Towards a new corporate reporting model?

Analyzing stakeholder opinions concerning the role of business in society and integrated reporting

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1. Abstract

This research establishes a theoretical foundation on the evolution of the role of business in society, and the contribution it had in triggering changes in corporate reporting. It shows the evolution from a shareholder value approach to a shared value approach, via the triple bottom line approach. The accompanied increase in sustainability reporting demands, in combination with the evolution of business, is found to create the need for change in corporate reporting. Integrated Reporting; *"a holistic and integrated representation of the company's performance in terms of both its finance and its sustainability",* is an idea initiated to answer this proposed need for change. Its differences, advantages, and disadvantages in comparison to today's reporting practices are analyzed. Furthermore, survey research among MSc students is used to investigate how future stakeholders see the future of business and business reporting. It analyses opinions on the concept of integrated reporting in order to provide suggestions for the further development of the framework. The research concludes that the respondents feel wide stakeholder involvement should be of significant importance to businesses, however, economic factors are shown to be most important in individual decision making such as purchasing- and employment decisions. In addition, survey results show that the concept of integrated reporting is regarded positively, as respondents claim integrated reporting is an improvement to today's reporting practices and it would improve their use of corporate reports. Further research on how to improve consistency and comparability is recommended, as these elements are deemed most important by the respondents.

2. Introduction

Integrated reporting has been initiated by two separate bodies: the International Integrated Reporting Council in the United Kingdom (IIRC) and the King Report on Governance for South Africa. The IIRC describes itself as: *"A global coalition of regulators, investors, companies, standard setters, non-governmental organizations, and accounting professionals. This coalition shares the view that communication about businesses' value creation should be the next step in the evolution of corporate reporting."* The IIRC has the mission to create a globally accepted Integrated Reporting Framework. This Framework elicits from organizations' material information about their strategy, performance, governance and prospects; all in a clear, concise and comparable format. This framework is aimed towards underpinning and accelerating the evolution of corporate reporting, reflecting developments in financial-, as well as governance, management commentary and sustainability reporting. According to the King report, integrated reporting is: *"a holistic and integrated representation of the company's performance in terms of both its finance and its sustainability".* The IIRC defines Integrated Reporting as: *"A process that results in communication, most visibly a periodic "integrated report", about value creation over time. An integrated report is a concise communication about how an organization's strategy, governance, performance and prospects lead to the creation of value over the short, medium and long term."* According to Krzus (2011): *"The core concept underlying integrated reporting* [IR] *is providing one report that fully integrates a company's financial and non-financial information."* This way, stakeholders are provided with a more complete report of a business that in addition to financials, include sustainability, management commentary, and governance and remuneration, in order to make better informed decisions based on the evaluation of short, medium, and long term sustainability of a business. Furthermore, Krzus suggests that success should be defined as: *"the ability to simultaneously create value for shareholders and society."* SAB&T (year unknown), a South-African accountancy firm, indicates that an effective integrated report reflects an appreciation for a company's ability to create and sustain value based on four dimensions:

-**The economic dimension**: is concerned with the company's impact on economic conditions of its stakeholders and on economic systems ranging from local to global. It illustrates flow of capital among stakeholders and the company's impact on society.

-**Financial performance**: information fundamental in understanding company self-sustainability. Financial performance is already present in current corporate reporting.

-**Environmental dimension**: information concerning the company's impact on ecosystems; the general environment and its elements. Environmental indicators cover performance related input (e.g. water, energy, materials) and output (e.g. waste, pollution). Furthermore, performance related to biodiversity, environmental compliance, and other relevant information is covered within the environmental dimension.

-**Social performance**: covers the company impact on social systems in which it operates. Labor practices, human rights and product responsibility are factors of the social performance.

In line with these dimensions, the IIRC (2011) bases their IR framework on six capitals, which should all be reflected on in an integrated report. The IIRC describes: "One *of the fundamental concept of Integrated Reporting is the capitals. The framework identifies six capitals – financial, manufactured, intellectual, human, social and relationship, and natural. The purpose of the capitals is to encourage a business to think more broadly and to consider all potential sources of value in the course of explaining how it is creating value over the short, medium and long term."* These capitals are in line with the shift from a shareholder value- towards a shared value approach described below.

3. The changing role of business

Corporate governance, accountability and responsibility are terms that have increased significantly in importance over the last decades in the world of business, according to the IIRC (2011). This has changed requirements for businesses and business reporting which integrated reporting aims to be a solution for. This section will review the literature on these terms and the changing role and emphasis of business throughout this period. This is done by analyzing the increased importance of corporate governance and accountability. Furthermore, a shift in business focus is portrayed that shows how business approaches have evolved alongside the evolution of corporate governance and accountability.

3.1 Corporate governance and accountability

Jones (2010) states that the standard accountability mechanisms for business are civil- and criminal liability, shareholder voting and the market in which it operates. These mechanisms provide incentives for responsible decision making. However, since these mechanisms are not perfectly adequate in preventing misconduct of corporations, significant consequences could be faced by numerous stakeholders. According to Jones (2010) major corporate scandals show this, and the importance of effective corporate governance. Aguilera and Jackson (2003) describe the corporation as a collective entity or social system with multiple interests and shared goals. They go on describe corporate governance as the rights and responsibilities distribution among the actors involved in such a corporation. The separation of control and ownership in business in the early 1930's has initiated corporate governance problems and research. Brennan and Solomon (2008) state that traditional corporate governance research is mostly based on agency theory. Therefore, focusing solely on resolving conflicts of interest between a company's shareholders and corporate management. This has resulted in shareholder centered definitions of corporate governance. An example is the definition of Parkinson (1993): *"[…] the process of supervision and control […] intended to ensure that the company's management acts in accordance with the interest of shareholders."* These kind of definitions or corporate governance focus mostly on performance and corporate efficiency, not so much on accountability. However, such shareholder centered definitions might result in difficulties in determining who is accountable. If management only acts in accordance to shareholder interests, is management or the shareholder accountable? Furthermore, can a shareholder be held accountable if they do not make actual decisions? And if they should be held accountable for actions of the company; what problems does this imply when a firm has thousands of shareholders? Another focus in corporate governance research has been around mechanism of transparency, in the form of disclosures, financial reporting and accounting, according to Brennan and Solomon (2008). This research is again, traditionally, viewed from an agency theory perspective in which transparency is necessary in aligning management interests with shareholder interests. According to Aguilera (2005) high profile corporate failure scandals like Enron, WorldCom and Shell have triggered debate on reforming this shareholder based corporate governance and accountability. In line with this are the rise of shareholder activism and the increasing call for firms to act responsibly both on environmental and social aspects. These pressures are reflected in the shift from shareholder value approach towards a shared value approach, analyzed in the following section of this paper. With this increasing emphasis on stakeholder importance, corporate governance has evolved to. Sale (2004) describes the goal of corporate governance as ensuring that corporations make decisions in accordance with the best interests of both the corporation and the stakeholders, and that they communicate truthfully with both investors and other stakeholders.

3.2 Shift from shareholder value- to shared value approach

Porter and Kramer (2011) describe the capitalist system as being under attack, with business increasingly being seen as the major cause of environmental, economic, and social issues. In other words; companies benefitting at the expense of the broader community. As a result of the fallen legitimacy of business, political leaders set policies that undermine competitiveness and harm economic growth. According to Porter, a major part of this problematic vicious circle lies with the companies that remain trapped in an outdated approach towards value creation. This section will analyze the ongoing shift in emphasis from a, more traditional, shareholder value approach towards a shared value approach, an initiative currently gathering pace.

