

# DRO

Deakin University's Research Repository

**This is the published version**

Stubbs, Wendy and Higgins, Colin 2012, Sustainability and integrated reporting : a study of the inhibitors and enablers of integrated reporting, Institute of Chartered Accountants in Australia, Sydney, N. S. W.

**Available from Deakin Research Online**

<http://hdl.handle.net/10536/DRO/DU:30064924>

Every reasonable effort has been made to ensure that permission has been obtained for items included in Deakin Research Online. If you believe that your rights have been infringed by this repository, please contact [drosupport@deakin.edu.au](mailto:drosupport@deakin.edu.au)

**Copyright:** 2012, Institute of Chartered Accountants in Australia



# **Sustainability and Integrated Reporting: A Study of the Inhibitors and Enablers of Integrated Reporting**

**Report prepared for The Institute of Chartered Accountants in Australia**

**by Dr Wendy Stubbs and Dr Colin Higgins**

**10 December 2012**

## About the Authors

### **Dr Wendy Stubbs**

Dr Wendy Stubbs is a Senior Lecturer at Monash University. Her research explores the transformation of business through sustainability. Research projects include sustainable business models, sustainability reporting, industrial ecosystems and education for sustainability.

### **Dr Colin Higgins**

Dr Colin Higgins is a Senior Lecturer in the School of Management and Information Systems, Victoria University. His research focuses on the role of social and environmental reporting in shaping the broader social understandings and acceptability of responsible and sustainable business.

## Acknowledgements

We would like to acknowledge the work of our research assistant, Valarie Sands, who made an invaluable contribution to the project.

We sincerely thank the Institute for funding this research study and the companies and individuals who agreed to be interviewed.

# Table of Contents

<b>About the Authors</b> .....	<b>2</b>
<b>Acknowledgements</b> .....	<b>2</b>
<b>1. Executive Summary</b> .....	<b>4</b>
<b>2. Introduction</b> .....	<b>4</b>
<b>3. Background and Literature Review</b> .....	<b>6</b>
<b>4. Research Objectives</b> .....	<b>9</b>
<b>5. Research Design and Methods</b> .....	<b>10</b>
<b>6. Results</b> .....	<b>11</b>
6.1 How organisations are interpreting and applying integrated reporting .....	12
6.2 Drivers and motivations for companies pursuing integrated reporting .....	14
6.3 The involvement of internal and external stakeholders .....	16
6.4 The benefits, challenges and inhibitors for an integrated reporting approach .....	17
6.5 How integrated reporting can become more widespread .....	19
<b>7. Conclusion</b> .....	<b>20</b>
<b>8. References</b> .....	<b>23</b>

## 1. Executive Summary

Integrated reporting is an emerging phenomenon that promises to bring together the material information about an organisation's strategy, governance, performance and prospects in a way that reflects the commercial, social and environmental context within which it operates. It emerges from the historical development of financial and non-financial reporting initiatives by business. This report discusses the outcomes of a study into how integrated reporting is currently being interpreted by different organisations through the eyes of sustainability managers, investor relations, communications and finance people. The purpose of this study was largely exploratory – few academic studies have investigated integrated reporting. This report captures the variety of organisational factors that are relevant to decisions about integrated reporting, including: how organisations are interpreting and applying integrated reporting; drivers and motivations for companies pursuing integrated reporting; the involvement of internal and external stakeholders; the benefits, challenges and inhibitors for an integrated reporting approach; and, how integrated reporting can become more widespread.

Twenty-three people from fifteen firms participated in the study (fourteen sustainability managers, four finance managers and five investor relations/communications/external affairs people). The research data revealed a variety of approaches to integrated reporting and a far from homogenous picture of the drivers, benefits and challenges. It is clear from the interview data that integrated reporting is in a formative, and experimental, stage of development.

Three main observations emerged from the study: while there is awareness of integrated reporting, it is not well understood by managers; the reporting landscape within organisations is continually evolving and experimentation is always underway; and company reporting is complex in organisations, subject to a number of competing demands and specific organisational norms.

## 2. Introduction

Recently some business organisations and a number of business associations have been promoting and experimenting with 'integrated reporting'. In South Africa, where it has been a statutory requirement since 2010, over half of the publicly listed companies have adopted this reporting approach (Anonymous, 2012.) Integrated reporting is defined by the International Integrated Reporting Committee<sup>1</sup> (IIRC) as:

---

<sup>1</sup> The IIRC brings together a cross section of representatives from civil society and the corporate, accounting, securities, regulatory NGO, IGO and standard-setting sectors. It comprises a Steering Committee and a Working Group. The Steering Committee is chaired by Sir Michael Peat, Principal Private Secretary to TRH The Prince of Wales and the Duchess of Cornwall, with Professor Mervyn King, Chairman, King Committee on Corporate Governance and Chairman, Global Reporting Initiative, as Deputy Chairman. The Working Group has co-chairmen: Paul Druckman, A4S Executive Board Chairman, and Ian Ball, Chief Executive Officer, International Federation of Accountants. The role of the IIRC is to respond to the need for a concise, clear, consistent and comparable integrated reporting framework, reflecting the organisation's strategic objectives, governance and business model, and integrating both financial and non-financial information.

bringing together the material information about an organisation's strategy, governance, performance and prospects in a way that reflects the commercial, social and environmental context within which it operates. It provides a clear and concise representation of how an organisation creates value, now and in the future. IR combines the most material elements of information currently reported in separate reporting strands in a coherent whole and importantly; showing the connectivity between them; explaining how they affect the ability of an organisation to create and sustain value in the short, medium and long term (IIRC, 2011, p.6).

It draws from on-going work around sustainability reporting and the convergence of international accounting standards (IIRC, 2011). Integrated reporting represents the latest development in a long line of reporting initiatives by business – including traditional 'Annual Reports', and 'Health, Safety and Environment' reports, and the more recent 'Sustainable Development' and 'Corporate Responsibility' reports.

Integrated reporting has evolved in the context of greater investor scrutiny about the value-creating processes of business organisations, and a new appreciation of the governance risks associated with sustainability (Eccles & Krzus, 2010). According to its discussion paper, the IIRC suggests integrated reporting "provides a clear and concise representation of how an organisation demonstrates stewardship and how it creates and sustains value" (IIRC, 2011, p.2). Proponents argue it is qualitatively different from previous voluntary reporting frameworks. Not only does it incorporate traditional financial reporting, it emphasizes the interdependencies between strategy, governance and social/environmental performance. Further, according to case-studies prepared for the Institute of Chartered Accountants in Australia (ICAA), integrated reporting requires the involvement of Chief Financial Officers (CFOs) and finance teams – organisational participants that have traditionally been absent from extended voluntary reporting frameworks (Institute of Chartered Accountants in Australia, 2011). Integrated reporting incorporates the work of the Global Reporting Initiative (GRI), The World Business Council for Sustainable Development, The World Resources Institute, the Carbon Disclosure Project and the UN Global Compact.

A number of important outcomes are attributed to integrated reporting including: satisfying the information needs of stakeholders and driving organisational change toward more sustainable outcomes (Eccles & Krzus, 2010); reducing reputational risk and allowing companies to make better financial and non-financial decisions (Hampton, 2012); and, it helps to break down operational and reporting silos in organisations, and can improve systems and processes (Roberts, 2011). Its potential, however, needs to be considered in light of the experience of sustainability reporting and other attempts to extend performance reporting by organisations. Several studies of voluntary extended reporting reveal its limited potential for bringing about change and satisfying stakeholders' needs (Deegan & Blomquist, 2006; Ferreira, Moulang & Hendro, 2010; Larrinaga-Gonzalez & Bebbington, 2001; Larrinaga-Gonzalez, Carrasco-Fenech, Caro-Gonzalez, Correa-Ruiz & Paex-Sandubete, 2001). The limitations arise not necessarily because of the specific details of the reporting framework – but because insufficient attention is given to understanding and cultivating the necessary organisational norms and systems that underpin its implementation.

