “tick” approach was employed to investigate the quantitative results of content analysis, and then a qualitative content analysis was adopted further to explore different perceptions of the leading companies of IR.

The 30 integrated reports of the leading practices in 2017 are employed as a research source, which was downloaded from the website of IIRC (http://examples.integratedreporting.org/leading_practices). 15 of the 30 reports are issued by South African companies mandated to produce integrated reports because they are listed on the JSE. The remainders are published by 15 European companies.

The process of data collection of content analysis can be identified as four steps. First, the study reviewed the critical summary of guiding principles and content elements in the literature review. The summary helped me identify the themes of content analysis. The category of guiding principles includes connectivity, materiality, conciseness, faithful representation and completeness. Moreover, the category of content elements comprises governance, business model, strategy, financial performance, non-financial performance, and risk management. Second, the study reviewed eight European integrated reports and eight African ones with the concept of the themes in mind. The subsidiary themes of content analysis were obtained during the process of reading. Therefore, the coding table of content analysis was completed based on the reviews of the existing literature and previous integrated reports. The categories and decision rules used for content analysis were also met. Third, a quantitative content analysis was conducted to investigate the different disclosure among the 30 integrated reports broadly. The tick was used to reveal whether the sub-themes of content analysis were absent or not. Fourth, the study also conducted a qualitative content analysis, intending to investigate the perceptions of the companies in terms of some specific areas.

The data analysis of the quantitative content analysis can be divided into three parts. Firstly, the study analysed the subsidiary themes of content analysis to identify the common points of the sample and some particular points of the specific reports. Secondly, the 30 integrated reports were divided into European and African groups regionally. The European companies prepared their integrated reports using the principles of the IR framework (IIRC, 2013). In contrast, the African companies were guided by both the fundamental concepts of the IR framework, the principles of King III (IDSA, 2009) and King IV (IDSA, 2016). Finally, the 30 integrated reports were divided into different industries: financial services, customer services, basic materials, and technology. The benchmarks were designed to compare the results within each sector.

The data analysis of the qualitative content analysis concentrated on exploring the themes of the measure of materiality, the balance between conciseness and completeness, the business model considerations, and the strategic disclosure of IR. These four themes are summarised in the relevant literature and the results of the qualitative content analysis. The qualitative content analysis further investigated the different understandings of the leading companies of IR.

4.4.7 Reflections on the Pilot Studies

The section first summarises the six pilot studies in Table 4.4.3. GP stands for guiding principles, and CE stands for content elements.

Table 4.4.3 A Summary of the Six Pilot Studies

	Approach	Sample	Recording units or index details	Progress
First version (GP)	Quantitative Index	178 IRs from IIRC database (2011 to 2015)	1/0 absence of GPs	Completed data collection.
(CE)	Quantitative Volumetric		Word	Completed Preliminary findings
Second version (GP)	Quantitative Index	178 IRs from IIRC database (2011 to 2015)	1/0 absence of sub-theme (Appendix B)	Completed Data collection.
(CE)	Quantitative Volumetric		Word	Completed Preliminary findings
Third version (CE)	Quantitative Volumetric	200 IRs from IIRC database (2011 to 2016)	Sentence (Appendix C)	Partly completed Data collection
Fourth version (GP & CE)	Quantitative Index	200 IRs from IIRC database (2011 to 2016)	IRSCORE 65 questions (0-5 per question) (Appendix D)	Partly completed Data collection
Fifth version (CE)	Quantitative Volumetric	45 IRs in 2017	Sentence More detailed sub-theme than the third version	Partly completed Data collection
Sixth version (GP & CE)	Quantitative Qualitative	15 South African and 15 European reports in 2017	1/0 absence of sub-themes, detailed qualitative information	Completed Data collection. Completed Preliminary findings
Final version (GP & CE)	Quantitative	288 IRs of 50 companies worldwide	Keywords (Table 4.5.2)	Completed as the 'main' approach of content analysis

The motivation for developing different versions of content analysis and conducting pilot studies is to explore an appropriate approach to investigating guiding principles and content elements in existing integrated reports. However, the limitations of the six pilot studies are obvious. The section presents some practical limitations based on the author's experiences.

The limitations of the 'word' approach (first and second versions) focus on the coding of guiding principles. These two pilot studies employed an index approach (1/0) to identify whether the companies have achieved each guiding principle and sub-theme or not. However, it was very challenging to evaluate whether guiding principles have been achieved by using 1/0. The results of content analysis were significantly different when conducting the reliability tests. The participants analysed five integrated reports under my guidance, but the process of coding is very subjective. The sixth version also shares the limitations of subjective measurements with the first and second versions.

The 'sentence' approach (third and fifth versions) overcomes the subjective issue by using a conceptual framework/guideline for content analysis. However, limitations of the sentence approach are relevant to the overlap between the themes and plenty of information in IR. First, the sentences in integrated reports widely include two or three themes in a single sentence. The situation raises the overlap problem between the different themes. Second, almost every sentence in the integrated reports is related to the 'theme'. The traditional sentence approach of content analysis is very difficult to conduct due to plenty of information in IR.

The limitations of the IRSCORE approach (fourth version) are also relevant to the researcher's judgment. Considerable researcher judgment is involved in coding and constructing such disclosure scores, which would impact the reliability of the findings (Lee & Yeo, 2016). This pilot study also met this subjective issue. The results of reliability tests were still very different from mine due to the different judgments. The limitations of the index, word, sentence and score system are summarised in Table 4.4.4 based on the author's perceptions and Vourvachi & Woodward (2015).

Table 4.4.4 Issues of Concern Regarding Different Approaches of Content Analysis

Issues of concern	Words	Sentences	Index and score system
Inclusion of images/graphs, Large typeface within the report	✗	✗	✗
Subjective measurements and intent	✓	✓	✓
Report physical size and font size; margins and blank pages; pdf and microfiche forms	✓	✓	✗
Detail in measurements	✓	✗	✓
Ease, errors in measurements	✗	✓	✗
Inclusion of tables	✓	✗	✗
Grammar and repetition	✗	✗	✗

Source: Vourvachi & Woodward (2015)

The study employed the word approach of content analysis. The main limitation of the approach is the lack of detail in measurements (Vourvachi & Woodward, 2015), which means the study focuses on quantity and not on the quality of disclosure. The following section provides detailed explanations regarding the word approach of content analysis.

4.5 Content Analysis Used in the Study

The study employs a volume, quantitative content analysis approach. The designs of the content analysis comprise three core steps: sampling, context, and recording units (Vourvachis, 2009). The sampling units of the content analysis include 288 integrated reports of 50 companies during the six years from 2013 to 2018. The list of the sample is provided in Appendix E. The list of companies is obtained from the database of IIRC and the Johannesburg Stock Exchange, and the reports are downloaded from the home website of the companies. The reports are selected based on the following requirements:

- Reports are self-declared to be integrated reports.
- Reports are during the period 2013 to 2018.
- Reports are published in English, publicly available, and available for download in a PDF format on the home website of companies.
- The company has disclosed an integrated report for at least five years.

The study employed a six-year sample to analyse from 2013 to 2018. IIRC published the International <IR> Framework (IIRC, 2013) in November 2013, which is the first formal framework in the IR area with explanations in terms of the guiding principles and content elements. Since 2013, thousands of integrated reports (e.g., Aegon, Marks & Spencer, Generali, and Vodafone) have been published with a similar structure in compliance with the guidance of the IIRC (2013). The period of six-year is decided with an aim to investigate the IR disclosure during the different years. Furthermore, the study intended to complete the data collection of interviews before 2018. The study explored the gap between companies' IR disclosure and stakeholders' perceptions within the 2018 business context.

The context units of the content analysis include guiding principles and content elements of IR, specifically, 14 themes. According to the International <IR>

framework (IIRC, 2013, p. 33), the guiding principles are “The principles that underpin the preparation and presentation of an integrated report, informing the content of the report and how information is presented” and the content elements are “The categories of information required to be included in an integrated report; the Content Elements, which are fundamentally linked to each other and are not mutually exclusive” (IIRC, 2013). The themes of the content analysis are provided in Table 4.5.1.

Table 4.5.1 Themes of the Content Analysis

Guiding principles	Connectivity
	Materiality
	Conciseness
	Reliability
	Completeness
	Consistency
	Comparability
Content elements	Organisation overview
	Governance
	Business model
	Financial performance
	CSR performance
	Strategy
	Risk management

Source: IIRC (2013)

The relevant literature reviewed three fundamental guiding principles of IR: materiality, connectivity, and conciseness. Fasan and Mio (2017) employed two different variables to measure materiality disclosure. First, they captured the word count of the terms 'material' and 'materiality' and divided it by the number of pages in the report. Second, they employed a variable called “Relevance of materiality disclosure”. This variable (0 to 5) describes the relevance of materiality disclosure in an integrated report. Specifically, the variable takes the value of 0 when there is no mention of materiality in the report and 5 when the report extensively addresses the issue of materiality. Gerwanski et al. (2019) employed content analysis to measure material disclosure quality. Specifically, the themes of content analysis are the materiality section, identification process, description of material aspects, time horizon, materiality matrix, risks and opportunities, and mitigation actions.

Rivera-Arrubla and Zorio-Grima (2016) measured the connectivity of IR by a scoring system, which covers the themes, such as digital reporting platforms, IR customization, feedback loops, cross-referencing, drill-drown capability, visual techniques, and glossary. Melloni et al. (2017) employed two variables to reveal the conciseness of IR. Firstly, the natural logarithm of the total number of pages is employed as a measure of the report's length. Second, the Fog Index (e.g., De Franco et al., 2015; Twedt & Rees, 2012) is used to measure the readability of IR. More specifically, The Fog index (Melloni et al., 2017, p.226) calculated “the number of words per sentence and the number of syllables per word to measure reports’ readability under the assumption”. In other words, more words per sentence or more syllables per word make an integrated report more difficult to understand. The Fog index is “calculated as follows: Fog = (words per sentence + percentage of complex words)/0.4” (Melloni et al., 2017, p.226). Furthermore, the relationship between "the Fog" and reading ease can be summarised as follows: a Fog score above 18 indicates unreadable text, a score between 14 and 18 suggests difficult reading, a score between 12 and 14 represents an ideal reading level, a score between 10 and 12 is considered acceptable, and a score between 8 and 10 stands for childlike readability (Melloni et al., 2017, p. 226).

The study employs the words as the recording unit, which is “the smallest unit of measurement for analysis and can be expected to provide the maximum robustness in assessing the quantity of disclosure" (Wilmshurst & Frost, 2000, p. 16). The keywords and derivative words are obtained by a review of the frameworks of IR and an analysis of the results of the pilot studies. The list of words is provided in Table 4.6.2 as follows.

Table 4.5.2 Key Words of Content Analysis

Themes	Keywords
Guiding principles	
Connectivity	Connectivity
Materiality	Materiality, thresholds
Conciseness	Conciseness
Reliability	Reliability
Completeness	Completeness
Consistency	Consistency
Comparability	Comparability
Content elements	
Organisation overview	Competition; Culture; Ethic; Mission; Ownership; Vision; 6
Governance	Board; Committee; Executive; Leadership; Nomination; Pension; Remuneration; 7
Business model	Brand; Innovation; Portfolio; Partnership; Reputation; Segment; 6
Financial performance	Asset; Dividend; Equity; Expense; Interest; Liability; Profit; Revenue; 8
CSR performance	Community; Customer; Emission; Employee; Environment; Pollution; Train; 7
Strategy	Future; Long-term; Objective; Plan; Strategy; Sustainable; 6
Risk management	Assurance; Audit; Risk; Security; Stable; Threat; Uncertainty; 7

Source: the table is based on a critical analysis of IIRC (2013), IDSA (2009), Eccles & Krzus (2010), Abeysekera (2013), and Branwijck (2012).

The data collection of the content analysis was completed in October 2020. The study employs NVivo 12 to collect the frequency of the keywords and derivative words. The 288 integrated reports of 50 companies were imported into an NVivo database. The outcomes of each keyword were separately exported to the documents of Microsoft Excel. Finally, the study summarised all the results of the content analysis, which are ready for analysing. The data analysis of the content analysis results can be identified into four main steps. First, the study focused on the themes of IR and compared the results among different guiding principles and content elements. Second, the study investigated the results across different years and finally moved to compare regions and industries.

The reliabilities for coding procedures have become one of the most significant issues that impact the results of content analysis (Merkl-Davies, Brenna & Vourvachis, 2011). The adopted reliability test aims to check the objective and reliability of coding procedures in the study. There are three steps in the test. Firstly, the author codes the 288 integrated reports by using NVivo 12. Secondly, the coding procedures are conducted by a peer with a master's degree in finance who are familiar with the CSR area. The coding procedures are under the guidance of the author by using NVivo as well. Finally, the original data and these two-round results are compared to check the difference between the three times and ensure the reliability of the data. The results of the reliability test are presented in Table 4.5.3 as follows.

Table 4.5.3 Reliability Tests for Content Analysis

Theme: Materiality

2013 Company No.	Company name	First time coding (data)	Second time coding (By author)	Third time coding (By peer)	Accuracy
1	ABSA (Barclays Africa Group Limited)	13	13	13	✔
2	Aegon	3	3	3	✔
3	Anglo Platinum (Aegon American Platinum Limited)	8	8	8	✔
4	AngloGold Ashanti	1	1	1	✔
5	Atlantia	28	28	28	✔
6	Banca Fideuram	11	11	11	✔
7	BASF	26	26	26	✔
8	Caco-Cola Hellenic Bottling Company	12	12	12	✔
9	DIMO (Diesel & Motor Engineering plc)	18	18	18	✔
10	Eni	6	6	6	✔
11	enBW	14	14	14	✔
12	Entergy Corporation	3	3	3	✔
13	Eskom	8	8	8	✔
14	Exxaro	12	12	12	✔
15	FMO	9	9	9	✔
16	Ferrovial	27	27	27	✔
17	Generali	15	15	15	✔
18	Gold Fields	19	19	19	✔
20	Implats Platinum	4	4	4	✔

21	Itaú Unibanco Holding S.A.	2	2	2	✔
22	JSC Atomenergomash	13	13	13	✔
23	Kumba Iron Ore: AngloAmerican	14	14	14	✔
24	Lawson	0	0	0	✔
25	Liberty Holdings	15	15	15	✔
26	Masisa	6	6	6	✔
27	Munich Airport	16	16	16	✔
28	Nedbank	14	14	14	✔
29	NordGold	2	2	2	✔
30	Omron	5	5	5	✔
31	Pretoria Portland Cement Company	6	6	6	✔
32	Royal Bafokeng Platinum Ltd	13	13	13	✔
33	Royal DSM	17	17	17	✔
34	Sanford	0	0	0	✔
35	Santova Ltd	2	2	2	✔
36	Sasol	2	2	2	✔
37	Smithfield	3	3	3	✔
38	Standard Bank	9	9	9	✔
39	Strate	1	1	1	✔
40	Tata Steel	2	2	2	✔
41	The Clorox Company	1	1	1	✔
42	TITAN Cement	15	15	15	✔
43	The Crown Estate	0	0	0	✔
44	Transnet	1	1	1	✔

45	Truworths	4	4	4	✔
47	Uralkali	2	2	2	✔
48	Vodacom	5	5	5	✔
49	Votorantim	2	2	2	✔
50	Wilderness Holdings	1	1	1	✔

The table presents the results of the 47 integrated reports in 2013 on the theme of materiality. Another test which focuses on the theme of the business model is provided in Appendix F. The results of the original data are the same as the results of the two times tests. The reliability of the study has been proved based on the similarities between the original data and the two times tests.

4.6 Interview

The interview method has been extensively adopted by many researchers to explore relevant topics, such as CSR and financial reporting (e.g., Bondy, Moon & Matten, 2012; Kakabadse, Kakabadse & Lee-Davies, 2009). The research method was also widely employed in the research field of IR (Sharman & Bloxham, 2011; Monterio, 2013; Bommel, 2014; Higgins et al., 2014; Stubbs & Higgins, 2014; Slack & Tsalavoutas, 2018). The study employs the interview method to investigate the elements of IR on the stakeholders' expectations. The qualitative research interview is defined by Kvale (1983, p. 174) as "an interview, whose purpose is to gather descriptions of the life-world of the interviewee concerning the interpretation of the meaning of the described phenomena".

The interview method is more reliable and objective than the other social surveys because researchers and participants communication can conduct face-to-face interviews. The interviewees provide explanations for their answers in their own words (Zain, Mohammad & Rashidee, 2006). Indeed, observation and mail questionnaires are more convenient to implement in practice. However, the interview method is relatively reliable in the social surveys area (Moser & Kalton, 1985; Brunk, 2010).

The interviews method comprises three different forms, which are structured interviewing (usually adopted in quantitative research), semi-structured, and unstructured interviewing (usually adopted in qualitative research) (Bryman & Bell, 2011; Cachia & Millward, 2011; Mojtahed, Baptista, Tiago & Peng, 2014). The semi-structured interview is an intermediate method sharing elements with structured and unstructured interviews (Cachia & Millward, 2011). Bryman and Bell (2011, p. 467) state the main characteristics of the semi-structured interview:

> The researcher has a list of questions on fairly specific topics to be covered, often referred to as an interview guide, but the interviewee has a great deal of leeway in how to reply. Questions may not follow strictly in the way outlined on the schedule. Questions not included in the guide may be asked as the interviewer picks up on things said by interviewees.

Farr (1984, p. 182) also explains the semi-structured interview as “a peculiar form of conversation in which the ritual of turn-taking is more formalised than in the commoner and more informal encounters of everyday life”. This method can maximise the communication between the researchers and the respondents. The interviewer can maintain control of the discussion, while the interviewee can feel more comfortable (Brewerton & Millward, 2001). Based on the above discussion, semi-structured interviews are adopted in the study.

4.6.1 Convergent Interviewing

The interview technique “convergent interviewing”, initially stated by Dick R. in 1990 with the publication “Convergent Interviewing”, is adopted in the study. Convergent interviewing is a qualitative technique commonly employed in research fields that lack theoretical foundations (Reece, 2004; Jepsen &

Rodwell, 2008). The convergent interview also can be explained as "an in-depth interview technique with a structured data analysis process - a technique used to collect, analyse and interpret qualitative information about a person's knowledge, opinions, experiences, attitudes and beliefs through using several interviews which converge on important issues" (Rao & Perry, 2003, p. 237, similar argument by Dick, 1990). Dick (2000) also concludes that the convergent interviewing technique is an inductive, flexible, evolving research instrument.

Convergent interviewing also satisfies the main criteria for evaluating research, such as validity, reliability and reliability (Lincoln & Guba, 1985). Three primary benefits of convergent interviewing have been identified in the extant literature. Firstly, in comparison to other interview methods, convergent interviewing allows researchers to refine the content and process of interviews, facilitating the continuous narrowing down of broad research topics (Dick, 1990; Rao & Perry, 2003). Furthermore, convergent interviewing is helpful for the research which explores the understudied topic (Williams & Lewis, 2005). In other words, convergent interviews can quickly converge on primary issues of an emerging topic. Finally, it is helpful for researchers to identify and explore all matters related to the research problem (Rao & Perry, 2003).

Many studies have explored convergent interviewing in different research fields since the 1980s (e.g., Dick, 1990; Dick, 2000; Rao & Perry, 2003; Williams & Lewis, 2005). Dick (1990) states the difference between the 'content' and 'process' of convergent interviews. The content of convergent interviewing is cited as unstructured, while the process is considered to be semi-structured. Convergent interviewing provides an opportunity for researchers to refine their interviewing designs based on participants' responses. The study conducted the first two interviews to obtain new insight into the guiding principles and content elements of IR. The responses of the participants help researchers get new perceptions in terms of the research topic, develop theoretical frameworks and refine their interviewing designs. The system of common semi-structured is consistent, but the convergent interviewing technique is an inductive, flexible, evolving research instrument (Dick, 1990).

The first step of convergent interviewing is to obtain new insight into the emerging research topic by conducting the first two interviews and reviewing the more focused literature (Rao & Perry, 2003). In the literature review part of the study, the primary elements of IR have been reviewed within the extant models of organisations and scholars. Furthermore, the significant aspects of an integrated report are also identified within the current integrated reports of companies by content analysis. With these guiding principles and content elements of IR in mind, the study conducted the first two interviews before March 2015 to obtain new insight into the topic of elements of IR. Based on the results of the first two interviews, the new understanding leads to a more focused literature review of IR. More interviews were conducted to re-examine the literature and develop the initial theoretical framework of this study.

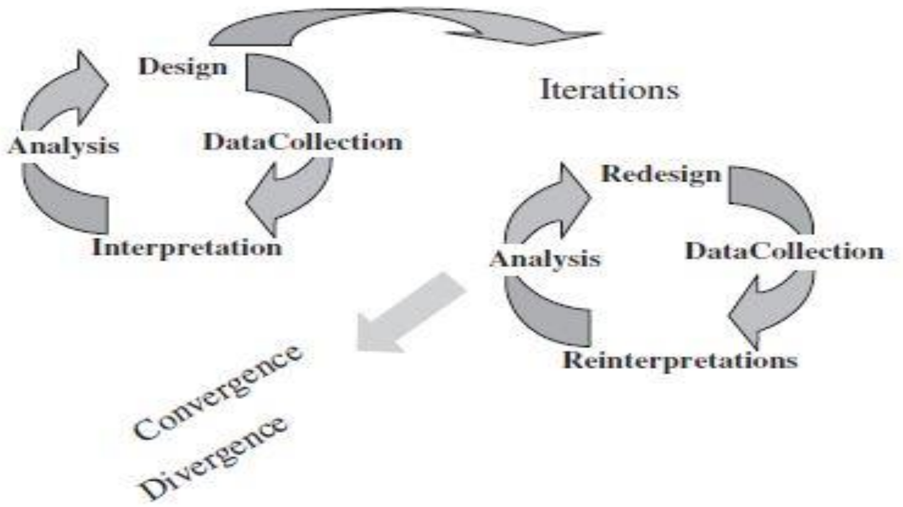
The second step of convergent interviewing is to select the appropriate sample of research. The selection of participants in this technique is significant to the other interviews (Jepsen & Rodwell, 2008). The participants in the convergent interviewing must have a fundamental knowledge of the research topic. During the interviews, interviewees continuously enriched the knowledge of the interviewer and helped the interviewer identify the primary issues of the under-researched topic (Reige & Nair, 2004). The potential participants of the interviews were selected and confirmed in January and February 2016. Afterwards, the participants carried out the interviews from 2nd August 2016 to 30th June 2017 who meet the following criteria:

- They are professional staff in the accounting, finance or economic aspects, for example, the managers who work in listed companies and the lecturers who work in universities.
- They have a fundamental knowledge of the topic of corporate reporting, more specifically, the topic of IR.
- They have worked in their organisations for more than one year.

The number of optimal participants for interviews depends on the research topic and methods that analyse the data (Patton, 1990). Nair & Riege (1995) suggest that the sample size of convergent interviewing is determined when stability is achieved. In other words, stability is achieved when agreement among participants is identified, and disagreement among participants is explained. According to the prior studies of convergent interviewing, the minimum number of participants is suggested as 12 (Dick, 1990), 6 (Nair & Riege, 1995), and 5 (Woodward, 1996). In this study, the minimum number of participants is determined as 12, the same as the study by Dick (1990).

The third step of convergent interviewing is to plan the interviews. The confidential nature of the research was considered because the sensitive business information of companies may be mentioned by interviewees during the interviews. Both of interviewer and interviewee signed a research consent form before the interviews. A copy of the document was kept by the interviewer and each of the interviewees. The convergent interviewing process is concluded in Figure 4.6.1 as follows.

Figure 4.6.1 Process of convergent interviewing.



Source: Dick (1990, p.3)

The graph illustrates that there are four steps in each interview, which are design, data collection, interpretation, and analysis. Furthermore, the whole project experiences iterations after each interview. The questions of the new interview are redesigned and based on the prior interview. In this study, some potential questions for the first interview are designed as follows:

- Please talk about your understanding of IR.
- Do you know the organisations which issued the guidelines for IR, such as IIRC and IRCSA?
- Please talk about the employment of IR in your organisations. Have your organisations issued any integrated reports?
- What elements of IR should be incorporated in an integrated report, in your opinion?

In the study, the interview questions were revised three times. The original version of the interview questions is provided as follows.

1. Can you describe your job/study? What is your role in your organisation? How long have you been working in your organisation? Are you a user or a preparer of corporate reports? To what extent are you familiar with corporate reporting?

2. In your view, what are the limitations of current corporate reporting?

3. During the last ten years, there have been many developments in corporate reporting, including integrated reporting, online reporting, and sustainability reporting. Are you familiar with these developments?

4. Now, turning to integrated reporting, in your opinion, what should an integrated report look like; what components may be included in an integrated report?

5. Why do you think these components are important?

6. Why are other components not important enough to be included in integrated reporting?

7. Now, turning to the characteristics of integrated reporting, what characteristics are important for integrated reporting?

8. Why do you think these characteristics are important?

9. Do you think integrated reporting should replace corporate financial reporting? If not, what will be the relationship between the two?

10. Do you have any other issues to raise that are relevant to this study?

The first five interviews were conducted with the participants in the category of academia. Based on the participant's responses, the interview questions were updated as the second version, which comprises three new questions.

11. What framework of integrated reporting is used in your organisation?

12. What are the motivations for integrated reporting/role of integrated reporting in your organisation?

13. What are the limitations of the current integrated reporting or the frameworks of integrated reporting?

All interviews were tape-recorded and then transcribed. Issues of validity and reliability were considered at this stage using digital recordings and notes taken directly following each interview (e.g., Silverman, 2001; Saunders, Lewis & Thornhill, 2007).

The final step of convergent interviewing is to analyse the critical issues identified during the interview process. After the transcription, the data is distinguished into different categories/themes by thematic content analysis. Thematic analysis is extensively adopted by studies based on the realism paradigm (Roulston, 2001). According to Ponnam & Dawra (2013, p. 31), thematic analysis "involves searching for repetitive themes which occur across the data".

Thematic analysis is also widely employed in the IR literature (Slack & Tsalavoutas, 2018; Robertson & Samy, 2020; Arora et al., 2022). In the study, the thematic analysis started with reviewing all the transcriptions and potentially identifying the potential themes of the interview data. Moreover, all the transcriptions were uploaded to an NVivo database to check the frequent words, phrases and topics in the sample. Furthermore, with the frequent topics in mind, the study reviewed the transcriptions for the second time. Finally, based on the author's perception and NVivo results, the themes of the interview results are developed and confirmed. The themes of the interview results potentially include stakeholders' perceptions in terms of guiding principles, content elements, motivations, future developing directions and barriers to the development of IR.

4.6.2 Data Collection of Interviews

The study was designed to explore the views and expectations of IR stakeholders in terms of the applicability of IR. Semi-structured in-depth interviews were employed in the study. This research method was extensively employed in the research field of IR (Sharman & Bloxham, 2011; Monterio, 2013; Bommel, 2014; Higgins et al., 2014; Stubbs & Higgins, 2014; Slack & Tsalavoutas, 2018) with an aim to capture the views of the different stakeholders.

Two pilot interviews with a private investor and a professional accountant, not included in the final sample, were conducted in advance of the main stage of data collection. The pilot interviews aimed to check whether the questions were appropriate and allowed the participants to adequately discuss their views and expectations in terms of the applicability of IR. Some interview questions were revised in line with the interviewee's responses to concentrate on the main topic of the study.

The potential participants in the interviews can be identified into five categories: academic staff, fund managers, directors of chartered accountancy bodies, managers of listed companies, and private investors (shareholders). The requirements of participants are provided in the section of the first step of convergent interviewing. Familiarity with IR is important, so the study requires participants with IR backgrounds and one-year experience. The three academic staff was met during the research conferences, and the other fifteen participants were approached via e-mail. More specifically, hundreds of integrated reports were downloaded from the IIRC IR database, and the e-mails of managers and directors were obtained. An invitation e-mail was sent to 89 potential participants with an information sheet about my study. Approximately 20 managers replied to my invitation and intended further to know my research and the details of the interviews. Finally, after several rounds of e-mails,11 managers signed the consent forms, and we arranged the possible time for an interview. All categories of participants were approached via a similar e-mail approach. All participants' e-mails were obtained online, and an invitation e-mail was sent to numerous potential participants.

After approaching and discussing with some potential participants, the study narrowed down the requirements of interviewees. In 2016, most private investors, fund managers, and even shareholders were unfamiliar with IR, but the study focuses on some in-depth topics of IR. In other words, The interview questions of the study are designed for the participants who are familiar with the concept of IR. Slack and Tsalavoutas (2018) state that only 5 of 22 participants confirmed that they had previously heard of IR. The familiarity with IR results in a limitation of the sample in the study. Four categories of stakeholders were interviewed: academic staff, fund managers, staff of chartered accountancy bodies, managers and accountants of listed companies. Each interviewee was requested to review the information sheet (Appendix G) in advance, which comprises background information.

Each interview of the study comprises 12 questions and five key areas to generate relevant findings in terms of fundamental concepts, future trends and barriers to IR development. The interview was structured in the following five aspects:

- Stakeholders' views in terms of the important content elements of IR
- Their opinions in terms of the important guiding principles of IR
- The motivations for IR employment
- The future developing trend of IR
- The barriers to the IR development

The final version of the interview questions and the interview guide of the study are provided in Appendix H.

Eighteen interviews were conducted from 02/08/2016 to 30/06/2017, which comprised 5 with academic staff who studied the relevant topic, 1 with a fund manager, 1 with the staff of chartered accountancy bodies, and 11 with managers and accountants who worked at the IR department. Each interviewee was consistently indicated as AS (Academic Staff), FM (Fund Manager), AB (Accountancy Body), and MA (Manager and Accountant) during the whole process of the study. The detailed information of the interviewee is provided in

Table 4.6.1 in chronological order.

Table 4.6.1 Summary of Four Categories of Interviewees

Ref.	Position/job title
Academic staff AS 1	Lecturer in Finance
AS 2	Lecturer in Accounting
AS 3	PhD Candidate in Accounting
AS 4	Professor in Accounting
AS 5	Lecturer in Accounting
Fund manager FM 1	Global Portfolio Manager
Accountancy Body AB1	Director of Research
Managers and accountants MA 1	CSR Senior Manager
MA 2	Commercial Director, Chief Sustainability Officer
MA 3	Head of IR Team
MA 4	Chief Accounting Officer
MA 5	Head of IR Team
MA 6	Sustainability Analyst
MA 7	Sustainability Analyst
MA 8	General Manager Communication
MA 9	Head of Sustainability
MA 10	Group Financial Manager
MA 11	Sustainability Performance and Reporting Manager

The interviews with the categories AS, FM, and AB were face-to-face and held in the offices of the author or interviewees. The interviews with the category of MA were conducted on Skype because all the interviewees of this category were in European countries and South Africa. The email invitation to potential participants and the research consent form is provided in Appendix I and J, respectively. The number of optimal participants for interviews depends on the research topic and methods that analyse the data (Patton, 1990). In the study, the interviewer conducted interviews until the interviewer felt he had reached saturation and no new issues arose (Corbin & Stauss, 2008). On average, the interview length was around 50 minutes, with a maximum length of 73 minutes.

4.7 Ethics

The consideration of ethics has been increasingly important for researchers to conduct their research, and therefore it has become a topic of concern during the research (Bryman & Bell, 2011). Ethics is “a branch of philosophy concerned with moral principles and values, with what ought to be the case and how people ought to live their lives” (Scott & Marshall, 2009, p. 225). There are two alternative philosophical approaches for examining ethics and values within the ethics discipline, namely, deontological and teleological philosophies. More specifically, the former emphasises “the factor or means used to arrive at an ethical decision” (Skinner, Ferrell & Dubinsky, 1988, 1988, p. 213), while the latter emphasises “the consequences that result from an action” (Skinner et al., 1988, p. 213).

Ethics principles in business research are also discussed in the study. Ethics principles have been identified by some organisations (Academy of Management; Association of Business Schools; Market Research Society) and scholars (e.g., Diener & Crandall, 1978; Bulmer, 1982; Isreal & Hay, 2006; Bryman & Bell, 2011) into different categories. The common principles comprise:

- Avoiding harm (psychological, financial and social harm);
- Privacy of participants (confidentiality and anonymity);
- Informed consent (avoidance of covert or secret participant observation);
- Avoiding deception;
- Data management (Restricted use of data);
- Affiliation and conflicts of interest (Avoiding of conflicts of interest);

- Copyright;
- Reciprocity and trust.

This research study adopted the guideline of the Edinburgh Napier University Business School Ethical and Governance Code of Conduct (Edinburg Napier Committee), with an aim to adhere to ethical considerations during the entire research process. The Business School ethical and governance code of conduct is built on six primary principles used by the Economic and Social Research Council (ERSC) (2021):

- research should aim to maximise the benefit for individuals and society and minimise risk and harm.
- the rights and dignity of individuals and groups should be respected.
- wherever possible, participation should be voluntary and appropriately informed.
- research should be conducted with integrity and transparency.
- lines of responsibility and accountability should be clearly defined.
- independence of research should be maintained, and where conflicts of interest cannot be avoided, they should be made explicit.

Furthermore, several specific actions for ethical consideration are also discussed. Firstly, a confidentiality agreement was also signed between the researcher and participant before each of the interviews. Confidentiality agreement aims to solve the issues of confidentiality and anonymity during the interviews. Because the topic of this study is about the applicability of IR, it is challenging for the researcher to avoid some sensitive information of companies, such as financial performance, future strategies, and internal governance. Secondly, an interview consent form is also provided to each potential participant before the interviews. The aim of this form is to consider the informed consent of participants. More specifically, the informed form explains to potential participants the purpose, nature, possible risks, and benefits of their participation. Each participant has explicit opportunities to refuse to participate and to terminate participation at any stage of the interviews.

4.8 Summary

This chapter comprehensively describes the philosophical position, research methodology, methods and data collection used in the study. The study employed a mixed-method approach, including quantitative and qualitative research methods. Content analysis and interviews were employed in the first and second stages. Units of analysis (Krippendorff, 2004; Vourvachis, 2077; 2009) are considered in the study with the use of content analysis. Regarding sampling, the 288 integrated reports from 50 companies covering six years (from 2013 to 2018) are employed as research sources. The context units comprise the guiding principles of IR (e.g., materiality, conciseness, completeness) and the content elements (e.g., governance, business model, CSR performance, strategy, and risk management). The study adopted the words approach as the recording unit. Semi-structured in-depth interviews were employed to explore stakeholders' perceptions in terms of guiding principles and content elements of IR. 18 interviewees shared their perceptions, attitudes, and opinions towards the applicability of IR in the business context.

Chapter Five Content Analysis Findings

5.1 Introduction

The chapter concentrates on answering the first research question:

How guiding principles and content elements of IR are disclosed by companies?

The chapter first demonstrates the preliminary findings of three pilot studies and then moves to answer the four questions as follows.

- How did the companies disclose guiding principles and content elements of IR in the sampled integrated reports?
- How did the companies disclose guiding principles and content elements of IR in the different regions?
- How did the companies disclose guiding principles and content elements of IR in the different years from 2013 to 2018?
- How did the companies disclose guiding principles and content elements of IR in the different industries?

The content analysis findings are summarised and discussed in the discussion and conclusion chapter of the study.