3.2.1 Shareholder value

Bughin & Copeland (1997) describe the shareholder maximization as a “virtuous cycle”. They claim maximizing shareholder wealth is justified not only as a consequence of business ownership, but also on grounds of economic efficiency and broader social benefits. Thus, this virtuous cycle does not only increase shareholder value but also improves corporate growth, employee returns and society welfare benefits. However, numerous authors question this shareholder value approach with businesses viewing value creation as a narrow objective, aimed at myopic financial gain for their shareholders through the ability to increase dividends and share price. The **shareholder value approach**; that Porter and Kramer (2011) claim is ignoring long-term success by sacrificing sustained growth and its determinants such as customer value creation. According to Rappaport (2006) 80% of executives would limit crucial research and development spending in order to meet quarterly earnings benchmarks. Missed opportunities for enduring value creation are the consequence. According to Grundy (1995), shareholder value maximizing is an approach which numerous companies have, but few actually manage for. He claims managers seem to be proficient at not creating shareholder value and concludes that learning and leadership are the biggest underlying threats for creating value. Collective learning and integrating capabilities with the company mission and objectives are named as the way forward in reducing value destruction. Rappaport suggests several ways to increase (shareholder) value creation. Making strategic decisions based on maximizing expected future value, even at the expense of short-term earnings is one of them. Rewarding employees, ranging from executives to frontline employees, for delivering long-term value creation is another idea Rappaport mentions. Providing investors with information that is value relevant is also claimed to benefit long term value maximizing. Reducing investor uncertainty by improving the form and content of financial reporting reduces the short-term earnings obsession. Allowing analyst and shareholders to understand the long-term value adding key performance indicators, therefore, is another point mentioned.

Kury (2007) indicates that the institutional logic of maximizing shareholder value has unintended consequences. Earnings management, using accounting techniques to create an (overly) positive financial image, being one of these consequences. A single measure of legitimacy for managers, shareholder value, leads to deliverance of value by any necessary means. Kury (2007) suggests questioning short-term pursuit of shareholder value as a first step towards an alternative approach.

3.2.2 The triple bottom line

In addition to the traditional bottom line accounting, as described with the shareholder value approach, in which net profitability is shown; **the triple bottom line**- or people, planet, profit approach includes economic, social and environmental dimensions of a corporation. This section describes the evolution from the shareholder value approach to the triple bottom line approach, in which the importance of sustainability became a factor accounted for, as an intermediary step towards the shared value approach.

Savitz and Weber (2006) describe the triple bottom line as: "*[it] captures the essence of sustainability by measuring the impact of an organization's activities on the world […] including both its profitability and shareholder values and its social, human and environmental capital."* The term triple bottom line (abbreviated to TBL) was first mentioned by Elkington (1994) who felt that social and economic dimensions of business should be more integrated in order to create real environmental progress. Within this approach a company and its management is not only accountable for the economical dimension, but also for the social and environmental dimensions. Value creation and destruction is measured not just in economic terms; social value and environmental value are also taken into account. Elkington (1997) describes the paradigm shift from a shareholder approach to a triple bottom line approach with seven revolutions. He describes these seven shifts (table 1) as a necessity for a sustainable capitalism transition in which businesses will be in the driving seat, more so than governments and NGO's. The changes from old to new paradigm for the seven factors according to Elkington are described below table 1.

	old paradigm	new paradigm
Markets	Compliance	Competition
Values	Hard	Soft
Transparency	Closed	Open
Life-cycle technology	Product	fun
Partnerships	Subversion	Symbiosis
Time	Wider	Longer
Corporate governance	Exclusive	Inclusive

Table 1. Source: Elkington (1997)

Markets: In the foreseeable future businesses will operate in competitive markets. These markets will be more competitive than any time in history. Elkington describes these competitive conditions as conditions in which companies and even whole industries can disappear. With a growing number of companies already being challenged by customers and financial markets about triple bottom line performance, a shift in the approach of companies is likely to be increasingly noticeable.

Values: The second shift concerns the change in societal values. As values change companies can find themselves in the middle of a different world to which they need to adapt. Value based-crises have made companies fail, as they failed to properly adopt to a change in values. A major example of this is United States energy company Enron. Companies like Shell and Texaco incurred major losses because of the same phenomenon.

Transparency: Changing value systems as well as increased technological possibilities have fueled international transparency. As a result of increasing transparency businesses will find its activities and thinking under growing scrutiny. Elkington describes the collapse of traditional authority forms as implicating that a growing range of stakeholders will increasingly demand information.

Life-cycle technology: Driven by and driving the transparency revolution is the life-cycle technology shift. Companies are being challenged about activities in their whole supply chain rather than only at the point of sale.

Partnerships: the fifth revolution according to Elkington describes the growing rate in which new forms of partnerships will form between companies, and between companies and organizations.

Time: Business finds time to be increasingly widened; by an increasing amount of activities and events of importance. The upcoming challenge is described as making the time-span longer, as it becomes increasingly wider. Thinking across decades is the new challenge according to Elkington.

Corporate governance: The triple bottom line revolution in corporate governance is driven by each of the previous shifts. It encompasses a new paradigm about how companies should be governed. Elkington names several questions that need to be asked in order to build towards sustainable capitalism. Examples are: What is business for? Who should decide how a company is run? What is the best balance between shareholder- and other stakeholders' interests?

A problem with TBL is how to measure it and its components. The economic dimension can be measured in a currency like dollars, however, how can the environmental and social factors be accounted for? Can a common denominator; a comparable currency, be found amongst significantly differing variables? These questions imply difficulties on implementing a TBL approach. Slaper and Hall (2011) name three options: placing a dollar value on all three components, using an index, and measuring each component on its own. However, all three options raise further questions. Norman and MacDonald (2003) share this thought in their critique on TBL accounting. A lack of methodology to actually use gathered environmental and, especially, social data to calculate a net bottom line is mentioned to be the problem. Again; the bottleneck in the TBL ideology is a lack of answer to the valuation question. Pava (2007) argues that the main point of the TBL metaphor is to challenge the traditional idea that corporate performance can be assessed by any number whatsoever. Furthermore, he indicates that a single bottom line might not be necessary. He argues that just as financial performance cannot be analyzed solely by looking at net profit, this is also the case for environmental and social performance. This statement does, however, not solve the problems regarding a common currency. Elkington (2004) concludes that the triple bottom line is only a start towards a new; durable approach of capitalism. He states: "*A much more comprehensive approach will* *be needed that involves a wide range of stakeholders and coordinates across many areas of government policy, including tax policy, technology policy, economic development policy, labour policy, security policy, corporate reporting policy and so on.”*

3.2.3 Shared value

Porter and Kramer (2011) describe companies as viewing value creation too narrow and short-term. Their solution lies in the **shared value** principle; an approach towards value creation that involves creating economic value in such a way it also creates value for society by addressing its needs and problems. The shared value approach is a step beyond the triple bottom line approach as it is not about responsibility or sustainability. Shared value represents a novel approach towards achieving economic success at the center of companies. Porter and Kramer (2006) mention corporate social responsibility (CSR) as highly ineffective for two reasons. Firstly it puts business and society against each other, while actually, the two are very much interdependent. Secondly, pressure to comply with CSR leads to companies thinking in generic ways to comply, rather than a way which is fitting with the companies' strategy. Porter and Kramer (2006) go on to claim that businesses should analyze their CSR prospects using the same framework that guides their core business. In doing so they would discover that CSR can be a source of opportunity, innovation and competitive advantage, rather than a constraint. Furthermore, Porter and Kramer (2011) indicate that corporations must be redefined to create shared value, rather than creating profit. By doing this innovation will be driven to a next stage and the global economy will grow in productivity. Shared value is about increasing the total sum of economic and social value, rather than sharing or redistributing profits or created value. According to Pfitzer et al. (2013) corporate leaders have realized that incorporating profits with societal value presents significant constraints to their operations as well as massive opportunities for growth. These constraints appear in the lack of know how in implementing the shared value concept.

Porter and Kramer (2011) describe three ways of creating economic value by simultaneously creating societal value. Each of these three being part of the virtuous cycle of share value; as improving value in one area creates opportunities in another:

-**Reconceiving products and markets**

The first method of creating shared value revolves around improving product fit towards needs of customer. Is the provided product actually good for the customer, and their customers? How can society's needs (e.g. health, environmental protection, financial improvement) be met by reconceiving products and markets? By analyzing societal needs, benefits and harms that are interlinked with a product, opportunities for creating shared value become apparent. However, these opportunities tend to change constantly as economies develop, technologies progress and social priorities shift. By making this analysis of societal needs; companies can discover opportunities for existing markets as well as new markets that had not been recognized earlier.