This study complements evolving international work by focusing on the organisational factors that enable or inhibit the development of integrated reporting. We supplement the insights of reporting managers and champions with the perspectives of finance teams – not only because their voice is largely absent from the voluntary and sustainability reporting literature – but also because integrated reporting requires their co-operation and expertise. We seek their perspectives on the barriers and challenges associated with its development and implementation. The outcomes of this study will complement the evolving international work into integrated reporting, and it will assist accounting bodies to develop training and professional development programs. This study also contributes to the academic literature about social/environmental and integrated reporting – by responding to calls for more engagement with corporate actors, and, particularly, by providing the under-explored perspective of accounting and finance professionals.

### **3. Background and Literature Review**

Business organisations have disclosed aspects of their performance, beyond traditional financial measures for years (KPMG, 2011). Initially, this involved supplementary disclosures in the annual report (Deegan & Gordon, 1996; Ernst & Ernst, 1978; Guthrie & Parker, 1990; Hackston & Milne, 1996), but it has evolved to encompass dedicated environmental reporting, health safety and environment reporting, sustainability reporting and reporting against a 'triple bottom line' (Parker, 2005). Some organisations have 'progressed' through all of these stages, while others have 'jumped in' for the first time with a report that reflects the latest development at the time they initiated reporting. It is within the context of ongoing reporting evolution that we study the development of integrated reporting.

Some commentators have seen extended, voluntary reporting by business as encouraging (Wheeler & Elkington, 2001), but others are more sceptical about its quality and value (Milne & Gray, 2007). Early notions of extended disclosure were based around accountability, and were premised on the idea of social and organisational change. The basic idea was that as business extended its performance reporting to additional non-financial measures, not only would managers' consciousness be raised about their organisations' impacts, but stakeholders would, additionally, force change on organisations by altering their interaction patterns with reporting firms (Gray, Owen & Adams, 1996). Most reporting practice has, however, been found wanting (Milne & Gray 2007). Early reporters tended to be those facing legitimacy challenges (Lindblom, 1993) and stakeholder pressures (Roberts, 1992), and had been subject to media pressure (Brown & Deegan, 1999; Patten, 1992) or other accidents and scandals. Reporting appeared to become 'captured' in ways that served largely to bolster firm legitimacy (Belal & Owen, 2007). Rather than discharging accountability, the content and quality of disclosures sought to present the organisation in a favourable light, and possibly manipulate stakeholder perceptions. Some more recent commentators have gone so far as to suggest that sustainability reporting, as practiced, has become a key instrument in how a very limited understanding of sustainability and corporate responsibility has come to be 'known' and 'understood' by the wider community (Higgins & Walker, 2012; Milne, Walton & Tregidga, 2009). Sustainability has lost its radical intent as it has been translated in to organisational practice (Bebbington, 2001) –

reflecting a very 'weak' discourse of sustainability or, at the very least, a 'middle ground' perspective that sits between radical environmentalism and neo-liberal market economics (Hajer, 1995; Laine, 2005). Worryingly, a weak discourse of sustainability has become so entrenched that managers now seem unable to understand sustainability in anything other than economic or financial terms (O'Dwyer, 2002; O'Dwyer, 2003; Spence, 2007). Sustainability reporting is seen by many as falling well short of what is necessary to provide an accurate account of organisational performance, or to address the significant social and environmental impacts of contemporary business.

Integrated reporting promises to address some of the concerns with previous reporting innovations, but it may also suffer from many of the same limitations. To date, most research into integrated reporting has been practitioner-driven and practitioner-focused, and dominated by case-studies of experimental practice. Audit and consulting firms, such as PwC and KPMG, and interest groups such as AccountAbility, IIRC and GRI are driving the discussions of integrated reporting. IIRC (2011) developed a framework that includes five guiding principles (strategic focus, connectivity of information, future orientation, responsiveness and stakeholder inclusiveness, and, conciseness, reliability and materiality) and six key content components (organizational overview and business model, future outlook, operating context including risks and opportunities, strategic objectives, governance and remuneration, and, performance ). The Guiding Principles underpin the preparation of an integrated report, informing the content of the report and how information is presented. On a parallel track with the work of the IIRC, the GRI, which will launch its G4 sustainability reporting guidelines in May 2013, plans to link the sustainability reporting process to the preparation of an integrated report aligned to the IIRC framework.

Some of the insights generated are similar to what has gone before. In terms of what integrated reporting is meant to achieve, for example, Eccles and Armbrester (2011) suggest it can capture a holistic view of a company's strategy and performance, it is a way to articulate the relationships between financial and non-financial performance, it can deliver external market benefits by satisfying stakeholders' expectations, and enhancing the company's reputation and brand, and it can help manage regulatory risks. Eccles and Armbrester (2011) suggest, further, that integrated reporting could increase profitability in the long-term and allow companies to differentiate themselves from their competitors. Most of these outcomes are similar to the benefits and incentives associated with environmental reporting, corporate social responsibility reporting and sustainability reporting (see Solomon & Lewis, 2002).

Some have pointed out differences between integrated reporting and previous reporting regimes – in particular that integrated reporting focuses more specifically on the most material aspects of organisational performance, including both narrative and quantitative metrics from compliance-based disclosures to commitment-based disclosures (Adams & Simnett, 2011). Further, the growth of social media will force companies to change how they report on performance to meet new social norms and expectations (Wadee, 2011). According to Hampton (2012), integrated reporting provides forward-looking information and demonstrates how organisations create and sustain value, which requires a shift in thinking from a backward-looking compliant mindset focused on financial performance

(Watson, 2011). New cloud computing infrastructure may mean firms undertaking integrated reporting would no longer need the same degree of sustainability and IT infrastructure as their more developed counterparts (Eccles & Armbrester, 2011). However, Hampton (2012) argues that integrated reporting may require investment in new IT systems to better aggregate information.

Whether a new type of reporting regime is required is a moot point. Lewis' (2011, p.197) research into BP's "misleading" sustainability reporting, for example, highlights the danger that more is required than just more reporting. He suggests that combining BP's "flawed" sustainability reports with its financial reports would not have produced a useful integrated report as there were material omissions from its sustainability reports (safety and maintenance issues) prior to the Deepwater Horizon oil spill.

Extended reporting frameworks have been debated in the literature for over 30 years (Mathews, 1997; Mathews, 2002), and considerable experimentation has occurred. We know a lot about why firms report (Solomon & Lewis, 2002) and the internal organisational and external contextual factors that characterise reporting firms (Adams, 2002; Adams, Burritt & Frost, 2008; Adams & McNicholas, 2007; Bebbington, Higgins & Frame, 2009; Buhr, 2002; Cormier, Gordon & Magnan, 2004; Georgakopoulos & Thomson, 2008; Kotonen, 2009; Larrinaga-Gonzalez & Bebbington, 2001). It is arguable that the problems associated with extended reporting, its quality, and how it is practiced relates more to internal organisational processes. It is, perhaps, these that should be addressed in conjunction with any attempts to develop and embed a new reporting regime. Some researchers have found that the systems and process required to support reporting, and to influence its effectiveness are relatively ad-hoc and not systematically connected with how managers make decisions in organisations (Bartolomeo, Bennett, Bouma, Heydkamp, James & Wolters, 2000; Durden, 2008; Mitchell & Hill, 2009; Norris & O'Dwyer, 2004). The lack of internal processes reduces the effectiveness of reporting and its connection to broader organisational policy. Others point to reporting not actually being taken that seriously in organisations – some have found a degree of skepticism or ignorance amongst managers about the value of extended reporting and the corporate responsibility or sustainability agenda (Daub, 2007; Martin & Hadley, 2008; Qian, Burritt & Monroe, 2011), but they report anyway – possibly for reputation or institutional reasons.