5.2 Pilot Studies Results

The section demonstrates the preliminary findings of three pilot studies, which are the first (see 4.4.1), the second (see 4.4.2), and the sixth version (see 4.4.6). The data collection of the third, fourth and fifth versions of content analysis was partly completed, so the preliminary findings were not analysed. The data collection of the third, fourth and fifth versions was not fully completed due to the limitations of the approach of content analysis. Detailed information is provided in Table 4.4.3 and Table 4.4.4.

5.2.1 Content Analysis Results of the First Pilot Study

The first pilot study investigates six guiding principles and eight content elements of IR. The section does not present all the content analysis findings of the first version. The second pilot study is based on the first, so the detailed findings of the index and word approach are presented in section 5.2.2. The section includes some preliminary findings that are different from the second pilot study, which focuses on the guiding principles of IR. Figure 5.2.1 provides the information in terms of six guiding principles in the 178 reports from 2011 to 2015 as follows.

Figure 5.2.1 Six Guiding Principles of IR in the First Pilot Study

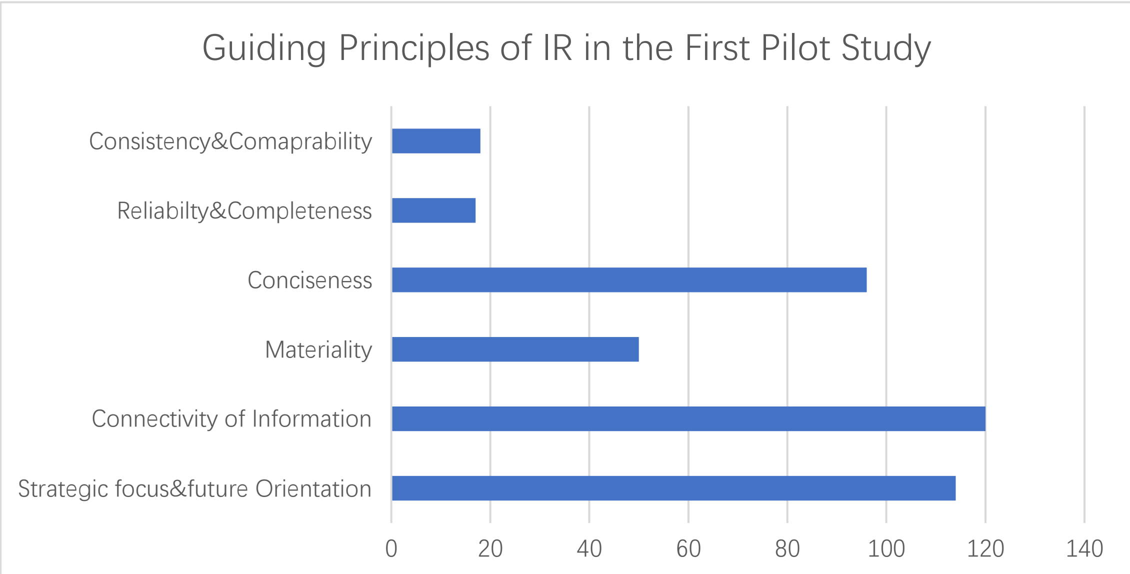


Figure 5.2.1 reveals that the 178 integrated reports have been coded 415 times in terms of six guiding principles, including strategic focus and future orientation (114 times), connectivity (120), materiality (50), conciseness (96), reliability (17) and consistency (18). The 415 is the sum of the six guiding principles. The average total number is 2.331 (415/178) times per report, which means most companies disclose information in terms of at least two guiding principles in their integrated reports. A comparison among the different guiding principles is further provided in Figure 5.2.2 as follows.

Figure 5.2.2 A Comparison of Guiding Principles in the First Pilot Study

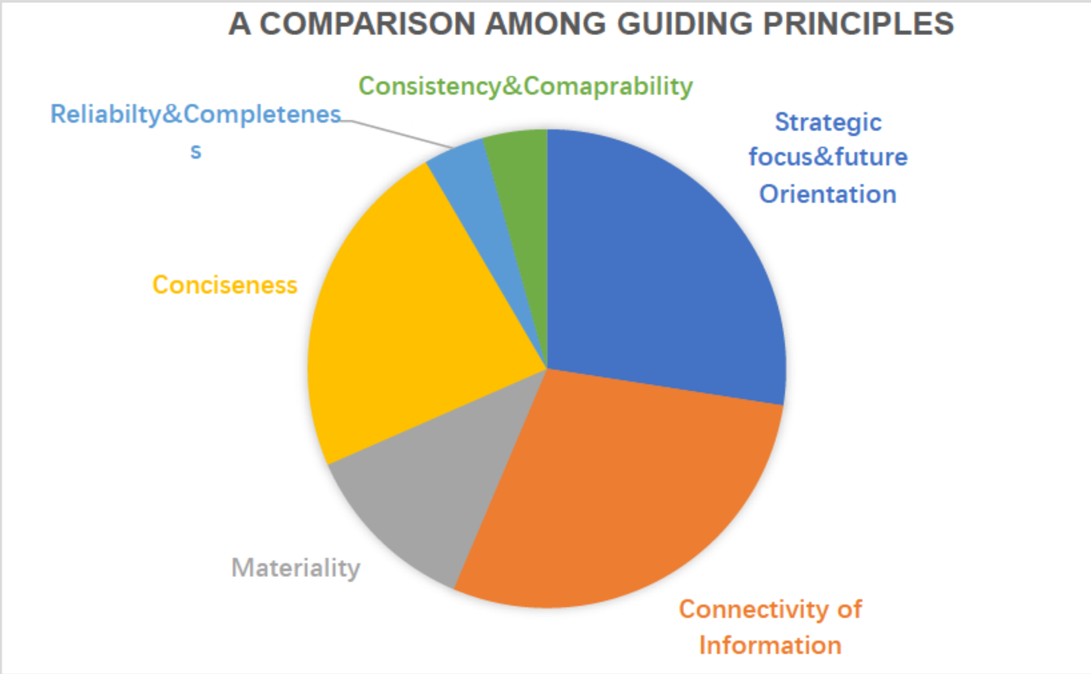


Figure 5.2.2 reveals a comparison among the six guiding principles of IR. The strategic focus & future orientation and connectivity of information are the two important characteristics of IR, which occupy 28% (114 times) and 29% (120 times) of the total number. Approximately two-thirds of the reports have disclosed these two characteristics; the percentage is 64% (114/178) and 67% (120/178), respectively. Furthermore, Conciseness and Materiality occupy 23% (96 times) and 12% (50 times) of the total number. Finally, reliability & completeness and Consistency & Comparability occupy 4% (17 times and 18 times, respectively) of the total number. In other words, less than one-tenth (17/178 and 18/178) of companies have disclosed the two guiding principles in their integrated reports. The second version of the pilot study is based on the first version. The content elements data of the first version is similar to that of the second version. The section does not further present the content analysis results of the first version to avoid repetition.

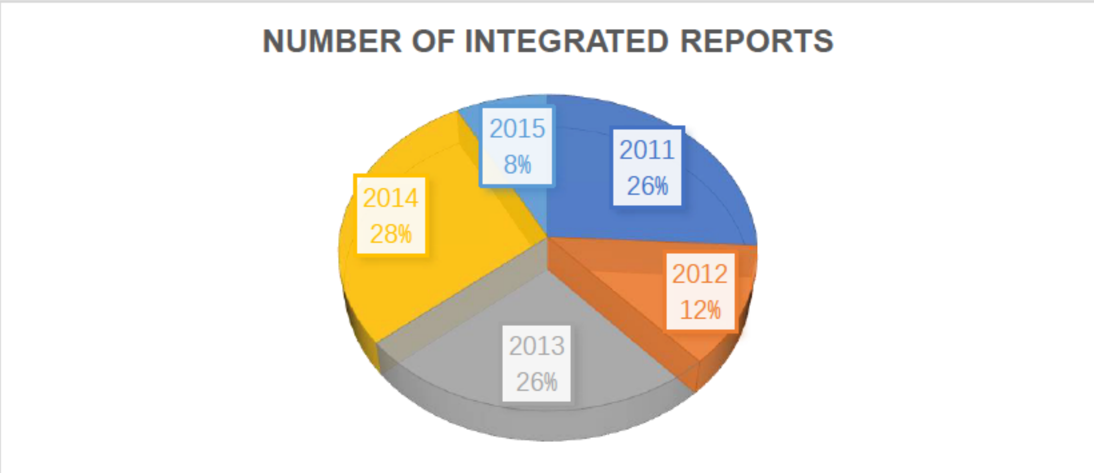
5.2.2 Content Analysis Results of the Second Pilot Study

The second pilot study refines the designs of guiding principles to overcome the limitations in the first pilot study. Five guiding principles are investigated with 20 sub-themes (Appendix B). 1 is coded in each guiding principle when half of the sub-themes are disclosed. In the second pilot study, guiding principles include strategic focus & future orientation, connectivity of information, materiality, completeness, and conciseness. Firstly, some general findings are presented, followed by findings regarding different guiding principles and content elements of IR. Finally, two benchmarks are employed to regroup companies in different years and regions.

5.2.2.1 The General Findings of the Second Pilot Study

The 178 integrated reports were published during the period 2011 to 2015. The number of integrated reports for each year is 46, 22, 46, 50, and 14. Only 14 integrated reports were collected in 2015 because the study collected all the data for the content analysis approach on 4th May 2016. The remains of integrated reports in 2015 were uploaded by IIRC after 4th May 2016, which are not included in the pilot study. Figure 5.2.3 presents the number of integrated reports disclosed from the year 2011 to 2015 as follows.

Figure 5.2.3 Number of Integrated Reports in the Second Pilot Study



The 178 integrated reports are named Integrated Report, Integrated Review, Annual Report, Annual Review, and Sustainability/CSR Report. The sample of the study includes 58 Integrated Reports, 1 Integrated Review, 99 Annual Reports, 10 Annual Reviews, and 10 Sustainability/CSR Reports. Although the names of these reports are different, companies produce all the reports to provide integrated thinking. Figure 5.2.4 presents the number of integrated reports with different names as follows.

Figure 5.2.4 Different Names of Integrated Reports in the Second Pilot Study

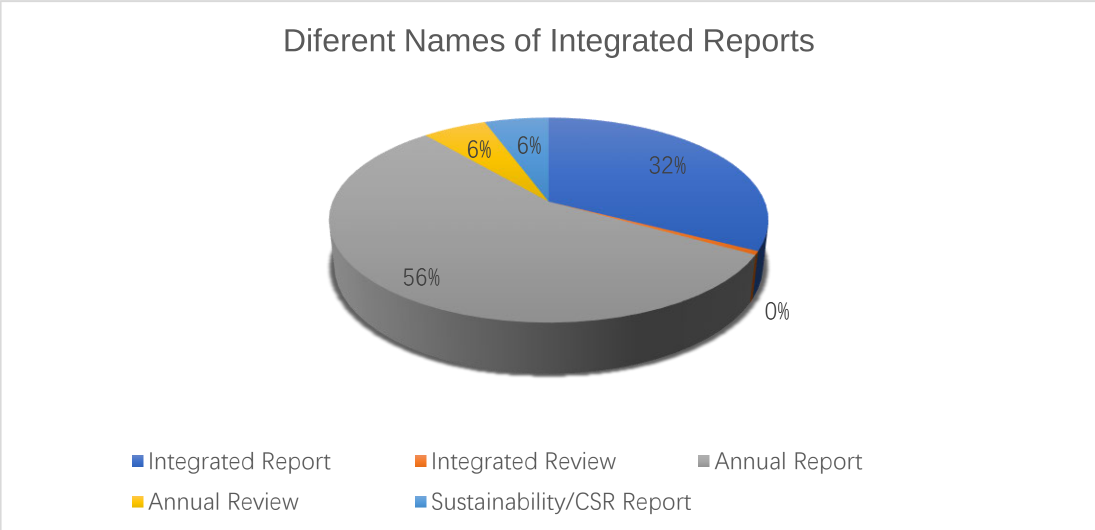
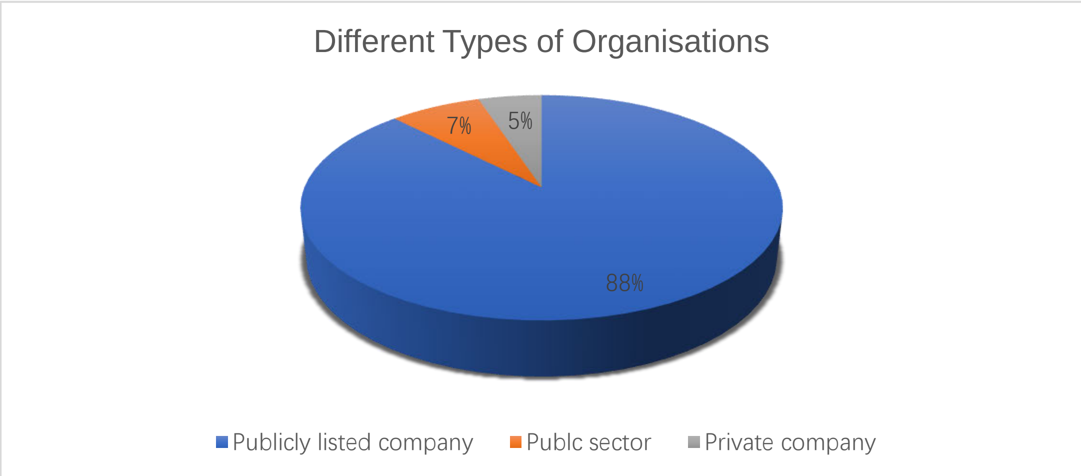


Figure 5.2.4 reveals that 56% of reports are named by their companies as annual reports, while only 32% of reports are called integrated reports. The development of IR was during the beginning stage, and a large number of companies were going to engage in the disclosure of IR. However, a limited number of companies can confirm that their published reports are “real” integrated reports because of the little guidance from the current frameworks of IR. The limitations of existing IR frameworks have led to various names for current IR practices, including annual reports, sustainability reports, and integrated reviews.

The organisation types of the chosen companies include publicly listed companies, the public sector, and private companies. The 156 integrated reports are produced by publicly listed companies, while the 13 and 9 integrated reports are produced by the public sector and private companies, respectively. Figure 5.2.5 illustrates that the disclosure of IR is related to the organisation type of the company. The publicly listed companies with larger sizes and more capital are more likely to publish IR than the public sector and private companies. The different types of organisations is presented in Figure 5.2.5 as follows.

Figure 5.2.5 Different Types of Organisations in the Second Pilot Study



The 178 integrated reports are published by companies from different regions all over the world. The sampled integrated reports comprise 29 reports from Africa, 99 from Europe, 17 from Asia, 11 from North America, 12 from South America, and ten from Australasia. European companies published more reports than the other regions because the IIRC is based in London, UK. The International <IR> framework (IIRC, 2013) significantly influences IR development in Europe.

Figure 5.2.6 also reveals that the integrated reports produced by African companies are slightly more than those in other regions except for Europe. The South African companies contribute most of the number in the African category because the IR is compulsory to disclose in JSE, South Africa. Many integrated reports are published by the South African companies, which list on the JSE but are not included in the database of IIRC. Figure 5.2.6 shows that companies published integrated reports in different regions as follows.

Figure 5.2.6 Integrated Reports in Different Regions in the Second Pilot Study

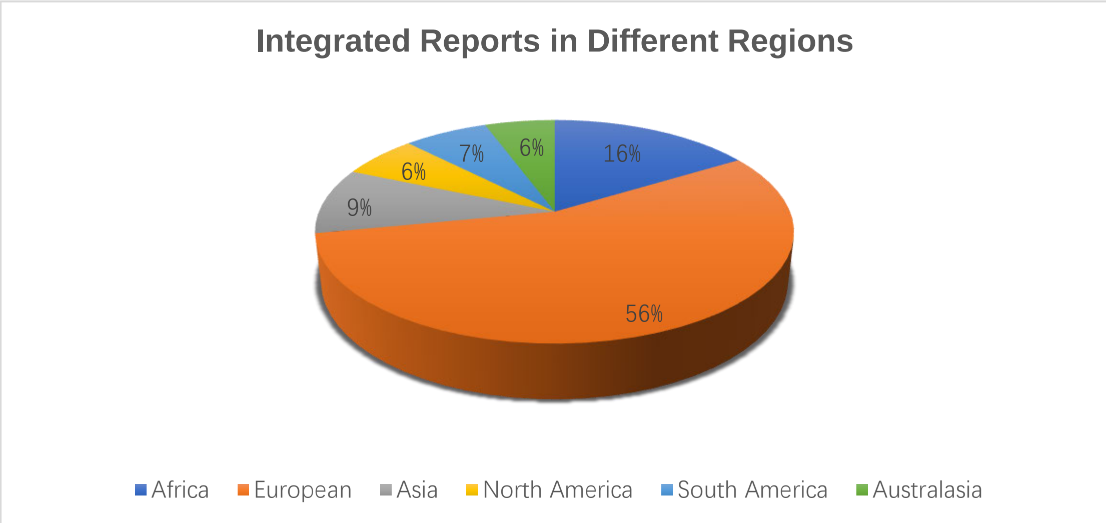


Figure 5.2.6 reveals that European companies publish 56% of integrated reports. Furthermore, the integrated reports published by European and African companies occupy approximately 72% of the total number, while the other regions share the remains of 28%. European and South Africa are the two central regions of IR development because of the International <IR> framework (IIRC, 2013) and King III (IDSA, 2009).

The companies in the sample can be identified in different industries, such as utilities, basic materials, and consumer goods. The financial services industry contributes the most (36) of integrated reports in all sectors, while the public sector contributes the least (1). The study regroups the industries, of which the integrated reports are less than 5, and names the new industry as Other. The Other industry includes Professional Services (3 integrated reports), Public Sector (1), Real Estate (5), Technology (3), and Telecommunications (5). The study divides the 178 integrated reports into nine industries in Figure 5.2.7 as follows.

Figure 5.2.7 Integrated Reports in Different Industries in the Second Pilot Study

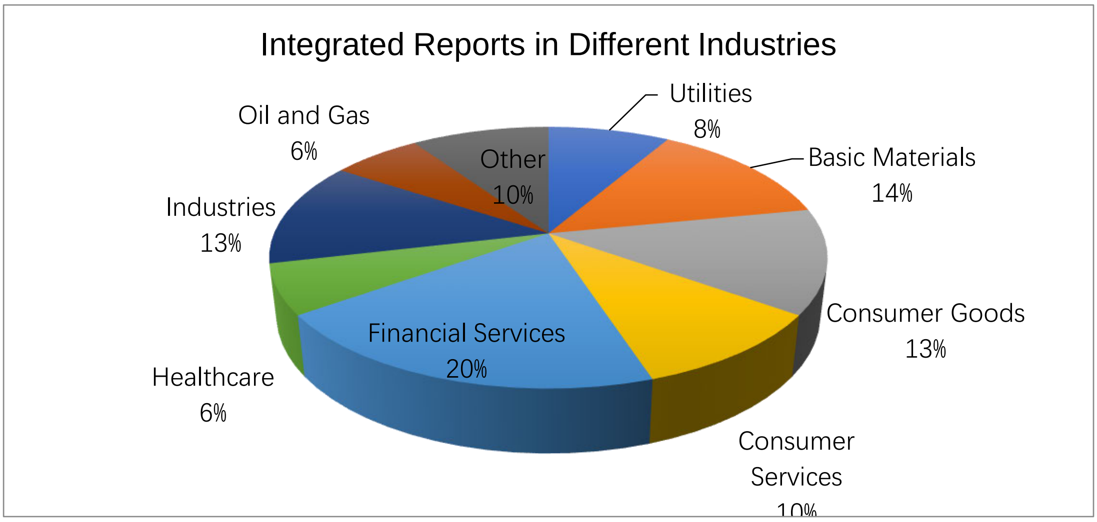


Figure 5.2.7 shows that 20% of the total reports are in the Financial Services industry, which is higher than the others. The Basic Materials, Industries, and Consumer Services categories occupy more than 10% of the total amount. However, the Oil and Gas and Healthcare categories occupy the least of the total account, 6% for each.

The study also checks the page numbers of the 178 integrated reports. The integrated report of HSBC includes the most 598 pages in the sample, and the report of Showa Denki includes the least 20 pages. The average of pages numbers is approximately 166 pages (165.56), and the standard deviation is 88.60. Figure 5.2.8 presents the page numbers of all the integrated reports in the sample.

Figure 5.2.8 Page Numbers of the 178 Integrated Reports in the Second Pilot Study

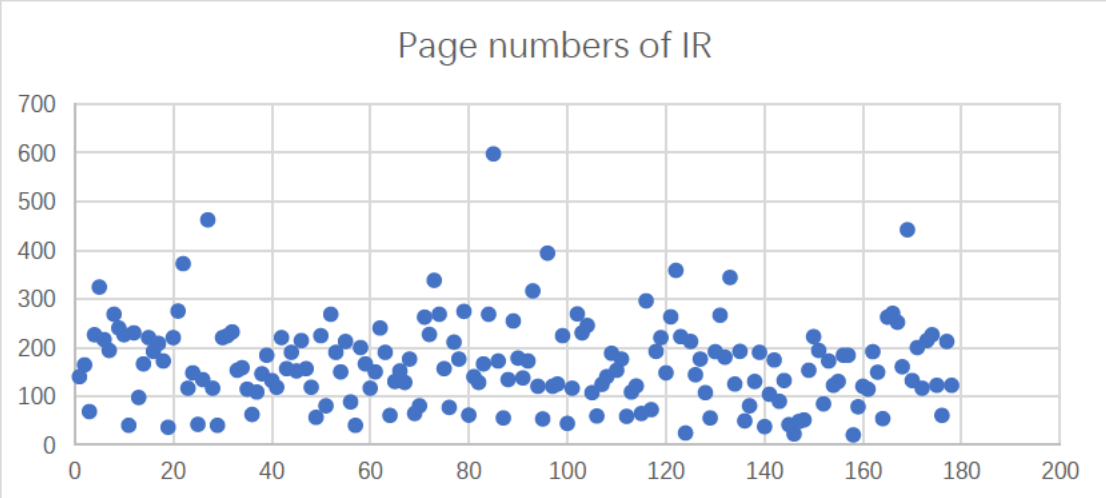
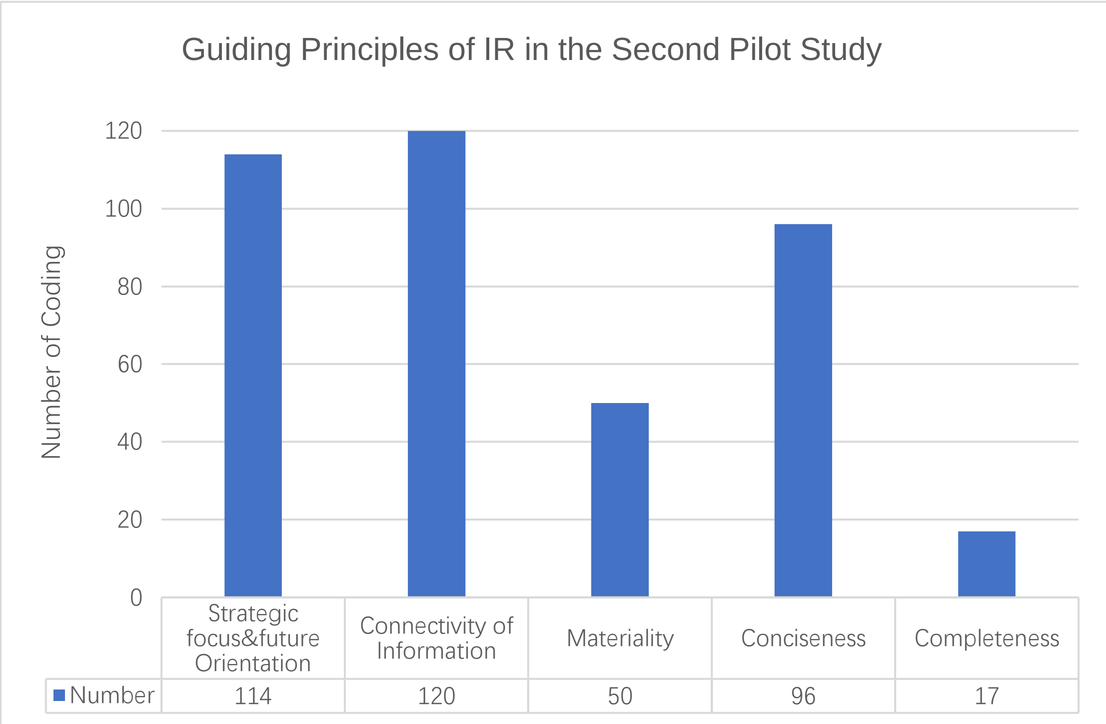


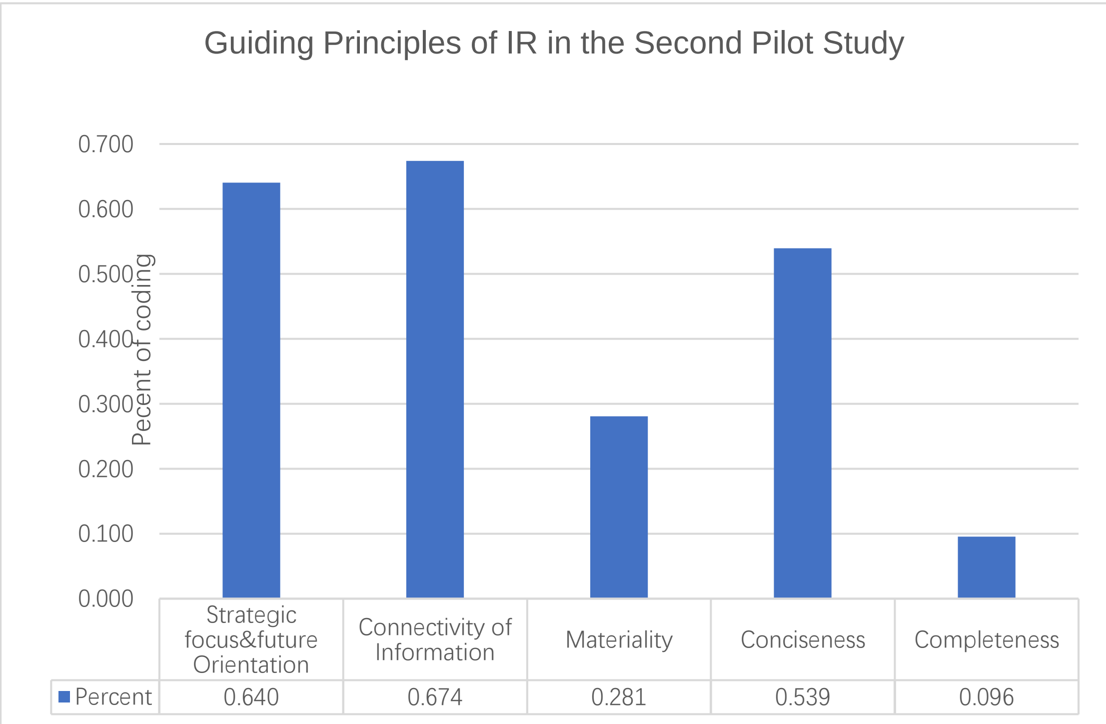
Figure 5.2.8 reveals that the page numbers of most integrated reports are between 50 and 300, and the number of pages of the sample is different. Although the size of words influences the page numbers, we assume that the companies disclose very different information in their current integrated reports.

5.2.2.2 Findings on the Themes of Integrated Reporting

The section focuses on the findings on the thirteen themes of IR, which comprise five guiding principles and eight content elements. More specifically, the five guiding principles of IR are strategic focus & future orientation, connectivity of information, materiality, conciseness, and completeness. Figure 5.2.9 presents the findings regarding the guiding principles of IR as follows.

Figure 5.2.9 Guiding Principles of IR in the Second Pilot Study





The first graph shows that the 178 integrated reports have been coded 397 times in terms of the five characteristics of IR. The average number for each report is approximately 2.23 (397/178), meaning that most companies disclose more than two guiding principles of IR in their integrated reports. Furthermore, 120 of 178 integrated reports disclose the connectivity of information, and only 17 of 178 reports disclose completeness. The second graph reveals the percentage of coding in terms of guiding principles of IR. More specifically, about 64% (114/178) of reports include the strategic focus & future orientation, and the other two guiding principles, materiality and conciseness, are disclosed by 28% and 54% of integrated reports, respectively. Overall, the strategic focus & future orientation, connectivity of information, and conciseness are presented by more than half of the companies in their integrated reports. The study also compares the five guiding principles of IR in Figure 5.2.10 as follows.

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Figure 5.2.10 A Comparison of Guiding Principles in the Second Pilot Study

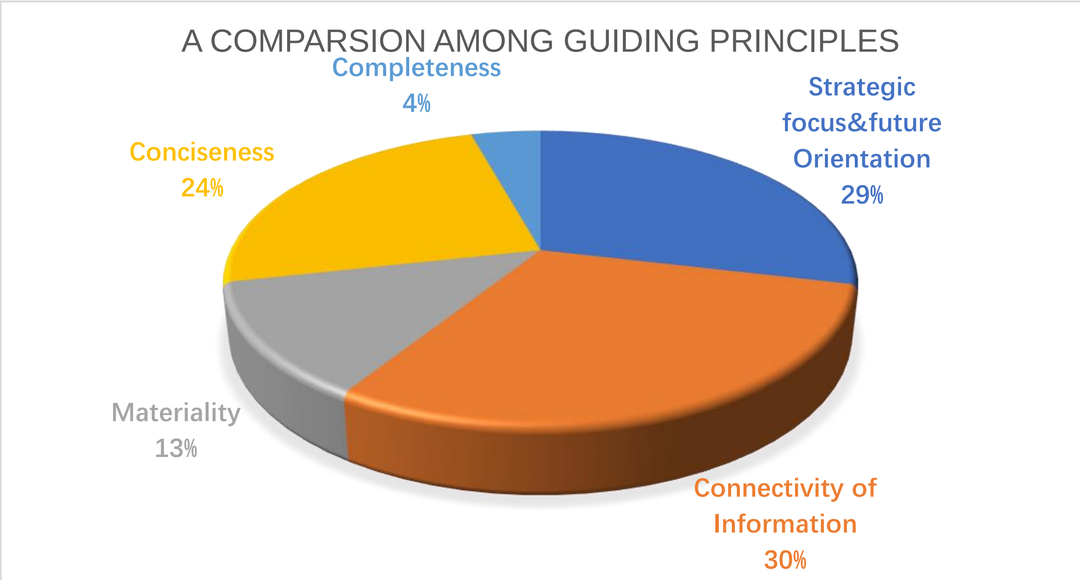


Figure 5.2.10 reveals a comparison among the five guiding principles of IR. The strategic focus & future orientation and connectivity of information are the two important guiding principles of IR, which occupy 29% (114 times) and 30% (120 times) of the total number. Approximately two-thirds of reports have disclosed these two characteristics; the percentage is 64% (114/178) and 67% (120/178), respectively. Furthermore, conciseness and materiality occupy 24% (96 times)

and 13% (50 times) of the total amount. Finally, completeness only occupies 4% (17 times) of the total number. In other words, Completeness has been disclosed by less than one-tenth (17/178) of companies in their integrated reports. Overall, the strategic focus & future orientation and connectivity of information are the most disclosed by current companies in their integrated reports. In contrast, the other guiding principles of IR, like completeness and materiality, need extra concerns in future integrated reports and accurate explanations/definitions in the frameworks of IR.

The eight content elements of IR comprise organisation overview, governance, business model, financial performance, CSR performance, strategy, risk management, and relevant capital. Figure 5.2.11 presents the findings in terms of content elements of IR as follows.

Figure 5.2.11 Content Elements of IR in the Second Pilot Study

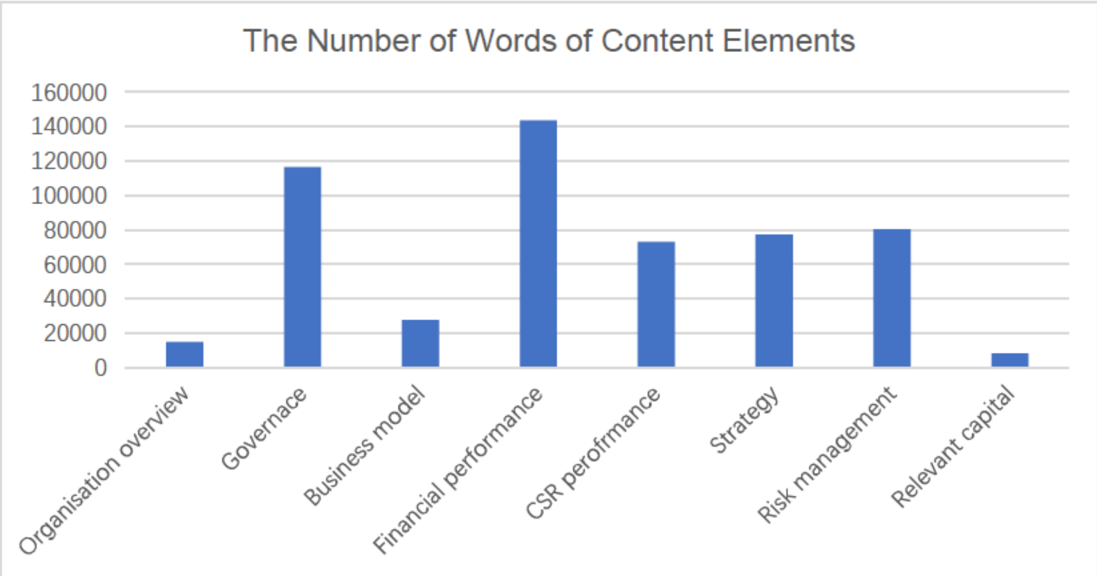


Figure 5.2.11 reveals that the fifty keywords of the content analysis approach have been coded 540997 times in terms of eight content elements of IR within the 178 integrated reports. The average total disclosure is 3039 (540997/178) words per report. The average page numbers of the 178 integrated reports are approximately 166. Plenty of information on IR is provided in the integrated

reports within the sample. On each page of the current integrated reports, 18.3 (3039/166) keywords can be identified. The study also provides a comparison among content elements of IR in Figure 5.2.12 as follows.