-**Redefining productivity in the value chain**

Productivity within the value chain can be improved simultaneously with addressing significant societal issues. Logistics costs, natural resource usage and working condition are examples of matters than can be improved to help businesses as well as the society. These opportunities exist as societal problems also create economic costs within a company's value chain. Excess packaging is an example that creates both economic and environmental costs. Improving this part of the value chain can, therefore, be an opportunity for creating shared value. Developing working conditions can lead to increased employee satisfaction as well as increased productivity, creating value for both society and business.

-Building supportive industry clusters at the company's locations

Every company's success is affected by the supporting firms and infrastructure which they have to work with. Concentrations of similar firms, supporting businesses, suppliers and service providers in so called "clusters" significantly influence innovation and productivity. Alongside of the firms clusters include institutions such as trade associations, academic programs and standards organizations. Furthermore, companies rely on general public assets such as natural resources, education, transparency and fair competition regulations. As clusters play a significant role in driving innovation and productivity in regions, value creation suffers with a lack of supporting cluster. Opportunities for creating shared value lie in creating and/or improving the cluster in which the company is operating. Improved education leads to higher productivity and low re-training costs, improved infrastructure reduces logistics costs and reduced discrimination implies a larger employee recruitment pool. These examples indicate possibilities for improving value on both the business- and societal side; shared value. As companies might lack the necessary knowledge needed to improve conditions within a cluster, collective action might be required. According to Porter and Kramer (2011) Collaboration with NGO's, governments, trade associations and within the public sector lead to the most successful cluster development programs.

Pfitzer et al. (2013) analyzed thirty companies that try to create shared value by innovating. They found five elements in creating shared value that are mutually reinforcing and depend on specifics such as: company culture, context and strategy. The five elements found by Pfitzer et al. (2013) are:

Embedding a social purpose: major social problems are positioned at the center of companies. Creating shared value by embedding a social purpose in the firm's missions and culture.

Defining the social need: In addition to standard practice of analyzing the needs of consumers, some companies analyze the underlying social conditions and how to alter them. This analysis is useful in developing the business case and its requirements.

Measuring Shared Value: Because of a lack a universal accounting system to measure Shared Value, companies need to find a way to account for their efforts. This is currently done using three steps; estimating business and social value -> establishing intermediate measures and tracking progress -> assessing shared value produced.

Creating the optimal innovation structure: Improving the organizational structure to optimize innovation can be done using the following options; integrating with a legacy business, creating a semiautonomous unit, obtain philanthropic or governmental support, and finance external entrepreneurs.

Co-creating with external stakeholders: Involving different stakeholders in analyzing all the dimensions of a problem, followed by co-designing and co-implementation of solutions.

Porter and Kramer (2011) conclude that shared value is not the solution to all societal problems. However, it raises the opportunity for firms to utilize their assets and skills in order to contribute to society as well as improve economic value.

This chapter showed how corporate governance and accountability have significantly increased in importance over the last decades. A shift in business approach; from shareholder value to shared value shows how businesses have tried to evolve in accordance to this. The following section will analyze the same evolution, however, solely focused on business reporting.

4. Today's reporting practices

This section will analyze reporting practices as of today, by briefly reviewing its evolution throughout history and subsequently breaking it apart in three components: financial reporting, sustainability reporting and social reporting. Integrated reporting mentioned in the introduction, is a proposed next step in this evolution and will be analyzed after reviewing the evolution of reporting up until integrated reporting.

4.1 The evolution of corporate reporting

Monterio (2013) describes the practice of accounting as being almost as old as human civilization. Furthermore, he states that the double entry bookkeeping concept shaped by accountants turned out to be crucial in building confidence in capital markets. The double entry bookkeeping concept still has a central position in modern day financial reporting, transparency and the information revolution currently taking place. With the increasing complexity of global markets and financial information, the role of accounting has also increased. Significant economic events such as the Great Depression around the 1930's have triggered the establishing of general accounting practices. Examples of these are the United States Generally Accepted Accounting Principles (U.S. GAAP) and the United States Securities and Exchange Act (SEC), which require security selling companies to disclose financial information to the public in order to increase transparency. This increased transparency in information improved trust among stakeholders, most notably investors, and set a precedent for other countries to develop similar reporting standards. According to Velavan (2012) this resulted in the introducing of accounting standards in numerous countries during the 1970's, mainly as self-regulatory mechanism introduced by accounting bodies with few examples of mandatory compliance. The 1980's decade lead to a focus on a new framework for accounting standards following a multidisciplinary approach and harmonization of accounting standards. Velavan (2012) goes on stating that the 1990's qualitative information began to gain importance alongside the quantitative information solely provided up until then, mainly driven by the increase in relative importance of the service industry. Corporate accounting was significantly influenced by the fall of Enron in the early 2000's; the largest bankruptcy in the history of the United States. This downfall was, to a large degree, blamed upon accounting and reporting practices. Velavan (2012) indicates that industry officials and academics identified a number of factors influencing the demise of Enron:

- Pressure to comply with stock price maintenance and earnings projections.

- Compensation practices aimed at the executive level.
- Outdated, rules-based accounting standards.
- Complex financial structures aimed at minimizing taxes and hiding true state of the firm.
- Compromised independence of public accounting firms.
- General reporting and disclosure issues.

This resulted in a significant movement to improve governance and reporting practices through new legislation and regulation. In the last decade a systemic convergence towards the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) became more apparent. Solomon and Maroun (2012) add that social, environmental and ethical reporting has been growing over the last four decades. In line with a trend of emerging extensive governance reporting and triple bottom line value reporting; sustainability reporting has increased significantly in importance since the late nineties. Since the start of the new millennium there has been a growing emphasis on transcending solely social, environmental, economic, and sustainability reporting. Solomon and Maroun (2012) claim that companies nowadays are expected to integrate governance and sustainability information in their reports. Embedding stakeholder accountability at the core of their operations is claimed to be improved by such integrated reports. Through the Accounting for Sustainability (A4S) Connected Reporting Framework in 2007, some level of voluntary integration had already been achieved. However, the first nation to enforce integrated reporting across all listed firms was South-Africa in 2010. Here; the Johannesburg Stock Exchange introduced mandated integrated reporting through listing requirements in line with the 2009 King III Report on corporate governance. In 2011, the IIRC marked a new phase in the integrated reporting movement by initiating the development of a globally accepted Integrated Reporting Framework. This framework, published in December 2013, provides a template for comparable integrated reports worldwide.

4.2 Financial reporting

With currently over 120 countries requiring or permitting IFRS standards for listed companies, the IFRS is a major determining force in financial reporting standard setting worldwide. The IFRS describes the objective of financial reporting as: *"Provide financial information about the reporting entity that is useful to existing and potential investors, lenders and other creditors in makings decisions about providing resources to the entity. Those decisions involve buying, selling or holding equity and debt instruments, and providing or settling loans or other forms of credit."* From this statement it can be deducted that financial reporting is primarily aimed at the providers of resources that do not have direct access to information: lenders, investors and creditors. This group is dependent on financial reporting in making their investment decisions. In line with this, the Financial Accounting Standards Board (FASB) states that: *"Financial reporting is not an end in itself but is intended to provide information that is useful in making business and economic decisions."* Furthermore, the FASB emphasizes that financial reports are not immutable. The legal, economic, political and social environment can all influence and change the objectives concerning financial reporting. Furthermore, financial reporting provides information that are frequently based on estimations rather than precise measurements. Estimation, summarization, allocation and judgments are often involved in acquiring measures. As business activities are uncertain within a dynamic economy, the outcome of these activities also have the tendency to be uncertain and are depending on a whole range of different factors.

Since 2002, major progress has been made by the International Accounting Standards Board (IASB) and the FASB to converge IFRS standards with U.S. GAAP. The IFRS states that the growing call for a single set of robust accounting standards stems from interest from all different participants using the capital markets. Both multinationals and national users and regulators are supportive of growing convergence in accounting standards since they believe it will improve comparability and understanding of business opportunities. Furthermore, multinationals expect growing convergence to improve opportunities in complying with human capital needs of worldwide subsidiaries since similar accounting standards will increase financial professional mobility.