It is also necessary to uncover organisational processes for encouraging cross-organisational co-operation. Integrated reporting aims to accommodate complexity and bring together the different strands of reporting such as financial, sustainability, management commentary and governance into a coherent and integrated whole (IIRC, 2011; Roberts, 2011). Other cultural considerations, such as what is disclosed, also need to be addressed. Some companies have reported being hesitant about providing sensitive information, including details on strategy and value drivers (Adams & Simnett, 2011).

In Australia, global advisory firms PwC, KPMG, E&Y and Deloitte have all provided influential research, regular reports and advisory services. Locally, the Association for Chartered Certified Accountants (ACCA) and sustainability consulting firm NetBalance Foundation (NBF) (2011) assessed the level of integrated reporting within the ASX50 using six key criteria: (1) mission and strategy, (2) management approach, (3) performance tracking, (4) risk management, (5) stakeholder

engagement, (6) the format of public reporting. The research concluded that although ASX50 companies are starting to recognise and communicate the importance of non-financial matters into their core business, 30 of the 50 companies' reporting was assessed as less than 50% integrated. While 70% of the companies have put policies in place to manage environmental, social and governance (ESG) issues only 36% have revised company purpose and value statements. The low uptake of integrated reporting in these ASX50 companies indicates that they have not yet fully embraced the organisational and attitudinal change required to fully implement it.

Jensen and Berg (2011) conclude that empirical studies of integrated reporting are required to explore what motivates companies to voluntarily publish integrated reports, analyse firm-specific challenges and outcomes, and, investigate what is required to encourage more companies to adopt integrated reporting. Our aim is to explore the organisational barriers and challenges associated with generating co-operation across the organisation, developing effective integrated measures, and institutionalizing integrated indicators and measures into organisational information and decision-making systems. For these reasons, we aim to engage not only with sustainability managers, but also with the finance and investor relations teams of selected Australian organisations – as it is these organisational participants that differentiate integrated reporting from other extended reporting frameworks. It is also the co-operation of accounting and finance personnel that are necessary to ensure appropriate measures and indicators are developed for integrated reporting.

## **4. Research Objectives**

The aim of this exploratory research project was to capture the variety of organisational factors that may be relevant to decisions about integrated reporting, investigate the enablers of and barriers to integrated reporting and to evaluate how the practice could become institutionalised. We specifically sought the perspectives of sustainability managers (responsible for sustainability reporting), investor relations/external affairs people (responsible for the Annual Report) and members of the finance team (responsible for financial disclosure). We were particularly interested in exploring the finance people's perspective – not only because their voice is largely absent from the voluntary and sustainability reporting literature – but also because their involvement is necessary to realise the benefits of integrated reporting.

The objectives of this study were to:

1. explore the drivers and motivations for companies pursuing integrated reporting;
2. understand how organisations are interpreting and applying integrated reporting;
3. examine the benefits, challenges and inhibitors for an integrated reporting approach;
4. explore the perspectives of different stakeholders (sustainability, investor relations, finance); and,
5. understand how integrated reporting can become more widespread.

Our aim was to explore the organisational barriers and challenges associated with generating co-operation across the organisation, developing effective integrated measures, and institutionalising integrated indicators and measures into organisational information and decision-making systems.

## 5. Research Design and Methods

This exploratory study employed qualitative research methods using semi-structured interviews. Interviews are considered the most appropriate data collection strategy for exploratory research.

### *Selection of research participants*

According to Corporate Register (2012), during 2011 integrated reports made up around six percent of global corporate responsibility reporting. It claimed that there were over 50 integrated reports in Australia, although it defines integrated reporting as “annual reports with at least 6 pages of relevant non-financial information” (p28). Our study identified significantly less companies undertaking integrated reporting.

Companies undertaking integrated reporting were identified from a number of sources. As ASX50 companies are generally among the highest rated sustainability reporters (26 are rated as ‘best practice’ by ACSI) (Australian Council of Superannuation Investors, 2012), the websites of the ASX50 were inspected to identify those who have stated that they are adopting integrated reporting. Integrated reporters were also identified from a report published by The Association of Chartered Certified Accountants in Australia (ACCA) and Net Balance Foundation (2011) ‘Adoption of integrated reporting by the ASX50’ and from the Business Reporting Leaders Forum (BRLF) (2012), whose aim is to “work with global initiatives to promote and drive the development and implementation of a strategy-aligned integrated business reporting framework”. Finally, snowball sampling was used to identify potential research participants. Snowball sampling “involves using a group of informants with whom the researcher has made initial contact and asking them to put the researcher in touch with people in their networks, then asking those people to be informants and in turn asking them to put the researcher in touch with people in their networks and so on as long as they fit the criteria for the research project” (Minichiello, Aroni, Timewell & Alexander, 1995, p161).

Twenty-two companies were identified from this process. Fifteen companies agreed to participate in the research study. The sustainability managers were initially approached for an interview and asked if they could refer a finance person who could talk about the reporting activities in the organisation. Four finance people (including a company secretary) and five investor relations/external affairs people agreed to an interview, together with fourteen sustainability managers. In one company, the sustainability manager was not available for an interview but the external affairs person was. Twenty-three people were interviewed in total. Table 1 summarises the research participants by industry sector to maintain anonymity of the research participants.

The data are limited by the fact that in nine companies only one person from each firm was interviewed, providing only one perspective, and two of the research participants were new to the company or to the role. We had difficulty in recruiting finance people and were often referred to the investor relations people instead, which is discussed further in section 6. Five of the companies were identified by the ACCA and NBF (2011) report as top performing companies on one or more criteria (see p8) but had not explicitly committed to integrated reporting and were producing standalone sustainability reports and annual financial reports.

**Table 1: Summary of research participants by industry sector**

<b>Industry</b>	<b>Sustainability manager</b>	<b>Finance / company secretary</b>	<b>Investor relations / external affairs</b>
Financial Services	5	3	3
Industrials	4	1	1
Property	3	0	1
Transport	2	0	0
<b>Total</b>	<b>14</b>	<b>4</b>	<b>5</b>

In-depth semi-structured interviews were held with the participants. Twenty-two were face-to-face and one was via the phone. All interviews were recorded and transcribed to aid the data analysis process (with permission). The interviews probed:

- the history of reporting in the organisation;
- who is driving the integrated reporting process;
- the internal and external factors that are influencing the organisation's decision to adopt integrated reporting;
- the interviewees' understanding of what integrated reporting means;
- the benefits, enablers, challenges and inhibitors to integrated reporting; and,
- the interviewees' views on whether integrated reporting should, and how it could, become mainstream.