Figure 5.2.12 A Comparison of Content Elements in the Second Pilot Study

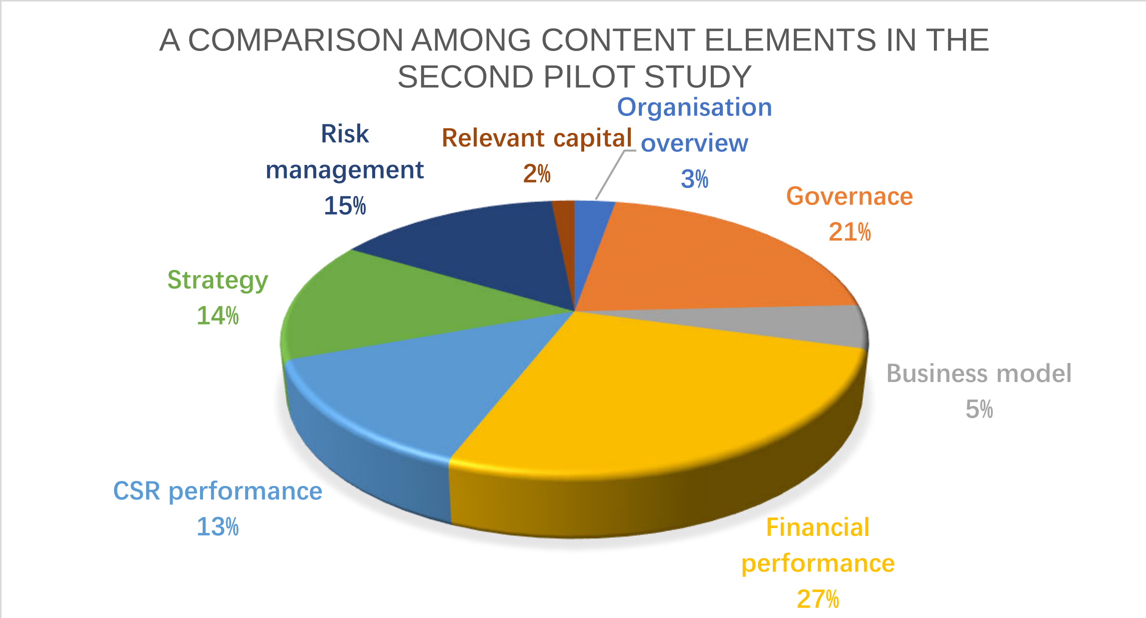
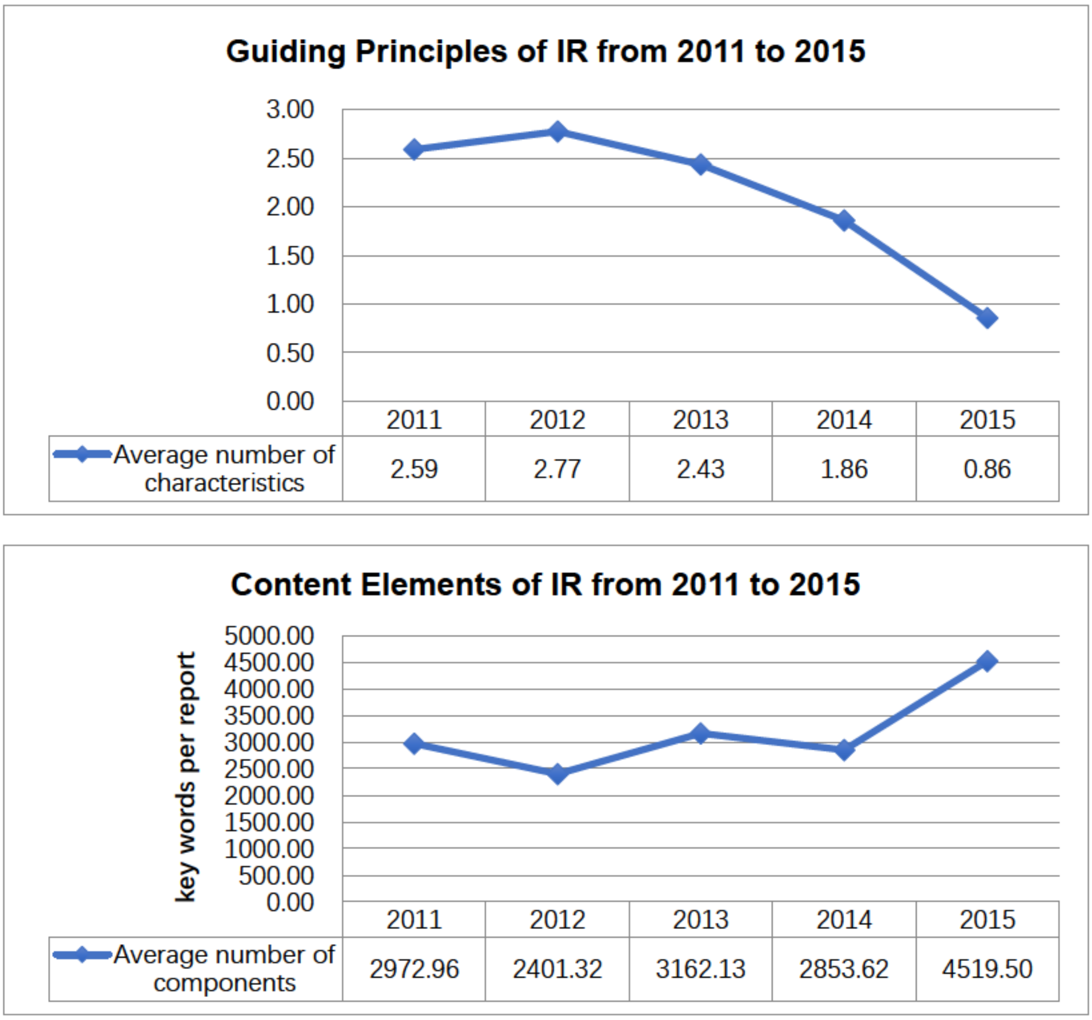


Figure 5.2.12 reveals a comparison among eight content elements of IR. Financial performance and governance aspects occupy 27% and 21%, respectively, of the total number, which is followed by Risk management (15%), Strategy (14%), and CSR performance (13%). Moreover, the Business model, Organisation overview, and Relevant capital only occupy 5%, 3%, and 2% of the total.

5.2.2.3 Disclosure of Integrated Reporting in Different Years

The section compares the results of the content analysis approach over five years. First, the study explores the average number of guiding principles and content elements of IR each year from 2011 to 2015. Moreover, the study compares different guiding principles and content elements during this period. The average number is adopted because the number of integrated reports is different in the five years. The disclosure of guiding principles and content elements of IR is provided in Figure 5.2.13 as follows.

Figure 5.2.13 Guiding Principles and Content Elements of IR from 2011 to 2015

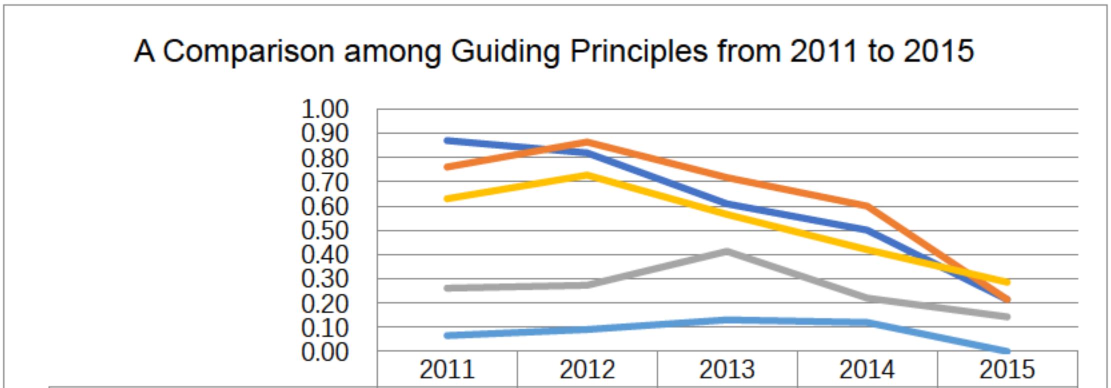


The first line graph illustrates that the disclosure of guiding principles of IR dramatically decreases during the period from 2011 to 2015. For example, the 2.59 in 2011 means that each of the 46 integrated reports in 2011 averagely disclosed the guiding principles of IR 2.59 times. More specifically, the disclosure of guiding principles of IR was 2.59 times per report in 2011, but the disclosure declined to 0.86 times in 2015. The largest number of disclosures was 2.77 in 2012. The disclosure of guiding principles increased from 2011 to 2012 and then decreased from 2013 to 2015. IIRC published the first formal framework for IR, the International IR framework (IIRC, 2013), in 2013. Since that, the companies have voluntarily published their IR in compliance with IIRC

(2013). Before 2013, companies published their self-declared integrated reports in compliance with financial or non-financial frameworks (e.g., GRI and conceptual framework), and some of the reports were based on their annual or CSR report, which strictly required the disclosure of guiding principles. A potential explanation for the decrease in 2013 is relevant to the extensive adoption of the IIRC (2013), which is a voluntary IR framework.

The second line graph represents that the number of keywords of components experienced a fluctuation during the period 2011 to 2014 and increased to 4519.5 in 2015. The fluctuation was between 3162.13 and 2401.32 in 2013 and 2012, respectively. The study also compares the disclosure of the guiding principles and content elements during the five years in Figure 5.2.14 and Figure 5.2.15, respectively.

Figure 5.2.14 A Comparison of Guiding Principles from 2011 to 2015

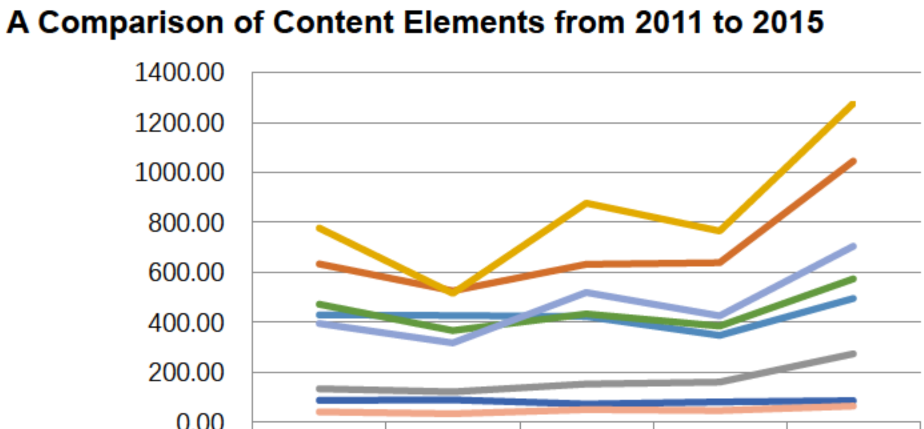


	2011	2012	2013	2014	2015
Strategic focus&future Orientation	0.87	0.82	0.61	0.50	0.21
Connectivity of Information	0.76	0.86	0.72	0.60	0.21
Materiality	0.26	0.27	0.41	0.22	0.14
Conciseness	0.63	0.73	0.57	0.42	0.29
Completeness	0.07	0.09	0.13	0.12	0.00

Figure 5.2.14 reveals that the disclosure of all IR guiding principles dramatically decreased from 2011 to 2015. For example, 0.87 in 2011 means that 87% of integrated reports in 2011 included the strategic focus & future orientation. More specifically, the disclosure of strategic focus & future orientation and

connectivity of information declined from around 0.8 (0.87 and 0.76, respectively) to approximately 0.21 during the five years. The disclosure of materiality and completeness is relatively stable and fluctuates about 0.2 and 0.1, respectively. Connectivity of information, conciseness, and completeness experienced a slight increase from 2011 to 2012. Connectivity and conciseness share a similar trend, while Materiality and Completeness share a similar trend with fluctuation.

Figure 5.2.15 A Comparison of Content Elements from 2011 to 2015



	2011	2012	2013	2014	2015
Organisation overview	88.39	89.82	73.37	82.08	86.14
Governance	633.67	526.32	632.33	638.26	1045.00
Business model	133.57	122.18	153.13	160.56	273.93
Financial performance	776.98	516.05	876.39	766.16	1275.71
CSR performance	430.20	427.45	423.35	347.92	495.50
Strategy	472.04	367.23	433.48	385.62	573.86
Risk management	395.57	317.82	519.09	426.32	704.29
Relevant capital	42.54	34.45	51.00	46.70	65.07

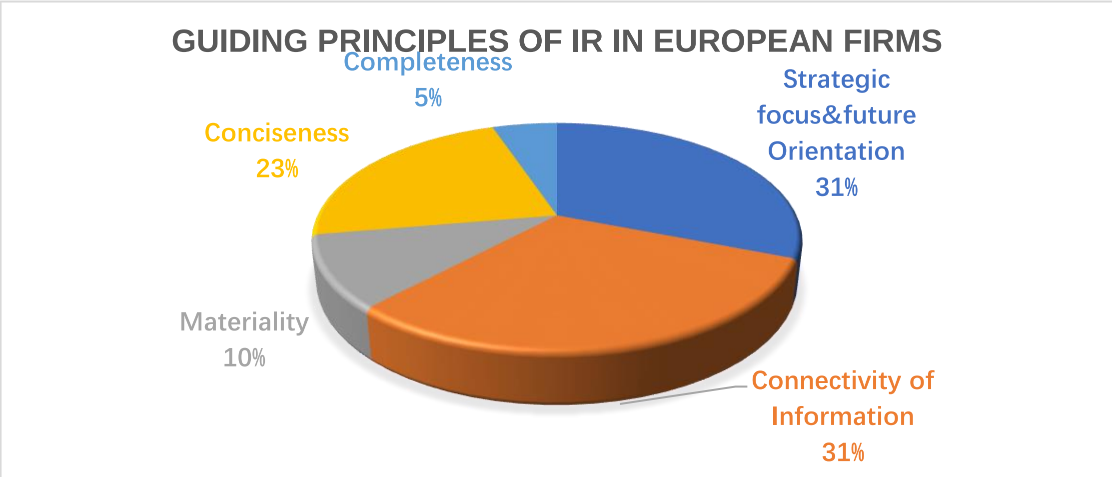
Figure 5.2.15 reveals that the disclosure of content elements of IR increases during the five years. The eight content elements of IR can be divided into three groups. Four components (financial performance, governance, risk management, and strategy) experienced an increasing fluctuation from 2011 to 2014 and boosted in 2015. Moreover, the CSR performance and Business model remained around 400 and 140 from 2011 to 2014 and slightly increased in 2015. Furthermore, the organisation overview and relevant capitals stay around 85 and 50, respectively, during the five years. Most content elements

were relatively stable from 2011 to 2014, but all content elements of IR experienced an increase in 2015. The governance, risk management, and strategy share a similar trend of progress during the five years.

5.2.2.3 Disclosure of Integrated Reporting in Different Regions

Integrated reports in the sample are published by companies based in different regions worldwide. The study identifies these regions as Europe, Africa, Asia, America, and Australasia. A comparison among the themes of IR in European integrated reports is provided in Figure 5.2.16 as follows.

Figure 5.2.16 Guiding Principles and Content Elements of IR in European Firms



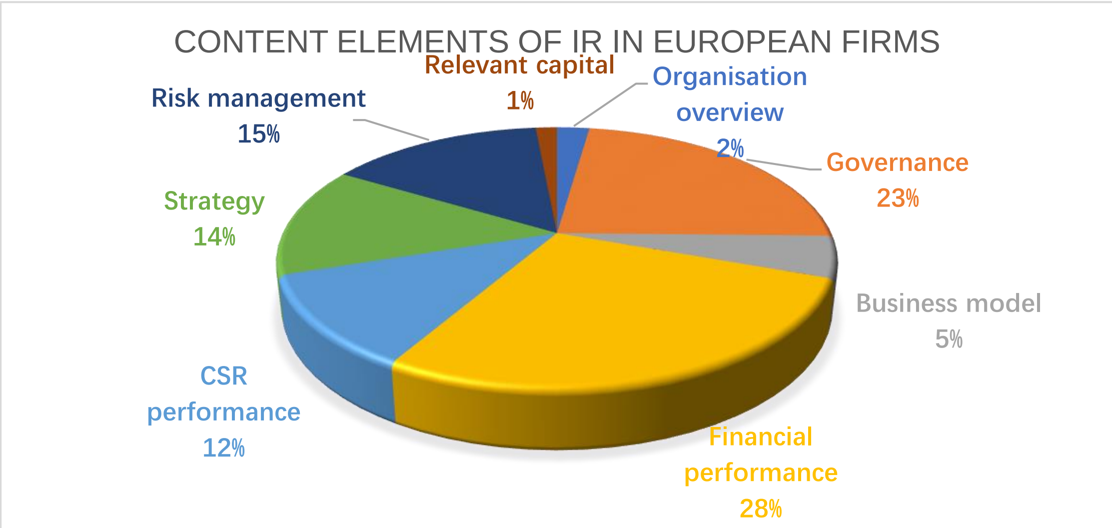
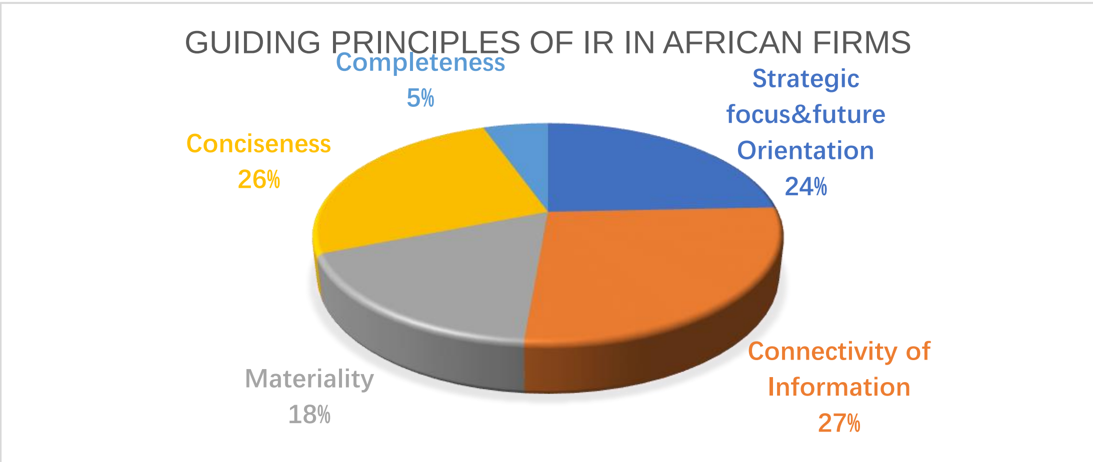


Figure 5.2.16 reveals the disclosure of guiding principles of IR in European companies. The connectivity of information and strategic focus & future orientation occupy the most percentage (31%) of the total amount, while completeness is only 5%. Occupation of the European category is similar to that of the worldwide sample. However, the Materiality of the former is 3% lower than the latter. The second pie chart reveals the disclosure of content elements of IR in European companies. Financial performance occupies the most percentage (28%) of the total number, while Relevant capital is 1%. Overall, the disclosure of IR in the European region shares many similarities with the worldwide result because integrated reports published by European companies occupy the largest part of the sample (99 of 178). A comparison among the themes of IR in African integrated reports is provided in Figure 5.2.17 as follows.

Figure 5.2.17 Guiding Principles and Content Elements of IR in African Firms



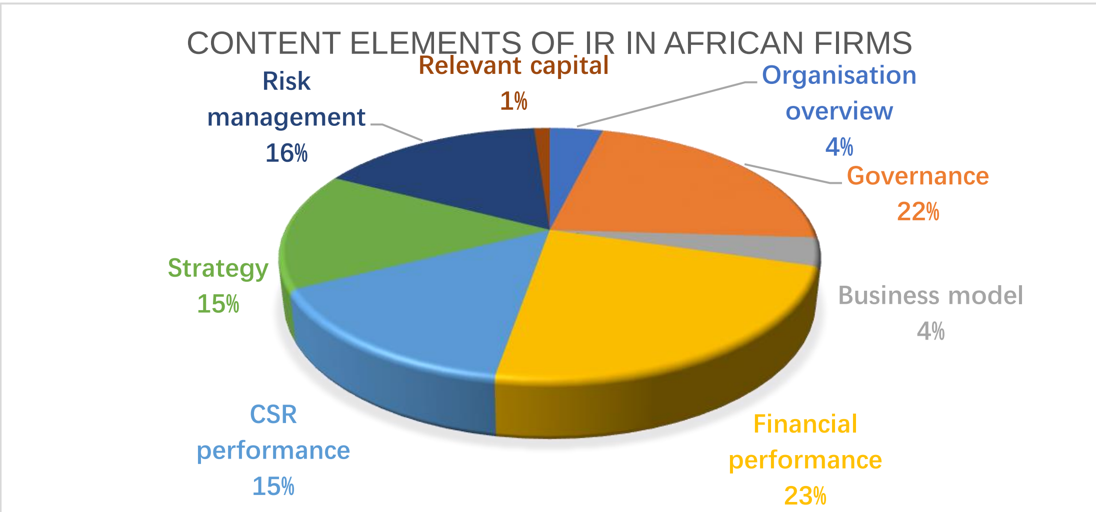
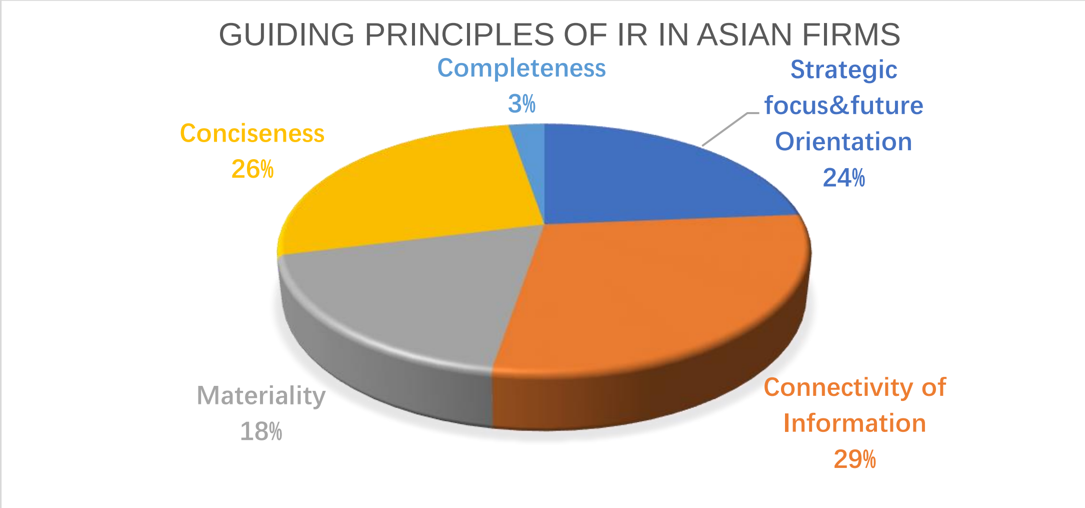


Figure 5.2.17 presents the disclosure of guiding principles of IR in the integrated reports produced by African companies. Connectivity of information occupies the largest percentage (27%) of the total amount, while completeness is 5%. Compared with the worldwide sample, the disclosure of strategic focus & future orientation and connectivity of information in the African category is 5% and 3% less than those in the worldwide sample. Moreover, the materiality in the African category occupies 5% more than that in the global sample.

The second pie chart reveals the disclosure of IR content elements in the African category. Financial performance occupies the largest percentage (27%) of the total number, while relevant capital is 2%. The disclosure of components of IR in the African region shares many similarities with the worldwide results, except that percentage of financial performance is 4% lower. Overall, the African category is different from the worldwide sample in the guiding principles of the IR aspect. The strategic focus & future orientation of the African category is lower than the worldwide result, while the materiality is higher. The King III model of IR has an important influence on the South African companies which list on the JSE. In the literature review section, the study reviews that the King III model (IDSA, 2009) emphasises the historical information of company performance in IR. The emphasis on historical information may influence the disclosure of IR in terms of future orientation in South Africa. A comparison among the themes of IR in Asian integrated reports is provided in Figure 5.2.18 as follows.

Figure 5.2.18 Guiding Principles and Content Elements of IR in Asian Firms



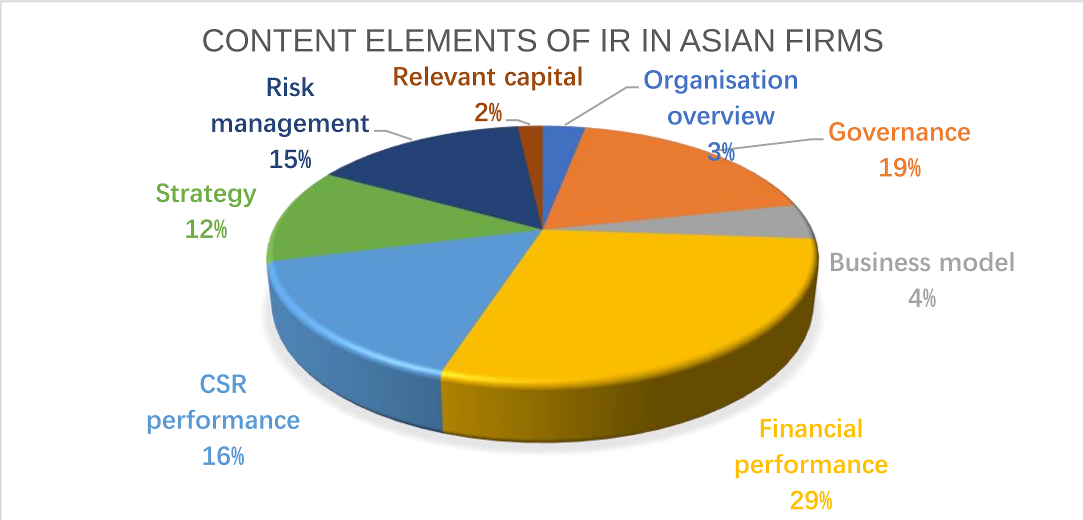
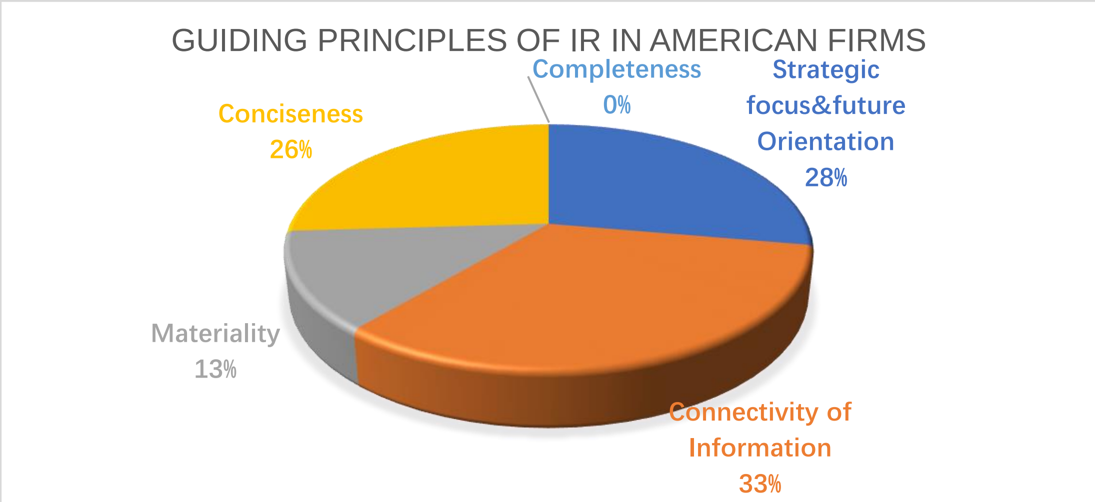


Figure 5.2.18 presents the disclosure of guiding principles of IR in the integrated reports produced by Asian companies. Connectivity of information is the largest occupation (29%) in the total amount, while the percentage of completeness is 3%. The Asian category is very similar to the African category in the guiding principles of the IR aspect, except for some slight differences in the connectivity and completeness aspects. The second pie graph shows the disclosure of IR content elements in the Asian category, slightly different from the worldwide sample. The CSR performance in Asian integrated reports is disclosed more frequently than in worldwide ones. The percentage of CSR performance in the Asian category is 3% higher than in the sample worldwide. Overall, the Asian integrated reports are very similar to the African ones in the guiding principles

of the IR aspect. Furthermore, the disclosure of CSR performance in the Asian category is more than that in the worldwide sample. A comparison among the themes of IR in American integrated reports is provided in Figure 5.2.19 as follows.

Figure 5.2.19 Guiding Principles and Content Elements of IR in American Firms



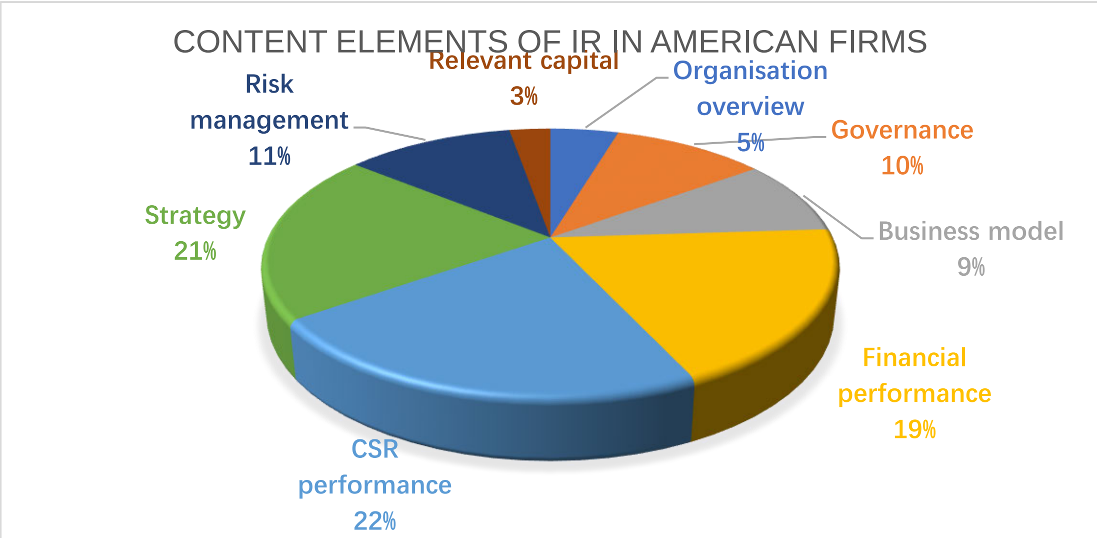
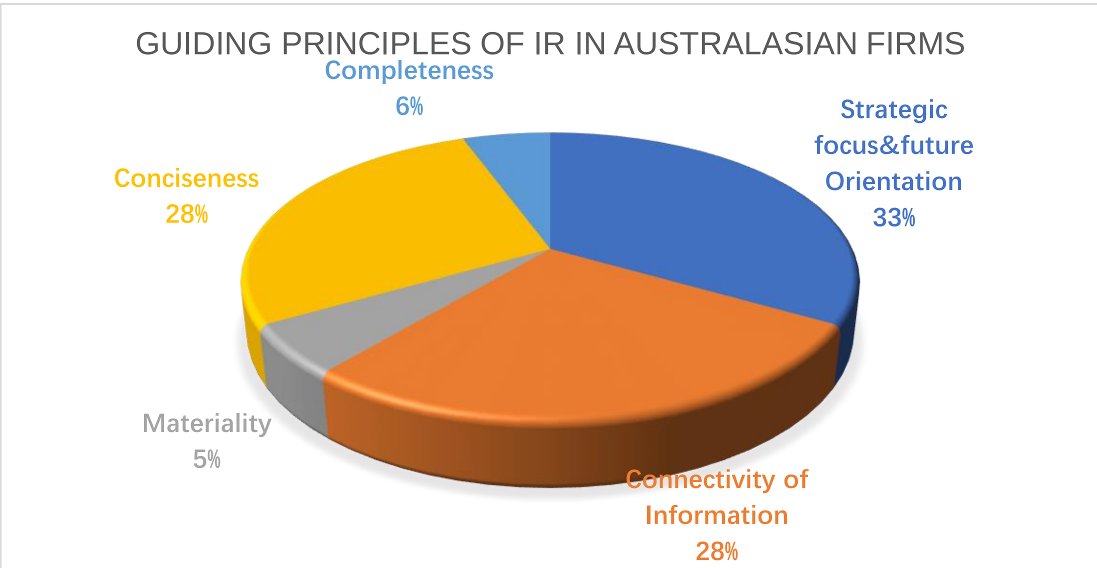


Figure 5.2.19 illustrates that the disclosure of guiding principles of IR in the American category differs from that in the worldwide sample. The Completeness characteristic of IR is not identified in the integrated reports produced by the American companies. Connectivity occupies the most

percentage (33%) in total, while Materiality is the least (13%). Moreover, the occupation of connectivity of information in the American category is the largest in all regions. The second pie chart represents that the disclosure of components of IR in the American category is also different from that in the worldwide sample. The percentage of CSR performance in the American category is 22%, while the governance portion is 10%. The integrated reports produced by American companies focus on strategy and CSR performance rather than financial performance and Governance. However, financial performance and governance are the two important components in the integrated reports that the companies produce in the other regions. Overall, the results of the American category are different from the results of the worldwide sample. On the guiding principles aspect, all the integrated reports published by American companies did not disclose information in terms of completeness in the study. On the content elements aspect, the integrated reports in the American category focus on the information in terms of strategy and CSR performance, while the other integrated reports highlight the disclosure in terms of financial performance and governance. A comparison among the themes of IR in Australasian integrated reports is provided in Figure 5.2.20 as follows.

Figure 5.2.20 Guiding Principles and Content Elements of IR in Australasian Firms



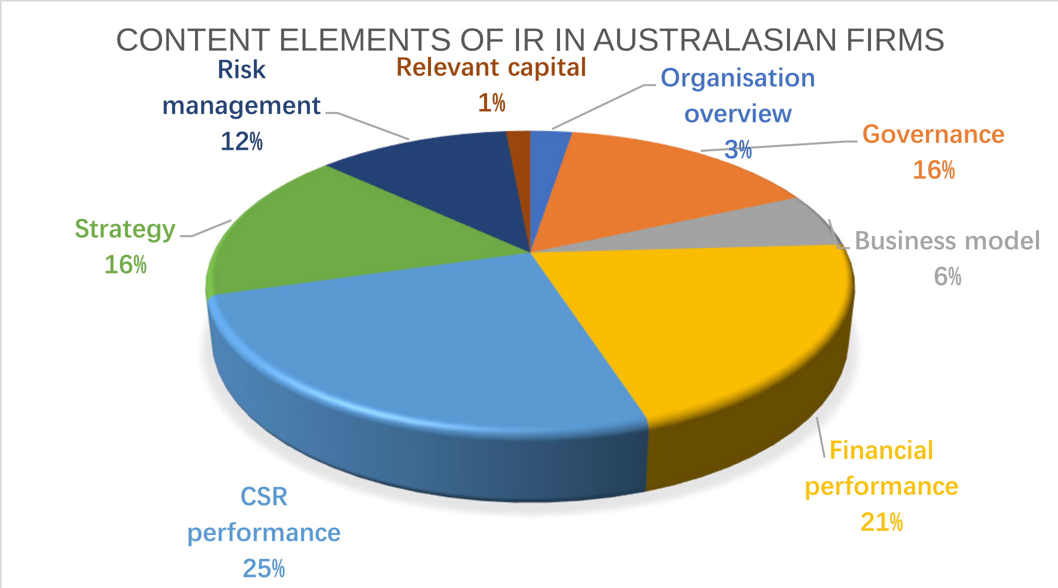


Figure 5.2.20 The first pie chart presents the disclosure of IR guiding principles in the Australasian category. The largest occupation of the total amount is strategic focus & future orientation with 33%, while the least is materiality with 5%. The integrated reports in Australasia emphasise the strategic focus & future orientation and take fewer concerns about Materiality. The second pie chart shows that the integrated reports in the Australasia category share some similarities with those in the American category. However, the results of the Australasia category are different from the worldwide sample. CSR performance is the largest occupation of all components in the Australasian category. CSR performance is 25% of all content elements in Australasian integrated reports, while CSR is merely 13% in the worldwide sample.

Furthermore, the information in governance and financial performance in Australasian integrated reports is less than that in the worldwide ones. Overall, on the characteristics aspect, the Australasian integrated reports which disclosed strategic focus & future orientation are more than the results of the worldwide sample. However, the number which includes Materiality is less than that of the worldwide sample. On the components aspect, the Australasian integrated reports comprise more information in terms of CSR performance than the sample worldwide. However, the Australasian integrated reports contain less financial performance and governance information.