4.3 Environmental and social sustainability reporting

According to Porter and Kramer (2006); of the 250 largest multinational corporations, 64% published corporate social responsibility (CSR) reports in 2005, either within their annual report or in separate sustainability reports. In 2013 this had increased to 93%, according to a KPMG survey in 2013. This significant increase and total percentage of firms publishing CSR reports shows grown importance placed on sustainability, responsibility and accountability in modern day business. The terms used for naming these reports vary notably, including: CSR reports, sustainability reports, corporate responsibility reports, triple bottom line reports, and accountability reports. Hahn and Kühnen (2013) claim that sustainability reporting is an important way of meeting information demands of the diverse set of stakeholders. Stakeholders that are of significant importance in the success of an organization. Even though report naming varies significantly, all mentioned reports are aimed at providing the stakeholder with information about responsibility, sustainability and accountability. Herzig and Schaltegger (2006) describe the purpose of these CSR reports from business perspective as: enhancing brand value and reputation, increasing accountability and transparency, acquiring competitive advantage, benchmarking against competitors, increasing employee motivation, increasing internal control and information processes, and legitimation of environmentally and socially impacting business activities.

Adams and Frost (2008) criticize these reports by mentioning that substantial doubt has been expressed on the accurateness and completeness of corporate environmental and social impacts stated in them. Roca and Searcy (2011) state: *"Although there are many potential reasons for this, one possible explanation may be the relatively high degree of emphasis placed on qualitative information in most corporate sustainability reports."* Furthermore, they indicate that more research should be done on quantitative information indicators that can be used in establishing informative sustainability reports. The Global Reporting Initiative (GRI) is the most well-known list of guidelines for sustainability accounting, according to KPMG (2013), with 87% of reporting companies referring to them in their corporate responsibility reports. The categories and aspects determinant in their guidelines are shown in figure 1 and cover environmental and social categories in addition to the economic (financial) category, reflecting the triple bottom line.

Category	Economic	Environmental
Aspects[iii]	• Economic Performance • Market Presence • Indirect Economic Impacts • Procurement Practices	• Materials • Energy • Water • Biodiversity • Emissions • Effluents and Waste • Products and Services • Compliance • Transport • Overall • Supplier Environmental Assessment • Environmental Grievance Mechanisms

Category	Social			
Sub-Categories	Labor Practices and Decent Work	Human Rights	Society	Product Responsibility
Aspects[iii]	• Employment • Labor/Management Relations • Occupational Health and Safety • Training and Education • Diversity and Equal Opportunity • Equal Remuneration for Women and Men • Supplier Assessment for Labor Practices • Labor Practices Grievance Mechanisms	• Investment • Non-discrimination • Freedom of Association and Collective Bargaining • Child Labor • Forced or Compulsory Labor • Security Practices • Indigenous Rights • Assessment • Supplier Human Rights Assessment • Human Rights Grievance Mechanisms	• Local Communities • Anti-corruption • Public Policy • Anti-competitive Behavior • Compliance • Supplier Assessment for Impacts on Society • Grievance Mechanisms for Impacts on Society	• Customer Health and Safety • Product and Service Labeling • Marketing Communications • Customer Privacy • Compliance

Figure 1. Source: Global Reporting Initiative

5. Corporate reporting issues

All stock exchange listed companies are required to report on their financial performance. Accounting standards such as United States Generally Accepted Accounting Principles (GAAP) and IFRS define which information is required in reporting a balance sheet, income statement and additional notes to these financial statements. Eccles and Saltzman (2011) state: *"High-quality and transparent financial reporting that presents an accurate view of a company's financial condition is one of the bedrocks for fair and efficient capital markets."* If information lacks quality, is not complete or is lacking transparency capital markets are, therefore, less fair and efficient. This has consequences for investors and other stakeholders such as employees and customers since decision making is based on the fair en complete reflectance of the information provided.

It can be argued that; since business focus has shifted from a dominant shareholder value approach to a triple bottom line approach and, more recently, towards a shared value approach, corporate reporting is lagging behind in adequately meeting information requirements linked with this change in emphasis. In a shareholder value approach strategy tends to be myopic and narrow aimed solely at improving shareholder value. Corporate reporting, therefore, can also be narrow focusing on financial value only. With the triple bottom line approach described earlier financial goals are accompanied by social and environmental goals and. This results in the need for adaption of the corporate reporting model since financial information fails to account for these social and environmental factors. Corporate social responsibility and sustainability accounting have been around for some decades trying to cover the social and environmental factors. However, a significant lack in comparability is still an issue. Porter and Kramer (2006) describe how numerous CSR ratings and rankings add to the confusion and lack of comparability among companies instead of increasing information and transparency. The shared value approach causes similar issues as the triple bottom line ideology; the lack of a universal reporting standard and measurements can be argued to cause a decrease in information and transparency for stakeholders because of the lack of comparability among reports. The change in business emphasis from a narrow short-term shareholder to a wider long-term stakeholder approach seems to require new reporting practices as the old financial report is insufficiently providing relevant information. In addition to this, business has changed significantly over the last decades. Figure 2 gives an overview of changes in asset tangibility in this period.

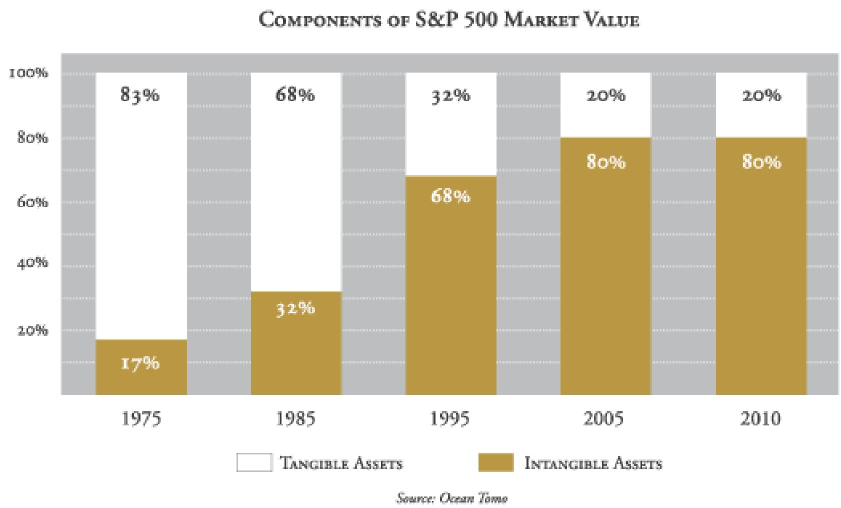


Figure 2. Source: Ocean Time

In addition to the shift away from financial performance importance figure 1 indicates that business has evolved during the previous decades; with intangible assets becoming the most defining factor of market value. PwC (2013) indicates that because of this, current reporting falls short of information needs as reporting has not properly evolved with these changes.

Another issue associated with current reporting practices is the length and complexity thereof. A United Kingdom study conducted by Black Sun indicated that the 2010 reports from FTSE10 companies averaged 175 pages with six companies totaling more than 300 pages. Figure 3 provides an example of this significantly increasing length of corporate reports over the last century split out in back end ‘financial’ pages and front end ‘non-financial’ pages.