#### *Analysis of data*

Using the NVIVO software package, the transcribed interviews were analysed and coded. Grounded theory techniques were used to guide the coding process and draw out key themes (Strauss & Corbin, 1998). Codes were derived from the interview data based on the actual words or terms used by the interviewees (in vivo codes) or by summarising the concepts discussed by the interviewees (constructed codes). Coding included chunks of text at the phrase, sentence and paragraph level. Codes were grouped into categories and then classified into themes as patterns emerged within the data (Neuman, 2003; Patton, 2002). The key themes emerging from the analysis are discussed in the next section.

## **6. Results**

The main aim of the research was to explore perspectives on organisational drivers, challenges and benefits of integrated reporting, and to understand how organisations are interpreting and applying integrated reporting concepts. To shed light on this, the themes that emerged from the interview

analysis are summarised under five headings: how organisations are interpreting and applying integrated reporting; drivers and motivations for companies pursuing integrated reporting; the involvement of internal and external stakeholders; the benefits, challenges and inhibitors for an integrated reporting approach; and, how integrated reporting can become more widespread.

In terms of the actual reporting process, the research data revealed a variety of approaches. Of the fifteen companies interviewed, ten were producing integrated reports. Six called it 'Annual Review', one 'Annual Report', one 'Performance Report', one 'Shareholder and Corporate Responsibility Review' and one 'Annual Review and Sustainability Report'. Four of these also included a sustainability section in their annual (financial) report and two were also producing sustainability reports or summary sustainability reviews. Five companies were publishing standalone sustainability reports (one also with a sustainability section in its annual report and two with a business review report that included a sustainability summary). Five companies produce detailed sustainability data packs online and/or hardcopy. For one company, its Annual Report, Annual Review and detailed data pack are all moving towards an integrated reporting approach, each one encompassing financial and sustainability information.

It is clear from the interview data that integrated reporting is in a formative, and experimental, stage of development. The interviews uncovered a rich variety of perspectives and contrasting views on integrated reporting. The research reveals how the thinking is evolving around integrated reporting and the issues that firms are dealing with in making sense of it, and what it means to their organisations. As such, the following discussion presents the variety of perspectives across the sustainability managers, investor relations and finance people rather than a definitive view of the state of integrated reporting.

### ***6.1 How organisations are interpreting and applying integrated reporting***

There was general acknowledgement that integrated reporting was not just about producing one report, even though this is an outcome. Nevertheless, throughout the interviews the participants continually referred to the content of their reports (most of whom had hard copies of the reports in the interviews) and their reporting process. The conversations invariably blurred the distinction between the 'one report' view and a more strategic view of integrated reporting, which is revealed in the subsequent sections.

In discussing what integrated reporting meant to them, most of the interviewees used wording that reflects the IIRC (2011) definition of integrated reporting (see section 2), or elements of it. Interviewees commonly referred to strategy; value creation; economic, environmental and social context; one report; long-term; and, material issues. Less common were discussions about shareholders/investors, stakeholders, six capitals and stewardship, concepts which are also discussed in the IIRC (2011) paper.

Interestingly, the small sample of finance people primarily talked about strategy (three of the four), while the sustainability managers referred to value creation, strategy and one report. Most of the

interviewees, however, pointed to the challenging nature of achieving integrated reporting, “*grappling with what it means in practice*”, and getting on the ‘same page’ within the organisation.

All of the interviewees proactively pursuing integrated reporting acknowledged that they were in the early stages of implementing this approach and were “*feeling our way as much as anyone*”. For these companies, the first step is to issue a combined report that includes financial and non-financial information, recognising that “*it absolutely needs to be improved because it doesn’t really reflect how we run the [company]... corporate responsibility is better embedded within the [company] than that suggests*”. The next step is to structure the report to reflect the business strategy and “*the way our business works*”, and to develop metrics that “*really integrate that story*”. According to one sustainability manager, the “*coordinating piece is the strategy, not the report*”.

Interviewees stated that there still needs to be a separate financial report to meet statutory reporting requirements (compliance) and it doesn’t make sense to combine this information into the integrated report. However, this report does not need to be ‘glossy’. The financial report is audited, while the integrated report is “*assured rather than audited because there’s a lot more subjective information in here and I think the assurance method is more appropriate to this. Because I think the minute you start auditing it, it’s going to prevent certain things being disclosed in here*”.

While there was quite a wide range of perspectives about the audience for the integrated report, there appears to be two dominant views amongst the companies producing integrated reports: the integrated report is targeted at the investor community; and, the report is targeted at a wider group of stakeholders. The perspectives were not necessarily consistent within the three groups of interviewees. One finance manager said it was also targeted to internal groups. However, there seems to be little interest and feedback from stakeholders on the integrated report, even though there may be interest in the actual information. A sustainability manager suggested that there is more scope to change the integrated report than the annual report, and experiment with it to see what works.

There was more consensus amongst the companies still issuing a standalone sustainability report, that it is targeted at financial and non-financial stakeholders, or as one person put it “*it has to be pitched at everyone*”. One person did note, however, that sustainability reports did “*try to be all things to all people, all things to all audiences, and they end up being quite inaccessible to anyone*”. Two people argued that a sustainability report is “*like the Bible*” as it is used as the source to respond to demands for sustainability information from groups such as FTSE4Good, Dow Jones, Global Compact, London Benchmarking Group, as well as internal groups (customer-facing, government relations and used for customer bids).

In moving from a standalone sustainability report to an integrated report, none of the participants had received unsolicited questions from external stakeholders about why the companies were doing this, although the companies do have formal processes for seeking feedback from stakeholders. At this stage, there currently appears to be little external interest and demand for integrated reporting, which is further discussed in section 6.3.

## **6.2 Drivers and motivations for companies pursuing integrated reporting**

While this section reveals the many views on why organisations are moving to integrated reporting, there is a high level of agreement that integrated reporting is a means to communicate, or tell the story, of how sustainability impacts, and is embedded in, the business. However, one sustainability manager said there was no “*push at all*” to pursue integrated reporting in his company, even though the company is considered to be integrating sustainability into its business (ACCA & NBF 2011). According to him, “*the team that does annual report and finance are quite happy to have their piece sit separate and for us [sustainability team] to sort of relate back to that*”. Another sustainability manager said that reporting helps you get things done but you don’t necessarily need a new report to do this. His view was that there is a demand for more standardised reporting, not necessarily integrated reporting.

One company that is producing a standalone sustainability report while integrating sustainability into its annual report said there was some interest from the directors to move towards one report, but the company was not in a hurry as “*there’s not a burning platform to get rid of it [sustainability report]*”. However, the other interviewees believed there were strong drivers for integrated reporting, primarily internal rather than being driven by external stakeholder pressure. The most significant drivers to pursue integrated reporting were to do with establishing a leadership position; an acknowledgement that sustainability is integrated into the business; it helps tell the company story and to focus on the most material financial and non-financial issues; and, to demonstrate how value is created in the organisation. Two sustainability managers and a finance manager suggested that the sustainability reporting “*was not working*”; no-one was looking at the sustainability report; and it needed to be more accessible. Three sustainability managers and one finance manager said that “*[integrated reporting] just made sense*”, “*it was a logical next step*”, and it was a natural evolution to move to integrated reporting. Four companies said that it comes “*from the top*”. Integrated reporting is driven by the CEO. However, a change in CEO could also threaten the ongoing commitment to integrated reporting and one sustainability manager said they were “*focusing really heavily on engaging our employees around this, it would be hard to do away with stuff when you have [thousands of] people that will complain about it if it’s not there*”.

The data revealed that four companies had a ‘push’ strategy where the corporate responsibility group was using integrated reporting to help drive change in the organisation. An investor relations person argued that while integrated reporting is driving more integration into the business, it was “*the tail wagging the dog a bit*”. However, they recognised that it needed to be a “*group decision*” and embraced by all the business units.