5.2.3 Content Analysis Results of the Sixth Pilot Study

The sixth version of the pilot study adopted the ‘tick’ content analysis approach. The approach first employed ‘tick’ to check whether the themes and sub-themes of guiding principle and content elements are absent or not. Based on the quantitative results, a qualitative content analysis was adopted to deeply explore how the companies disclose the identified themes and sub-themes in their integrated reports.

The sixth pilot study reviewed 30 companies and obtained some qualitative content analysis results on the topic of guiding principles. More specifically, the pilot study identified the main themes and subsidiary themes of IR and further developed a framework to evaluate an integrated report qualitatively. The section first presents the identified subsidiary themes of IR and then provides some preliminary findings regarding materiality.

5.2.3.1 Themes and subsidiary themes of Integrated Reporting

The pilot study identified eight IR themes comprising three guiding principles and five content elements. Materiality, conciseness and faithful representation are the three primary guiding principles of IR. Governance, business model, risk management, strategy and performance are the five primary content elements of IR.

To achieve the materiality of IR, the sampled companies disclose information on the five subsidiary themes in their integrated reports as follows:

- Organisation’s perception of materiality

- The materiality determination process
- Materiality Matrix
- Quantitative thresholds for materiality
- Principal material matters

The majority of the sampled companies' perception of materiality is based on the guidance of the International <IR> framework (IIRC, 2013; 2021). However, four of the thirty companies provided their explanations for materiality. Quantitative thresholds for materiality are highlighted in the sampled integrated reports. The companies provided their quantitative thresholds amount and percentages to identify whether the matters are material for the organisation or not.

To achieve the conciseness of IR, the companies provided information on the following three subsidiary themes.

- Organisation's perception of conciseness
- Refers to the other pages in the integrated report
- Supporting documentation from the other source

In achieving conciseness, IR should link to external sources and provides internal cross-references when relevant to minimise repetition (IIRC, 2013). The sampled companies employed the IIRC's approach and used the words "refer to" and "supporting documentation" to improve the link between different IR components. The links also improved the connectivity of information regarding IR.

The faithful representation includes three subsidiary themes as follows.

- Organisation's perception of faithful representation
- Independent audit report
- Auditor and assurance

Faithful representation is enhanced by internal audit and independent, external assurance (IIRC, 2013). In achieving faithful representation, the sampled companies employed internal audit system (e.g., audit committee) and external accounting firms (e.g., PwC, Deloitte and KPMG). IR is not compulsory to be audited in line with the regulations and guidance, so some companies provided limited assurance, such as “partly external audit” and “No relevant assurance”. The subsidiary themes of governance and business model are presented in Table 5.2.1 as follows.

Table 5.2.1 Subsidiary Themes of Governance and Business Model

Themes of IR	Subsidiary themes
Governance	Governance structure
	The board of directors
	Remuneration policy
	Corporate governance codes
Business model	The descriptions of the organisation's business model
	The specific process of the business model
	Explanations of input, output, and outcomes of the organisation
	The process of the value creation

The subsidiary theme, the specific process of the business model, is presented in a flow chart or a picture by companies in their IR. A flow chart or a picture summarises essential aspects of the business model on a page, highlighting the input, output, and outcomes of the organisation. The subsidiary themes of risk management, strategy, and performance are summarised in Table 5.2.2 as follows.

The sub-subsidiary themes of IR are explored in the study. For instance, the specific risks comprise financial, operational, reputation risk and et cetera. Energy, pollution, and carbon emission are contained by the subsidiary theme, Environmental information. Social information includes employees, community, and consumers.

Table 5.2.2 Subsidiary Themes of Risk Management, Strategy, and Performance

Themes of IR	Subsidiary themes
Risk management	The risk management system of the organisation
	Material/principal risk
	Specific risks
	Risk management framework
Strategy	Strategic objective
	The strategies to achieve the objectives
	The specific strategies
Performance	Financial information
	Environmental information
	Social information

5.2.3.2 Topic 1: Materiality approaches

Some companies shared similar explanations of materiality with the models of IR. For instance, Generali 2017 IR (p. 80) stated:

> This decision complies not only with current legislation but also with the International <IR> framework, in particular with the Materiality, Connectivity of information and Conciseness Guiding Principles…The information which is relevant to this decree has been identified through an innovative materiality process developed in accordance with the IR Framework.

Moreover, DSM 2017 IR (p.100) stated a similar argument:

> On the basis of the principle of materiality (using the GRI Standards), companies 11 distinguishes between topics whose importance warrants publication in this Report (relevant to both DSM and stakeholders) and

topics whose importance warrants publication on the company website only (topics important to either DSM or stakeholders).

Furthermore, Vodacom 2017 IR (p.62) stated: “From a materiality point of view, the Board is satisfied that in the main, company 27 has applied the principles set out in King IV, the detail of which is more fully described below”.

Some other companies pointed out their perceptions of materiality in their integrated reports. For instance, Marks & Spencer 2017 IR (p.89) stated:

> We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Similarly, DSM 2017 IR (p.26): “Materiality is a way for companies to identify and analyse the topics that could have a significant social, environmental, financial or reputational impact on their business and which are important to the company's stakeholder”.

5.2.3.3 Topic 2: Materiality Determination Process of the Organisation

The materiality determination process is an important component of materiality in integrated reports. For example, Anglo Platinum 2017 IR (pp. 6-7) pointed out: “our established materiality process aims to ensure that societal, environmental and economic issues that present risks and opportunities to Anglo Platinum are identified while considering issues of salient concern to external stakeholders”.

Moreover, Implats Platinum 2017 IR (p.3) stated:

> Materiality determination and, subsequently the reporting boundary is

informed by key stakeholder material matters, including non-financial items beyond the scope of reporting on financial entities, if these items have a significant effect on the Group's ability to create and sustain value over time.

Furthermore, Royal Bafokeng Platinum 2017 IR (p. 38) stated:

> Our materiality determination process is also an integral part of our efforts to embed integrated thinking in company 20 and to identify the issues that form the basis of our internal and external reporting. Instead of starting with a review of previously identified material issues, we started afresh, which meant that those with whom we engaged, both internally and externally, were not influenced by being presented with previously identified issues but started from scratch.

5.2.3.4 Topic 3: Materiality matrix

The materiality matrix includes the outcomes of the materiality assessment in a table. Companies adopted the matrix to present their materiality assessment process clearly. Generali 2017 IR (p. 80) stated:

> The starting points were the matters contained in the materiality matrix created in 2016, where primary importance is ascribed to the perspective of internal and external stakeholders. With respect to the 20 starting matters of the aforementioned materiality matrix, the analysis identified the following 11 matters as the most material in terms of frequency within the documentary sample.

FMO Bank 2017 IR (p. 15) also introduced its materiality matrix: "To establish what matters most to our key stakeholder groups, we have updated and validated the materiality assessment performed in 2016. The outcome of the materiality assessment is included in the matrix below".

5.2.3.5 Topic 4: Quantitative Thresholds for Materiality (Percentage and Number)

The Quantitative thresholds provide companies with a quantitative approach to measuring the materiality of their integrated reports. The thresholds are adopted by almost all of the sampled companies. For instance, Intercontinental Hotel 2017 IR (p.85) explained:

> We determined materiality for the Group to be $32m (2016: $31m), which is 5% (2016: 5%) of profit before tax adjusted for exceptional pre-tax items. We believe that profit before tax adjusted for exceptional pre-tax items provides us with a consistent year-on-year basis for determining materiality and is the most relevant performance measure to the stakeholders of the entity…We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of $1.6m (2016: $1.6m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. The 5% of thresholds percentage is extensively adopted by the companies.

5.2.4 Summary of Preliminary Findings of Pilot Studies

The section summarises the preliminary findings of pilot studies, including quantitative and qualitative results. Quantitative results were obtained mainly from the second version of the pilot study. The sixth version of the pilot study provided qualitative results.

5.2.4.1 Quantitative Results of Pilot Studies

The section summarises the quantitative results of the pilot studies based on data collection in sections 4.5.1 and 4.5.2. The 178 integrated reports were collected from the IIRC IR example database. However, only 32% of reports were named an “integrated report”. The remaining 58% of reports were named annual reports and sustainability reports. Some annual and sustainability reports were produced in line with the requirements of IFRS and GRI. The reports did not adopt the IIRC or King's approach, but the reports were self-declared as an "integrated report". Some particular reports contained more than 500 pages (see Figure 5.2 8). The preparers of reporting had limited knowledge in terms of IR in 2011. The companies claimed that their financial and non-financial reporting were IR because IR was a new fashion in the corporate reporting system.

The results of Figure 5.2.12 illustrates that financial performance and governance occupied 27 and 21 per cent, respectively, of the total eight content elements of IR. IR exhibits more similarities with management accounting practices rather than accounting sustainability practices. (Thomson, 2015). The companies disclose more traditional financial and governance information than CSR performance and strategy, which were highlighted in the GRI guideline and International <IR> framework (IIRC, 2013).

The result of Figure 5.2.15 presents that governance, risk management, and strategy share a similar increasing trend during the five years. The finding can support the argument that the management aspect of IR is a combination of governance, risk management and strategy in the previous section.

The integrated reports produced by European companies are more than those published by companies in the other regions because the IIRC is based in the UK. The International <IR> framework (IIRC, 2013) influences IR development in Europe.

5.2.4.2 Qualitative Results of Pilot Studies

Qualitative results of pilot studies are mainly based on the sixth pilot study. Eight main themes of IR are identified in the sample. The three primary guiding principles include materiality, conciseness, and faithful representation. Governance, business model, risk management, strategy and performance are the five primary content elements of IR. The pilot study further explored the materiality of IR.

The companies determined material matters on both qualitative and quantitative approaches. Qualitatively, companies define the materiality and present materiality determination process and materiality matrix. The narrative information determines the material matters of an organisation based on historical and industrial benchmarks. The quantitative thresholds provide companies with a quantitative approach to measuring the materiality of IR. Almost all companies adopt thresholds to measure materiality. The companies extensively adopt the 5% of threshold percentage in the sample. For instance, Intercontinental Hotel 2017 IR (p. 84) explained:

> We determined materiality for the Group to be $32m (2016: $31m), which is 5% (2016: 5%)…we agreed with the Audit Committee that we would report to them all uncorrected audit differences above $1.6m (2016: $1.6m), which is set at 5% of planning materiality.

5.3 Findings of Content Analysis on Guiding Principles

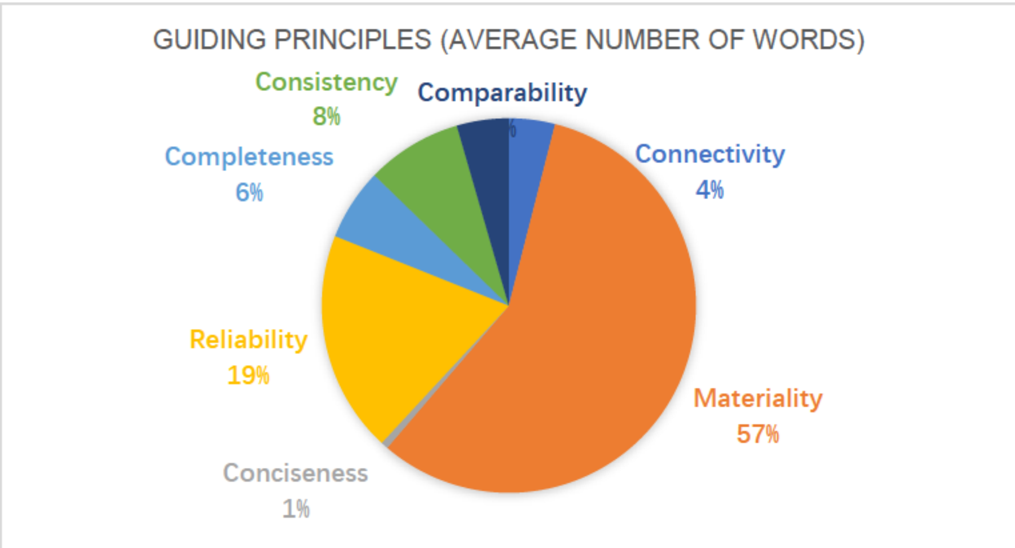
The section focuses on investigating the seven guiding principles of IR, which are connectivity, materiality, conciseness, reliability, completeness, consistency, and comparability. Firstly, the section starts by comparing the guiding principles and then moves to analyse the specific guiding principle. The total and the average number of guiding principles of IR are provided in Table 5.3.1 as follows.

Table 5.3.1 Total and Average Number of Guiding Principles of IR

	Guiding Principles (total)	Guiding Principles (average)
Connectivity	246	0.85
Materiality	3539	12.29
Conciseness	39	0.14
Reliability	1183	4.11
Completeness	383	1.33
Consistency	510	1.77
Comparability	277	0.96

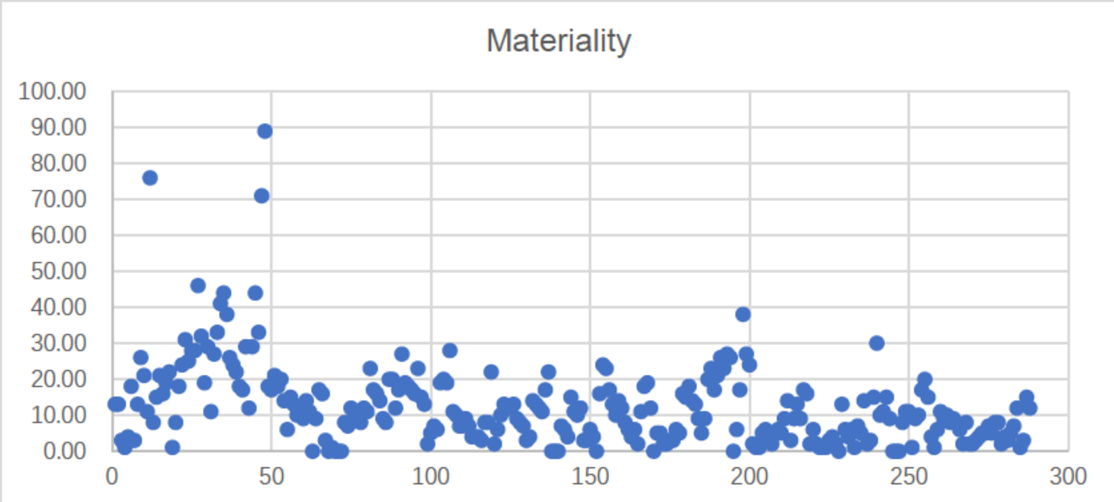
Table 5.3.1 shows that the number of keywords in terms of materiality, which is 3539 words in total, is the most of the seven guiding principles, followed by reliability (1183) and consistency (510). The average number of materiality is 12.29, which is obtained by 3539/288. The average number of materiality illustrates that the companies averagely disclose 12.29 keywords in terms of materiality in their integrated reports. Companies disclose the most keywords in terms of materiality in the seven guiding principles, which potentially means companies provide more information in terms of materiality. A comparison of the guiding principles is provided in Figure 5.3.1.

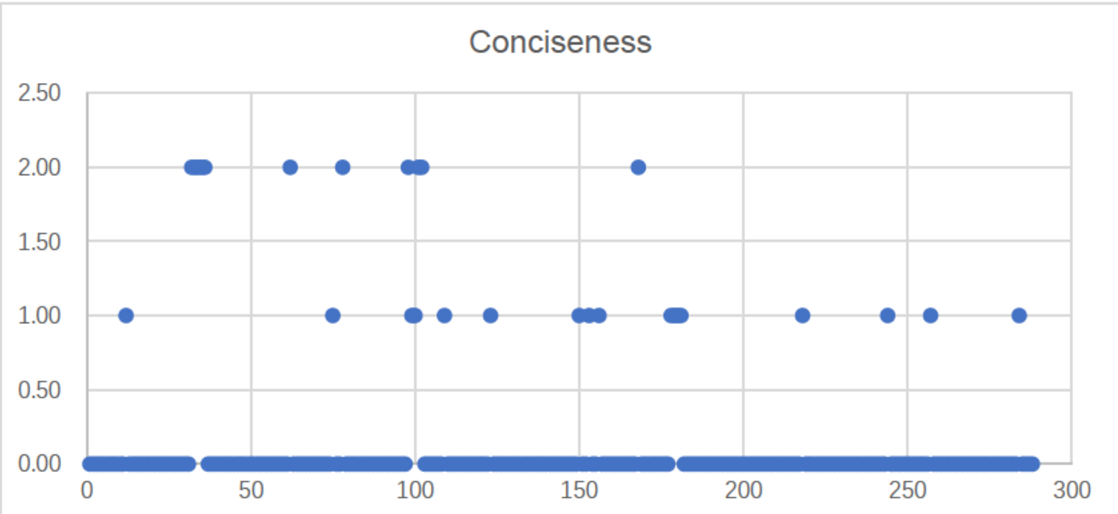
Figure 5.3.1 Comprehensive Analysis of Guiding Principles of IR



The companies disclose the most information on materiality (57%) in the sample, followed by reliability (19%). The concept of conciseness is barely mentioned by companies, which is occupied approximately one per cent of the guiding principles. Specifically, Figure 5.3.2 illustrates that the concept of materiality is highlighted by companies between 0 to 30 times per report, while conciseness is mentioned between 0 to 2 times as follows. The results are similar to the extant literature (Cerbone & Maroun; Fasan & Mio, 2017; Gerwanski et al., 2018; Green & Cheng, 2018; IIRC, 2015); materiality is an important guiding principle for IR.

Figure 5.3.2 In-depth Analysis of Materiality and Conciseness of IR





Furthermore, the word “thresholds” is frequently adopted by the companies, which appears 1045 times in total and 3.63 average times in each report. One hundred seventy-seven of the 288 reports in the sample contain information in terms of thresholds. Green & Cheng (2018) point out that the materiality threshold assessments are a significant process when making a materiality assessment. With the concept of thresholds in mind, the following section provides detailed information in terms of the integrated reports of companies.

AngloGold Ashanti stated in the 2016 integrated report:

> "In Australia, the government introduced the carbon emissions safeguard mechanism, aimed at limiting future growth in greenhouse gas (GHG) emissions after setting baseline emission thresholds. The safeguard mechanism requires that companies submit carbon credits or pay penalties for excess emissions" (p.20).

EnBw used materiality thresholds to evaluate the risks in 2017 IR, like:

> "The risk of possible sanctions with a negative impact on existing business relations with Russian companies cannot be completely excluded, yet due to the continuing unchanged political developments, this risk falls short of the materiality threshold for reporting" (p. 100).

Also, Eni 2018 IR stated:

> "Since they relate to ordinary transactions conducted at the market or standard conditions, or because under the materiality threshold provided for by the procedure" (p.224).

"Thresholds" have been adopted by companies to evaluate material matters, risks, and strategies in IR. Atlantia supported GRI's guideline in the 2016 IR:

> "The Global Reporting Initiative defines materiality as the threshold at which Aspects become sufficiently important that they should be reported. Beyond this threshold, not all material Aspects are of equal importance, and the emphasis within a report should reflect the relative priority of these material Aspects" (p.18).

In Summary, the thresholds have been extensively adopted in financial and CSR reporting to determine the materiality, such as material matters and principal risks. Further, companies have gradually adopted the thresholds in IR, but the technique has not been presented in the IR frameworks, such as IIRC (2021) and IDSA (2016).

5.4 Findings of Content Analysis on Content Elements

The section starts with an overview of the seven content elements of IR, which are organisation overview, governance, business model, financial performance, CSR performance, strategy, and risk management. Subsequently, the section provides some comparisons among the content elements. The overview of content elements is provided in Table 5.4.1 as follows.

Table 5.4.1 Total and Average Number of Content Elements of IR

	Total	Average
Organisation overview	20409	70.86
Governance	116480	404.44
Business model	39520	137.22
Financial performance	156512	543.44
CSR performance	109140	378.96
Strategy	115045	399.46
Risk management	98147	340.79

Table 5.4.1 presents that the companies' IR discloses the most information in terms of Financial information, which is 156512 in total. Companies disclosed the least amount of information regarding their organisational overview, with only 20,409 instances of disclosure. A comparison among the seven content elements is provided in Figure 5.4.1 as follows.

Figure 5.4.1 Comprehensive Analysis of Content Elements of IR

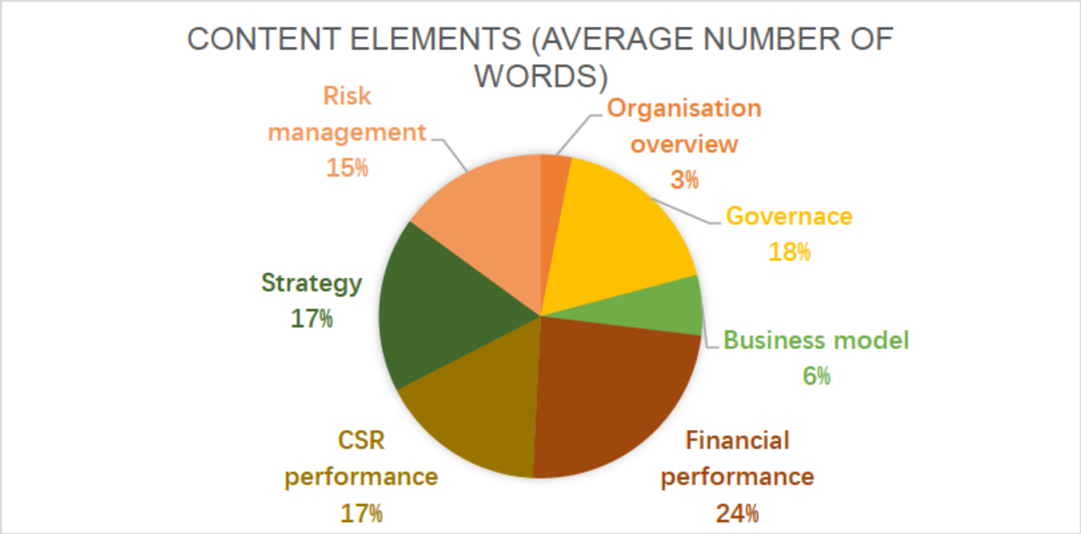


Figure 5.4.1 demonstrates that financial performance (24%) is the most highlighted content element in the sample, followed by Governance (18%), Strategy (17%), CSR performance (17%), and Risk management (15%). The organisation overview and business model are less mentioned, 3% and 6%, respectively. The finding is different from the literature and frameworks of IR. The framework (IIRC, 2013) of IR highlighted the role of the business model and strategy in an integrated report. Strategic focus is the first guiding principle of IR, and “An integrated report should provide insight into the organization’s strategy, and how it relates to the organization’s ability to create value in the short, medium and long term and to its use of and effects on the capitals” IIRC, 2021, p.7). Business model is the core content element of IR in the IIRC model. Figure 3.3.1 describes the value creation process of IR (IIRC, 2013). Business model is in the central position of this process and makes the linkage among the other content elements of IR. Financial performance, a traditional component of financial reporting, is not frequently concerned by the literature and frameworks of IR.

5.5 Regional Analysis of Content Analysis Results

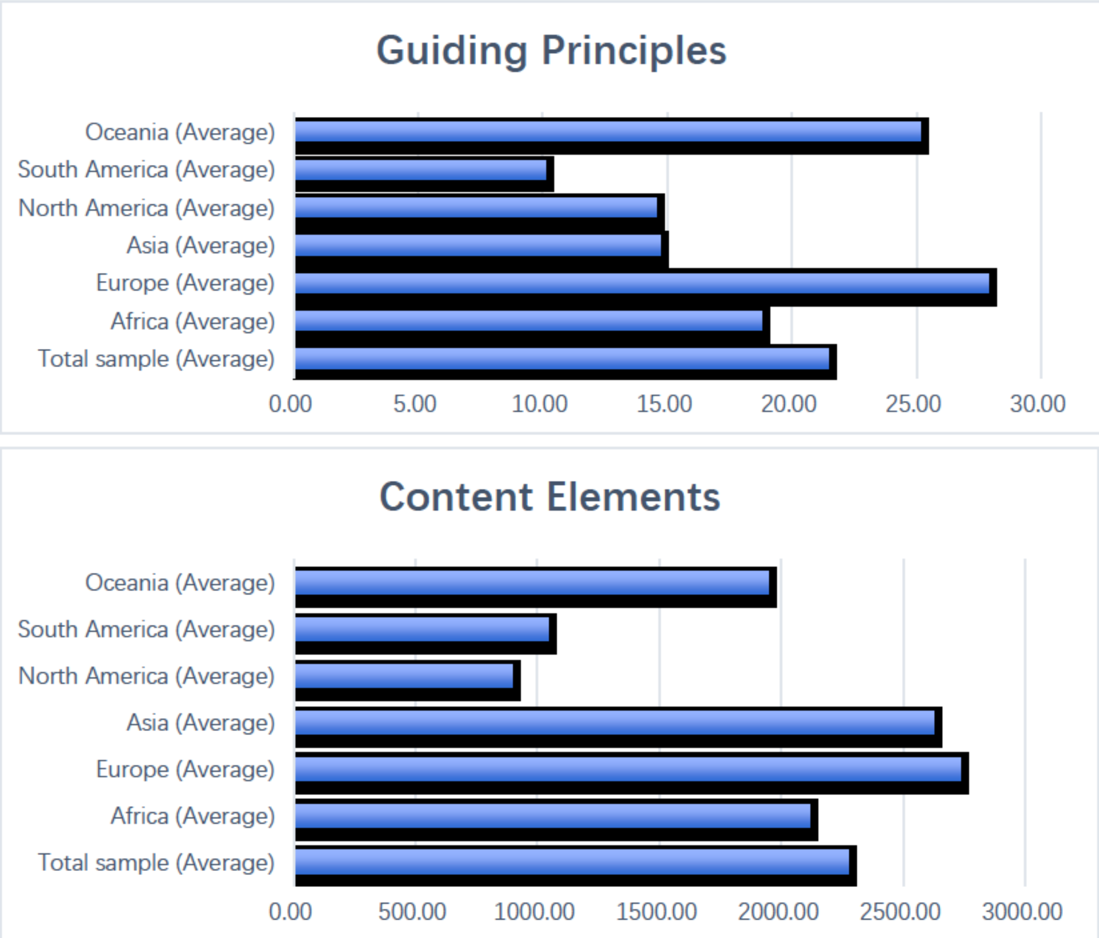
The study divides the fifty companies into six categories based on geographical differences. Six regions are identified as Africa (20 companies, 116 reports), Europe (19, 112), Asia (4, 24), North America (3, 15), South America (3, 15), and Oceania (1, 6). The section demonstrates the disclosure of IR in each region and compares the situation of specific regions with the average of the sample. The overall information in terms of guiding principles and content elements in different regions is presented in Table 5.5.1. Europe is highlighted in bold because the numbers 27.88 and 2733.38 are the most in the categories of guiding principles and content elements.

Table 5.5.1 Overview of Information Across Six Regions

	Guiding principles	Content elements
Total sample (Average)	21.45	2275.18
Africa (Average)	18.79	2115.09
Europe (Average)	**27.88**	**2733.38**
Asia (Average)	14.71	2624.71
North America (Average)	14.53	895.47
South America (Average)	10.13	1043.73
Oceania (Average)	25.17	1947.17

Figure 5.5.1 provides a clear overview of guiding principles and content elements in six regions as follows.

Figure 5.5.1 Comprehensive Analysis of Guiding Principles and Content Elements in Six Regions



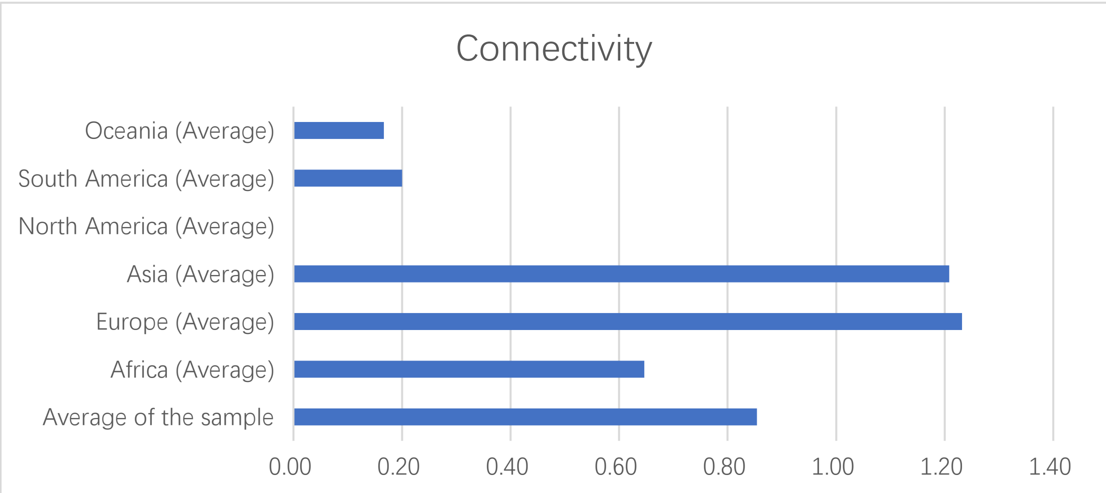
The European companies disclose the most information on guiding principles (27.88 words per report) and content elements (2733 words) within the six regions worldwide. The South American and Northern American categories show the least disclosure of guiding principles and content elements, 10.13 and 895.47 words, respectively. More specifically, Europe and Oceania are the only two categories which exceed the average of the total sample on the aspect of guiding principles. A similar situation happens in the aspect of content elements. All the categories are less than the total average, except the European and Asia categories. European companies prepare their IR in compliance with the International <IR> framework (IIRC, 2013). The North and South American companies mainly produce IR in compliance with not only the international approach of IR but also the local regulations.

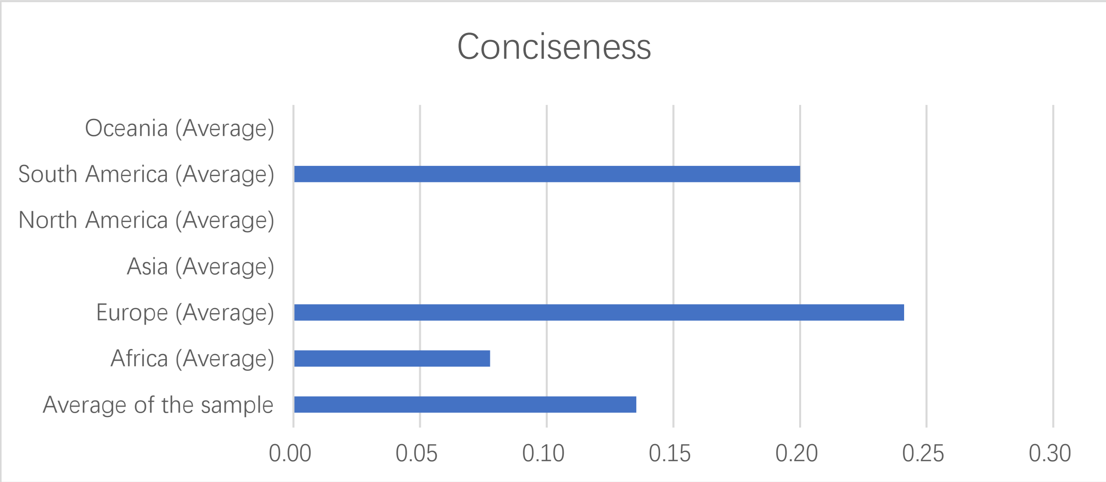
Table 5.5.2 and Figure 5.5.2 provide detailed IR information in six regions on the guiding principles aspect as follows.

Table 5.5.2 Comprehensive Analysis of Guiding Principles in Six Regions

	Connectivity	Materiality	Conciseness	Reliability	Completeness	Consistency	Comparability
Total	0.85	12.29	0.14	4.11	1.33	1.77	0.96
Africa (Average)	0.65	10.35	0.08	3.59	1.20	2.22	0.71
Europe (Average)	**1.23**	16.88	**0.24**	4.50	1.63	1.79	**1.61**
Asia (Average)	1.21	7.33	0.00	3.67	1.71	0.54	0.25
North America	0.00	4.07	0.00	**9.73**	0.27	0.20	0.27
South America	0.20	6.53	0.20	1.53	0.40	1.00	0.27
Oceania	0.17	**18.67**	0.00	0.83	**1.83**	**3.50**	0.17

Figure 5.5.2 In-depth Analysis of Connectivity, Conciseness and Reliability of IR in Six Regions





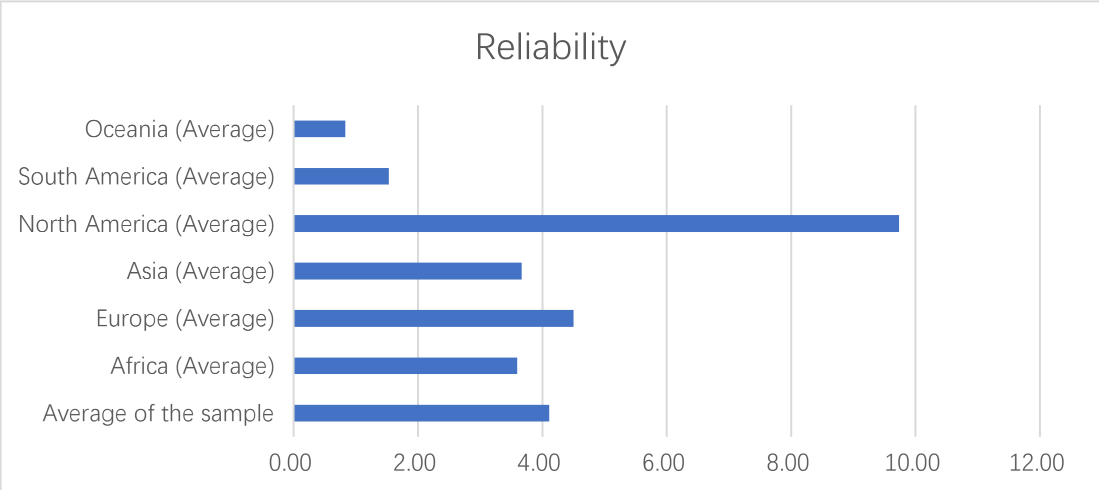


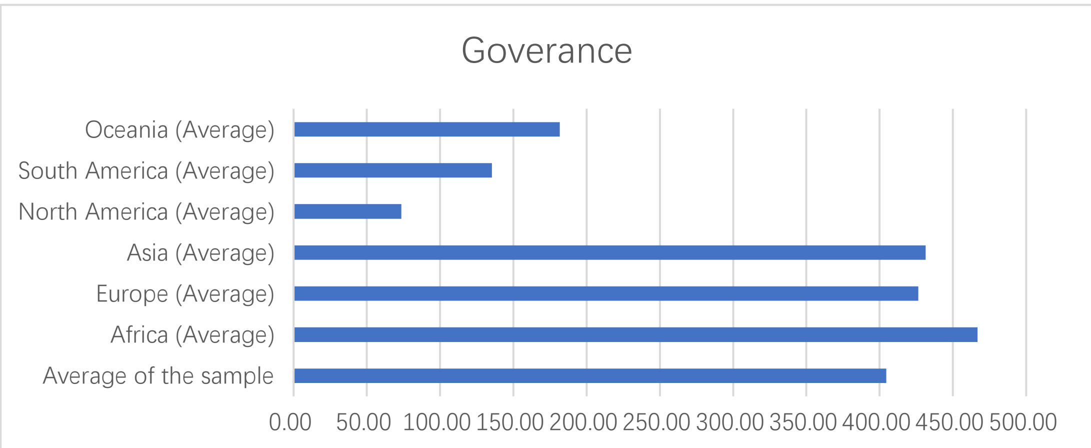
Figure 5.5.2 shows detailed information on the topics of connectivity, conciseness, and reliability. The North American companies did not mention the relevant information in terms of both connectivity and conciseness, but they highlighted the information of reliability in their integrated reports. The disclosure of reliability of North American companies is more than that of the other regions and extremely exceeds the average of the sample. The categories of Oceania, North America, and Asia did not present any information in terms of conciseness.