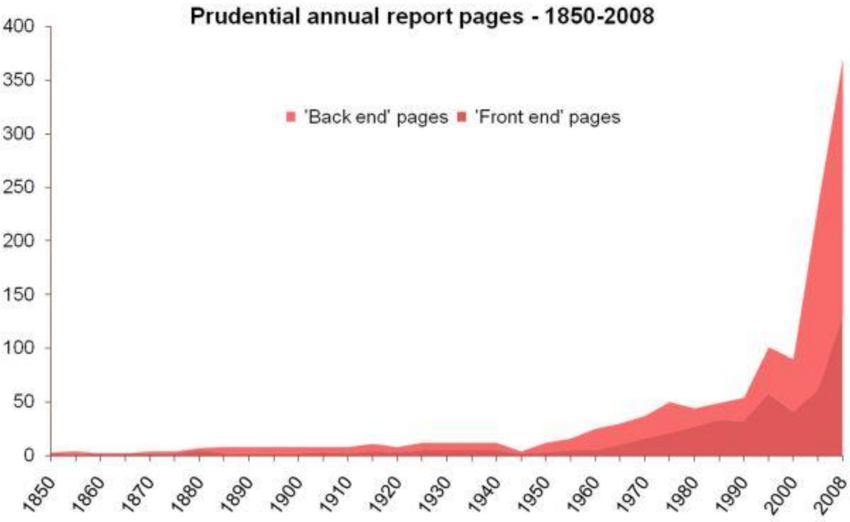


Figure 3. Source: Investis Research

The United Kingdom Financial Reporting Council (FRC); an independent regulator which aims to encourage investment by promoting high quality corporate reporting and governance describes unnecessary text and data from annual reports as 'clutter'. This clutter is divided in to two components, being: Immaterial disclosures that harm the identification and understanding of relevant information and explanatory information that does not change over the years. The FRC state that the primary purpose of corporate reporting is: *"provide investors with information that is useful for making their resource allocation decisions and assessing management's stewardship."* Clutter negatively influences this and makes reports less helping in assisting decision making by obscuring relevant information. Furthermore, clutter reduces efficiency for report preparers since clutter is effort and time consuming in preparing disclosures. Another factor in the complexity that limits understandability of reports is the fact that reports are mostly aimed at people with economic and/or business understanding. The FASB states: *"Financial Reporting should provide information that is useful to present and potential investors and creditors and other users in making rational investment, credit, and similar decisions. The information should be comprehensible to those who have a reasonable understanding of business and economic activities and are willing to study the information with reasonable diligence."* Although, this statement focusses solely on financial reporting it can be argued that this purpose negatively influences understandability of corporate reporting for stakeholder groups other than investors.

PwC (2013) mentions a lack in strategic focus as being a problem in current reporting practices. Reports indicate what results have been achieved over a certain period, however, mostly not how these results are strategically achieved. This lack of strategic underpinning of reporting is stated to decrease the relevance of both external and internal reporting. The increasing separation of internal reporting for management purposes and external reporting in current reporting can also be argued to be a missed opportunity. In addition to the creation of silos, for example by separating sustainability reporting, this separation implies missed opportunities in synchronizing information needs and integrated business thinking.

6. Integrated reporting differences to reporting practices today

According to the World Federation of Exchanges the total market value of all 45,517 listed companies in 2010 was about 52 trillion US Dollars with revenues of approximately 46 trillion US Dollars. Capital IQ states that employment by these companies approximates 200 million people. All global Gross Domestic Products combined totaled an amount of 58 trillion US Dollars. These figures indicate the significant importance listed companies have in the global creation and distribution of resources. Both shareholders and other stakeholders are dependent on the information provided by these corporations in order to make decisions on how to allocate funds, where to work and to purchase. In the previous chapter it was suggested that today's reporting model might be outdated and needs adaptation to the new requirements of modern day business. Integrated Reporting is being developed as a solution for this lack of adaptation.

The IIRC (2011) indicates that integrated reporting differs from current reporting practices in eight ways:

Thinking: Integrated reporting is a consequence of integrated thinking. Traditional reporting is silo based and therefore, promotes thinking in silos. Integrated reporting, on the contrary, reflects and supports integrated thinking. Managing, monitoring and communication of the full value creation process and how this is of strategic importance to the companies' success over time. Integrated reporting is both a consequence of integrated thinking as well as stimulating it.

Stewardship: Traditional reporting is predominantly based on showing a company's stewardship on financial capital. With integrated reporting other capitals are included, being: social, natural, human, intellectual and manufactured capital. The use of resources and the opportunities and risks associated with them need to be considered along the value chain to establish this broader perspective.

Focus: Current corporate reporting is predominantly focused on financial performances and risks, with a backward looking form. Other reports covering different resources and relationships are used, however, they mostly do not connect all this information to each other and to the companies' objectives and sustainable value creation. Integrated reporting aims to connect the past and future of all strategic resources and relationships.

Timeframe: Although short-term information is important in analyzing business, current reporting practices focus solely on the short term. Integrated reporting aims to turn around this myopic view and report both short-, medium-, and long-term information.

Trust: Financial reports are mainly focused on narrow mandated disclosures. Voluntary disclosure of sustainability reports is a growing trend, however, the IIRC claim the absolute numbers of companies increasing their transparency with these additional reports is still low. Integrated reporting aims to increase trust by increasing transparency of business. This is aimed to be done by disclosing positive as well as negative information on a broad range of issues.

Adaptive: current financial reporting is often claimed to be too compliance orientated, hindering organization's ability to exercise appropriate judgment. Although, compliance is necessary to some degree to enable comparison and stimulate consistency, integrated reporting is principle based to enable focusing on factor that are material to particular organizations or sectors. It enables the disclosure of specific situations in clear language.

Concise: complexity and length in financial reports hinder readers in gathering information. Integrated reporting aims to report in a concise and focused manner.

Technology enabling: The majority of companies still report with the physical, paper based report in mind. Integrated reporting want to utilize modern day technologic possibilities in order to link information with primary reports and provide additional information online where needed.

7.1 Integrated reporting advantages in comparison to today's reporting practices

Integrated reporting is thought to bring societal advantages and investor advantages, such as greater transparency. This section, however, will analyze the business advantages of integrated reporting when compared to reporting practices used as of today.

Krzus (2011) mentions four business advantages of Integrated Reporting over current reporting practices: Greater clarity; sufficient linkage of the financials and non-financials relationship, better decision making; increased effectiveness in decision making through improved analysis of the relationship between financial and non-financial information , deeper engagement; increased communication efficiency and effectiveness through improved use technological possibilities, and lower reputational risk; increased understanding of risk through improved analysis of strategic and tactical choices that impact externals. In a research among integrated reporting implementers, Black Sun (2012) found an *"extremely positive"* attitude concerning the impacts integrated reporting has on the implementers' companies. Their research identified five areas that are positively influenced by integrated reporting:

- **Connecting Departments:**
  Black Sun confirms claims of the IIRC that integrated report helps in breaking down silos and increasing cross-functional communication by improving information flows and connections across departments. A focus on the core strategy and coordination is as much a benefit of integrated reporting as the actual improved report itself, according to KPMG (2013). This integrated form of thinking can help increase efficiency between departments and improve information usage. In addition to increased efficiency in cross-functional cooperation, Black Sun mentions embedding long-term sustainability in the business core and improved identification of links between financial and non-financial KPI's as major benefits.

- **Improved internal processes leading to better business understanding:**
  Performance managing and data collecting systems are being developed within the integrated reporting process. Black Sun indicates that this is helping companies in focusing on long-term value creation within their strategy. Improved data on KPI's provides an incentive to improve

internal processes.

- **Increased senior management awareness and focus:**
  Deloitte (2011) indicates that support of the board and executive level is essential in the success of integrated reporting. However, the board and executive level are also stand to benefit significantly, as integrated reporting provides the opportunity to increase understanding of the company. An increased knowledge of opportunities and risks faced by the business in addition to improved strategy communication are important results of this increased business understanding.

- **Improved articulation of the business model and strategy:**
  Articulation of strategy and business model in a holistic fashion is improved as understanding within a company about value creation is improved. Effective and consistent communication with external and internal stakeholders is significantly benefited by this articulation of strategy.

- **Value creation for stakeholders:**
  Satisfying the stakeholders' demand for quality reporting is the last benefit of integrated reporting mentioned by Black Sun. They indicate that there is a gap exists between information needed by stakeholders and information currently provided by companies. The improved satisfaction of this information need provides value for the stakeholder. Furthermore, improved business performance explained by the previous benefits also implies increase value for stakeholders.

In line with the previously mentioned benefits, PwC (2013) divides the upsides of integrated reporting in internal- and external benefits. The internal benefits being the four business benefits mentioned earlier. The external benefits are: the stakeholder value creation, as stated by Black Sun, a better linkage between environmental, social and governance (ESG) performance and financial performance, improved credibility and relations with stakeholders, and efficiency and consistency in reporting by aligning and simplifying external and internal reporting.