In contrast, there seemed to be a ‘pull’ strategy in nine companies where interviewees believed that integrated reporting was driven by the increasing recognition that sustainability is embedded in their business strategy and “*is fundamental to how we run our business*”. The actual report was an outcome of a more integrated business strategy.

Echoing Eccles and Ambrester’s (2011) perspectives, integrated reporting can lead to efficiencies and cost savings, leadership and differentiation, and enhancing reputation, not dissimilar to the

benefits associated with sustainability reporting (Solomon & Lewis, 2002). Four companies believed that a focus on efficiencies, saving costs, *“a push on simplification”* and streamlining the process to address the *“overlap”* in reporting functions contributed to driving integrated reporting. Five people said that a key driver is to take a leadership position in this emerging space, either for differentiation *“to give us advantage over time”* or to *“help to shape that agenda, let’s help to drive international thinking on this”*. However, one company explicitly said it preferred to be a market follower than leader and another that it wanted to be an early adopter but not be *“at the bleeding edge”*.

The drive to focus more specifically on the most material aspects of organisational performance, as suggested by Adams and Simnett (2011), was mentioned by eleven companies. However, all of the participants are experienced sustainability reporters and they already have a, formal or informal, materiality and risk process. Nevertheless, there was a strong sense that this needs to be fine-tuned for integrated reporting so *“we don’t report too much and really immaterial non-meaningful data”*, or in one case *“it’ll be a lot easier for us to work out what is material and what we can get rid of [that] we don’t really feel we need to report on”*. There was an emerging view that the GRI was too unwieldy for integrated reporting and that the volume of information disclosure covers significantly more than the material issues (see section 6.3).

In one company, where the finance group is very involved in the integrated reporting process, the Deputy CFO challenged the sustainability manager as to *“why do we put water in, like is it relevant compared to other companies? And so we will be looking this year if do we include water because it has to be meaningful”*. For another, *“the goal for us is to provide the most material information within the annual review”* that ties in to the group strategy, *“and then any detailed [sustainability] data sets ... online”*. Five companies are providing detailed data sets to supplement the integrated reporting.

The largest area of agreement of what was driving integrated reporting was around telling the company story more fully and communicating how the company creates value. With fifty mentions, there was a significant drive to tell the blended company story in nine companies; *“telling a broader story than economics alone... telling the broader picture of your organisation over a longer-term view”*. Two companies explicitly mentioned that NAB’s integrated report influenced their senior executives. However, one finance manager suggested that integrated reporting was *“really difficult”* to do well and questioned how stakeholders could compare your story to other companies: *“They’ll do something completely different and they’ll tell a really good story too”*.

The notion that integrated reporting is a better way to account for, or disclose, how companies create, or demonstrate, value was discussed by ten companies. One sustainability manager said they were trying to measure the value of different sustainability elements to feed into integrated metrics. But *“to ascribe that value”* is proving to be very difficult and challenging, *“it’s still a little bit of a leap in faith”*. Another sustainability manager pointed to the hesitation by senior executives to *“be able to draw specific links between non-financial driving financial performance from a liabilities point of view”*. Two sustainability managers explicitly used the term ‘shared value’ – *“how do we evolve our sustainability strategy to talk more to shared value”* – and the influence of the *“community of practice*

*now around shared value which, to me, has very similar thinking and probably measurement and accounting implications [to integrated reporting]*".

### **6.3 The involvement of internal and external stakeholders**

While the previous sections examined the key motivators and drivers for adopting integrated reporting, and the approach taken, this section examines who is driving the process, both internally and externally.

Of the ten companies producing an integrated report, four were 'owned' by investor relations, five by the sustainability group and one by Finance. While one sustainability manager pointed to "*a bit of jockeying about where it sits*", others acknowledged that it requires cooperation across the organisation. There were varying levels of collaboration across the organisation to develop the integrated report, with four companies having formal committees with senior executives to drive the process. Five companies also highlighted that the report is ultimately signed off by the CEO. Six companies pointed to a high degree of collaboration. Regardless of the level of collaboration, determining what goes into an actual integrated report is a process of negotiation.

We were interested to examine how closely involved the finance people were in the integrated reporting process as finance people play an important role to "demonstrate an organization's ability to create value now and in the future" (IIRC, 2011, p.2). We attempted to recruit finance people from each company but succeeded in only four companies. It was either too difficult to track down a finance person willing to talk to us or, in several cases, we were directed to the investor relations area. The finance people that agreed to an interview were closely involved in the integrated reporting process. The research lacks the perspective of finance people from eleven of the companies. Nevertheless, six companies did believe that Finance was very involved in the integrated reporting process, even though in one case the CFO was not particularly engaged.

One sustainability manager worked in Group Finance and in another company the CFO is responsible for strategy and finance which may lead to Finance taking control of the process. One sustainability manager said that the finance people were "*pretty resistant around integrated reporting as an idea*" until she organised a workshop with them and the auditors. Finance is now committed to jointly reviewing the IIRC framework and G4 guidelines next year. However, in two companies producing standalone sustainability reports and one company producing an integrated report, Finance is not interested in reporting non-financial information. It is considered "*a necessary evil*" and Finance tend to "*look in the rear vision mirror and report the numbers*".

The major external influences, or shapers, of integrated reporting were seen to be the Global Reporting Initiative (GRI), BRLF, consultants such as KPMG and PwC, and the IIRC. Seven companies discussed the increasing amount of information coming from the consultants about integrated reporting and increased "*robust conversations*" and informal meetings and seminars. The accounting industry bodies (such as ACCA, CPA, ICAA) were mentioned by one interviewee as a source of information on integrated reporting, but one thought that "*integrating reporting [was] not a*

*big deal* for them. One finance person said that they had “*never seen anything from the Australian Accounting Standards Board on this*”.

While all the companies interviewed use the GRI, many of the interviewees regarded it as a sustainability reporting framework, whereas integrated reporting is a business process. The BRLF was seen as a key influencer in business reporting and the interviewees talked about the involvement of CEOs, Chairs and/or directors in the BRLF. The BRLF was seen by one sustainability manager to be “*kind of caretaking the IR framework work here*”. One investor relations person said that they defer to KPMG and BRLF “*because they’ve got a lot more expertise in this*”. The sustainability manager who reports into the finance group suggested that the BRLF is leading the discussion in Australia: “*there’s a lot of informal discussion around it. But the BRLF I guess is the more structured element and we’re certainly keen to stay part of that group*”.

As mentioned previously, all companies acknowledge the influence of the GRI in sustainability reporting. While there is a sense that it is not so influential in steering integrated reporting, the next version of the GRI, G4, is more promising. However, six sustainability managers stated that they had difficulty with the GRI framework. Integrated reporting is not a “*box-ticking exercise*” and it “*should be a move on from GRI because it is about those issues that are fundamental to a specific reporting organisation*”. One suggested that GRI is more useful for companies starting to report sustainability performance, rather than for companies moving to integrated reporting. Four people thought G4 would be better able to address integrated reporting, but one sustainability manager believed that G4 would be more challenging for companies to use. While it was acknowledged the IIRC is providing guidance and “*best practice*” examples, one investor relations person suggested that the real impetus for change will come through regulation or standards (see section 6.5).