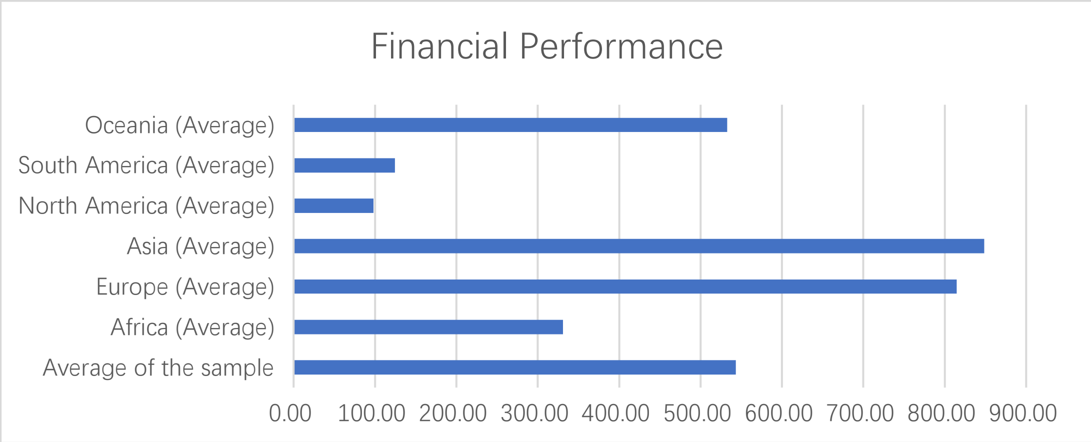
Detailed information in terms of six regions is provided in Table 5.5.3 and Figure 5.5.3.

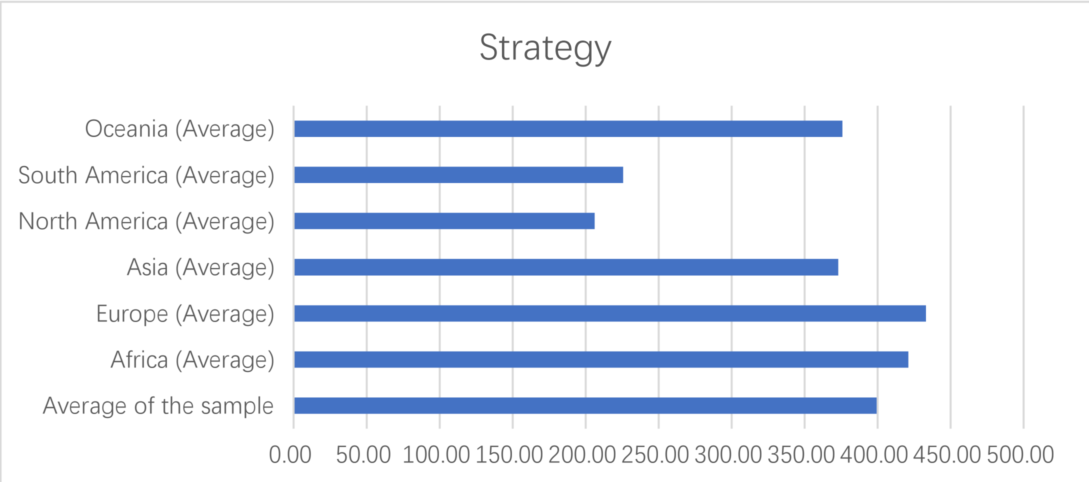
Table 5.5.3 Comprehensive Analysis of Content Elements in Six Regions

	Organisation overview	Governance	Business model	Financial performance	CSR performance	Strategy	Risk management
Total (Average)	70.86	404.44	137.22	543.44	378.96	399.46	340.79
Africa (Average)	**84.88**	**466.70**	96.22	330.97	355.66	421.16	359.50
Europe (Average)	60.40	426.47	179.85	814.49	423.72	**433.05**	**395.39**
Asia (Average)	76.54	431.42	173.25	**848.50**	**433.83**	373.04	288.13
North America	39.20	73.47	79.87	98.20	313.13	206.27	85.33
South America	57.67	135.47	106.67	124.33	235.20	225.80	158.60
Oceania (Average)	84.67	181.67	**209.83**	532.50	298.17	375.83	264.50

Figure 5.5.3 In-depth Analysis of Governance, Financial Performance, Strategy, and Risk Management in Six Regions







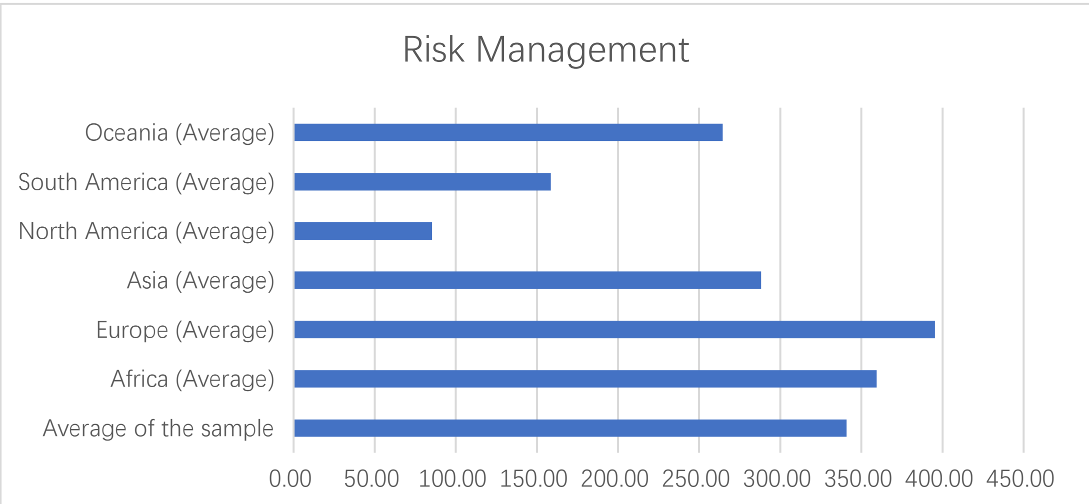


Figure 5.5.3 reveals an interesting finding in terms of the African category. The European category always discloses the most information in terms of content elements, followed by the African category. The African companies provide the most information on Governance, a relatively high amount of information on

strategy and risk management, and relatively limited information on financial performance. The finding is similar to the guideline of the King III and IV Report (IDSA, 2009; 2016). The King Reports highlight the role of governance in the IR, which is different from the International <IR> framework (IIRC, 2013).

European companies disclose the most information in terms of strategy and risk management. IIRC emphasises the role of strategy in an integrated report, and strategic focus & future orientation is an important guiding principle in the International IR framework (IIRC, 2021). European companies publish their IR in compliance with the International IR Framework, which highly requires the disclosure of strategic information in IR.

Overall, the regions, as an important factor, affect the guiding principles and content elements of IR. Furthermore, the adoption of the different frameworks of IR plays an important role in the process of preparing and designing IR. The local regulations, different frameworks, and various guidelines result in the difference in IR in the different regions. Institutional theory is adopted to explain the different IR disclosure in the different regions. Institutional theory explains that organisations tend to employ similar rules and norms within the same industry or region. The behaviours of companies are controlled by institutional pressures, which create tendencies towards institutional isomorphism in organisations (DiMaggio & Powell, 1983).

5.6 Content Analysis Results over Different Years

The study chronologically divides the sampled 288 reports into six categories, which include 2013 (48 reports), 2014 (50), 2015 (50), 2016 (48), 2017 (47), and 2018 (45). The section investigates how did guiding principles and content elements change during the period between 2013 and 2018. The chronological changes in IR disclosure are presented in Table 5.6.1 and Figure 5.6.1.

Table 5.6.1 The Chronological Changes of IR Disclosure from 2013 to 2018

	Guiding principles	Content elements
Number of words per report (2013)	16.25	2158.10
Number of words per report (2014)	19.64	2128.66
Number of words per report (2015)	20.80	2018.50
Number of words per report (2016)	22.23	2281.56
Number of words per report (2017)	23.36	2351.64
Number of words per report (2018)	26.89	2761.42

Figure 5.6.1 The Chronological Changes of Guiding Principles and Content Elements from 2013 to 2018

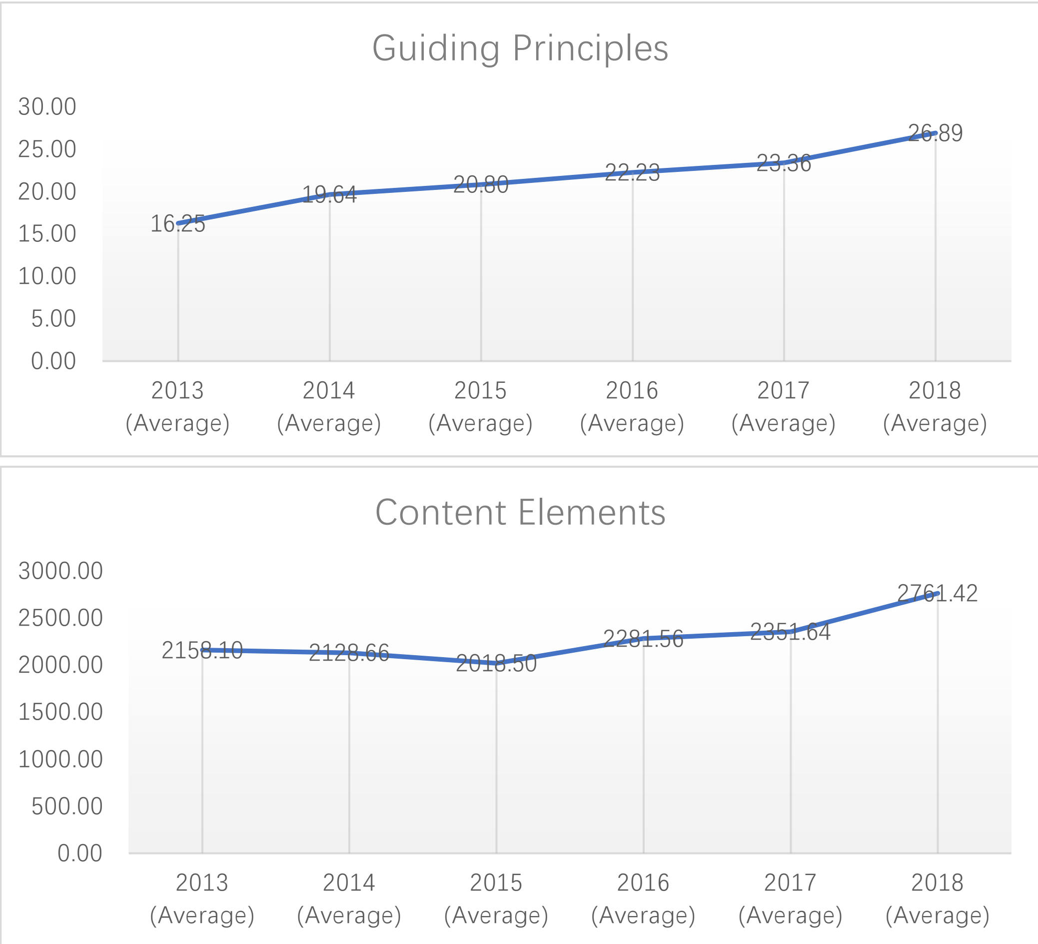


Figure 5.6.1 presents that the number of words of guiding principles and content elements both experienced an increase during the period 2013 to 2018.

However, the number of content elements experienced a slight decrease before the rise from 2015 to 2018, which was different from the consistent increase of guiding principles.

Specifically, detailed information on guiding principles in different years is presented in Table 5.6.2 as follows.

Table 5.6.2 Comprehensive Analysis of Guiding Principles in Different Years

	Connectivity	Materiality	Conciseness	Reliability	Completeness	Consistency	Comparability
2013 (Average)	0.33	8.54	0.06	3.85	0.94	1.48	1.04
2014 (Average)	0.62	10.70	0.16	4.18	1.16	1.78	1.04
2015 (Average)	1.10	12.46	0.12	3.78	1.20	1.34	0.80
2016 (Average)	**1.17**	13.13	0.17	4.02	1.25	1.60	0.90
2017 (Average)	0.91	13.36	0.11	4.13	1.57	2.21	**1.06**
2018 (Average)	1.00	**15.84**	**0.20**	**4.73**	**1.91**	**2.27**	0.93

The Table shows that the six of seven guiding principles increased during the period except for comparability. The number of materiality experienced a homogeneous increase, while the number of conciseness, connectivity, and consistency was raised with a fluctuation. Table 5.6.3. provides the information on content elements from 2013 to 2018 as follows.

Table 5.6.3 Comprehensive Analysis of Content Elements in Different Years

	Organisation overview	Governance	Business model	Financial performance	CSR performance	Strategy	Risk management
2013 (Average)	61.19	375.88	128.17	541.54	365.58	370.67	315.08
2014 (Average)	64.30	393.00	118.64	492.00	376.36	367.46	316.90
2015 (Average)	62.58	362.56	115.66	462.92	358.48	359.16	297.14
2016 (Average)	70.35	414.15	138.35	537.98	366.10	409.25	345.38
2017 (Average)	80.70	416.47	151.11	537.96	391.23	417.96	356.21
2018 (Average)	**87.96**	**471.27**	**175.78**	**703.67**	**419.76**	**480.76**	**422.24**

Table 5.6.3 reveals that the content elements of IR share a similar process from 2013 to 2018. The number of content elements kept fluctuating or slightly decreasing from 2013 to 2015, and the number increasingly soared after 2015. The phenomenon would be related to the extensive development of IR in 2015. Alternatively, IR was regarded as a standalone reporting at the beginning stage, coexisting with traditional financial reporting and CSR reporting. Along with the development of frameworks and guidelines, an increasing number of companies employed IR to replace financial and CSR reporting. The leading companies named their integrated reports as integrated annual reports, which comprise the contents of financial and CSR reporting. However, some companies publish an integrated annual report with a simple combination of financial and CSR reporting instead of a logical structure.

5.7 Content Analysis Results Across Different Industries

The study groups the 50 companies into six industries, which are financial services (12 companies, 70 reports), basic materials (9, 54), consumer goods (9, 47), industrials (9, 54), consumer services (5, 28), and energy (6, 35).

- Financial services: banking, asset management, insurance, securities depository, estate management
- Basic materials: metal, mining, coal, potash fertilizer producer
- Consumer goods: anchor bottler, convenience store, wood products, equipment, seafood, food, manufacturer of consumer, fashion retailers
- Consumer services: airport, logistics, railway, harbour, mobile communications
- Energy: oil, gas, electric power, mobile camps
- Industrials: infrastructure, vehicles, chemicals, power engineering, steel, cement.

The overall information on IR in different Industries is presented in Table 5.7.1 as follows.

Table 5.7.1 Overall IR Information across Different Industries

	Guiding principles	Content elements
Average of the total sample	21.45	2275.18
Financial services (number of words per report, average)	20.79	2481.84
Basic materials	20.96	2170.59
Consumer goods	19.00	2004.19
Industrials	**25.61**	**2725.59**
Consumer services	19.43	2025.93
Energy	22.00	1891.63

Table 5.7.1 presents that the industrials (25.61) and energy (22.00) categories lead the first two places on the aspect of guiding principle. The industrials

(2725.59) and financial services (2481.84) are the two top categories on the aspect of content elements. The industrials disclose the most information regarding guiding principles and content elements, and the disclosure of consumer goods is approximately 75% of that of industrials. Institutional theory explains the highly different IR disclosure between industrials and consumer goods. Organisations tend to employ similar rules and norms within the organisational field (Meyer & Rowan, 1977), especially if they belong to the same industry (Girella et al., 2019).

Detailed information on guiding principles in different industries is provided in Table 5.7.2 and Figure 5.7.1 as follows.

Table 5.7.2 Comprehensive Analysis of Guiding Principles across Different Industries

	Connectivity	Materiality	Conciseness	Reliability	Completeness	Consistency	Comparability
Total sample (Average)	0.85	12.29	0.14	4.11	1.33	1.77	0.96
Financial services (Average)	**1.43**	11.74	**0.30**	2.71	1.40	2.33	0.87
Basic materials	0.43	13.11	0.04	3.15	0.89	**2.52**	0.83
Consumer goods	0.62	14.15	0.04	1.68	0.83	1.23	0.45
Industrials	1.13	**15.15**	0.11	3.89	**2.00**	1.67	**1.67**
Consumer services	0.71	9.36	0.07	6.00	0.96	1.14	1.18
Energy	0.37	7.54	0.17	**10.46**	1.80	0.89	0.77

Figure 5.7.1 In-depth Analysis of Conciseness, Materiality, and Reliability across Different Industries

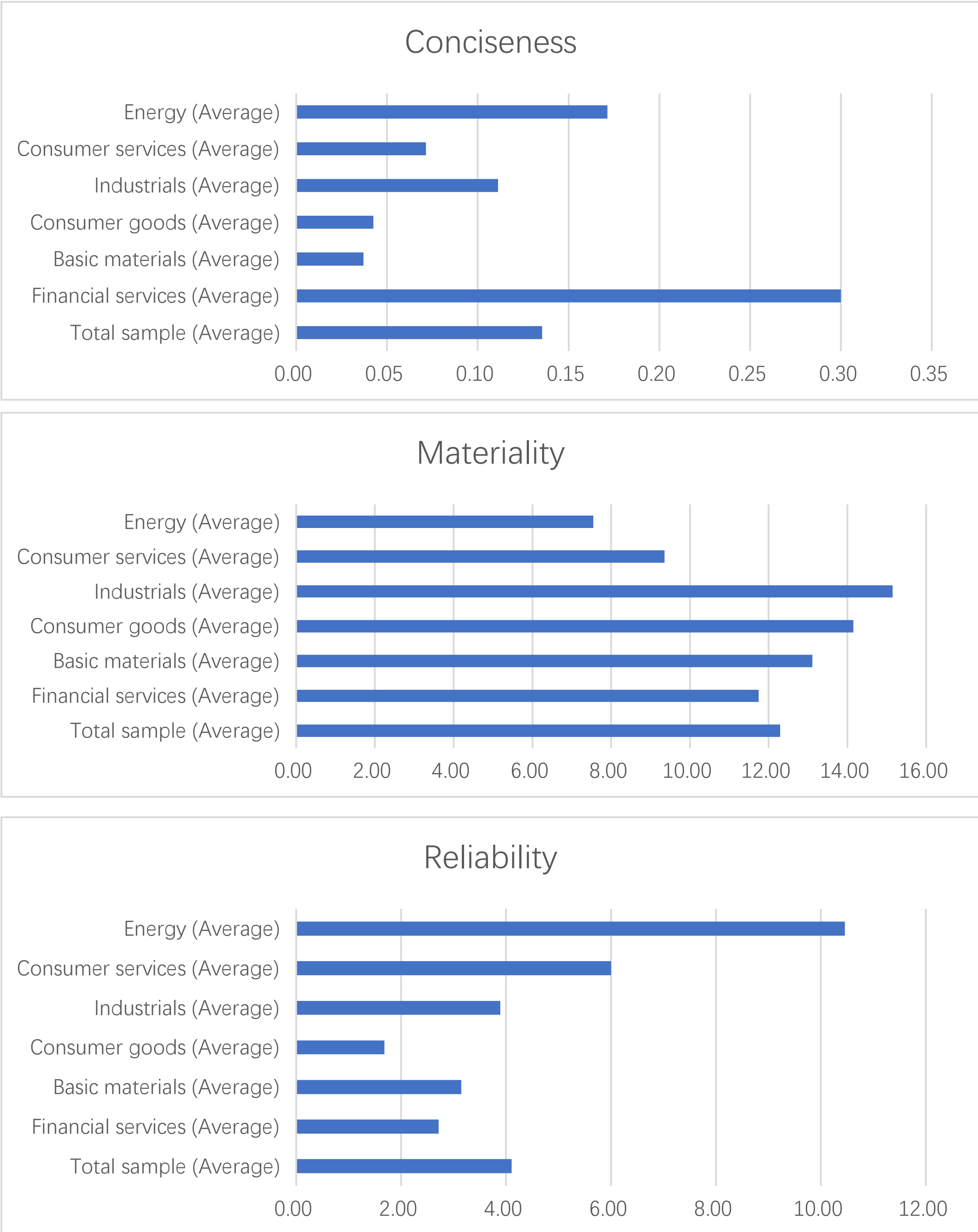


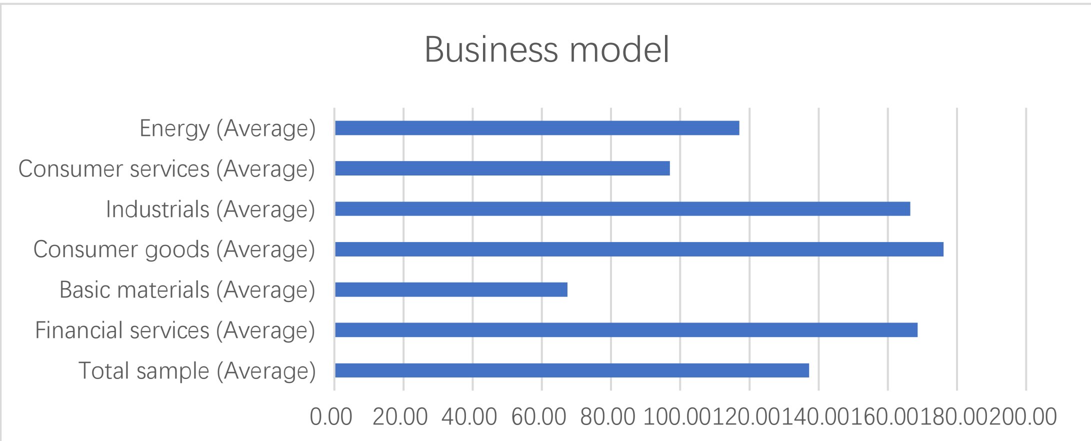
Table 5.7.2 presents the financial services companies that disclosed more information about connectivity and conciseness, while industrials companies provided more details about materiality, completeness and compatibility. The energy firms are only leading on the reliability aspect. Detailed information regarding content elements in different industries is provided in Table 5.7.3 as

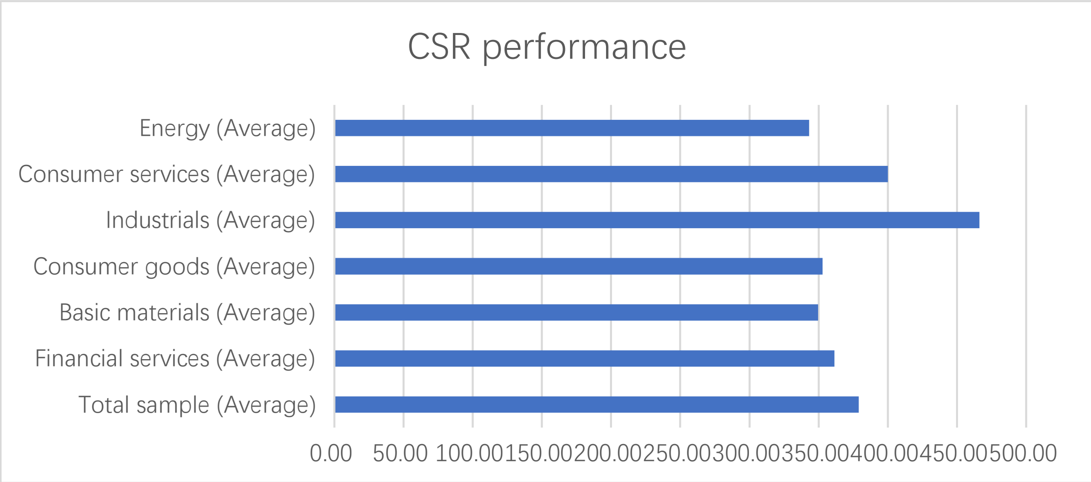
follows.

Table 5.7.3 Comprehensive Analysis of Content Elements across Different Industries

	Organisation overview	Governance	Business model	Financial performance	CSR performance	Strategy	Risk management
Total sample (Average)	70.86	404.44	137.22	543.44	378.96	399.46	340.79
Financial services (Average)	**77.67**	428.94	168.60	642.93	361.44	365.47	**436.79**
Basic materials	76.56	472.31	67.37	395.15	349.61	**458.94**	350.65
Consumer goods	54.51	349.06	**176.09**	456.38	352.74	371.38	244.02
Industrials	77.02	**461.19**	166.46	**783.00**	**466.11**	422.02	349.80
Consumer services	74.29	364.96	97.04	437.32	400.14	356.43	295.75
Energy	58.20	269.14	117.09	405.49	343.06	413.00	285.66

Figure 5.7.2 In-depth Analysis of Business Model, CSR Performance, and Strategy across Different Industries





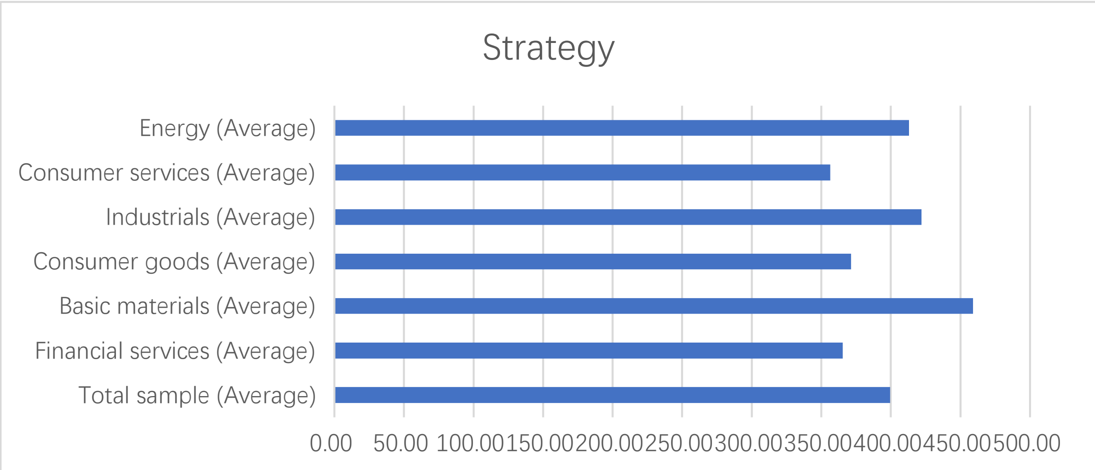


Table 5.7.3 and Figure 5.7.2 show that basic materials disclosed the most information in terms of governance and strategy. Consumer goods provided more information about business model, while industrials disclosed more CSR information. Risk management is the most disclosed by financial services.

Based on the reflections of the data, the study further regroups the six industries into three categories: environment-related (including basic materials, industrials, and energy), environment-unrelated (including consumer goods and consumer services), and financial services groups. The overall information in the three main industries is presented in Table 5.7.1 as follows.

Table 5.7.4 The Overall Information in Thee Main Industries

	Guiding principles	Content elements
Total sample (Average)	21.45	2275.18
Environment-related (Average)	22.97	2311.90
Environment-unrelated	19.16	2012.31
Financial services	20.79	2481.84

Table 5.7.4 illustrates that the companies provide a similar volume of information in terms of guiding principles in environment-unrelated (19.16) and financial services (20.79) while providing the most information in the environment-related industry (22.97 words in a report on the themes of guiding principles). Furthermore, financial services and environment-related industries provide more information in terms of content elements than the environment-unrelated industry. The specific information of guiding principles in the three main industries is provided in Table 5.7.2 as follows.

Table 5.7.5 Comprehensive Analysis of Guiding Principles in Three Main Industries

	Environment-related	Environment-unrelated	Financial services
Connectivity	0.68	0.65	**1.43**
Materiality	**12.52**	12.36	11.74
Conciseness	0.10	0.05	**0.30**
Reliability	**5.22**	3.29	2.71
Completeness	**1.53**	0.88	1.40
Consistency	1.80	1.20	**2.33**
Comparability	**1.13**	0.72	0.87

Table 5.7.5 presents that the financial services industry discloses the most information in terms of connectivity, materiality, conciseness, and consistency.

Environment-related industries provide more information on reliability, completeness, and comparability. The specific information on content elements in the three main industries is provided in Table 5.7.3 as follows.

Table 5.7.6 Comprehensive Analysis of Content Elements in Three Main Industries

	Environment-related	Environment-unrelated	Financial services
Organisation overview	72.24	61.89	**77.67**
Governance	418.38	355.00	**428.94**
Business model	116.96	146.57	**168.60**
Financial performance	544.14	449.27	**642.93**
CSR performance	**392.00**	370.44	361.44
Strategy	**433.76**	365.80	365.47
Risk management	334.42	263.33	**436.79**

Table 5.7.6 illustrates that organisation overview, governance, business model and risk management are the most disclosed by companies in the financial services industry. CSR performance and strategy are the most disclosed in Environment-related industries.

In summary, the industry is an important factor in impacting IR disclosure. Environment-related industries provide the most IR disclosure in terms of guiding principles, and the financial services industry provides the most IR information about content elements. More precisely, the financial services industry discloses the most information on the topics of connectivity, materiality, conciseness, and consistency. Environment-related industries provide more information on reliability, completeness, and comparability. Regarding the content elements of IR, the financial services industry disclosed more information regarding organisation overview, governance, business model, financial performance, and risk management. Environment-related industries disclosed the most CSR and strategic information within the sample.

5.8 Summary of Content Analysis Results

Findings of the first and second pilot studies - the 178 integrated reports disclose more information in terms of connectivity, conciseness, strategic focus & future orientation within the guiding principles from 2011 to 2015. Companies provide more disclosure in terms of financial performance, governance and risk management than the other five content elements.

In the 178 integrated reports, the disclosure regarding guiding principles experienced a dramatic decrease (from 2.59 guiding principles per report to 0.86), and information regarding content elements showed a fluctuating increase (from 2972 words per report to 4519) between 2011 and 2015. The disclosure of guiding principles increased from 2011 to 2012 and then decreased from 2013 to 2015. A potential explanation for the decrease in 2013 is relevant to the extensive adoption of the IIRC (2013), which is a voluntary IR framework. Before 2013, companies published their self-declared integrated reports in compliance with financial or non-financial frameworks (e.g., GRI and conceptual framework), and some of the reports were based on their annual or CSR reports with strict requirements in terms of guiding principles.

The sample includes companies based in different regions, European, Africa, Asia, America and Australia. The results of European and African reports differ in both guiding principles and content elements aspects. More European companies provide disclosure in terms of strategic focus & future orientation, and connectivity, but more African firms disclose information regarding materiality and conciseness. On the content elements, European companies provide more disclosure regarding financial performance but less CSR information than the African ones. European companies voluntarily adopt the IIRC's approach (2013; 2021) for publishing their IR, while South African companies are mandated to publish IR in compliance with the King Reports (IDSA, 2009; 2016). These varying IR models and disclosure requirements, whether voluntary or mandatory, contribute to the differences between European and African companies. The institutional theory provides potential explanations for the difference in IR disclosure across different countries. According to institutional theory, organisations adhere to similar rules and norms within the same industry or region. The disclosure practices of IR are influenced by national culture (Dumay & Dai, 2017; Vitolla et al., 2019a) and governmental regulations.

Findings of the sixth pilot study – the materiality of IR is expressed in five aspects of companies: the organisation’s perception of materiality, the materiality determination process, materiality matrix, quantitative thresholds for materiality, and principal material matters. Companies consider the perception of conciseness, links between other pages and supporting documentation from other sources in order to express the conciseness. Faithful representation includes perceptions of faithful representation, independent audit reports, and assurance in the sampled reports.

The companies determined material matters on both qualitative and quantitative approaches. The narrative information determines the material matters of an organisation based on historical and industrial benchmarks. The quantitative thresholds provide companies with a quantitative approach to measuring the materiality of IR. Almost all companies adopt thresholds to measure materiality. The companies extensively adopt the 5% of threshold percentage in the sample.

Guiding principles - The information regarding materiality is highlighted in the sampled integrated reports, followed by reliability information. However, the concept of conciseness is barely mentioned by companies, which is occupied about one per cent of the total number. More precisely, Figure 5.3.2 presents that companies highly remarked materiality approximately fifteen times per report, but conciseness is noted zero to two times. Green & Cheng (2018) stated that the materiality threshold assessments are an important process when making a materiality assessment. Companies have gradually adopted the “thresholds” in practice. One hundred seventy-seven of the 288 reports in the sample have disclosed the information in terms of thresholds. However, the “thresholds” of IR has not been employed in the IR frameworks, such as IIRC (2021) and IDSA (2016).

Content elements - financial performance is the most highlighted content element in the sample, followed by governance, strategy, CSR performance, and risk management. The result was also tested in the pilot study, which employed a sample of 178 integrated reports from 2011 to 2015. Companies also provided more financial information than the other content elements. The organisation overview and business model are less mentioned than the other content elements. The finding is different from the extant literature and frameworks of IR (IIRC, 2013; 2021).

Regions - Among the six regions worldwide, European companies demonstrate the highest information disclosure level on guiding principles and content elements. The South American and Northern American categories show the least disclosure of guiding principles and content elements. A similar situation happens in the aspect of content elements. All the categories are less than the total average, except the Europe and Asia categories. The European companies employed the IIRC approach of IR (2013; 2021) to design and implement IR. However, the IR disclosure was impacted by the national culture (Vitolla et al., 2019a) and governmental regulations. The South African companies prefer to fulfil the requirements of the local guidelines like King Reports (IDSA, 2009; 2016) and then consider the International <IR> Framework.

The North American companies did not mention the relevant information in terms of both connectivity and conciseness, but they highlighted the information of reliability in their integrated reports. The categories of Oceania, North America, and Asia did not present any information in terms of conciseness. The situation is similar to the content elements of IR. European and African companies provided comprehensive IR because of the relatively developed IR framework.

The European category always discloses the most information in terms of content elements, followed by the African category. African companies provide the most information on Governance, a relatively high amount of information on strategy and risk management, and relatively limited information on financial performance. The finding is similar to the guideline of the King III and IV Report (IDSA, 2009; 2016). The King Reports highlight the important role of governance, which is different from the International <IR> framework (IIRC, 2013).

The region, as a factor, impacted IR implementation and disclosure. National culture (Dumay & Dai, 2017; Vitolla et al., 2019a), governmental regulations, and different models of IR are the three potential reasons. Based on the analysis of IR models in the literature review chapter, the employment of different models is the fundamental reason leading to the phenomenon. The institutional theory is employed to explain the phenomenon. Because of institutional isomorphism, companies from the same region tend to prepare IR in compliance with the same IR framework. For example, the European companies employ the International <IR> framework (IIRC, 2013) to prepare their IR, rather than the King IV (IDSA, 2016), which the South African companies extensively employ.