7.2 Integrated Reporting disadvantages in comparison to today's reporting practices

The previous section analyzed the potential benefits integrated reporting has when compared to current business reporting. This section will analyze the disadvantages or challenges faced by integrated reporting users, creators, and developers.

Welch (2013); Association of Chartered Certified Accountants' head of policy, acknowledges the advantages integrated reporting could have. However, he also sees challenges for integrated reporting. He names complexity and lack of clarity as possible major disadvantages of integrated reporting. Even though, integrated reporting aims to reduce complexity and increase clarity; a whole new range of non-financial data in addition to financial information might prove to only increase complexity and length, and reduce clarity. Welch (2013) mentions how these challenges negatively influence perceptions on the degree to which integrated reporting will achieve its goals. Furthermore, he mentions how there is a lack of tested set of standards. Even though, the IIRC recently launched a framework, this framework is yet to be extensively tested in the 'field'. Testing could provide report preparers with case-studies and best practices, which stimulates awareness that is currently lacking.

Simnett (2012); a member of the IIRC taskforce, mentions that new standards, reporting mechanisms, techniques, and liability considerations might be required for auditors. Especially dealing with future-orientated information, might prove difficult to adapt to. He states that some forms of information could prove to be difficult or impossible to assure. Assurance of the process might be the best option, although this could damage reliability. In addition to difficulties in assuring new information, current reporting requirements also need to be met. Welch (2013) mentions that duplication of information must be avoided and that integrated reporting requires a solution to accommodate both current reporting requirements and new information demands initiated by the IIRC.

Simnett (2012), and Welch (2013) both mention difficulties on the degree of transparency required. Report prepares are stated to be concerned about disclosing strategic risks and advantages. The framework is stated to lack sufficient guidance in finding the balance between transparency and commercial sensitivity and exposure to risks.

To summarize, the following disadvantages are mentioned:

- Possible increase in complexity, instead of a proposed decrease
- Reduced clarity; caused by a whole range of new, non-financial data.
- Lack of tested set of standards
- New standards, reporting mechanisms, techniques, and liability considerations required for auditors
- Possible difficulty in assurance on some forms of information, which could result in damaged reliability
- Possible duplication of information
- Insufficient guidance in balancing between transparency and commercial sensitivity/risk exposure

8. Integrated Reporting Framework

The IIRC indicates that its December 2013 framework aims the provide principle based guidance for potential appliers of integrated reporting that is balanced between; prescription that stimulates comparability and flexibility that acknowledges the differing circumstances of individual companies. Although, the framework includes a limited number of requirements, it generally does not prescribe specific measurement methods or KPI's. The IIRC claim the framework will stimulate individual initiatives and accelerate innovation in corporate reporting to benefit from integrated reporting. The IIRC goes on indicating that they expect integrated reporting to become the norm by increased integrated thinking within companies. This chapter will provide a brief overview of this International Integrated Reporting Council framework (2013-2) and its defining aspects.

The integrated reporting framework can be divided into four elements:

- **Fundamental concepts:**
  The key concepts on which integrated reporting is based are the use of the six capitals (financial, manufactured, intellectual, human, social and relationship, and natural), the business model of the organization, and how both are used in creating value. These fundamental concepts are reflected in figure 4, which shows the business model's interaction with the capitals and the external environment in creating value for both society and the organization.

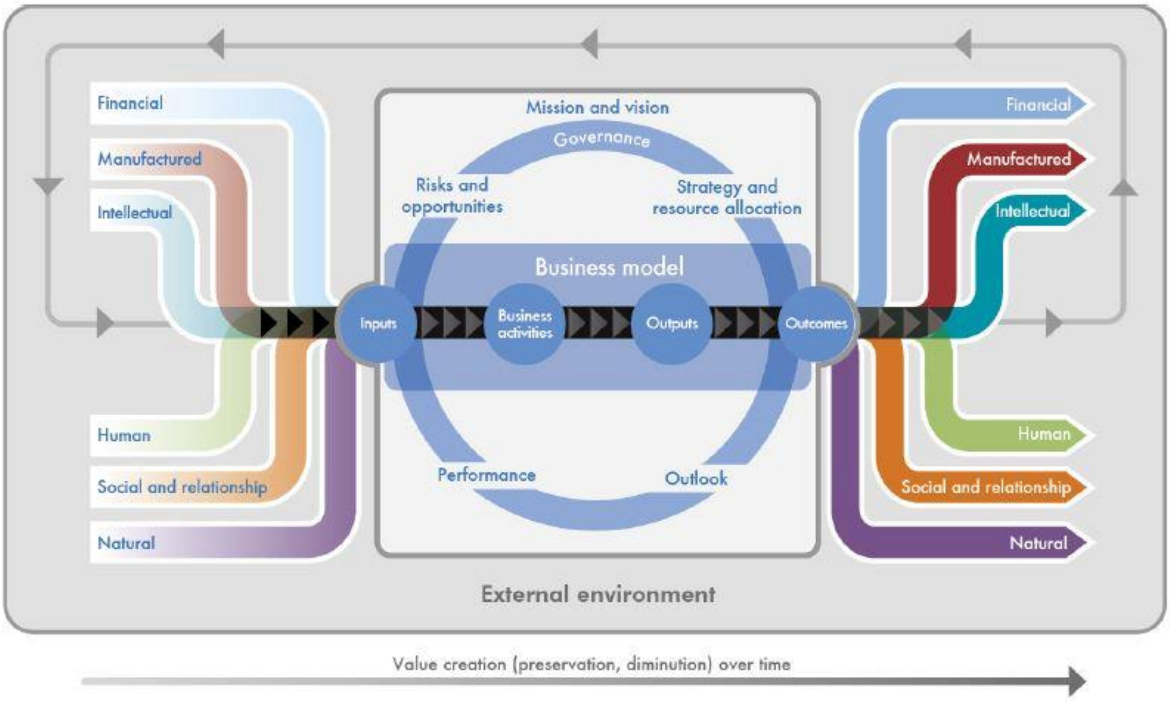


Figure 4. Source: IIRC (2013-2)

The IIRC (2013-2) states that an integrated report should highlight the uncertainty and challenges faced in pursuing the business strategy and the implications it might have for the business model and future performance. This is the fundamental concept of integrated reporting.

- **Guiding principles:**
  There are seven guiding principles for preparing an integrated report, as mentioned by the IIRC (2013-2), which inform about structuring content and its presentation:

  -*Strategic focus and future orientation:* An integrated report should explain how the firm's strategy relates to its ability to create value in the short, medium and long term and how it uses and effects the capitals.

  -*Connectivity of information:* An integrated report should holistically show an image of how factors that affects the creation of value are combined, interrelated and dependent.

  -*Stakeholder relationships:* An integrated report should explain the nature and quality of stakeholder relationships, which includes the organization's understanding and responsiveness to their needs and interests.

  -*Materiality:* An integrated report should inform about all matters that significantly influence the firm's ability to create value over different timeframes.

-*Conciseness:* An integrated report should be concise.

-*Reliability and completeness:* An integrated report should inform about all significant influencing factor, both positive and negative, in a reliable and complete way.

-*Consistency and comparability:* An integrated report should be presented in such a way that it is consistent over time and enabling comparison with other organizations.

- Content elements:

The IIRC's framework (2013-2) includes eight content elements that are interlinked and not mutually exclusive:

-*Organizational overview and external environment:* Under what circumstances does the company operate and what are its activities.

-*Governance:* How is value creation supported by the organization's governance structure?

-*Business model:* What is the business model?

-*Risks and opportunities:* how are the organization's value creating ability affected by specific opportunities and risks and how is dealt with these?

-*Strategy and resource allocation:* What are the companies' vision and mission and how does it aim to fulfill them?

-*Performance:* Has the organizations achieved strategic objectives for the timeframe or to what extent? How does this affect the capitals?

-*Outlook:* What uncertainties and challenges is the organization expected to encounter in pursuit of the strategy? What are possible implications for both business model and future performance?

-*Basis of presentation:* How is identified which matters to report on and how are these evaluated and quantified?