#### **6.4 The benefits, challenges and inhibitors for an integrated reporting approach**

Most of the benefits of integrated reporting identified by the interviewees were internal. The primary benefit seems to be that it helps drive change within the organisation, which was discussed by seven people. As a management tool “*it focuses everybody*”. This results in a more efficient process, leading to cost savings, and a more focused communication piece to stakeholders. Three people saw an “*economic benefit*” in having the information in one report as “*one document instead of two is a cost save*”.

One sustainability manager also said it helped shift sustainability from the “*relative periphery into more core position in the business*” and the sustainability team was no longer a separate, “*isolated*”, team. A finance manager believed it helped engage employees so “*there’s better comprehension of the business... it’s their sort of reference book*”. When we explicitly asked participants what had changed in their organisations as a result of integrated reporting, some identified a change in thinking and changes in the process of reporting. While three people said that integrated reporting had “*driven a change in thinking*” in the organisation, two participants from one company noted “*there is that thinking, but I don’t think there’s necessarily the structures in place yet... it’s not happening in sort of a coordinated way*”. For one organisation, this has led to increased executive involvement in the reporting process. For a finance manager it means planning the work differently which has resulted in

more coordination across the organisation. This discourse suggests that the issues with extended reporting frameworks identified by past research – the systems and process required to support reporting, and to influence its effectiveness are relatively ad-hoc and not systematically connected with how managers make decisions in organisations (Bartolomeo et al., 2000; Durden, 2008; Mitchell & Hill, 2009; Norris & O'Dwyer, 2004) – are starting to be addressed through integrated reporting.

The interviewees did not identify many external benefits of integrated reporting. Primarily, integrated reporting allowed a company to “*more clearly talk to them [audience] about things beyond the numbers in our business and broader, what [company] does and how it contributes to things*”. One sustainability manager believed it was “*more accessible to a larger group of people*”. Two sustainability managers not producing an integrated report thought it could help address investor concerns. However, a finance manager suggested that ‘size matters’ when understanding the benefits of integrated reporting. Larger companies are more able to undertake integrated reporting than smaller companies with fewer resources.

While some investor relations and sustainability managers believed integrated reporting leads to cost savings, there was consensus amongst the finance interviewees that the cost of integrated reporting is an issue: “*what’s the value proposition that we get out of it?*” Integrated reporting requires investing “*in changing the way you collate data and we have to bring a lot more teams together because it’s quite diverse getting the strategy teams, the communications teams, finance, all sorts of teams together*”. One finance manager experienced resistance “*from people who are very cost conscious*” as “*we’re not legally obliged to do it*”. Integrated reporting requires more internal resources.

Transparency was raised by four people. There was some reluctance in disclosing some non-financial data in one organisation as “*There’s a few items around the business where it’s very political and we don’t report certain [issues]*”. A sustainability manager suggested that “*some people will automatically be suspicious, they’ll say, well why are they doing this, what are they trying to hide, you know which is ironic because you’re talking about a process which is meant to foster some transparency*”. An investor relations person highlighted the risk of “*more rigorous*” disclosure of integrated reporting metrics “*good, bad or otherwise*”. On the other hand, a sustainability manager suggested that moving to integrated reporting could threaten transparency, because “*you will lose detail*” that was in the sustainability report.

Four people discussed the issue of directors’ liabilities and duties, which the IIRC (2011) highlighted as challenges for integrated reporting. One sustainability manager said it was not an issue that her company’s directors were currently concerned about; “*I know it’s a conversation that’s kind of happening in the field at the moment; I feel like it might be a premature conversation to be having when very few people are even doing combined reporting*”. Both the GRI and BRLF have raised the issue in forums. For one company, the “*future side of things is probably the most problematic*” and for another, the Board-level Sustainability Committee had major concerns about “*directors’ duties, particularly around forward-looking statements and what that would mean*”.

Another issue identified by the IIRC (2011) and Hampton (2012) was that of strengthening information systems to support integrated reporting. This was only picked up by one company, a finance manager, who believed that it is *“the biggest challenge”*. Other challenges identified by companies issuing integrated reports included: there are different understandings of what integrated reporting is in the organisation; it is very time consuming and people are sceptical, *“you have to have a hundred meetings before anyone will agree to anything”*; understanding the implications of supply chain issues and international operations; and determining what is material to the company as *“no matter how robust we think those materiality assessments are, it’s still extremely subjective; and you could report on everything”*.

A key issue for nine companies is around finding the data and developing integrated performance measures, such as the value of having engaged employees: *“we don’t have data for some of the stuff that we want to say yet. So the things we know have an impact on value but it’s not as concrete and finite as traditional financial metrics”*. Two investor relations people pointed to the need for a *“regular robust framework like financial metrics”* that provides a *“consistent measurement system”*. Performance measures linked to the business strategy was a key challenge for another investor relations person.

The other major challenge identified by four was the lack of rules (frameworks, guidelines) and standards guiding integrated reporting. As a result, there is a lack of agreement about what integrated reporting *“looks like”* and what existing frameworks could be used (such as AA1000, ISAE3000). For the finance managers this was particularly frustrating and severely limiting as *“integrated reporting is so new so there’s no actual rules. Or there are rules but you’ve got your rules, how you think it should be done”*. He contrasted this with international accounting standards that are well established and the clear external audit requirements for financial information. He argued that until integrated reporting matures, when there is a *“standardised way of looking at the world from an integrated reporting perspective”* and you can compare companies’ performance, *“I don’t see a lot of meaning other than it makes you feel good”*. An investor relations person suggested that there is a lot of hesitancy for people to *“take that step”* to integrated reporting until a framework is available:

### **6.5 How integrated reporting can become more widespread**

When asked how integrated reporting could become mainstream practice, four people initially said that they didn’t know as *“it’s very early days with integrated reporting and so it’s hard to tell”*. However, three key drivers emerged from the interviews: guidelines, standards and regulation.

Four investor relations and sustainability managers suggested that a framework or set of guidelines, rather than regulation, is needed *“so that you could consistently look at every single company and look at those metrics”*. They all recognised that this is not easy and debated who would drive this process (ASIC (Australian Securities & Investments Commission) was mentioned). While there was general support for the proposed IIRC framework amongst the interviewees, an investor relations person pointed to the issue that *“it’s going to be different for every industry and sector, I think they’re probably trying a bit hard at the moment, trying to do too much”*. Two people suggested that

integrated reporting requires guidance from the ASX *“in their best practice principles and recommendations”*.

Three sustainability managers and one finance manager believed that standards are required to widen the adoption of integrated reporting, but *“it’s a long road”*. Again the question was raised as to who would be involved in creating these standards. Others thought that regulatory changes were required for integrated reporting. Three sustainability managers and two investor relations managers thought regulation was *“just a matter of time”*, one citing the *“evolution happening”* in reporting of emissions, energy usage and energy efficiency. One organisation with extensive international operations cited that this was already happening in the European Union (EU).

However the four finance managers, one sustainability manager and one investor relations manager were sceptical that this was the best path to mainstreaming integrated reporting. It is perhaps not surprising that the finance managers were against more regulation, as it *“creates costs... it requires people to do it, it can require us to change computer systems ... So it’s all part of that regulatory burden”*. Another pointed to the *“danger in a one size fits all approach”*, while the sustainability manager provided the example of implementing the carbon tax *“it becomes a political issue rather than a policy issue”*. A finance manager said that there was already *“too much compliance in my view”*. Another finance manager suggested that rather than regulation that could *“create a big reporting bureaucracy”*, ASIC could provide guidance *“to police the cowboys”*. The IFRS (International Financial Reporting Standards) was mentioned by one finance manager as a standard that *“could evolve to reflect the fact that we now have integrated reporting”*.