Years - the number of words of guiding principles and content elements both experienced an increase during the period 2013 to 2018. However, the number of content elements experienced a slight decrease before the rise from 2015 to 2018, which was different from the consistent increase in guiding principles. The findings are different from the results of the pilot study, which reveals that content elements experienced an increase from 2011 to 2015.

The number of content elements kept fluctuating or slightly decreasing from 2013 to 2015, and the number increasingly soared after 2015. With this interesting point in mind, the study would conduct a further investigation. The phenomenon might be related to the extensive development of IR in 2015. Alternatively, IR was regarded as a standalone reporting at the beginning stage. Along with the development of framework and guidelines, the leading companies named their integrated reports as integrated annual reports, which comprise the contents of financial and CSR reporting.

Industries - the study regrouped the six industries into three main categories, environment-related industries, environment-unrelated industries, and financial services. The industry is an important factor in impacting IR disclosure. Environment-related industries provide the most IR information about the guiding principles, and the financial services industry provides the most IR information in terms of content elements. The disclosure of the environment-unrelated industries is relatively low in all guiding principles and content elements.

5.9 Summary

The chapter starts with preliminary findings of the three pilot studies, and both quantitative and qualitative results of the pilot studies are presented. Furthermore, the chapter moves on to the content analysis results. The findings of guiding principles and content elements of IR are first demonstrated. Three benchmarks are employed further to analyse the region, year, and industry results. The regions include Africa, Europe, Asia, North America, South America, and Oceania. The industries comprise financial services, basic materials, consumer goods, industrials, consumer services, and energy. Finally, the chapter regroups the six industries into three main categories: environment-related industries, environment-unrelated industries, and financial services.

Chapter Six Interview Findings

6.1 Introduction

The chapter concentrates on generating the interview findings by using an illustrative verbatim quote. The overarching aim of the chapter is to explore the stakeholders' perceptions, attitudes and opinions towards the applicability of IR in the business context. The chapter comprises the results of the in-depth semi-structured interviews conducted with 18 stakeholders, as well as the answers to the following four questions:

- What are the perceptions of the IR preparers and stakeholders about the guiding principles and content elements of IR?
- What are the motivations for IR?
- What are the expectations of the stakeholders on the future developing direction of IR?
- What is the response of the stakeholders to the potential barrier to IR development?

The interview findings are presented by summarising the common themes of the interviews and highlighting the unique views of the interviewees. The study first presents the stakeholders' perspectives on the fundamental concepts of IR, namely content elements and guiding principles. Secondly, the study investigates motivations for IR as well as the future developing direction of IR. Thirdly, the study explores the potential barriers to IR development from the stakeholders' perspective. Finally, the chapter ends up with a summary of findings and discussions.

6.2 Content Elements of Integrated Reporting on the Stakeholders' Perspective

6.2.1 Stakeholders' Perceptions in terms of Content Elements

The term 'content elements' was first stated by the IIRC in the International <IR> framework (IIRC, 2013), which comprises an organisational overview and external environment, governance, business model, risks and opportunities, strategy and resource allocation, performance, outlook and basis of preparation and presentation. The interviewees' response mainly focuses on three specific topics, i.e., strategy, business model, and risk management. The relevant interview questions are as follows:

Question 4 'Now, turning to integrated reporting, in your opinion, what should an integrated report look like; what content elements may be included in an integrated report?'

Question 5 'Why do you think these elements are important?'

Question 6 'Why are other elements not important to be included in integrated reporting?'

All eighteen interviewees mentioned the International <IR> framework when we discussed the content elements of IR. Of the eighteen interviewees, five managers stated a similar view that all content elements are important with balance. For instance, MA11, one of the managers, stated that:

> "…I think all elements are important, integrated report, you cannot leave something out and still claim to have an integrated report…It is important that you present it as balanced as possible. It should not be necessary to say that one element is more important or less important than others…It needs balance; It needs to be comprehensive for all the capitals".

From this, the interviewee stated the balance among the different content elements. Similarly, MA3, one of the managers, also commented:

> "For me, there are no components that are not important; that is according

to me and to my experience".

Further, MA10 concluded:

"I'm a true believer in the content elements contained in that framework as well as the guiding principles. Just to mention a few, you need the organizational structure, you need governance and a business model and the risks and opportunities, et cetera. We use that as a basis to prepare our reports. That's why I say I am a true believer of integrated reporting framework as it really does provide us with a lot of guidance".

The International <IR> framework, as the only formal framework of IR, is extensively adopted by many companies all over the world. Some managers are true supporters of the framework because of the guidance provided. According to the International <IR> framework (IIRC, 2013, p. 24), "The Content Elements are fundamentally linked to each other and are not mutually exclusive". The finding of the study provides piece of evidence that the managers in the reporting companies of IR understand the balance between the different content elements.

6.2.2 Strategy as an Important Content Element of IR

Sixteen of eighteen interviewees discussed whether the strategy is an important content element of IR or not. Some academic staff doubted the role of the strategy as a content element of IR. For instance, AS1, a lecturer in finance, stated:

"…From an investor's point of view, then they are quite concerned about the strategic direction. However, I think the terms around strategy and investment analysis and these types of things are all based on a narrow view of what the purpose of the firm is, maximizing shareholders' value… If we are thinking that shareholder decisions around selling and buying shares are important, then clearly, strategic statements for the future matter.

Less so for when we're looking at other aspects, I think, because it's just words, and things change. Strategies change all the time; there is a lot of criticism that top-down strategy does not work…The corporate strategy is always to be better, faster, more effective, more appropriate for society, blah, blah, blah. It's meaningless. They are all one and the same thing".

The strategy is very related to the benefits of investors, and the interviewee doubted the quality of strategic information in an integrated report.

And AS 2 mentioned:

"The strategy part was one of the things I was a bit confused about. When you actually look at every corporate report, you'll find that they already include a lot about their strategy, kind of like marketing, I do not know, for marketing, or is for an explanation of how well they have done. So I wasn't sure about the necessity of including the strategy in this way".

Further, MA2, a manager, also doubted the usefulness of the strategy on the assurance aspect:

"I am not aware of any suggestions that integrated reporting should be focused on strategy, and that does not make any sense to me…readers can assess performance, but they cannot assess strategy unless they know what results have been".

The strategy is about the present and future perspectives of an organisation. It is difficult for readers or an external auditor to assess whether the strategy can be achieved or not in the future.

Night of eighteen interviewees supported that the strategy is one of the important content elements of IR. For instance, MA10, a manager, commented:

"I would say the strategy is very important because integrated reporting has that kind of picture, having your value-creation story or value story... the important thing is then to link that strategy to the rest of your report. When you break it down into various business units or when you are talking about the external environments, you need to talk about your strategy…even when you do your risk section, you need to think about the strategy in the short and the medium and the long term".

Other managers also expressed similar general comments. For example, MA9 commented:

"I think the strategy is more important for managerial reporting perspective…I think that the strategy drives the rest of them. Without a clear strategy, we would be dead".

The managers thought that the strategy played an important role in an integrated report, which linked different parts, such as external environments, risk section and opportunities. Furthermore, MA2, a manager, stated that the strategy is important for investors or potential investors to make a decision as follows:

"Strategy is important…because one of the groups of users of annual reports is investors or potential investors and for them to make informed decisions as to whether to invest in the business and possibly whether to divest from a business. They need to understand what the business is about and hence. It is necessary to ensure that they understand what the business model is and the business strategy for achieving whatever its goals are".

Some statements in terms of the strategic report in the UK were also noticed. AB1, a staff of a chartered accountancy body, introduced:

"They introduce the strategic report which large and medium-sized entities have to incorporate within their annual reports … and it set out what they would expect to see in the strategic report. Much of that includes the things

> that you would expect to be in an integrated report. The FRC actually said that if you followed the guidance of the strategic report, then you would be following the guiding principles of the integrated reporting framework…which was seen as a real endorsement of integrated reporting when it was first announced".

Similarly, MA2 argued that "…it is in the UK and if you look at the FRC's website, it's kind of driven by company law, and there is a lot of documentation on the strategic reporting…That may explain why not many UK companies are actually adopting integrated reporting".

In conclusion, the strategy is a key content element of an integrated report because it is vital for investors to make an appropriate decision. Furthermore, it improves the connectivity among the different components of IR. However, the first criticism of strategy is the limited amount of substantive strategic information in IR. Second, it is a challenging problem for users of IR to assess the certainty of strategies in the future based on the symbolic descriptions of the strategies in IR. In the UK, large and medium-sized companies have incorporated a strategic report within their annual report. This may explain why not so many UK companies are adopting IR.

6.2.3 Business Model as an Important Content Element of IR

Nine of eighteen interviewees commented that the business model is one of the important content elements of IR. According to the International <IR> framework (2013, p. 25), "an organisation's business model is its system of transforming inputs, through its business activities, into outputs and outcomes that aims to fulfil the organisation's strategic purposes and create value over the short, medium and long term. The first function of the business model is to fulfil strategic purposes. MA1, a manager, stated similar views:

> "…for me, the real business model that should be defined in a report is why the corporation follows a specific strategy described in the strategic approach. My business model should be supportive of my strategy. So the business model means nothing if you just separate it by the reason that you have to follow a specific strategy in the current situation…Some of the elements in the structure that is to follow the IIRC framework need a better explanation. The input and the output for me is not really the business model; it is more what we should call the overall investment to pursue the goals you have relayed to your strategy".

IIRC (2013, p. 13-14) explained "various capitals as inputs and, through its business activities, converts them to outputs (products, service, by-products and waste)…outcomes are the internal and external consequences (positive and negative) for the capitals as a result of an organisation's business activities and outputs". Although the IIRC tried to explain its value creation process, and provided some definitions in terms of input, output and outcome, some concepts within the business model still "needs a better explanation".

The second function of the business model is to create value over the short, medium and long term. The IIRC's famous picture in terms of the value creation process was mentioned by interviewees, referring to Figure 3.3.1.

AS3, a PhD candidate in accounting, commented on the picture:

> "Well, within the business model, everything is together. According to the IIRC framework, they mentioned one picture, the business model. They have disclosed how the capital as an input…All of the six capitals are input. They have mentioned here, and within the process, all of the components, that is, the strategies, the environment, risk and opportunities, even performance, governance, all will be in the middle like a process…Then on

the right-hand side, they explained the output, like kind of performance. How the company performed, and then again, they explained about the outcomes like outlooks, how the company looks like within the society from using the capitals”.

AS4, a professor in accounting, also observed:

“The idea of a business model and at it is simplest is-- what it is? It is a visualisation of how the business is going to seek to create and deliver value. However, it shifts the focus to what you mean by creating and delivering value…of course, the value would be financial value, but nowadays, we have to think of customer value. It's a difference between shareholder value and customer value”.

AS4 simply explained the business model as a word, “visualization” and discussed the topic of creating and delivering value. We may think about which value is created and delivered within the scope of IR.

Interviewees generally noted business model is a core of IR. For instance, MA8, a manager stated:

“…I think the most important is around your business model”.

Similarly, MA10 commented:

“…Obviously, the business model is really important because it explains what goes in, what happens, the processes and then what goes out in an organisation. That is very important to understand what the business actually does”.

AS3 commented:

“…business model is more important to explain or disclose for the company shareholders”.

Indeed, the business model is important for an organisation to explain how the business will seek and deliver value. However, the business model concept still needs detailed explanations in terms of input, output, and outcome in the frameworks of IR. Also, we need to further think of a fundamental question for corporate reporting, which value is created and delivered in IR?

6.2.4 Risk Management as an Important Content Element of IR

Risk management is the third important content element of IR in the interviews. 9 of 18 interviewees commented on risk management, and one of the nine interviewees doubted the importance of risk management in IR. According to the International <IR> framework (2013, p. 27), “An integrated report identifies the key risks and opportunities that are specific to the organization, including those that relate to the organization’s effects on, and the continued availability, quality and affordability of, relevant capitals in the short, medium and long term”. The risks of an organization are not only in the financial aspect but also in environmental and social aspects. MA 2 noted:

> “Actually, the range of interested parties in risk management is wider than just investors. Obviously, investors need to know, what are the risks to the business, and there are not just business risks. Those are environmental, social, and other risks as well. Investors need to know what risks are facing the organization and how it is responding to them. But I think the range of interests in risks is much wider than just financial investors”.

Furthermore, interviewees thought risk management is very important for companies to achieve their strategies. For instance, MA 8 observed:

> “…risk management is very important. Because if you look at the reasons business do not achieve their strategy, or there is an erosion of financial gains, it's usually linked to a risk that has materialized or a risk that wasn't properly managed or wasn't anticipated”.

MA10 similarly commented:

> “Risk management is also very important because you really need to talk

about how you're managing your risks over the years, how you manage your risks so that you are able to meet your strategy, and you're able to create that value...It is just a matter of really talking about it in a way that it connects with your strategy that still needs to be achieved”.

And AB1 noted:

“Risk management is part of the strategy, isn’t it? Because you have to be aware of what the risks to the organization are. …Risk management is part of that to ensure that the business continues and is valuable in the long term”.

However, MA9, a manager, thought risk management is not very important for an integrated report. He noted:

“risk management is something that every company embarks on and takes quite seriously. We report on it more as a requirement than something we think is of particular interest to our shareholders. By default, if they're confident in our management, they are happy that we've got the risks under control. So risk management, yes, not such a big deal”.

In conclusion, many interviewees thought risk management is an important content element of IR. Risk management links to the strategic objectives and strategies of an organisation and vice versa. “The specific steps being taken to mitigate or manage key risks or to create value from key opportunities, including the identification of the associated strategic objectives, strategies, policies, targets and KPIs” (IIRC, 2013, p. 27). Furthermore, risk management on the non-financial aspects is as important as traditional financial risk management.

The strategy, business model, and risk management are the three primary content elements of IR from the stakeholders’ perspective. The interviewees did not highlight governance, financial and CSR performance in their responses.

They always first commented that all the content elements are very important and then highlighted the strategy and business model of IR. A discussion on the content elements of IR is provided in the discussion section of the chapter.

6.3 Guiding Principles of Integrated Reporting on the Stakeholders' Perspective

Guiding principles of IR "underpin the preparation and presentation of an integrated report, informing the content of the report and how information is presented" (IIRC, 2021, p. 53). Specifically, the guiding principles of IR comprise strategic focus and future orientation, connectivity of information, stakeholder relationships, materiality, conciseness, reliability and completeness, and consistency and comparability. Based on the responses of interviewees, the study focuses on three highlighted topics, materiality, connectivity, conciseness, and completeness of IR. The interview questions are as follows:

Question 7 Now, turning to the characteristics of integrated reporting, what characteristics are important for integrated reporting?

Question 8 Why do you think these characteristics are important?

6.3.1 Materiality of Integrated Reporting

Materiality is a prominent feature emphasised in the IR framework, and the IIRC defines "a matter is material if it could substantively affect the organization's ability to create value in the short, medium or long term" (International <IR> framework, 2013, p. 33; IIRC, 2015). In the study, twelve of eighteen interviewees highlighted that materiality is an important guiding principle of IR. For instance, AS5 noted:

> "…very important, materiality. Because you know, for example, if the company business has involved in thirty billion and they have one activity that was something like 5,000, it does not matter. But if the company has ten billion activity, that really, really matters to report on what they do, what

> they have done and all of that. So materiality is definitely will be very important. One of the main criteria”.

Similarly, MA9 commented:

> “Obviously, we do not report on immaterial issues, so materiality is one of the key things we look at, but from a potential value, from a social, economic effect as well, so different aspects to it”.

Also, MA3 observed:

> “…you have to apply the materiality principle. You have to decide, you have to evaluate what is material for you as a company, and for the stakeholders that are reading the report”.

Two managers further provided their examples in terms of material matters in their industries. MA10 noted:

> “From our perspective of the bank, one of the things is obviously, and we've listed it in our reports, is, for example, the economic hindrance. Economic hindrance, being, for example, the political states that -- the difficulty that our consumers are facing with inflation and South Africa's leading into recessions. That's one of our material issues”.

And MA6 discussed:

> “For an example on materiality … we have identified five material focus areas where we really need to put our effort into and make sure those are great. We needed to lead to sustainable financial results to make sure that our results were going to be sustainable and improve in the future. We need to focus on our customers because, without our customers, we have no business. We need to focus on our employees, and then we need to focus on providing responsible financial services. That’s going beyond compliance and making sure that we gain the trust of our customer”.

Furthermore, six of the twelve interviewees mentioned the difficulty of applying the materiality principle after accepting the materiality as an important guiding principle. For instance, MA1 mentioned:

> "…materiality is very important, but at the same time, it is also a very difficult characteristic".

Similar comments were also expressed by the staff of the accountancy body. AB1 remarked:

> "Materiality, obviously. Do you know why it is important? The difficulty is that we were talking about non-financial information here and how do you actually-– where do you place materiality, and the non-financial things is a tricky one".

Current assurance standards for non-financial information (NFI) and the IR framework provide limited guidance on materiality judgements (Green & Cheng, 2018). In the NFI context, the utility of the financial materiality methodology diminishes significantly due to the impracticality of adopting the same quantitative criteria for NFI (Fasan & Mio, 2017).

Two interviewees, AS3 and MA3, also noticed the issue of materiality judgements and stated: "Materiality is a big challenge". Specifically, AS3 remarked:

> "The first thing is I believe materiality. They explain that the company report or corporate report should always produce information which is material. It is very hard in practice. How we determine the materiality…the other thing I believe it is very subjective. For example, if let us say some information, I believe it is very material for the company, and maybe some other people can say, "That is not material." This is subjective, and it depends on estimation and judgment. Therefore, this is very challenging for the IR adapter to determine the materiality".

The interviewees also provided three possible solutions for the issue. The first possible solution is to make a standard that can quantify the guiding principle. AS3 noted:

> "I believe maybe IIRC or some professional bodies or a group of the professional bodies, maybe they have to make other criteria which can be quantified because some information-- if possible, to make some kind of cut off points. If we can go beyond that, or at least we have to meet these criteria like this kind of the point. If they quantify on some points or some court of percentage or something, I think it will be easier for the preparers and the accounts users then they can understand".

Second, the solution is to let companies define their material matters by themselves. MA11 suggested:

> "We use the materiality matrix to lead us in what further information needs to be disclosed…Integrated Reporting or GRI do not tell us what's material. They give us a framework by which we can define material topics…we decide for ourselves which topics to disclose…We will not ask the IIRC or GRI to define the material topics for us. We will do our own investigation as to what is material".

Third, the solution is to design the different material aspects in different industries or locations. AS1 stated:

> "Integrated reporting at firm level cannot do sustainability reporting… it's to say that actual sustainability reporting needs to be done at a sector and industry market type level rather than at a firm level. It just does not fit".

Similarly, MA 1 suggested:

> "If you operate in many different countries, materiality is not only an issue for the group, it is an issue for its country separately but also for its location. Of course, you report as a group, but the material issues you refer to should also cover the local level".

In conclusion, the materiality of IR is highlighted by 12 of the 18 interviewees in their responses. Materiality is an important guiding principle for an integrated report, but it is difficult for preparers to implement and for users to assess in an integrated report. The disclosure of non-financial information is a challenge for external assurance, although there have been some regulations in terms of materiality, materiality determination process, and material matters in the International <IR> framework. Moreover, three possible solutions for determining the materiality are observed. First, the framework of IR may provide a standard that can quantify the guiding principle, like materiality. Second, the producer of frameworks could encourage companies to define their material matters by themselves because of the different business contexts. Third, the producer of frameworks could provide stakeholders with a benchmark to help users of IR evaluate the materiality within the same industry and region.

6.3.2 Connectivity of Integrated Reporting

According to the International <IR> framework (2013, p. 34), "An integrated report should show a holistic picture of the combination, interrelatedness and dependencies between the factors that affect the organization's ability to create value over time (similar argument provided by Rivera-Arrubla & Zorio-Grima, 2016). Connectivity is the second important guiding principle of IR in line with the response of interviewees. 8 of 18 interviewees commented on the topic of connectivity, and 2 of 8 interviewees reported that connectivity is a challenge for the users of IR. MA11 noted:

> "I think that the connectivity is very important that we need to have more connectivity between the components…We would mention things once, and where possible, we will cross-reference to a similar section where we say, 'To find out more information relating to whatever else, please go and look here".

MA3 also commented:

> "The parts cannot be stand-alone, but they have to be connected with each other, and they have to make reference to each other because it's not just an integrity report basically, is not a compliance exercise. It should be a mirror of how the company want to create value…if the parts are connected, it seems like that there is a unique flow of information".

Similarly, MA10 observed:

> "It also talks about connectivity, and I mean connectivity is a very important point when you're doing something like an integrated report because you need to talk about the same thing in different sections. You need to make sure that you're connected".

MA 11 further suggested that the website version of IR is more connected than the PDF or the paper version:

> "It's not completely possible to have connectivity in the publication. Our webs got more connected because, of course, on a website, you can have a different structure. We also designed the website differently to take advantage of the fact that it's more connected. So you'll find if you look at our integrated annual report 2016 website that it is more integrated than the PDF or the paper version. Simply because a paper version has to have a start and a finish".

The challenge of connectivity is similar to the issue of materiality. AS 3 remarked:

> "The third one, I believe the connectivity of the information. They said the company's integrated reporting should connect all of the information within the integrated report but still, they have not told us what the information will be like…they haven't still quantitated yet…It is important, but still, it is challenging because we do not have any quantification…Therefore, the connectivity of the information is important, but still, it's a challenge".

In conclusion, connectivity is the second important guiding principle of IR. 8 of the 18 interviewees noted that connectivity is an important guiding principle, but 2 of the 8 interviewees were concerned about the limitations of connectivity of IR. Connectivity shares a similar issue with materiality, which is difficult to quantitate. Moreover, some interviewees noted the website version of IR could improve the connectivity of IR compared to the traditional PDF and paper versions.

6.3.3 Balance of Conciseness and Completeness

Conciseness and completeness are the two important guiding principles of IR. In achieving conciseness, an integrated report should "express concepts clearly and in as few words as possible" and ''favour plain language over the use of jargon or highly technical terminology" (IIRC, 2013, p. 21). However, in achieving completeness, an integrated report should "include all material information, both positive and negative (IIRC, 2013, p. 22). A company that publishes an integrated report is expected to reach a suitable balance between conciseness and comprehensiveness, (Melloni et al., 2017) because "there is an apparent tension between them" (IIRC, 2013, p. 16). Similarly, with reference to the tension between conciseness and completeness, MA3 commented:

> "I was saying, and an integrity report contains all the content elements…It is impossible to read them if they're too long or if they are not concise. Conciseness is important for making information that is readable and understandable...Let us say how good an integrated report is-- you can measure it by seeing how connected the parts are…Then an important characteristic is completeness…to provide a realistic picture of the company. However, you also have to be concise because explaining everything in 500 pages is too much. Nobody will read the 500 pages...We have to explain everything in the less number of pages you can. This is a big challenge".

From an academic perspective, AS3 noted:

> "The second one, I believe, is conciseness. They say the report is supposed to be concise but how can we determine the concise? How we can evaluate or how we can tell them this is concise...Therefore, I think this is quite important and is still challenging for the preparer and user...So far, we do not have this kind of basic evaluation framework or basic factors".

In conclusion, the guiding principles of IR share similar problems. Based on the interviewees' responses, they realise that the guiding principles of IR are very important for an integrated report. However, so far, they did not have the basic evaluation framework, fundamental factors, or an approach which can guide them to evaluate the guiding principles of IR in an integrated report.

6.4 Motivations for Integrated Reporting

The section focuses on exploring the motivations for IR based on the responses of managers and staff of the accountancy body. The topic of motivations for IR is a relatively understudied research theme. The study employed stakeholder theory, institutional theory, and legitimacy theory to explain the motivations for IR. The interview questions are as follows:

Question 9 What is the role of integrated reporting in your organisation?

Question 10 What are the motivations for integrated reporting in your organisation?

6.4.1 An Important Marketing Tool

Nine of eleven managers and the staff of the accountancy body commented on the theme of motivations for IR. 6 of 10 interviewees stated that they see their integrated report as an important marketing tool. For instance, MA2 noted:

> "…we believed that the bulk of our impacts is positive, not negative, and so there's a little commercial risk to us being fully transparent in those respects.

We are not like a mining or industrial firm that has negative impacts on the environment and on society and therefore might be wary of reporting their result… We think it helps us establish a competitive advantage and differentiate ourselves from our competitors. So, we see our integrated annual report as an important marketing tool”.

MA3 similarly observed:

“Because we think it is an important marketing tool and that we will gain market share from distributing it…In a way that is not increasing the burden for our department, so basically we have evolved how our management report and we have made it more usable for our investors and more complete”.

And MA8 commented:

“I think for us in South Africa. I do not know if it's the same in other countries, but the integrated report still is a good tool to tell the company's story…For us, we still use it a lot as almost a marketing tool”.

The above three managers all stated that the use of IR did not have any negative impacts on their organisations, and it helped them establish a competitive advantage.

Furthermore, AB1, the staff of the accountancy body, remarked:

“… many people saw it as a bit of a PR document. It was the new game in town. People say, ‘Yes, that's the new deal; that's a big thing. We are all doing it.’ There was an element of being seen to be doing it, rather than actually fully embodying the guiding principles and the methodology and embedding it within your organisation”.

And MA9 held a mixed position in terms of the motivations for IR:

“… it is key for our shareholders and stakeholders to have a full view of the company and not just from a financial perspective, so it drives our integrated reporting, but we also, being a smaller company, it is a way to elevate our profile if we put out top quality reports that are recognized by an external body that's being of the highest quality. That's also a motivating factor for us”.

Stakeholders and preparers of IR remarked on the first motivation for IR. IR is an important marketing tool to establish a competitive advantage and differentiate the organisation from its competitors. Signalling theory (Spence 1973, 1978; 2002) is employed to explain this motivation for IR. IR represents a market tool for signalling organisations’ good performance to stakeholders, distinguishing the organisation from the other competitors.

6.4.2 Improving the Internal Management and Quality of Reporting

Two of the ten managers commented that the IR positively impacted their organisations by improving the internal management and quality of sustainability disclosure. MA11 noted:

“…it comes down very simply. Sustainability is one of the core values, or is the core value of our company…it is important for us that we do IR to show that we provide value across these three topics…Now, we have an integrated approach to business that covers the Triple Bottom Line. Therefore, we have a single statement on the progress you could say to our investors and our stakeholders on an annual basis”.

MA10 expressed that the use of IR was requested by the regulation, but the use of IR also helped the organization adjust the management style:

“That is right, and if we are listed, we have to prepare one. But just to add that, I think you know there are certain benefits that come with integrated reporting, and I have been involved in integrated reporting for a few years now, and I have actually seen organisations grow better in their management style…so this framework is sort of helps organizations adjust

> the management styles to better explain what they are doing and how they are achieving their strategy".

The managers and preparers of IR state that the employment of IR improve internal management and the quality of reporting. The second motivation for IR is about the internal benefits, which is considered by the managerial approach of stakeholder theory (Gray et al., 1996).

6.4.3 Requirements of Regulations

The other two of the ten interviewees indicated that the Johannesburg Stock Exchange requests the use of IR. MA5 and MA6 commented, respectively:

> "…the motivation is quite simple, and we have to do it. We are required to do it because we are listed".
>
> "…It's the Johannesburg Stock Exchange requires basic integrated reports… It's definitely got to do with that sort of compliance aspect".

In conclusion, three motivations for IR are identified in the responses of 9 managers and the staff of the accountancy body. First, IR is regarded as 'an important marketing tool', and it helps companies establish a competitive advantage and differentiate themselves from their competitors. The motivation for IR is the requirements of the regulations and governance. The first two motivations are reactive, while the third motivation is proactive. Two interviewees noted that the use of IR improves the internal management and quality of sustainability disclosure. The use of IR is proactive because IR helps organisations adjust their management style and achieve their strategies. With the three motivations for IR in mind, one could question whether the relevant theories can explain the motivations.

Managers commented that the third motivation for IR is the requirements of regulations. Institutional theory (DiMaggio & Powell, 1983) is employed to explain this motivation. Institutional pressure includes pressure from society, government and regulators. Some organisations prepare IR in compliance with the regulations and frameworks of IR, and other organisations tend to employ similar regulations and frameworks within the organisational field.

6.5 Future Developing Directions of Integrated Reporting

This section focuses on a critical discussion on the topic of the future developing trend of IR. The interview question is as follow:

Question 11 ‘Do you think integrated reporting will replace corporate financial reporting or CSR reporting? If not, what will be the relationship between the three?’

Four of eighteen interviewees thought that IR would replace the role of financial reporting in the future. For instance, AS3 commented:

> “I believe in future if all of the listed companies adopt the integrated report. Obviously, they do not have to produce the financial report, governance report, or CSR report because within the integrated report, according to the IIRC framework, they have to explain the strategy, governance, risks and opportunities, performance, outlooks, all of that they have to explain within the report. I believe some other revisions again will come from the IIRC because they're a lot of weaknesses in the practice”.

AS5 similarly noted:

> “Yes, but gradually. Just do the mandatory-- make the regulation. Start with big companies. See how they are doing in the first two-three years; of course, the mandatory regulation is supposed to be followed a huge amount of guidelines and how they do everything and then start gradually even for small businesses…Because up until now, we do not have any mandatory…So I think, one such mandatory that everybody will start to

hear about them, everybody starts to implement them, everybody starts to use them".

These two interviewees both mentioned that the mandatory disclosure of IR would help IR replace the role of financial reporting, and they also suggested that the revision of the IR framework would be another important factor.

And MA1 expressed:

> "I believe that this is going to take another ten years as a minimum. As I said, our education and our background are helping us more to work with issues-based reports than to work with holistic and more integrated performance reports".

Six of eighteen interviewees thought that IR would not replace the current corporate reporting regime. First, they believed the existing financial reporting system was well-developed. For instance, AS4 observed:

> "IR stays too much within the corporate financial reporting or the corporate reporting model. They are not going to give it up. They are not going to give it up willingly. The financial reporting community is not going to give up its dominance willingly and readily…From corporate reporting to integrated reporting, it costs lots and lots and lots of money, and unless corporations can see some real-life competitive advantage…at the moment, I do not think integrated reporting probably is promising to deliver enough to get people to embrace it".

FM1 similarly argued:

> "…if you want to see what companies have the higher profit margin, and you definitely use financial statement with a financial data…let's say the government, they want to know how to profit... Definitely, you must have financial data".

And MA2 simply commented:

"There is no other credible way to present the financial results than in the existing format".

Second, the interviewees were concerned about some limitations of IR. MA8 commented:

"In my view, the integrated approach is a better approach. But like I said earlier, I think what happens whenever there's so much information, the challenge for us from an integrated reporting point of view is how do we simplify it because the financial report just on its own is a big chunk of information…I think integrated reporting does not replace financial reporting".

MA8 simply noted:

"…we are not on the right track to even write integrated reporting. We should be ready on the sustainability part before considering everything, so I do not think it should be replaced."

Three of eighteen interviewees thought financial reporting, CSR reporting, and IR would exist together, and IR would summarise the key elements of companies as an index. MA9 commented:

"I think that there's a place for both. Potentially, it needs to be separated a bit more where you have an integrated report which is a summary of all of the activities, but financial reporting is obviously still the key aspect, especially for analysts and investors who like to see a bit more detail on the financial side…we see an integrated report as the key report and then other reports to provide more details".

Similarly, MA3 stated:

"Actually, my view is that the integrated report is a report which integrates and summarizes all the key elements of the company. It includes some governance elements. Obviously, CSR has to be embedded because CSR is key to reaching goals nowadays. My view is that for now, an annual integrated report should not replace all the other reports in the sense that yes, to provide a summary of other elements, for example, governance or sustainability".

And MA6 noted:

> "I think, for us, the way we view it is, the integrated report is a high-level summary of what's important".

Furthermore, an interviewee points out that the website style of IR is the future of IR. Specifically, MA11 noted:

> "if you want to go more integrated, you have to go more digital. Because integration does not work as well in a published version, when you think-- If you look at the website, you can have a lot of circularity, a lot of linkages, backwards and forwards. You can structure information very differently…In a document, you have chapter by chapter, and it is always in a linear version".

MA 11 further explained:

> "If you want to make it more integrated, you end up repeating things over and over again because that's the only way integrated can have on topic everything that's relevant…You also see a number of companies taking advantage of digitalisation in terms of how they integrate their reports. You can start to see more and more linkages between material topics, KPIs, metrics and whatever else because having a digital platform means you can animate things. This means that you can show connectivity, you can navigate true information and follow trends that you can't do on paper".

In conclusion, three primary responses have been introduced in the section. Firstly, the cohort was generally critical of the approach of IR. The supporter of the current corporate reporting regime, e.g., MA2, commented, ‘there is no other credible way to present the financial results than in the existing format’. 6 of 18 interviewees thought IR would not replace the current corporate reporting regime in the short term. Secondly, financial, CSR reporting and IR would exist together. IR would be regarded as an index, which comprises key information of the organisation with some external links. The detailed financial and CSR information would keep disclosed in financial and CSR reporting, respectively. Thirdly, IR would replace financial reporting in the future.

6.6 Barriers to the Development of Integrated Reporting

Beyond specific expectations relevant to the developing direction of IR, the stakeholders raised three challenging issues that potentially limit IR development. The topic of barriers to IR development is a relatively under-researched area. The barriers are now discussed in turn. The interview questions are as follows:

Question 12 ‘In your opinion, what are the challenges for IR development?’

Question 13 ‘What are the limitations of the frameworks of integrated reporting? For instance, the International <IR> framework by IIRC?’

6.6.1 Unclear Concept of Integrated Reporting

Three of the eighteen interviewees showed their concerns in terms of the concept of IR. Some of the respondents stated that the IR approach is very ambitious in trying to include too much information, which makes the stakeholders lose track. For example, AS2 noted:

> “It looks like that integrated reporting is very ambitious of trying to include everything that it can, by like combining our common sense of financial statement with CSR and also include quite a lot of things in related to the strategy, or the risk management or something related to that. I think that maybe too ambitious from my perspective, as being when you provide too

> much information actually makes the investor or the stakeholder lose track, so they do not know what particular information is more relevant to them, or less relevant".

Similarly, MA2 commented:

> "There's no way of reporting many measures, particularly environmental and social measures can't be reported in financial terms, so they have to be reported in other numeric or other terms. There's no way of attaching where we're still very much in the infancy of the process of attaching financial values to those, and so I think it's very difficult for a reader to understand to be able to balance the financial and the non-financial measures that are reported and presented a completely holistic view".

6.6.2 Limitations of Frameworks

Some criticisms focus on the capital model used in the IR framework. For example, MA11 expressed the issue as follows:

> "The difficulty with that is that it does mean you end up with a very large integrated annual report. Because you are covering all your capitals, you are covering all your disclosures in one integrated document. That's maybe one of the limitations of an integrated report is that it does get to be quite long because you are disclosing everything".

The finding is supported by the study by Slack & Tsalavoutas (2018). They stated that the capital model would not help gain a more comprehensive understanding of value creation from an investor perspective. Too much information within an integrated report makes the investor or stakeholder lose track, so it would be a challenging problem for them to identify what information is more relevant to them or less relevant.

In the previous section of guiding principles of IR, we have discussed that the explanations for concepts and guiding principles of IR are limited in the frameworks of IR, such as the International <IR> framework (IIRC, 2013) and King Reports (IDSA, 2009; 2016). These limited explanations are also the main barrier to IR development. For instance, MA8 noted:

> “…sometimes they are produced and presented as concepts, and it’s not always very clear what does it mean for us? What must we do, and what must we not do?”