- Preparation and presentation:

The preparation and presentation in the integrated reporting framework are aimed at providing assistance in implementing the previously mentioned guiding principles and content elements. The following topics are described in the framework:

-*Frequency of reporting:* All relevant communication and reporting is intended to be in accordance with the framework, including electronic communication (e.g. through website). A stand-alone integrated reporting is anticipated to be formed in line with the statutory financial reporting cycle.

-*Materiality determination process:* Materiality is described under the guiding principles. This materiality should be determined by a three-step process: Identifying relevant matters; what matters influence the organizations ability to create value over time? Assessing importance; what is the magnitude of effect and the likelihood of occurrence? Prioritize; prioritizing of matters based on importance.

-Disclosure of material matters: Judgment should be applied to determine the appropriate disclosure of material matters in the report. Both internal and external perspectives should be taken into account.

-Involvements of those charged with governance: employees charged with governance are ultimately responsible for strategy, performance, governance and value creation over time. An integrated report should identify the governance body.

-Credibility: Both internal- and external control systems should be used in assuring integrity and credibility in integrated reporting.

-Times frames for short- medium- and long-term: Future dimensions should be considered in establishing an integrated report, in line with the nature of integrated reporting. There is no fixed length for short- medium and long term time frames. These time frames can be decided upon by the organization, with reference to investment and business cycles, stakeholder needs, industry, sector and strategy. Argumentation on the chosen timeframes should be reflected upon in the report.

-Reporting boundary: The report should identify and explain the determined boundaries. The boundaries have two aspects: financial reporting and opportunities, risks and outcomes not attributable to financial reporting that has influence on value creation.

-Aggregation and disaggregation: aggregation of information should be determined by the organization. Reducing clutter by aggregation can be useful, however, information loss is a risk.

-Technology usage: The IIRC encourages organizations to use technology to benefit the guiding principles of connectivity and information.

9. Summary of theory

The theory section of this research describes how business has been changing in recent decades; in that it shows an increasing emphasis on accountability and sustainability. This change is interlinked with the change in business approach; from a shareholder value approach, to a shared value approach via the triple bottom line approach. In line with this evolution, an increased emphasis on non-financial data is shown in the evolution of corporate reporting. Social and environmental data in addition to financial data are reported on to a significant degree in today's reporting. However, through analysis of the literature it became apparent that business reporting has not sufficiently adapted to the changing business environment. Furthermore, other issues such as complexity and clutter have increased significantly in recent decades. Integrated reporting: *"A process that results in communication, most visibly a periodic "integrated report", about value creation over time. An integrated report is a concise communication about how an organization's strategy, governance, performance and prospects lead to the creation of value over the short, medium and long term.",* aims to overcome the issues faced with today's reporting practices. This concept is based on integrated thinking; in which an organization actively considers relating operations, business units and used capitals: financial, manufactured, intellectual, human, social and relationship, and natural (IIRC, 2013). The concept of integrated reporting is stated to have numerous benefits for all stakeholders in the literature, although possible disadvantages and challenges are also mentioned; such as a lack of balance between transparency and commercial sensitivity, and a lack of standards needed for reporting and auditing. The IIRC recently announced the first integrated reporting framework. This framework is principle based to positively influence adjustment to individual businesses. However, because of a lack of research and testing, this framework could be considered to be in an early stage of the total development.

10. Research justification

According to Gray (2010) the key in sustainability accounting will be to determine what sustainable accounting should look like. Gray recognizes difficulties in in sustainability accounting because he believes that it (partially) contradicts the current capitalist system of creating value by using natural resources. Sustainability choices may seem positive to one party and negative to another. This emphasizes the need for a single regulatory framework. Krzus' (2011) view of integrated reporting is in line with this view, stating that a complete revamp of the current reporting models and regulatory requirements is needed. The IIRC framework is developed in cooperation with leaders from the corporate, investment, accounting, securities, regulatory, academic and standard-setting sectors as well as civil society; representing all the different stakeholders. Hahn and Kühn (2013) suggest further research should be done to investigate stakeholder perceptions towards sustainable reporting.

This research will try to analyze a stakeholder perception towards integrated thinking and integrated reporting, as suggested by Hahn and Kühn (2013). In doing so it is aimed to analyze the demand for change in corporate reporting, opinions on the role of business in society and the attitudes towards integrated reporting, in order to provide suggestions for the framework to be developed further as suggested by Gray, Krzus, Hahn and Kühn.

This goal is aimed to be achieved by using the opinion and insights of academic students. Academic students represent future generations and are therefore, crucial in the future of corporate reporting. Furthermore, students will eventually have a place in the numerous stakeholder groups which integrated reporting aims to benefit (e.g. investors, employees, managers, customers, suppliers, civilians etc.). In addition to the fact that students are future stakeholders and decision makers, they represent a group not involved in the evolution of integrated reporting and a group that has not been involved in previous research. Because of this they might provide different insights and opinions about the future of business and business reporting.

In order to achieve to goal of analyzing stakeholder perceptions on integrated reporting; to provide suggestions for further development, this research will try to answer to following research question:

-What do stakeholders require of future business and business reporting, and how do they evaluate the concept of integrated reporting?

The literature reviewed in the earlier sections shows how the emphasis of businesses is changing from shareholder value creation, to shared value creation. Furthermore, an increased focus on sustainability and accountability became apparent. Corporate reporting also evolved, with environmental and social reporting gaining importance alongside of financial reporting. However, the literature shows that reporting practices failed to adequately respond to the significant changes in business emphasis, causing discrepancy. Integrated reporting is aimed at solving this. Alongside the benefits of integrated reporting, however, the framework is a work in progress and has challenges still to be solved.

Based on these findings from the literature review, the following sub-questions will be answered in order to answer the main research question. Explanation on the purpose of the question are between brackets.

-*How does the sample perceive the role of business in society?* (Business emphases have evolved throughout the last decades, what should be the role of business according to the respondents?)

-*How do the respondents evaluate companies for their decision making?* (What factors are important to consumers/workers/investors?)

-*How important is sustainability for the respondents?* (Sustainability has significantly increased in importance in recent decades. Is sustainability important for the respondents?)

-*Considering the wide-shareholder focus of shared value and integrated reporting; what importance does the sample attribute to the different stakeholder groups?* (Self-explanatory)

-*How do the respondents perceive current business reporting?* (Business reporting has been shown to have evolved significantly, how does the sample perceive reporting practices used today, and do they feel change is needed?)

-*Does the sample feel change is needed in corporate reporting?* (See previous question)

-*How do the respondents rate integrated reporting and its individual elements?* (Is integrated reporting an answer to a possible demand for change?)

-*How would integrated reporting influence their use of corporate reporting?* (See previous question)

11. Methodology

Visser, Krosnick and Lavrakas (2000) indicate that all scientific inquiry methods are subject to limitations and that choosing among them automatically implies trade-offs. This research will analyze the concept of integrated reporting by questioning a specific group in order to investigate the demand for such reporting and provide suggestions for improvement. This research can, therefore, be classified as exploratory qualitative empirical research. Flynn et al (1990) describe five steps in empirical research:

1. Establishing the theoretical foundation
2. Selecting the research design
3. Selecting the data collection method
4. Implementing
5. Data analyzing

In order to investigate opinions among academic students a research design has to be selected. This research will use survey research methods in order to collect data. Visser, Krosnick and Lavrakas (2000) describe survey research as a field study method which involves collecting data from a sample of elements (academic students) drawn from a population (academic students from the Netherlands) by using a questionnaire. The New Jersey city university (2014) classifies surveys based on scope and focus indicating differences between census vs. sample surveys and tangibles vs. intangibles. Since this research focusses on a large population group (students) and intangibles (students' attitude towards integrated thinking and reporting), this research will be a sample survey of intangibles. The New Jersey city university (2014) describes this research as: *"one seeks information about constructs that [are not] directly observable but must be inferred from responses made by the subjects to questionnaires or interviews."* Furthermore, classifying the research according to time provides several options. Since this research aims to investigate the opinions of students at a single moment in time; this research can be classified as a cross-sectional survey, which studies a sample of a population at one point in time. By using survey methods a large group can be reached. Furthermore, survey research will guarantee anonymity which will stimulate honest response. A lack of knowledge of the subject is preferred in this research in order to gather uninfluenced perceptions of the subject. Although survey research has the disadvantage of not being able to provide clarification both ways, the lack of bias makes it preferable. The survey will both be designed to limit ambiguity about questions and to stimulate interest and response. Based on the arguments mentioned above, an online (mailed) questionnaire will be used. The next step after confirming the research design is choosing a sampling method, according to Henry (1990). Flynn et al (1990) mention that the sample should be as random as possible to prevent bias. This is aimed to be achieved by gathering data from a geographically spread sample, covering several Dutch universities and MSc programs.