While developing integrated performance measures was identified as a key issue for nine companies, only one sustainability manager formally identified *“the emergence of some more meaningful indicators of the value creation through sustainability or social responsibility”* as a key plank for widespread adoption of integrated reporting. However, an investor relations person did reinforce that *“better measurements systems”* are required for integrated reporting to become more widespread but she was *“not sure how fast that change can happen”*.

## 7. Conclusion

The aim of this research was to explore how sustainability managers and representatives of the finance function understand and view the emerging phenomenon of integrated reporting. Of particular interest were the drivers and motivations for pursuing integrated reporting; how integrated reporting is being interpreted and applied; the benefits, challenges and inhibitors for an integrated reporting approach; and, how integrated reporting could or would become more widespread or mainstream overtime. The motivation of this study was to specifically address in-depth organisational issues as they influence reporting innovations.

Integrated reporting is only at the very early stages of development and implementation in Australia. Almost all of the interviewees were aware of, and several were part of, the practitioner network that is driving its development in Australia. Some are part of the pilot program being run by

the International Integrated Reporting Committee, and others have been experimenting with integrated reporting outside of that project.

Three main observations emerge from our data: while there is awareness of integrated reporting, it is not well understood by managers; the reporting landscape within organisations is continually evolving and experimentation is always underway; and company reporting is complex in organisations, subject to a number of competing demands and specific organisational norms.

Probably of most significance is the uncertainty that managers express regarding exactly what integrated reporting is, and what it involves. Most are familiar with many of the terms associated with it, and some of the broad objectives, but most struggle to provide a tangible explanation of what it involves for their organisation, or if they are 'doing it right'. In this context considerable experimentation is flourishing – and integrated reporting is being put to the achievement of a variety of objectives. For some, integrated reporting offers the means to overhaul the entire way their organisation's purpose and objectives are measured, reported internally and externally, and communicated to all stakeholders. Others see it as a way to drive strategy – with a new reporting vocabulary reducing the emphasis on sustainability as being something 'separate' to a more embedded, integral part of organisational functioning. Others still saw it simply as a means by which the entire suite of reporting arrangements in their organisations could be simplified – prevailing requirements are too extensive, too onerous and/or too costly. Many saw integrated reporting more from a communication perspective – as a way to tell the organisation's story more effectively. Ambiguity extends to the audience for the report – with many seeing it largely targeted at investors, while several saw it as a simplified, integrated communication to all stakeholders. Experimentation is important and valuable at the early stages of a new organisational innovation. But the ambiguity also potentially limits the uptake, spread and potential of integrated reporting. There is a risk that practice-led developments become institutionalised in ways that reduce its radical and innovative potential.

Managers reveal a reporting environment that is continually changing. Within organisations, firms are always reviewing and revising how they report, and what they report. In most of the firms studied there had been many reporting innovations over time – ranging from sustainability reporting to annual reviews to smaller supplementary reports for various stakeholders. In this context, for many, integrated reporting was another input in to an already evolving space. Some of the participating firms desire a leadership position, and will seek out the newest reporting trends, and they incorporate and respond to new reporting initiatives as they emerge. For many of the other interviewees, they're a bit like magpies – picking up bits and pieces of reporting ideas and frameworks, adapting them, blending them with their existing frameworks, and discarding elements that don't work or wouldn't fit. It would seem unlikely in this context that integrated reporting could be 'rolled out' in some cohesive standardised way. Reporting behaviour in organisations is such where new frameworks are adapted to fit prevailing circumstances.

Related to this, within organisations the reporting set up is complex. Organisations are subject to multiple reporting requirements, and have a wide range of communication needs. For most, reporting performance, communicating about company initiatives, and fulfilling regulatory and other

requirements (e.g. Statutory Financial performance, NGERs, EEO) is an extensive activity that requires the cooperation of many people in the organisation, and often quite extensive sign-off requirements, involving senior managers. We found that having different parts of organisational reporting shared across different parts of the organisation creates coordination problems. Not only are there different norms about what should be reported by the organisation and why, managers of different departments have quite different ideas about the value and purpose of reporting (especially that beyond what is legally required). Sustainability managers had different perspectives to communication/public relations managers and these views differed to those held by finance and investor relations professionals. Reporting thus tends to involve a compromise of a number of different organisational areas. Innovations to reporting regimes take time, involve negotiation, and small steps to bring about change. These types of negotiations are, additionally, affected by structural arrangements in place in organisations, and the extent to which the Finance function is 'strategic' in orientation, or more of an operational nature. The assumption that a new integrated reporting framework could seamlessly incorporate and combine the different prevailing reporting structures in place within organisations is naive. Coupled with this is the disparity in views, and a level of scepticism, about the role of regulation, standards and guidelines in mainstreaming integrated reporting. The key industry players shaping the integrated reporting agenda in Australia are the IIRC, BRLF and the accounting consulting firms, and there is some discomfort with how this agenda is being shaped. The professional accounting bodies and standards associations are not visible in this discussion, and their roles in mainstreaming integrated reporting are as yet unclear.

## 8. References

- Adams, C. A. 2002. Internal organisational factors influencing corporate social and ethical reporting: Beyond current theorising. *Accounting, Auditing & Accountability Journal*, 15(2): 223-250.
- Adams, C. A., Burritt, R. L. and Frost, G. 2008. *Integrated Approaches to Environmental Sustainability*. London: Certified Accountants Educational Trust.
- Adams, C. A. and McNicholas, P. 2007. Making a difference; Sustainability reporting, accountability and organisational change. *Accounting, Auditing & Accountability Journal*, 20(3): 382-402.
- Adams, S. and Simnett, R. 2011. Integrated Reporting: An Opportunity for Australia's Not-for-Profit Sector. *Australian Accounting Review*, 21(3): 292-301.
- Anonymous. 2012. integrated reporting: THOSE SLOW OFF THE MARK ARE INCREASINGLY BEING ISOLATED. *Accountancy SA*, May: 4.
- Australian Council of Superannuation Investors. 2012. *Sustainability Reporting Practices of the S&P/ASX200*. Melbourne: ACSI
- Bartolomeo, M., Bennett, M., Bouma, J., Heydkamp, P., James, P. and Wolters, T. 2000. Environmental management accounting in Europe: current practice and future potential. *European Accounting Review*, 9(1): 31-52.
- Bebbington, J. 2001. Sustainable development: A review of the international development, business and accounting literature. *Accounting Forum*, 25(2): 128-157.
- Bebbington, J., Higgins, C. and Frame, B. 2009. Initiating sustainable development reporting: Evidence from New Zealand. *Accounting, Auditing and Accountability Journal*, 22(4): 588-625.
- Buhr, N. 2002. A structuration view on the initiation of environmental reports. *Critical Perspectives on Accounting*, 13(1): 17-38.
- Business Reporting Leaders Forum (BRLF). 2012. BRLF Background. <http://www.ske.org.au/BRLF.php> Accessed 30 October 2012.
- Cormier, D., Gordon, I. M. and Magnan, M. 2004. Corporate Environmental Disclosure: Contrasting Management's Perceptions with Reality. *Journal of Business Ethics*, 49(2): 143-165.
- Corporate Register. 2012. *CR Reporting Awards: 2012 Global Winners & Reporting Trends*. London: Corporateregister.com.
- Daub, C. H. 2007. Assessing the quality of sustainability reporting: An alternative methodological approach. *Journal of Cleaner Production*, 15(2): 75-85.
- Deegan, C. and Blomquist, C. 2006. Stakeholder influence on corporate reporting: An exploration of the interaction between WWF-Australia and the Australian minerals industry. *Accounting, Organizations and Society*, 31(4-5): 343-372.
- Deegan, C. and Gordon, B. 1996. A study of the environmental disclosure practices of Australian corporations. *Accounting and Business Research*, 26(3): 187-199.
- Durden, C. 2008. Towards a socially responsible management control system. *Accounting, Auditing & Accountability Journal*, 21(5): 671-694.
- Eccles, R. and Armbrester, K. 2011. Integrated reporting in the cloud. *IESE Insight*, 8: 13-20.
- Eccles, R. and Krzus, M. 2010. Integrated reporting for a sustainable strategy. *Financial Executive*, March: 29-32.
- Ernst and Ernst. 1978. *Social responsibility disclosure: 1978 survey*. Cleveland, OH: Author.
- Ferreira, A., Moulang, C. and Hendro, B. 2010. Environmental management accounting and innovation: An exploratory analysis. *Accounting, Auditing and Accountability Journal*, 23(7): 920-948.
- Georgakopoulos, G. and Thomson, I. 2008. Social reporting, engagements, controversies and conflict in an arena context. *Accounting, Auditing & Accountability Journal*, 21(8): 1116-1143.
- Gray, R., Owen, D. and Adams, C. 1996. *Accounting & accountability: changes and challenges in corporate social and environmental reporting*. London New York: Prentice Hall.
- Guthrie, J. and Parker, L. 1990. Corporate social disclosure practice: A comparative international analysis. *Advances in Public Interest Accounting*, 3: 159-176.
- Hackston, D. and Milne, M. J. 1996. Some determinants of social and environmental disclosures in New Zealand companies. *Accounting, Auditing & Accountability Journal*, 9(1): 77-108.
- Hajer, M. A. 1995. *The politics of environmental discourse: ecological modernization and the policy process*. Oxford: Clarendon Press.
- Hampton, R. 2012. brace yourself MORE REGULATORY CHANGES. *Accountancy SA*, May: 22-23.
- Higgins, C. and Walker, R. 2012. Ethos, logos, pathos: Strategies of persuasion in social/environmental reports. *Accounting Forum*, 36(3): 194-208.
- IIRC. 2011. *Towards Integrated Reporting: Communicating Value in the 21st Century*. The International Integrated Reporting Committee.