MA10 commented on the topics of materiality and governance:

> “The materiality was actually one of the things that many of the organizations struggled with…So the IIRC actually put together a paper on materiality to help prepare us…and so they're sort of building up as we go along. So there are certain elements that are at stake in the framework that is still being whipped on to understand. And then the next one for me is that materiality was something that we all struggled with. They may give us some additional governance. Governance is the next one. May we all struggle to understand what we should be saying”.

Similarly, AS3 noted:

> “They explain the company report, or corporate report always should produce the information which is material. It is very hard in practice. How we determine the materiality…the other thing I believe is very subjective. For example, if, let’s say, some information, I believe it is very material for the company, and maybe some other people can say, “That is not material.” This is subjective, and it depends on the estimation and judgment”.

AS 3 also remarked on the limited explanations for connectivity:

> “They said the company Integrated report should connect all of the information within the Integrated report but still, they haven't told us what the information will be like …they haven’t still quantitated yet”.

6.6.3 Assurance of the Non-Financial Information

The third barrier to IR development is the assurance of the NFI in an integrated report. The financial performance of companies is compulsory for external audit as the regulations are all over the world. However, it is a challenging problem to assure the non-financial information in IR, especially on some aspects like materiality. When applied to the NFI context, the financial materiality methodology becomes less useful due to the impossibility of using the same quantitative criteria for NFI (Fasan & Mio, 2017).

Moreover, managers presented their viewpoints on the assurance of NFI. For example, M6 commented:

> "I believe that the non-financial frameworks need to be more prescriptive and become legislated in order to actually ensure compliance. I would relate this to equating it to how IFRS and GAAP are applied for financials".

Similarly, MA10 observed:

> "Integrated report is more of a storytelling kind of a report of pulling things together…the auditors will just read over it, and they'll now say "okay, we agree that it is consistent with your other box." They won't give us an opinion or an assurance opinion."

MA11 further commented on the different ways of measuring financial and non-financial information:

> "I think that financial reporting specialists need to understand more than one financial impact, and non-financial people need to understand more of the financial impact. It's also going to be quite tricky because, of course, the rigour and the maturity of financial reporting are quite high. Whereas nonfinancial reporting it is not a certainty. There are a number of assumptions that need to be made. I think the key challenge that we face going forward. Because the accuracy of financial reporting versus

nonfinancial reporting is different".

6.6.4 Stakeholders' Familiarity with Integrated Reporting

The fourth barrier to IR development is the stakeholders' familiarity with IR. The participants are working in the research field of IR academically or preparing integrated reports of their companies practically. However, the number of users of IR is very limited. Slack & Tsalavoutas (2018) pointed out that only three of the twenty-two interviewees, fund managers and two equity analysts, confirmed that they had previously heard of IR. The interview result of the study also supports the viewpoint. For example, FM1 noted:

> "Yes, a little bit about Integrated Reporting and then sustainability reporting we heard of that, I heard of that when I studied before in Uni…I would say yes because I do not have much experience with Integrated Reporting".

Some managers are also concerned that the investors of their companies are not very familiar with IR. For instance, MA10 observed:

> "I expect most investors to really know about the integrated report. But it is - you see, for us, we're actually required to prepare one as a listed company".

Similarly, MA7 stated:

> "The lack of readership audience makes it difficult to justify putting much effort, time and money into these reports".

Furthermore, an interviewee was concerned that even some professional staff have limited knowledge of IR. For example, MA1 noted:

> "The limitations are ourselves, people inside of corporations but also in specific expertise from the market who have more…Limited, let us say the capacity to understand the corporate performance and the business performance in the broader scale. It is a matter of our education and matter

of our capacity and capability to be more straightforward".

In conclusion, there have been four barriers to IR development, based on the interviewees' responses. The first barrier is relevant to the concept of IR per se. The IR approach includes too much information, which makes the stakeholders lose track, so they cannot identify what information is more relevant to them or less relevant. Secondly, the interviewees thought that the frameworks of IR should provide more detailed explanations for the guiding principles and content elements of IR, such as materiality, connectivity, and governance. Thirdly, the interviewee indicated that the assurance of non-financial information is a potential barrier. The utility of the financial materiality methodology diminishes in the context of NFI as it becomes impractical to adopt the same quantitative criteria for NFI (Fasan & Mio, 2017). Finally, the fourth barrier is related to familiarity with IR.

6.7 Summary of Interview Results

The purpose of the chapter is to explore IR stakeholders' perceptions, attitudes and opinions toward the applicability of IR in the business context. The eighteen interviewees include five academic staff (AS), one staff of the professional accounting body (AB), one fund manager (FM), and eleven managers and accountants (MA). The findings of interview results are achieved as follows:

1. The strategy, business model, and risk management are the three primary content elements of IR from the stakeholders' perspective. Governance, financial performance and CSR performance are also three important content elements of IR, but the interviewees did not highlight them in their responses. The interviewees always commented that all the content elements are very important, then moved to highlight the strategy and business model of IR. The stakeholders' preferences in terms of strategy, business model, and risk

management.

2. The strategy improves the connectivity among the different content elements of IR, but the limitations of the strategy of the current IR approach have been presented by the interviewees. First, the integrated reports comprise too much symbolic strategic information instead of substantive and quantified information. Second, IR users are difficult to assess the certainty of strategies in the medium and long term based on the symbolic descriptions of the strategies in integrated reporting. The business model of IR still needs detailed explanations in terms of some specific concepts, such as input, output and outcome in the frameworks of IR. Risk management links to the strategic objective and strategies of an organisation, and vice versa. Furthermore, risk management in the non-financial aspects is as important as traditional financial risk management.

3. The guiding principles of IR share similar issues with content elements. Based on the interviewees' responses, they realise that the guiding principles of IR are very important for an integrated report. However, so far, they did not have the basic evaluation framework, fundamental factors or a functional approach which can guide them to evaluate the guiding principles of IR in an integrated report.

4. Materiality, connectivity, conciseness, and completeness are the four primary guiding principles of IR from the stakeholders' perspective. Materiality is the most important guiding principle for an integrated report. However, it is challenging for preparers to implement and for users to assess an integrated report because of the limited descriptions in terms of materiality, materiality determination process, and material matters in the International <IR> framework. The interviewees provide some potential solutions for the issues of

materiality by quantitating the materiality as well as producing the benchmark within the same industry and region. The website version of IR can improve the connectivity of IR compared to the traditional PDF and paper versions.

5. Three motivations for IR have been generated by a summary of the responses of the interviewees. First, IR is regarded as ‘an important marketing tool’, and it helps companies establish a competitive advantage and differentiate themselves from their competitors. Second, the use of IR is requested by the regulations and governance. In other words, the motivations for IR are the external pressure from the authorities. Third, the motivation for IR is related to internal improvement because IR helps organisations adjust the management style and achieve their strategies. These three motivations prove that the relevant theories can be adopted to explain the use of IR theoretically.

6. The developing directions of IR can be divided into three types based on the expectations of stakeholders. First, IR will not replace financial and CSR reporting in the short term. Second, IR may become an index of other corporate reporting in the medium or long term, which comprises key information of the organisation with some external links. The detailed financial and CSR information would keep disclosed in financial and CSR reporting, respectively. Third, IR may replace financial reporting in the long term.

7. The limitations of the frameworks of IR are generally noted by the interviewees. The primary limitation of the International <IR> framework is the limited explanations for the guiding principles and content elements, such as the materiality, conciseness, input, output of the business model and governance. The second limitation of the International <IR> framework is the assurance of non-financial information. The financial materiality methodology loses much of its utility because it is impossible to employ the same quantitative

criteria for NFI.

8. One of the barriers to IR development is familiarity with IR. The limited number of fund managers and equity analysts have gotten familiar with IR so far. The evolution of IR is extensively discussed in the academic area, but the users of corporate reporting still prefer to use financial and CSR reporting. The finding is similar to the results of the previous literature.

6.8 Summary

The chapter explores the stakeholders' perceptions and opinions towards the applicability of IR in the business context. Firstly, the chapter starts with four questions, followed by an exploration of the content elements of IR. Stakeholders discussed the three important content elements of IR, which are strategy, business model, and risk management. The debate on guiding principles of IR focuses on materiality, connectivity, and the balance of conciseness and completeness. The chapter also reveals the motivations for IR and further discusses the theoretical explanations behind the motivations. Furthermore, future developing directions are explored, and three primary responses are identified. The potential barriers to IR development are discussed, which are limited explanations of the IR frameworks, limited assurance of the non-financial information, and the lack of familiarity with the IR of stakeholders.

Chapter Seven Discussion and Conclusion

7.1 Introduction

Following the preceding chapter, which presents content analysis and interview findings, this chapter discusses the findings and highlights the theoretical contributions and practical implications. Firstly, the overarching objective and research questions are revisited, followed by a summary of content analysis and interview findings. Moreover, a discussion in relation to the literature is provided. Theoretical contributions and practical implications are highlighted to reveal the significance of the study. Furthermore, the limitations of the study and the research areas for further research are discussed. Finally, the chapter presents a conclusion concerning the future direction of IR.

7.2 Overarching Objectives and Research Questions Revisited

The study aims to explore the applicability of IR from a stakeholder perspective, particularly on guiding principles and content elements aspects. Therefore, three research questions are raised as follows:

- How guiding principles and content elements of IR are disclosed by companies?
- What are the stakeholders' perceptions in terms of guiding principles and content elements of IR?
- Is there a gap between companies' IR disclosure and stakeholders' perceptions in relation to guiding principles and content elements?

7.3 Findings

7.3.1 A Summary of Content Analysis Findings

7.3.1.1 Guiding principles

The information in terms of materiality is highly highlighted in the sampled integrated reports, followed by reliability. The “thresholds” have been widely employed by companies to determine the material matters, risks, and strategies in IR. 177 of the 288 integrated reports in the sample have disclosed the information in terms of thresholds. However, the IR frameworks (IIRC, 2021; IDSA, 2016) have not employed the quantitative materiality thresholds approach in their materiality sections.

7.3.1.2 Content elements

Financial performance is the most highlighted content element, followed by governance, strategy, CSR performance, and risk management. The result is also supported by pilot studies, which employed a sample of 178 integrated reports from 2011 to 2015. As the results of the second pilot study, companies also provided more financial information than the other content elements. The organisation overview and business model are less mentioned than the other content elements. The finding is significantly different from the requirements of frameworks of IR (IIRC, 2013; 2021).

7.3.1.3 Regions

The European companies disclose the most information on guiding principles and content elements within the six regions worldwide. The South American and Northern American categories show the least disclosure of guiding principles and content elements. European and African companies provided comprehensive IR because of the relatively developed IR framework. European companies produce IR in compliance with the IIRC approach of IR (2013; 2021). South African companies prefer to fulfil the local guidelines like King Reports

(IDSA, 2009; 2016) and then consider the International <IR> Framework. The IR disclosure was impacted by the national culture (Dumay & Dai, 2017; Vitolla et al., 2019a) and governmental regulations. The phenomenon has been explained by the institutional theory in the findings chapter.

The European category always discloses the most information in terms of content elements, followed by the African category. African companies provide the most information on governance, a relatively high amount of information on strategy and risk management, and relatively limited information on financial performance. The finding is similar to the guideline of the King III and IV Report (IDSA, 2009; 2016). The King Reports highlight the important role of governance, which is different from the International <IR> framework (IIRC, 2013).

It could be argued that the region of a company location, as a factor, significantly impacted IR implementation and disclosure. National culture (Dumay & Dai, 2017; Vitolla et al., 2019), governmental regulations, and different models of IR could be three potential reasons contributing to the impact of the region. Based on the analysis of IR models in the literature review chapter, the employment of different models is the fundamental reason for the phenomenon.

7.3.1.4 Years

The number of keywords of guiding principles and content elements both experienced an increase from 2013 to 2018. However, the number of content elements experienced a slight decrease before the rise from 2015 to 2018, which was different from the consistent increase of guiding principles. The findings are different from the pilot study results, which reveal that content elements experienced an increase from 2011 to 2015.

The number of content elements kept fluctuating or slightly decreasing from 2013 to 2015, and the number increasingly soared after 2015. The phenomenon might be related to the extensive development of IR in 2015. Alternatively, IR was regarded as a standalone reporting at the beginning stage. The leading companies named their integrated reports as integrated annual reports, which replace financial and CSR reporting in their corporate reporting system along with the IR development.

7.3.2 Findings of Interview Results

7.3.2.1 Content Elements

The content analysis results show that financial performance is the most highlighted content element in the sample, followed by governance, strategy, CSR performance, and risk management. However, the interview results illustrate that strategy, business model, and risk management are the three most significant content elements of IR. There is an apparent gap between the IR status quo and stakeholders' expectations.

Strategy is the most significant content element of IR on the stakeholders' perceptions. Strategic focus and future orientation is the guiding principle of IR in the International <IR> framework. "An integrated report should provide insight into the organisation's strategy and how it relates to the organisation's ability to create value in the short, medium and long term" (IIRC, 2021,p 25). A feature of the IIRC that distinguishes IR from traditional non-financial reporting is the explicit requirement that CSR information should have a strategy focus (Green & Cheng, 2018).

As shown in Figure 3.3.1, business model is an important content element of IR, which links inputs and outputs through the organisational capital at the heart of the operation of the companies (Al-Htaybat & Alberti-Alhtaybat, 2018).

Business model is significant for organisations to succeed in IR implementation (Albertini, 2019). However, the interviewees pointed out that business model still needs detailed explanations in terms of input, output, outcome, and value creation processes in the frameworks of IR.

Risk management is the third significant content element of IR. Risk management links to the value creation, strategic objectives and strategies for an organisation and vice versa. Risk management also refers to the materiality assessment of an organisation. Cerbone & Maroun (2020) points out that the materiality assessment is related to risk, strategy, and long-term value.

7.3.2.2 Guiding Principles

Interview results show that materiality, connectivity, and conciseness are the primary guiding principles of IR. The interview results also show that materiality is a challenge for preparers of IR to implement and for users to assess. There have been some regulations regarding materiality, materiality determination process, and material matters in the International <IR> framework (IIRC, 2013). The stakeholders provided potential solutions for determining the materiality. The framework of IR could provide a standard that can quantify the materiality of IR. Further, the producer of frameworks could provide stakeholders with a benchmark to help IR users evaluate the materiality within the same industry or region. The content analysis findings show that companies have provided thresholds (specific amounts and 5%) to quantify the materiality determination process. However, the traditional 5% approach, adapted from financial reporting, is not adopted by stakeholders to evaluate the non-financial information of IR.

Connectivity is also an important guiding principle of IR (similar argument with Al-Htaybat & Alberti-Alhtaybat, 2018; Busco et al., 2013; Paternostro, 2013;

Rivera-Arrubla & Zorio-Grima, 2016). Interview results illustrate that the connectivity guiding principle is difficult to quantify. The content analysis findings show that companies have not highlighted the roles of connectivity and conciseness guiding principles in their integrated reports. There is also a significant gap between IR disclosure and stakeholders' perceptions on the topics of connectivity and conciseness.

7.3.2.3 Motivations for Integrated Reporting

The interview results show three motivations for IR in the study. First, IR is an important marketing tool to help organisations establish a competitive advantage. Second, IR is improving the internal management and quality of reporting in organisations. Third, IR is required by regulations such as King Reports (IDSA, 2009; 2016).

7.3.2.4 Developing Directions of Integrated Reporting

The stakeholders have discussed three future developing directions of IR. First, the employment of IR will disappear, like the failure of business reporting. Second, IR will become an index of other reporting, which summarises an organisation's key information. The financial and CSR reporting will keep providing detailed information on the financial and non-financial aspects. Third, IR will integrate with financial reporting, which provides connected information regarding financial and non-financial aspects.

7.3.2.5 Limitations of the Frameworks of Integrated Reporting

The interview results highlight three limitations of the IIRC approach of IR. First, The IIRC approach is very ambitious in trying to comprise too much information, making the stakeholder lose track. Second, the stakeholders need additional explanations in terms of some key guiding principles and content elements of IR, such as materiality, conciseness and governance. The third limitation of the

International <IR> framework is the assurance of non-financial information.

7.3.2.6 Barriers to Development of Integrated Reporting

One of the barriers to IR development is familiarity with IR. A limited number of fund managers and equity analysts are familiar with IR. The evolution of IR is extensively discussed in the academic area, but the users of corporate reporting still prefer to use financial and CSR reporting. The finding is similar to the results of Slack & Tsalavoutas (2018).

7.4 Discussions on Content Analysis and Interview Findings

The section provides a response to the third research question of the study: investigating the gap between the companies' IR disclosure and the stakeholders' expectations in terms of guiding principles and content elements of IR.

7.4.1 A Discussion on Content Elements of Integrated Reporting

The Interview results illustrate that interviewees stated a similar view that all content elements of IR are important with balance, which is similar to the IIRC's statement in the International <IR> framework. "The Content Elements are fundamentally linked to each other and are not mutually exclusive" (IIRC, 2013, p. 24). The finding provides evidence that IR preparers understand the balance between the different content elements of IR.

The content analysis results show that financial performance is the most highlighted content element in the sample, followed by governance, strategy, CSR performance, and risk management. However, the interview results illustrate that strategy, business model, and risk management are the three most significant content elements of IR. There is an apparent gap between the companies' IR disclosure and stakeholders' expectations.

Strategic focus is the guiding principle of IR in the International <IR> framework. “An integrated report should provide insight into the organisation's strategy and how it relates to the organisation’s ability to create value in the short, medium and long term” (IIRC, 2021, p. 25). A feature of the IIRC that distinguishes IR from traditional non-financial reporting is the explicit requirement that CSR information should have a strategy focus (Green & Cheng, 2018). Strategy is a key content element of IR because strategy is significant for investors to make an appropriate decision. It also improves the connectivity among the different content elements of IR (IIRC, 2021).

Figure 3.3.1 illustrates that the business model is a core component of an integrated report. Business model links inputs and outputs through the organisational capital at the heart of the operation of the companies (Al-Htaybat & Alberti-Alhtaybat, 2018). Business model is very important for organisations to succeed in IR implementation (Albertini, 2019; Nielsen & Roslender, 2015). However, the interviewees pointed out that business model still needs detailed explanations in terms of input, output, outcome, and value creation processes in the frameworks of IR. To implement a business model, an organisation must comprehensively understand value creation processes (Topazio, 2018).

Risk management is the third significant content element of IR. Risk management links to an organisation's value creation, strategic objectives and strategies and vice versa. Companies understand that risk management is an inextricable component of doing business; risk management comprises key business risks, specific risk mitigation measures and linkages to corporate strategy (Lee & Yeo, 2016). Risk management also refers to the materiality assessment of an organization. Cerbone & Maroun (2020) point out that the materiality assessment relates to risk, strategy, and long-term value.

7.4.2 A Discussion on Guiding Principles of Integrated Reporting

Content analysis and interview results illustrate that materiality is significant for an integrated report (similar arguments by Cerbone & Maroun, 2020; Fasan & Mio, 2017; Gerwanski et al., 2019; Green & Cheng, 2018; IIRC, 2015). However, the interview results show that materiality is a challenge for preparers of IR to implement and for users to assess. There have been some regulations in terms of materiality, materiality determination process, and material matters in the International <IR> framework (IIRC, 2013). The stakeholders provided potential solutions for determining the materiality. The framework of IR could provide a standard that can quantify the materiality of IR. Further, the producer of frameworks could provide stakeholders with a benchmark to help users of IR evaluate the materiality within the same industry or region. The pilot study and content analysis results show that companies have adopted thresholds (specific amount and 5%) to quantify the materiality determination process. However, the traditional 5% approach, adapted from financial reporting, has not been accepted by stakeholders and IR frameworks to evaluate the non-financial information of IR.

Connectivity is also a significant guiding principle of IR (similar argument with Al-Htaybat & Alberti-Alhtaybat, 2018; Busco et al., 2013; Paternostro, 2013; Rivera-Arrubla & Zorio-Grima, 2016). Interview results illustrate that the connectivity guiding principle is difficult to quantitate. The content analysis results show that companies have not highlighted connectivity and conciseness guiding principles in their integrated reports. There is also a significant gap between IR disclosure and stakeholders' perceptions on the topic of connectivity and conciseness.

Interview findings show that conciseness is important for IR, and the balance between conciseness and completeness is also pointed out. MA 3 commented that "conciseness is important for making information that is readable and understandable…the completeness is to provide a realistic picture of the company…you must be concise because explaining everything in 500 pages is too much". Melloni et al. (2017) focus on conciseness, completeness and balance in IR and examine the association between them.

7.4.3 A Discussion on Motivations for Integrated Reporting

The motivations for IR have been explored by Briem & Wald (2018) and Adhariani & De Villiers (2019). The motivations for IR are summarised as follow:

- The knowledge that your competitors/peers are preparing IR (Adhariani & De Villiers, 2019).
- The accounting profession mandates IR (Adhariani & De Villiers, 2019).
- Corporate regulations mandate IR (Adhariani & De Villiers, 2019).
- To satisfy shareholders and other stakeholders (Adhariani & De Villiers, 2019; Briem & Wald, 2018).
- Positive impact on internal processes (Briem & Wald, 2018).

The interview results show three motivations for IR in the study. First, IR is an important marketing tool to help organisations establish a competitive advantage. Second, IR is improving the internal management and quality of reporting in organisations. Third, IR is required by regulations such as King Reports (IDSA, 2009; 2016). Signalling theory (Spence 1973, 1978; 2002), stakeholder theory (Gray et al., 1996; Vourvachis, 2009), and institutional theory (DiMaggio and Powell, 1983) are employed to explain the motivations for IR in the previous sections.

7.4.4 A Discussion on Future Developing Directions of Integrated Reporting

Three future developing directions of IR have been discussed by the stakeholders as follows. First, the employment of IR will disappear, like the failure of business reporting. Business reporting shares all content elements with the International <IR> Framework (IIRC, 2013), but two key concepts are different. The IIRC approach of IR “benefits all stakeholders” (IIRC, 2013, p. 4) rather than only customers (AICPA, 1994). Furthermore, the IIRC approach focuses on “value creation in the short, medium, and long term” (IIRC, 2013, p. 16) rather than only the immediate term.

Second, IR will become an index of other reporting, which summarises an organisation's key information. The financial and CSR reporting will provide detailed information on the financial and non-financial aspects. This developing direction is similar to Abeysekera’s IR model. Abeysekera (2013) further suggests, “The report should not exceed ten pages or 2,500 words. This is because interested parties can read details elsewhere” (p. 236).

Third, IR will integrate with financial reporting, which provides connected information in terms of financial and non-financial aspects. The developing direction of IR is now extensively adopted by companies. The IIRC model (IIRC, 2013), King IV model (IDSA, 2016), and Eccles’s model (Eccles & Krzus, 2010) are similar in the developing direction. IIRC (2021) states that

> an integrated report is to explain to providers of financial capital how an organization creates, preserves, or erodes value over time. An integrated report benefits all stakeholders interested in an organization’s ability to create value over time (p. 5).

The detailed information on the future developing directions of IR is summarised in Table 7.4.1 as follows.

Table 7.4.1 Future Developing Directions of Integrated Reporting

	Integrated review (the second direction)	Integrated annual report (the third direction)
Contents of IR	Brief information with concise words	Detailed and professional information
Role of IR	An index of other corporate reporting	The only one reporting
Number of pages	No more than 50 pages	Approximately 200 pages
Users of reporting	All stakeholders	The trained staffs

Source: a summary of stakeholders' perceptions and Abeysekera (2013)

The integrated review direction is similar to Abeysekera's (2013) IR approach. As an index of other corporate reporting, it provides brief information with concise words, which is easy for stakeholders to follow. For example, company Aegon's 2017 integrated review contains 44 pages in total. In contrast, the integrated annual report direction is similar to IIRC (2021) approach, which comprises financial and non-financial information. Integrated reports following the IIRC approach offer comprehensive and specialised information intended for professionals, including analysts and accountants. These reports often span over 200 pages in length. For instance, Royal DSM's integrated annual reports consistently consisted of approximately 250 pages between 2013 and 2018.

In November 2021, the merger between IIRC and SASB resulted in the establishment of VRF. Subsequently, the consolidation process of CDSB and VRF was successfully completed by the IFRS Foundation in June 2022. The future IR will likely be investor-focused sustainability reporting. The IR will comprise sustainability, mainly non-financial information. The future of IR is still very uncertain due to the new consolidation of the IFRS Foundation, CDSB and VRF.

7.4.5 A Discussion on Limitations of the Frameworks of Integrated Reporting

The interview results highlight two limitations of the IIRC approach of IR. First, The IIRC approach is very ambitious in trying to comprise too much information, making the stakeholder lose track. Second, the stakeholders need more additional explanations in terms of some key guiding principles and content elements of IR, such as materiality, conciseness, and governance.

A series of studies (Adam, 2015; Flower, 2015; Thomson, 2015) also debated the shortcomings of the IIRC approach. Flower (2015) pointed out two limitations of the IIRC framework. First, the IIRC has abandoned sustainability accounting. More precisely, the IIRC's concept of value focuses on the value of investors rather than the value of society, and there is no obligation for companies to disclose the harm caused to external entities outside the firm, such as the environment. Second, Flower (2015) doubts that IIRC's proposals have a limited impact on corporate reporting practice due to the limited force of IIRC. Thomson (2015) supported Flower's statement and further argued that the IIRC approach of IR "excludes too much of the sustainability programmatic and does not allow for any substantive redistribution of power", and the IIRC needs "to develop a deeper understanding of the sustainability programmatic" (p. 21). Adam (2015) mainly agrees with Flower's statement. Adam (2015) supports that the current non-mandatory version of IR is insufficiently developed. However, Adam (2015) doubts whether the IIRC's impacts are limited. Over a hundred organisations have participated in the pilot programme and extensively adopted IR elements in their integrated reports (Adam, 2015).

7.4.6 Region as the Important Factors that Influence the IR Disclosure

The content analysis findings present that the regions of companies, as a factor, highly impacted IR implementation and disclosure. More specifically, European companies disclose more strategic information, and African companies provide more governance disclosure in their integrated reports. King IV is a report on corporate governance for South Africa, and International IR Framework is a strategic-focused and future-oriented approach for IR disclosure. All JSE-listed companies have been mandated to publish their annual integrated reports in compliance with King IV (IDSA, 2016), and European companies extensively published their IR in compliance with International IR Framework.

National culture (Dumay & Dai, 2017; Vitolla et al., 2019a), governmental regulations, and different models of IR are the three potential reasons for the different IR disclosure. The study employs institutional theory to explain the differences among regions. Institutional theory supports that management behaviours of organisations are controlled by institutional pressures, which create tendencies towards institutional isomorphism in organisations (DiMaggio & Powell, 1983). In the case of IR, IR as an institutionalised practice helps managers respond to institutional pressures which come from society, government, and professional bodies. The companies from the same region tend to prepare IR in compliance with the same IR framework because of institutional isomorphism.

7.4.7 A Discussion on the Gaps Between Disclosure and Perceptions

Based on the preceding findings and discussion, the study discusses three apparent gaps between IR disclosure and stakeholders' perceptions. The first gap is relevant to the guiding principle of IR. The gap focuses on the connectivity and conciseness of IR. Connectivity and conciseness are the two 'new' guiding principles of IR that differ from the existing financial and non-financial reporting. Interview findings show that these two guiding principles are two of the most important principles (similar argument by Al-Htaybat & Alberti-Alhtaybat, 2018; Busco et al., 2013; Paternostro, 2013; Rivera-Arrubla & Zorio-

Grima, 2016) from the stakeholders' perceptions. However, the content analysis findings illustrate that companies did not disclose much information in terms of connectivity and conciseness in their integrated reports. Therefore, the first gap is identified.

The second gap is related to the content elements of IR. Interview findings show that from the stakeholders' perceptions, strategy, business model, and risk management are the three most significant content elements of IR. Strategic focus is one of the most important guiding principles of IR in the International <IR> framework. A feature of the IIRC that distinguishes IR from traditional non-financial reporting is the explicit requirement that CSR information should have a strategy focus (Green & Cheng, 2018). Figure 3.3.1 illustrates that business model links inputs and outputs through the organisational capital at the heart of the operation of the companies (Al-Htaybat & Alberti-Alhtaybat, 2018). Business model is very important for organisations to succeed in IR implementation (Albertini, 2019; Nielsen & Roslender, 2015). However, content analysis findings present that financial performance is the most highlighted content element in the sample, followed by governance, strategy, and CSR performance. There is an apparent gap in terms of content elements of IR between disclosure and perceptions. Interview findings show that materiality is a challenge for stakeholders to evaluate in an integrated report.

The third gap concentrates on the materiality of IR, which is widely discussed in the existing literature (Fasan & Mio, 2017; Gerwanski et al., 2019; Green & Cheng, 2018; Cerbone & Maroun, 2020). The content analysis and interview findings both support that materiality is a key guiding principle of IR, but there is a gap in terms of the materiality determination process. Stakeholders evaluate the materiality of IR based on a qualitative approach, such as companies' statements in terms of material matter, material matrix and materiality determination process. However, content analysis findings show that 'thresholds' is extensively adopted by companies to quantitatively measure their materiality. 177 of the 288 reports in the sample disclose the information in terms of thresholds. Companies have provided thresholds (specific amounts based on benchmarks and 5%) to quantify the materiality determination process. However, the 5% approach, adapted from financial reporting, is not extensively discussed and adopted by stakeholders to quantitatively evaluate materiality in integrated reports.

7.5 Contributions and Significance of the Study

The thesis is the original study that explores the guiding principles and content elements of IR on stakeholders' perceptions. The significance of the study is reflected in the academic contributions and practical implications. As the first study of its kind, it discusses all the identified guiding principles and content elements of IR, which is more comprehensive than the previous literature (e.g., Fasan and Mio, 2017; Melloni et al., 2017; Gerwanski et al., 2019). The findings of the study provide a relatively broad view for future research in the research field of IR. The study also enriches the academic body of knowledge in several areas, including:

- The study critically reviews the extant literature and five IR models and further analyses the guiding principles and content elements of IR.
- It broadens the theoretical explanation for IR and employs the relevant theories in the IR area to explain the findings.
- It provides future research with a draft framework for content analysis adoption, including main themes and two-level subsidiary themes of content analysis.
- It provides evidence that there is a significant gap between companies' IR disclosure and stakeholders' perceptions (expectations).

The study critically reviews the frameworks of corporate reporting (e.g., GRI, 2016a; IASB, 2015; IIRC, 2013; IDSA, 2009) and the extant literature (Abeysekera, 2013; Branwijck, 2012; Eccles & Krzus, 2010) in the IR area. The guiding principles and content elements of IR are identified and summarised originally. The summary of guiding principles and content elements enriches the IR literature.

Moreover, the study employs five theoretical frameworks from the research field of voluntary information disclosure. The relevant theories are adopted to explain the findings of the study. Institutional theory considers that organisations tend to employ similar rules and norms within the same industry or region. The content analysis results show that region is an important factor for IR disclosure. The findings are theoretically explained by signalling theory, stakeholder theory and institutional theory in the research field of IR. The institutional theory is adopted to explain the companies' IR disclosure, which provides evidence of the adoption of institutional theory in the research field of IR. Therefore, a theoretical contribution is provided to the institutional theory area by employing the theory to discuss the companies' disclosure in the context of IR.

Furthermore, the study provides future research with a potential model for content analysis adoption in the IR area. Based on an analysis of the pilot study results, the themes and subsidiary themes of IR are generated. The draft framework adds to the academic body of knowledge with the guidance of content analysis in the IR area.

Finally, the study originally considers and fills the gap between companies' IR disclosure and stakeholders' perceptions. This contribution fills the research gap in the IR area and further provides some practical implications.

In addition to the contributions to IR literature, the study has also provided several practical implications.

- IIRC and IDSA should provide some specific explanations for the core concepts of IR in the IR frameworks.
- The accounting profession bodies (e.g., ACCA, ICAS, ICAEW) should arrange relevant training sessions and workshops to improve the familiarity with IR of stakeholders.
- Policymakers and companies should consider the significant role of connectivity and conciseness in an integrated report.
- Companies should consider the stakeholders' perceptions in terms of materiality, conciseness, strategy, and business model of IR.
- IR stakeholders should adapt to the employment of the quantitative thresholds in the IR area.

The study suggests that some guiding principles and content elements, such as materiality, business model, and conciseness, should be precisely defined and explained in the frameworks of IR. The IIRC and IDSA should employ a quantitative approach to assess the materiality.

Moreover, the study indicates that the accountancy bodies and IIRC should provide relevant training sessions and workshops for IR stakeholders. The lack of familiarity with IR is the barrier to IR development.

Furthermore, the study suggests that policymakers should comprehensively explain the connectivity and conciseness of IR in the IR framework and relevant documents. Companies' integrated reports should comprise more information on these two guiding principles based on the stakeholders' requirements.

Additionally, the study suggests that companies engaging with IR should pay more attention to conciseness and business model in their integrated reports.

Their actions would fill the gap between the companies and stakeholders gradually.

The final practical implication is related to the adoption of the new technique in IR, the quantitative thresholds. IR stakeholders should pay more attention to the use of quantitative thresholds during the materiality determination process. The quantitative threshold is a new technique in IR, and the technique has not been embedded into the frameworks of IR. However, the materiality threshold assessment has been extensively adopted by companies (Green & Cheng, 2018).

7.6 Limitations

Within the existing literature on IR, there is a lack of an established and universally accepted theoretical framework that can be utilised for conducting a comprehensive study of IR. The study employs multiple theories (e.g., agency theory, institutional theory, and stakeholder theory) from voluntary information disclosure, which has been extensively adopted in CSR studies. IR shares some characteristics with traditional non-financial reporting, but the motivation for IR is still different from that for CSR. “The IR shares more characteristics with traditional management accounting practices such as the BSC (Kaplan & Norton, 1992) and Strategy Mapping than with accounting sustainability practices intended to embed sustainability into everyday business practices” (Thomson, 2015, p. 20). IR mainly benefits investors' interests, but CSR considers the interests of stakeholders and entities outside the firms (like the environment). The limited theoretical foundation is the first limitation of the study.

The study intended to explore stakeholders’ perceptions and expectations to identify the gap between companies and stakeholders. A more comprehensive understanding is needed to provide diverse perspectives in terms of guiding principles and content elements. The interviews were conducted with four categories of participants: academic staff, managers, fund managers, and accounting professional bodies. The private investors and standard setters (such as IIRC and IDSA) could offer diverse responses from the users' and standard setters' perspectives. The second limitation is related to the diversity of participants in the study.

The study employs content analysis to investigate 288 integrated reports of 50 companies from 2013 to 2018. Regarding the sample units, most companies are based in Africa (20 of 50) and Europe (19 of 50). A limited number of Oceanian (1) and American (6), and Asian (4) companies have been included in the sample. More comprehensive results would be provided if there were more Oceanian, American, and Asian companies in the content analysis sample. The study employs words as the recording units of content analysis. The choice of the words, to some extent, is subjective as the words were decided by a review of extant literature and tested by pilot studies. The limitation is due to a lack of content analysis framework in the IR area.

7.7 Areas for Future Research

Considering the first limitation of the study, an exploration of the theoretical frameworks would be of interest in the research area of IR. This future research would start with a comprehensive review of the relevant theories in the research field of corporate reporting. Afterwards, the traditional theories would combine with some theories in the other area, for instance, the information quality area. The guiding principles of IR, such as materiality, conciseness, and connectivity, are significantly related to information quality.