- Institute of Chartered Accountants in Australia. 2011. *Integrating sustainability into business practices: A case-study approach*. Sydney: Author.
- Jensen, J. C. and Berg, N. 2011. Determinants of Traditional Sustainability Reporting Versus Integrated Reporting. An Institutional Approach. *Business Strategy and the Environment*, 21: 299-316.
- Kotonen, U. 2009. Formal corporate social responsibility reporting in Finnish listed companies. *Journal of Applied Accounting Research*, 10(3): 176-207.
- KPMG. 2011. *International Survey of Corporate Responsibility Reporting 2011*. Amsterdam, The Netherlands: KPMG International.
- Laine, M. 2005. Meanings of the term 'sustainable development' in Finnish corporate disclosures. *Accounting Forum*, 29(4): 395-413.
- Larrinaga-Gonzalez, C. and Bebbington, J. 2001. Accounting change or institutional appropriation?--A case study of the implementation of environmental accounting. *Critical Perspectives on Accounting*, 12(3): 269-292.
- Larrinaga-Gonzalez, C., Carrasco-Fenech, F., Caro-Gonzalez, F., Correa-Ruiz, C. and Paex-Sandubete, J. 2001. The role of environmental accounting in organizational change: An exploration of Spanish companies. *Accounting, Auditing and Accountability Journal*, 14(2): 213-239.
- Lewis, S. 2011. Lessons on Corporate "Sustainability" Disclosure from Deepwater Horizon. *New Solutions: A Journal of Environmental and Occupational Health Policy*, 21(2): 197-214.
- Martin, A. D. and Hadley, D. J. 2008. Corporate environmental non-reporting – a UK FTSE 350 perspective. *Business Strategy and the Environment*, 17(4): 245-259.
- Mathews, M. R. 1997. Twenty-five years of social and environmental accounting research: Is there a silver jubilee to celebrate? . *Accounting, Auditing and Accountability Journal*, 10(4): 481-531.
- Mathews, M. R. 2002. A brief description and preliminary analysis of recent social and environmental accounting research literature. Plenary session. *CSEAR conference*: Melbourne:
- Milne, M. and Gray, R. 2007. Future prospects for corporate sustainability reporting. In J. Unerman, J. Bebbington and B. O'Dwyer (Eds.), *Sustainability Accounting and Accountability*: London: Routledge.
- Milne, M. J., Walton, S. and Tregidga, H. 2009. Words not actions! The ideological role of sustainable development reporting. *Accounting, Auditing & Accountability Journal*, 22(8): 1211-1257.
- Minichiello, V., Aroni, R., Timewell, E. and Alexander, L. 1995. *In-depth interviewing: researching people*. South Melbourne: Longman Cheshire (first published 1990).
- Mitchell, C. G. and Hill, T. 2009. Corporate social and environmental reporting and the impact of internal environmental policy in South Africa. *Corporate Social Responsibility & Environmental Management*, 16(1): 48-60.
- Neuman, W. 2003. *Social Research Methods: Qualitative and Quantitative Approaches*. New York: Pearson Education Inc.
- Norris, G. and O'Dwyer, B. 2004. Motivating socially responsive decision making: The operation of management controls in a socially responsive organisation. *British Accounting Review*, 36(3): 173-196.
- O'Dwyer, B. 2002. Managerial perceptions of corporate social disclosure: An Irish story. *Accounting, Auditing & Accountability Journal*, 15(3): 406-436.
- O'Dwyer, B. 2003. Conceptions of corporate social responsibility: The nature of managerial capture. *Accounting, Auditing and Accountability Journal*, 16(4): 523-557.
- Parker, L. D. 2005. Social and environmental accountability research: A view from the commentary box. *Accounting, Auditing & Accountability Journal*, 18(6): 842-860.
- Patton, M. Q. 2002. *Qualitative research & evaluation methods*. Thousand Oaks, Calif.: Sage Publications.
- Qian, W., Burritt, R. and Monroe, G. 2011. Environmental management accounting in local government: A case of waste management. *Accounting, Auditing & Accountability Journal*, 24(1): 93-128.
- Roberts, L. 2011. South Africa's Early Reporters: not yet an ideal landscape. *Accountancy SA*, December: 22-23.
- Solomon, A. and Lewis, L. 2002. Incentives and disincentives for corporate environmental disclosure. *Business Strategy & the Environment*, 11(2): 154-169.
- Spence, C. 2007. Social and environmental reporting and hegemonic discourse. *Accounting, Auditing & Accountability Journal*, 20(6): 855-882.

- The Association of Chartered Certified Accountants and Net Balance Foundation. 2011. Adoption of integrated reporting by the ASX 50. <http://www.accaglobal.com/content/dam/acca/global/PDF-technical/sustainability-reporting/tech-tp-air2.pdf> Accessed 29 February 2012.
- Wadee, N. 2011. Integrated reporting - an opportunity to reshape business. *Accountancy SA*,(02587254): 6-6.
- Watson, A. 2011. Financial Information in an Integrated Report: a forward looking approach. *Accountancy SA*, December: 14-17.
- Wheeler, D. and Elkington, J. 2001. The end of the corporate environmental report? Or the advent of cybernetic sustainability reporting and communication. *Business Strategy and the Environment*, 10(1): 1-14.