The content analysis results show that regions significantly impacted IR implementation and further indicate that national culture (Dumay & Dai, 2017;

Vitolla et al., 2019a) and governmental regulations are the potential reasons. Future research would explore the cultural and regulation impact on IR implementation. Future research will explore how culture and regulations impact IR quality and implementation.

The debate on the definitions and boundaries of IR is consistently increasing in the last ten years (e.g., Abeysekera, 2013; Branwijck, 2012; Eccles & Krzus, 2010; Flower, 2015). IR exhibits more similarities with management accounting practices than accounting sustainability practices (Thomson, 2015). Future research would explore how some emerging CSR concepts to be incorporated into IR, such as climate change (carbon) disclosure (Carbon Disclosure Project, 2013; Giannarakis, Zafeiriou & Sariannidis, 2017; Guenther, Guenther, Schiemann & Weber, 2016) and human right (Cragg, 2012).

VRF was formed by IIRC and SASB in November 2021 (Deloitte, 2020). As the COP26 announced in Glasgow, a forthcoming consolidation of the IFRS Foundation, CDSB, and VRF would be in June 2022 (IFRS, 2021). The VRF and the consolidation are the two milestones during the IR development, but the definition and boundary of IR are even more uncertain than before. Future research will explore how consolidation will affect IR development. A potential research question would be: how is the future of IR in an era of the IFRS Foundation?

7.8 Conclusions

7.8.1 Conclusion of the Research Questions

The section provides answers to the research questions based on the findings in the previous chapters. The first research question is expressed as follows.

- How guiding principles and content elements of IR are disclosed by companies?

The study analyses 288 integrated reports published by fifty companies from 2013 to 2018. With regard to the guiding principles of IR, companies provided the most information in terms of materiality, followed by reliability, consistency, and comparability. Materiality is an important guiding principle of IR (Cerbone & Maroun, 2020; Fasan & Mio, 2017; Gerwanski, Kordsachia & Velte, 2019; Green & Cheng, 2018; IIRC, 2015). However, companies did not frequently disclose information about conciseness. Figure 5.3.2 illustrates that companies highly remarked on materiality fifteen times per report. However, conciseness is noted zero to two times.

Regarding content elements of IR, companies disclosed the most information in terms of financial performance, followed by governance, strategy, CSR performance, and risk management. The findings are significant to the requirements of IIRC (2013). Strategy and business model are the two key content elements of IR in the IIRC's IR approach. "An integrated report should provide insight into the organisation's strategy and how it relates to the organisation's ability to create value in the short, medium and long term" (IIRC, 2021,p 25). Furthermore, business model links inputs and outputs through the organisational capital at the heart of the operation of the companies (Al-Htaybat & Alberti-Alhtaybat, 2018).

The second research question is expressed as follows.

- What are stakeholders' perceptions in terms of the guiding principles and content elements of IR?

The study employs semi-structured in-depth interviews, and eighteen stakeholders' perceptions of IR have been considered. The interview results show that materiality, connectivity and conciseness are the most important guiding principles of IR. The results are similar to the extant literature (Cerbone & Maroun, 2020; Fasan & Mio, 2017; Green & Cheng, 2018; IIRC, 2015; Melloni et al., 2017; Rivera-Arrubla & Zorio-Grima, 2016) but partly different from the content analysis result. Materiality, as the important guiding principle of IR, is challenging for users of IR to assess. There have been some regulations regarding materiality, materiality determination process, and material matters in the International <IR> framework (IIRC, 2013). However, stakeholders suggest that the IIRC could provide a standard that can quantify the materiality of IR. Furthermore, some stakeholders point out that all the guiding principles of IR need to be clearly defined and explained in the IR frameworks (e.g., IIRC, 2021; IDSA, 2016).

The interview results show that all the content elements of IR are important, and strategy, business model, and risk management are the three primary content elements from the stakeholders' perspective. The perceptions of stakeholders are similar to the guidance of IIRC (2013). Companies should understand that risk management is an inextricable component of doing business; risk management comprises critical business risks, specific measures to mitigate those risks, and connections to corporate strategy (Lee & Yeo, 2016).

The third research question is presented as follows.

- Is there a gap between companies' IR disclosure and stakeholders' perceptions in relation to guiding principles and content elements?

Based on a discussion of the content analysis and interview results, the study identifies the gap between IR disclosure and stakeholders' perceptions. The content analysis results show that companies provide the most information on materiality and the least information on conciseness in their integrated reports. The interview results illustrate that materiality, connectivity, and conciseness are the three primary guiding principles from the stakeholders' perspective. Furthermore, stakeholders expect more quantitative information regarding the materiality and detailed explanations regarding the other guiding principles.

The content analysis results show that the companies disclose plenty of financial and governance information in their integrated reports. However, the interview results show that the stakeholders expect more information regarding strategy, business model, and risk management. The stakeholders' perceptions are similar to the requirements of IR frameworks (IIRC, 2013). There is a significant gap between IR disclosure and stakeholders' perceptions.

7.8.2 Conclusion of the Overarching Objective

The overarching objective is to explore the applicability of IR from a stakeholder perspective, particularly on guiding principles and content elements aspects. The database of IIRC shows that 486 worldwide companies have published thousands of integrated reports. It seems that IR has been extensively employed all over the world. However, the study indicates that IR is not perfectly applicable from the stakeholder perspective in the current business context. Three significant gaps between the companies' IR disclosure and stakeholders' demands impact IR development. Stakeholders require precise information regarding materiality, connectivity, conciseness, strategy, business model, and risk management in an integrated report.

7.8.3 Conclusion of the Future Direction of IR

Since 2009, the concept of IR has extensively evolved all over the world. Companies provide strategic-focused and future-oriented information to create value over the short, medium and long term (IIRC, 2021). However, the IIRC approach of IR abandoned traditional sustainability accounting (Flower, 2015). IIRC's IR approach concentrates on the business case for sustainability rather than emphasising the sustainability case for business (Thomason, 2015). The IIRC's value focuses on the value of investors and not the value of society. The companies are not obligated to disclose the harm caused to external entities outside the organisation, such as the environment, in their reporting (Flower, 2015).

Interview findings show that stakeholders express their expectations in terms of materiality, conciseness, connectivity, strategy and business model in IR. The findings illustrate that stakeholders are more interested in the ‘new’ strategic information and business model than the traditional financial and CSR information in an integrated report. The two future directions of IR can be identified as traditional sustainability and emerging strategic approaches. The sustainability approach of IR will still be an emerging initiative in the sustainability family. However, the strategic approach intends to become an investor-focused sustainability reporting that gradually separates from traditional sustainability in the future. IIRC and SASB merged into VRF in November 2021, and the IFRS Foundation completed the consolidation of the CDSB and VRF in June 2022. The influence of the two continuous consolidations is difficult to predict, and the future of IR is still very uncertain. However, based on the preceding findings and discussion, the future direction of IR is more likely to be a strategic approach.

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Appendix A. Guiding Principles and Content Elements of Integrated Reporting

Appendix A is mainly adapted from the International <IR> framework (IIRC, 2013; 2021)

A. Guiding principles

1. Information orientation

The disclosure of an integrated report focuses on the past orientation or future orientation. For example, the future orientation includes clearly articulating how continued availability, quality and affordability of significant capitals contribute to the organisation’s ability to achieve its strategic objectives in the future and create value.

2. Motivations

The motivations of an integrated report include moral and managerial perspectives. The former believes that the motivation of integrated reporting is from a moral perspective. In other words, all stakeholders have the right to be treated fairly by an organisation. That means, regardless of whether stakeholder management leads to improved financial performance, managers should manage the organisation for the benefit of all stakeholders. The latter is more ‘organisation centred. The stakeholders are identified by the organisation of concern by reference to the extent to which the organisation believes the interplay with each group needs to be managed in order to further the interests of the organisation.

3. Materiality

An integrated report should disclose information about matters that substantively affect the organisation’s ability to create value over the short, medium and long term.

4. Conciseness

An integrated report should be concise. In achieving conciseness, an integrated report should:

- follow a logical structure and includes internal cross-references as appropriate to limit repetition
- May link to more detailed information, information that does not change frequently
- Expresses concepts clearly and in as few words as possible
- Favours plain language over the use of jargon or highly technical terminology
- Avoids highly generic disclosures, often referred to as “boilerplate”, that are not specific to the organization.

5. Reliability

The reliability of information is affected by its balance and freedom from material error. Reliability (often referred to as faithful representation) is enhanced by mechanisms such as robust internal control and reporting systems, stakeholder engagement, internal audit or similar functions, and independent, external assurance.

6. Completeness

A complete integrated report includes all material information, both positive and negative. To help ensure that all material information has been identified, consideration is given to what organizations in the same industry are reporting on because certain matters within an industry are likely to be material to all organizations in that industry.

Determining completeness includes considering the extent of information disclosed and its level of specificity or preciseness. This might involve considering potential concerns regarding cost/benefit, competitive advantage and future-oriented information.

7. Consistency

Reporting policies are followed consistently from one period to the next unless a change is needed to improve the quality of information reported. This includes reporting the same KPIs if they continue to be material across reporting periods. When a significant change has been made, the organization explains the reason for the change, describing (and quantifying if practicable and material) its effect.

8. Comparability

The specific information in an integrated report will, necessarily, vary from one organization to another because each organization creates value in its own unique way. Nonetheless, addressing the questions relating to the Content Elements, which apply to all organizations, helps ensure a suitable level of comparability between organizations.

9. Relevance

Relevant information is capable of making a difference in the decisions made by users. Information may be capable of making a difference in a decision even if some users choose not to take advantage of it or already are aware of it from other sources.

10. Accountability

Integrated reporting should make accountability and performance in an organisation transparent, but depend on the ethical qualities embedded in the organisation’s value being upheld. Accountability and performance are bounded by content and context factors in which the organisation operates, such as competitive secrecy, but withholding such information should only protect the organisation’s position and practices from untoward malpractice by others, and not mislead the stakeholders,

B. Content Elements

11. Style of integrated reporting

An integrated report of an organisation is a stand-alone report or part of another report, such as an annual report, a sustainability report or a CSR report.

12. Governance

An integrated report provides insight into how such matters as the following are linked to its ability to create value:

- The organization’s leadership structure, including the skills and diversity (e.g., range of backgrounds, gender, competence and experience) of those charged with governance and whether regulatory requirements influence the design of the governance structure
- Specific processes used to make strategic decisions and to establish and monitor the culture of the organization
- Particular actions those charged with governance have taken to influence and monitor the strategic direction of the organization and its approach to risk management
- How the organization’s culture, ethics and values are reflected in its use of and effects on the capitals, including its relationships with key stakeholders
- Whether the organization is implementing governance practices that exceed legal requirements
- The responsibility those charged with governance take for promoting and enabling innovation

• How remuneration and incentives are linked to value creation in the short, medium and long term, including how they are linked to the organization's use of and effects on the capitals.

13. Business model

An organization's business model is its system of transforming inputs, through its business activities, into outputs and outcomes that aims to fulfil the organization's strategic purposes and create value over the short, medium and long term.

14. Financial performance

The financial performance of an organisation includes the income, cost, benefit of the organisation.

15. CSR performance

The CSR performance of an organisation is on the safety and health, marketplace, workplace, community, environment aspects, which are usually disclosed in a CSR report.

16. Strategy

The strategy of an organisation includes:

• The organization's short, medium and long term strategic objectives

• The strategies it has in place or intends to implement, to achieve those strategic objectives

• The resource allocation plans it has to implement its strategy

• How it will measure achievements and target outcomes for the short, medium and long term.

17. Risk management

An integrated report identifies the key risks and opportunities that are specific to the organization, including those that relate to the organization’s effects on, and the continued availability, quality and affordability of, relevant capitals in the short, medium and long term.

18. The capitals

The capitals include financial, manufactured, intellectual, human, social and relationship, and natural capital.

Appendix B Coding Sheet of the Second Pilot Study of Content Analysis (Words)

Coding sheet of content analysis for principles of IR (adapt from Adam et al., 2016)

Principles of IR	Name of the company:					
	2011	2012	2013	2014	2015	2016
Strategic focus and future orientation						
1. Significant risks and opportunities						
2. Relationship between past and future performance						
3. Balance among short, medium and long term interests						
Connectivity of information						
1. Link between organisation's strategy and business model						
2. Connectivity among past, present, and future of the organisation of its activities						
3. Connectivity among capitals						
4. Connectivity between financial information and other information						
5. Connectivity between quantitative and qualitative information						
Materiality						
1. Reasonably estimable economic, environmental, and/or social impacts						
2. The interests and expectations of						

stakeholders specifically invested in the organization						
3. The main topics and future challenges for a sector						
4. Laws or regulations of strategic significance to the organisation and its stakeholders						
5. Key organizational values, policies, strategies, goals, and targets						
Completeness						
1. Elements of IR and all material information						
2. All significant impacts in the reporting period, and reasonable estimations of significant future impacts						
3. Relevant information that substantively influences stakeholder assessments and decisions						
Conciseness						
1. A logical structure and limited repetition						
2. Clear concepts						
3. Plain language						
4. Avoiding generic disclosure						

Coding sheet of content analysis for content elements of IR (refers to Lee and Yeo, 2016)

Content elements of IR	Key words	Name of the company:					
		2011	2012	2013	2014	2015	2016
Organisational overview and external environment							
1. Culture, mission, ethics and values	Culture						
2. Ownership and operating structure	Mission						
3. Principal activities and markets	Ethic						
4. Competitive landscape and market positioning	Ownership						
5. Position within the value chain	Competition						
	Landscape						
	Circumstance						
	Vision						
	Value chain						
	Market position						
Governance							
1. Governance structure	Board						
2. Leadership structure	Committee						

3. Remuneration and incentives of directors	Executive						
4. Organisation's specific processes for strategic decision making and risk management	Leadership						
	Nomination						
	Pension						
	Remuneration						
	CEO						
	Director						
	Chairman						
Financial performance							
1. The asset, liability of the organisation	Asset						
2. The equity of the organisation	Liability						
3. Income and expenses of the organisation	Debt						
	Equity						
	Dividend						
	Revenue						
	Profit						
	Interest						
	Income						

	Expense						
CSR performance							
1. Environmental topics	Energy						
2. Social topics	Water						
	Emission						
	Environmental						
	Pollution						
	Health						
	Training						
	Employee						
	Customer						
	Community						
Business model							
1. Content of business model	Brand						
2. Inputs, Business activities, Outputs, and Outcomes	Innovation						
3. Multiple business models	Portfolio						
4. Link with other elements	Partnership						
	Reputation						
	Segment						
	Value creation						
	Input						
	Output						
	Outcome						

Strategy and resource allocation							
1. Short, medium, and long term strategic objectives	Future						
2. The strategies to achieve those objectives	Strategy						
3. The resource allocation for implementing its strategy	Long-term						
4. Measurement of the outcomes	Objective						
	Plan						
	Sustainable						
	Looking forward						
	Growth						
	Purpose						
	Prospect						
Risk and opportunity							
1. The specific source of risk and opportunities	Assurance						
2. The assessment of the risk or opportunity	Audit						

3. The specific steps being taken to manager key risks or opportunity	Risk						
	Security						
	Stable						
	Threat						
	Uncertainty						
	Mitigation						
	Opportunities						
	Accident						

Appendix C Coding Sheet of the Third Pilot Study of Content Analysis (Sentences)

The coding spreadsheet of the study (refers to IIRC, 2013; Lee and Yeo, 2016)

Elements of IR	**Future orientation**	**Past performance**	**Connective disclosure**	**Independent disclosure**
A.Organisational overview and external environment				
1.Organisational overview				
2. External environment				
B. Governance				
3. Governance structure				
4. Governance activities				
C.Financial performance				
5. Traditional financial information				
6. Integrated financial disclosure				
D. CSR performance				
7. Environmental topics				
8. Social topics				

E. Business model				
9. General description of business model				
10. Inputs, Business activities, Outputs, and Outcomes				
F.Strategy and resource allocation				
11. Strategic objectives and the strategies to achieve those objectives				
12. The resource allocation for implementing its strategy				
G. Risk and opportunity				
13. Risk				
14. Opportunity				
H. Outlook				
15. Challenges and uncertainties of the organisation				
16. The potential implications for business model and future performance				

Total				

Appendix D Coding Sheet of the Fourth Pilot Study of Content Analysis (IRSCORE)

(Refers to IIRC, 2013; Lee and Yeo, 2016)

The IRSCORE of guiding principles

Guiding Principles	Questions
1.Strategic focus and future orientation	Does the integrated report highlight significant risks, opportunities and dependencies flowing from the organization's market position and business model?
	Does the integrated report highlight the relationship between past and future performance and the factors that can change that relationship?
	Does the organisation balance short, medium, and long term interest?
	Has the organisation learned from past experiences in determining future strategic directions?
	Does the integrated report articulate how the continued availability, quality and affordability of significant capitals contribute to the organisation's ability to achieve its strategic objectives in the future?
2.Connectivity of information	Does the integrated report connect the content elements into a total picture? For example, the organisation's strategy, business model, and its external environment.
	Does the integrated report connect the past,

	present, and future information?
	Does the integrated report include the interdependencies and trade-offs between the capitals, and how changes in their availability, quality and affordability affect the ability of the organization to create value?
	Does the integrated report link financial information with non-financial information?
	Does the integrated report connect quantitative and qualitative information?
3.Materiality	Does the integrated report introduce the materiality determination process of the organisation?
	Does the integrated report disclose the material matters? consideration is given to what organisations in the same industry are reporting on because certain matters within an industry are likely to be material to all organizations in that industry. For example, the environmental information for a mining company is very important.
	Does the integrated report explain why the disclosed material matters are important?
	Does the organisation explain the term materiality on its perspective?
	Does the integrated report contain the material changes of the organisation, comparing to the past performance?
4.Conciseness	Does the integrated report follow a logical

	structure and includes internal cross-references as appropriate to limit repetition?
	Does the integrated report link to more detailed information? For example, information that does not change frequently (e.g., a listing of subsidiaries), or external sources (e.g., assumptions about future economic conditions on a government website)
	Does the integrated report express concepts clearly and in as few words as possible?
	Does the integrated report adopt plain language over the use of jargon or highly technical terminology?
	Does the integrated report avoid highly generic disclosures? referred to as "boilerplate", that are not specific to the organisation?
5.Completeness	Does the integrated report contain all the content elements?
	Does the integrated report include all material information, both positive and negative? consideration is given to what organizations in the same industry are reporting on because certain matters within an industry are likely to be material to all organizations in that industry.
	Does the organisation evaluate cost and benefits when determining the extent, level of specificity, and preciseness of information necessary for an integrated report to meet its primary purpose?
	Does the integrated report contain future-

	oriented information?

The IRSCORE of content elements

Content elements	Questions
1.Organisational overview and external environment	Does the integrated report describe the organisation's mission, vision, culture and values and the circumstances under which it operates?
	Does the integrated report describe the organisation's competitive landscape and market positioning?
	Does the integrated report include key quantitative information (e.g., the number of employees, revenue and number of countries in which the organisation operates), highlighting significant changes from prior periods?
	Does the integrated report provide information about the effects of significant external environmental factors on the organization such as legitimate needs and interests of stakeholders, macro and microeconomic conditions including economic stability, globalisation and industry trends, market forces, technological changes, societal issues, environmental challenges, political and regulatory environment?
	Does the integrated report link the significant factors affecting the external environment to the availability, quality and affordability of capitals that the organisation uses or affects?

2.Governance	Does the integrated report provide a clear description of the organisation's governance structure?
	Does the integrated report provide information about the organisation's leadership structure including its skills and diversity?
	Does the integrated report provide information about the organisation's specific processes for strategic decision making, risk management and addressing of ethical and integrity issues?
	Whether the organisation's culture, ethics and values are reflected in its use of and effects on the capitals, including its relationships with key stakeholders
	Are the remuneration and incentives of directors and senior executives linked to value creation and the organization's use of capitals in the short, medium and long-term?
3.Business model	Does the integrated report provide a clear description of the organisation's business model?
	Des the business model create value for the organisation in the short, medium and long term?
	Does the business model identify critical stakeholder and other dependencies (e.g. raw material) and important factors affecting the external environment?
	Does the integrated report provide information about the inputs (stock of capitals), business

	activities, outputs and outcomes of the business model?
	Whether the business model is linked to other content elements such as strategy, risks and opportunities and performance
4.Risks and opportunities	Does the integrated report provide information about the specific opportunities and risks that affect the organisation's ability to create value over the short, medium and long term?
	Does the integrated report provide information about the organisation's key risks which include strategic, supply chain, political, financial, human resource, environmental, information technology and reputation risks?
	Does the organization identify the specific sources of risks and opportunities, assess the likelihood that the risk or opportunity will come to fruition and determine the magnitude of the effect if it does?
	Does the integrated report provide specific action steps that the organisation takes to mitigate or manage key risks?
	Does the organization use the guiding principle of materiality in reporting any real risks that are fundamental to the ongoing ability of the organization to create value even if their probability of occurrence may be small?
5.Strategy and resource allocation	Does the integrated report provide information about the organisation's short, medium and long

	term strategic objectives and how does it intend to get there?
	Does the integrated report provide information about the organisation's resource allocation plans?
	Does the organisation link its strategy and resource allocation plans to its business model and changes needed to implement its strategy?
	Does the organization link its strategy and resource allocation plans to external environmental influences, stakeholder engagement and risks and opportunities identified?
	Does the organisation differentiate itself from competitors in terms of competitive advantage and its ability to create value?
6.Financial performance	Does the integrated report disclose the key financial information such as asset, liability, shareholder return, contribution to tax?
	Does the integrated report highlight the linkages between past and current financial performance, and between current performance and the organisation's outlook?
	Does the integrated report describe the organisation's outcome in terms of effects on the financial capitals used in the value chain (both positive and negative)?
	Does the integrated report combine financial performance with performance regarding other

	capitals such as human, natural, intellectual, manufactured and social?
	Is the financial performance of the company externally audited by the accounting firms?
7.Non-financial performance	Does the integrated report provide information on outcomes such as customer satisfaction, job creation, employee development and engagement, improved living standards, and impact on the environment?
	Does the integrated report highlight the linkages between past and current non-financial performance, and between current performance and the organisation's outlook?
	Does the integrated report describe the organisation's outcome in terms of effects on the natural, intellectual, and social capitals used in the value chain (both positive and negative)?
	Does the integrated report discuss the state of key stakeholder relationships and how the organization has responded to meet key stakeholders' legitimate needs and interests?
	Is the non-financial performance of the company externally audited by the accounting firms?
8.Outlook	Does the integrated report indicate challenges and uncertainties that the organization likely to encounter in pursuing its strategy?
	Whether is the organisation equipped to respond to critical challenges and uncertainties that are likely to arise

	Does the integrated report provide information about the potential implications for the organization's business model and future performance?
	Does the discussion on potential implications include the effects of the external environment, risks and opportunities on the achievement of strategic objectives?
	Does the discussion on potential implications include the availability, quality and affordability of capitals and their effect on the organization's ability to create value over time?

Appendix E Sampling Units of Content Analysis

Company No.	Company Name	Region
1	ABSA (Barclays Africa Group Limited)	Africa
2	Aegon	Europe
3	Anglo Platinum (Aegon American Platinum Limited)	Africa
4	AngloGold Ashanti	Africa
5	Atlantia	Europe
6	Banca Fideuram	Europe
7	BASF	Europe
8	Coca-Cola Hellenic Bottling Company	Europe
9	DIMO (Diesel & Motor Engineering plc)	Asia
10	Eni	Europe
11	enBW	Europe
12	Entergy Corporation	North America
13	Eskom	Africa
14	Exxaro	Africa
15	FMO	Europe
16	Ferrovial	Europe
17	Generali	Europe
18	Gold Fields	Africa
19	Iberdrola	Europe
20	Implats Platinum	Africa
21	Itaú Unibanco Holding S.A.	South America
22	JSC Atomenergomash	Europe
23	Kumba Iron Ore: AngloAmerican	Africa
24	Lawson	Asia

25	Liberty Holdings	Africa
26	Masisa	South America
27	Munich Airport	Europe
28	Nedbank	Africa
29	NordGold	Europe
30	Omron	Asia
31	Pretoria Portland Cement Company	Africa
32	Royal Bafokeng Platinum Ltd	Africa
33	Royal DSM	Europe
34	Sanford	Australasia
35	Santova Ltd	Africa
36	Sasol	Africa
37	Smithfield	North America
38	Standard Bank	Africa
39	Strate	Africa
40	Tata Steel	Asia
41	The Clorox Company	North America
42	TITAN Cement	Europe
43	The Crown Estate	Europe
44	Transnet	Africa
45	Truworths	Africa
46	UniCredit	Europe
47	Uralkali	Europe
48	Vodacom	Africa
49	Votorantim	South America
50	Wilderness Holdings	Africa

Appendix F Reliability Test for Content Analysis

Theme: Materiality

2013 Company No.	Company name	First time coding (original data)	Second time coding (by author)	Third time coding (by peer)	Accuracy
1	ABSA(Barclays Africa Group Limited)	13	13	13	✔
2	Aegon	3	3	3	✔
3	Anglo Platinum (Aegon American Platinum Limited)	8	8	8	✔
4	AngloGold Ashanti	1	1	1	✔
5	Atlantia	28	28	28	✔
6	Banca Fideuram	11	11	11	✔
7	BASF	26	26	26	✔
8	Caco-Cola Hellenic Bottling Company	12	12	12	✔
9	DIMO(Diesel & Motor Engineering plc)	18	18	18	✔
10	Eni	6	6	6	✔
11	enBW	14	14	14	✔
12	Entergy Corporation	3	3	3	✔
13	Eskom	8	8	8	✔
14	Exxaro	12	12	12	✔
15	FMO	9	9	9	✔
16	Ferrovial	27	27	27	✔
17	Generali	15	15	15	✔

18	Gold Fields	19	19	19	✓
20	Implats Platinum	4	4	4	✓
21	Itaú Unibanco Holding S.A.	2	2	2	✓
22	JSC Atomenergomash	13	13	13	✓
23	Kumba Iron Ore: AngloAmerican	14	14	14	✓
24	Lawson	0	0	0	✓
25	Liberty Holdings	15	15	15	✓
26	Masisa	6	6	6	✓
27	Munich Airport	16	16	16	✓
28	Nedbank	14	14	14	✓
29	NordGold	2	2	2	✓
30	Omron	5	5	5	✓
31	Pretoria Portland Cement Company	6	6	6	✓
32	Royal Bafokeng Platinum Ltd	13	13	13	✓
33	Royal DSM	17	17	17	✓
34	Sanford	0	0	0	✓
35	Santova Ltd	2	2	2	✓
36	Sasol	2	2	2	✓
37	Smithfield	3	3	3	✓
38	Standard Bank	9	9	9	✓
39	Strate	1	1	1	✓
40	Tata Steel	2	2	2	✓
41	The Clorox Company	1	1	1	✓
42	TITAN Cement	15	15	15	✓
43	The Crown Estate	0	0	0	✓

44	Transnet	1	1	1	✔
45	Truworths	4	4	4	✔
47	Uralkali	2	2	2	✔
48	Vodacom	5	5	5	✔
49	Votorantim	2	2	2	✔
50	Wilderness Holdings	1	1	1	✔

Theme: Business model

2013 Company No.	Company name	First time coding (original data)	Second time coding (by author)	Third time coding (by peer)	Accuracy
1	ABSA(Barclays Africa Group Limited)	238	238	238	✔
2	Aegon	39	39	39	✔
3	Anglo Platinum (Aegon American Platinum Limited)	14	14	14	✔
4	AngloGold Ashanti	92	92	92	✔
5	Atlantia	55	55	55	✔
6	Banca Fideuram	241	241	241	✔
7	BASF	402	402	402	✔
8	Caco-Cola Hellenic Bottling Company	152	152	152	✔
9	DIMO(Diesel & Motor Engineering plc)	183	183	183	✔
10	Eni	286	286	286	✔
11	enBW	315	315	315	✔
12	Entergy Corporation	25	25	25	✔
13	Eskom	59	59	59	✔

14	Exxaro	88	88	88	✓
15	FMO	116	116	116	✓
16	Ferrovial	241	241	241	✓
17	Generali	382	382	382	✓
18	Gold Fields	86	86	86	✓
20	Implats Platinum	16	16	16	✓
21	Itaú Unibanco Holding S.A.	56	56	56	✓
22	JSC Atomenergomash	78	78	78	✓
23	Kumba Iron Ore: AngloAmerican	81	81	81	✓
24	Lawson	111	111	111	✓
25	Liberty Holdings	141	141	141	✓
26	Masisa	67	67	67	✓
27	Munich Airport	226	226	226	✓
28	Nedbank	192	192	192	✓
29	NordGold	89	89	89	✓
30	Omron	98	98	98	✓
31	Pretoria Portland Cement Company	50	50	50	✓
32	Royal Bafokeng Platinum Ltd	48	48	48	✓
33	Royal DSM	476	476	476	✓
34	Sanford	84	84	84	✓
35	Santova Ltd	14	14	14	✓
36	Sasol	76	76	76	✓
37	Smithfield	51	51	51	✓
38	Standard Bank	92	92	92	✓
39	Strate	24	24	24	✓

40	Tata Steel	189	189	189	✓
41	The Clorox Company	117	117	117	✓
42	TITAN Cement	13	13	13	✓
43	The Crown Estate	251	251	251	✓
44	Transnet	15	15	15	✓
45	Truworths	136	136	136	✓
47	Uralkali	34	34	34	✓
48	Vodacom	67	67	67	✓
49	Votorantim	182	182	182	✓
50	Wilderness Holdings	64	64	64	✓

Appendix G Information Sheet for Participants

Information Sheet

Research project title

An Exploration of Integrated Reporting and Its Applicability

Researcher

Tiran Zhou, a PhD candidate who studies accounting in the business school of Edinburgh Napier University.

Please do not hesitate to contact me if you have any questions or concerns.

Address: Tiran Zhou, PhD candidate, Room 2/47, Edinburgh Napier University, 219 Colinton Road, Edinburgh, EH14 1DJ.

Mobile: [redacted]

E-mail: [redacted]

Research aim

The aim of the study is to explore how the IR reports currently used in the financial institutions meet the requirements and/or expectations of the stakeholders.

Purpose of the interview

The purpose of the interview is to investigate stakeholders' expectations in terms of characteristics and components of IR in the current business context.

Statement of confidentiality

The participant's name will be represented by a participant number or a pseudonym during the whole process of the study, such as in the forthcoming interviews, the data analysis, and findings in the researcher's Ph.D. thesis.

All the recorded interviews will be securely stored in researcher's laptop with password protection. It is only the researcher who will be able to access and transcribe them. All the recordings and word documents will be carefully destroyed after the researcher complete the Ph.D. studies.

In the process of transcribing, the researcher will change any identifiable factual information mentioned in any interviews into vague term(s) to maintain confidentiality.

In case that the researcher has to discuss with supervisors any issue which has occurred in the stages of the data generation and analysis, the researcher will use the term "a/the participant(s)" to conceal participant's identity and ensure that no other identifiable information can be released.

Research procedures

Initially, an information sheet and a consent form will be sent to potential participants, with an aim to provide some background information and confirm participation of the research.

After signing the consent form, participants will be invited to attend a one-hour face-to-face interview in terms of characteristics and components of integrated reporting. Every interview will be audio-recorded.

After each interview, the recoded interview will be transcribed into transcript(s).

When the research complete transcribing the recorded interviews, the transcripts will be sent to each participant via e-mails in order to let participants check that all the content presented in transcripts is accurate.

Rights of the participant

- All participants participate in the study voluntarily without any coercion.
- All participants are given the opportunity to check the transcripts of what you said for accuracy.
- All participants have the right to withdraw at any time. If this happens, the researcher would like participants to inform the researcher in advance and provide the researcher with some explanations or reasons for the withdrawal (if possible).

Appendix H Interview Guide

Part I Welcome

1. Can you describe your job? What is your role in your organisation?

How long have you been working in your organisation?

Are you a user or a preparer of corporate reports? To what extent are you familiar with corporate reporting?

Part II Traditional corporate reporting

2. During the last ten years, there have been many developments in corporate reporting, including integrated reporting, online reporting, sustainability reporting etc. Are you familiar with these developments?

In your view, what are the limitations of current CSR reporting/Sustainability reporting?

3. In your view, what are the limitations of current financial reporting?

Part III Guiding principles and content elements of IR

4. Now turning to integrated reporting, in your opinion, what should an integrated report look like; what content elements may be included in an integrated report?

5. Why do you think these elements are important?

6. Why are other elements not important enough to be included in integrated reporting?

7. Now turning to the characteristics of integrated reporting, what characteristics are important for integrated reporting?

8. Why do you think these characteristics are important?

Part IV Motivations, future, and barrier to the IR

9. What frameworks of integrated reporting are employed in your organisation?

10. What are the motivations for integrated reporting/role of integrated reporting in your organisation?

11. Do you think integrated reporting should replace corporate financial reporting or CSR report? If not, what will be the relationship between the three?

12. What are the pros and cons/challenges of the current integrated reporting?

13. What are the limitations of current frameworks of integrated reporting, for instance, the International <IR> Framework by IIRC?

Part V Ending

14. Do you have any other issues to raise that are relevant to this study?

Appendix I Email Invitation to Potential Participants

Dear XXX,

I am a PhD candidate in accounting at Edinburgh Napier University. I found your e-mail address on the website of your company.

My study is to explore how Integrated Reporting (IR) reports, currently used in companies, meet the requirements and/or expectations of the stakeholders. I intend to conduct interviews designed to achieve my objective. I am seeking the views of private investors together with those investment analysts employed by investment firms who are the users of IR.

I will be grateful if you would agree to take part in my research. Your response is very important to me. I will also be grateful if you would like to pass my e-mail to your colleagues who may be interested in my research.

An information sheet is attached, which further explains the background information relating to my research. The interview is a one hour face-to-face and will be conducted during the period 1st December 2016 to 30th January 2017.

I look forward to hearing from you in the near future. Thank you in advance.

Kind regards,

Tiran

Tiran Zhou

PhD Candidate

Edinburgh Napier University Business School

Craiglockhart Campus

219 Colinton Road

Edinburgh

EH14 1DJ

E-mail: [redacted]

Appendix J Research Consent Form

Edinburgh Napier University Research Consent Form

An Exploration of Integrated Reporting and Its Applicability

1. I freely and voluntarily consent to be a participant in the research project on the topic of Integrated Reporting (IR) to be conducted by Tiran Zhou, who is a PhD candidate at Edinburgh Napier University.
2. The broad goal of this research study is to explore how IR reports currently used in financial institutions meet the requirements and/or expectations of the stakeholders.
3. I have been told that my responses will be anonymised. My name will not be linked with the research materials, and I will not be identified or identifiable in any report subsequently produced by the researcher.
4. I also understand that if at any time during the interview I feel unable or unwilling to continue, I am free to leave. My participation in this study is completely voluntary. However, after data has been anonymised or after the publication of results, it will not be possible for my data to be removed as it would be untraceable at this point.
5. In addition, if I do not wish to answer any particular question or questions, I am free to decline.
6. I will be given the opportunity to ask questions regarding the interviews.
7. I have read and understood the above and consent to participate in this study. My signature is not a waiver of any legal rights. Furthermore, I understand that I will be able to keep a copy of this consent form for my records.

________________	________________	________________
Print Name of Participant	Participant's Signature	Date

I have explained and defined in detail the research procedure to which the respondent has consented to participate. I will retain one copy of the completed consent form for my records.

________________ ________________ ________________

Print Name of Researcher Researcher's Signature Date