11.1 Questionnaire design

Considering the exploratory nature of the research the questionnaire will be designed accordingly; trying to analyze opinions about subjects related to integrated reporting, mostly without directly asking about integrated reporting itself. This is reflected in the main research question and the sub-questions mentioned in chapter ten. Since integrated reporting goes beyond traditional concepts of business, the first part of the questionnaire will analyze the sample's ideas about the role of business in society, and its form and purposes. Sustainability, stakeholder importance, and business evaluations will be questioned in this part. The second part will focus on corporate reporting in general; analyzing the use of corporate reports and the satisfaction of information needs. The last part focusses on the concept of integrated reporting and its components. This section will analyze the importance attributed to different components of integrated reporting and how these would influence reporting use of the respondents.

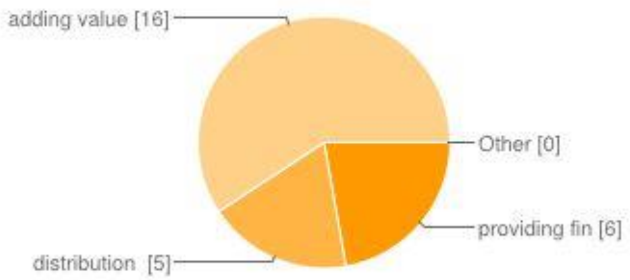
The described structure is aimed at providing insights in the opinions about business and business reporting in general, while exposing potential problems and ideas the respondents might have. After constructing an image about these subjects, the integrated reporting concept can be analyzed accordingly. This is intended to highlight benefits and challenges integrated reporting brings along.

As it is likely that a significant part of the sample does not have knowledge on integrated reporting, or even corporate reporting, questions will be designed in such a way that is draws on the opinions on sub-elements and the importance they should have. This will be done by using Likert-scale rating questions in combination with yes/no and selection questions. By using opinions about these elements of business and business reporting, an image will be drawn which can be used to reflect on the integrated reporting framework. The questionnaire can be found in chapter 17; appendix 1.

12. Results

Distributing the questionnaire among students resulted in 27 responses from a range of master programs; 74% business related, 22.3% other, and 3.7% unknown. All respondents are either Dutch or studying in the Netherlands, with 78% male-, and 22% female respondents. Furthermore, all respondents are aged between 21 and 29. This chapter will analyze the response to each question in order to subsequently construct a generalization of the opinions on the role of business and business reporting. Please notice that Likert-scale questions range from 1 (extremely disagree/negative attitude) to 7 (extremely agree/positive attitude)

1. Which of the following business purposes do you feel should be most important?



providing financial returns for investors	6	22%
distribution of wealth (e.g. by creating jobs)	5	19%
adding value to society (e.g. by driving innovation)	16	59%
Other	0	0%

The response from question 1 shows that 59.3% of the sample think adding value to society should be the most important purpose of a business. 22.2% thinks providing financial returns for investors should be most important. Providing financial returns for investors is only found the most important purpose by 18.5% of the sample. These figures suggest that the sample group disagrees with the traditional primary business purpose of investor return, with the fast majority indicating they feel societal benefits and wealth distribution are more important.

2. Based on which factors do you evaluate companies? (E.g. where to buy/work/invest)

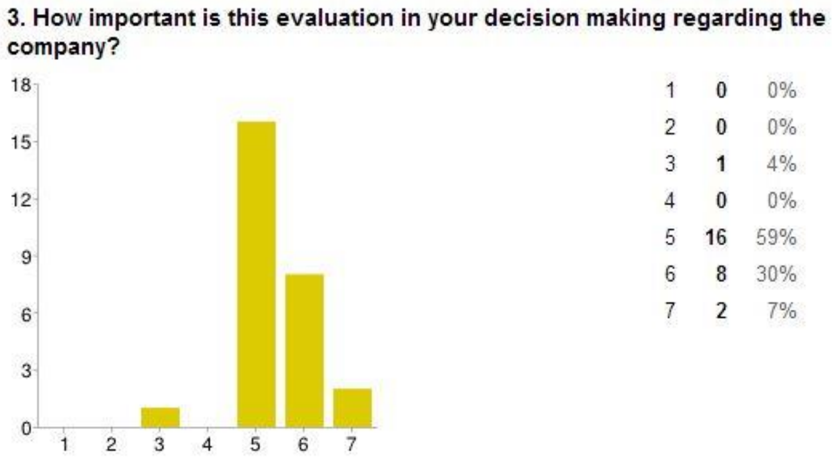
N Valid	27/27 (100%)
Financial performance	21/27 (77.7%)
Creating value for society	21/27 (77.7%)
Quality of products/services	20/27 (74.1%)
Responsiveness towards societal demands/critique	13/27 (48.1%)
Public image	9/27 (33.3%)
Environmental policies	7/27 (25.9%)
Social policies	5/27 (18.5%)

The response on question 2 indicates that financial performance, creating societal value and product/service quality are the most important factors on which master students make decisions, with around 75% of the sample indicating they find them important. Responsiveness towards societal demands and critique is an evaluation factor for 48.1% of the questioned students. The public image of a company is only used by 33.3% of the people. Furthermore, environmental and social policies are respectively used by 25.9% and 18.5%.

Statistics

3. How important is this evaluation in your decision making regarding the company?

N	Valid	27
	Missing	0
Mean		5,37
Std. Deviation		,792
Minimum		3
Maximum		7



1	0	0%
2	0	0%
3	1	4%
4	0	0%
5	16	59%
6	8	30%
7	2	7%

Almost 90% of the sample indicates that this company evaluation is 5 or 6 out of 7 important, with a mean of 5.37. These figures show that the sample find the analysis of the company by the factors from question 2 very important.

Statistics

4. How sustainable do you feel business in its current form is?

N	Valid	27
	Missing	0
Mean		3,63
Std. Deviation		1,334
Minimum		1
Maximum		6

1	2	7%
2	2	7%
3	10	37%
4	5	19%
5	6	22%
6	2	7%
7	0	0%

The statistics from question 4 indicate that the sample thinks business in its current form is neither very sustainable nor very unsustainable with a mean of 3.63, just below the center point of 4.

However, the standard deviation of 1.334 indicates that there is quite some spread in the response. Opinions range from 1, extremely unsustainable, to 6, which equates to very sustainable.

5. Please rate the following stakeholders groups on how important you feel they should be to a company

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
[Employees]	27	3	7	6,00	1,074
[Government]	23	3	6	4,30	1,020
[Customers]	27	4	7	6,26	,859
[Suppliers]	27	3	7	5,07	,958
[Creditors]	27	3	7	4,96	1,018
[Society]	26	3	7	4,85	1,347
[Trade unions]	22	3	7	4,32	1,086
[Owner(s) (stockholders)]	27	3	7	5,48	1,451

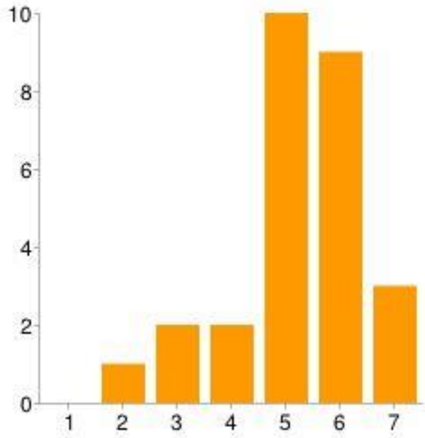
Results from question 5 indicate that the sample thinks all mentioned stakeholder groups are important to a certain extent, with all means above 4.3. The sample indicates they think customers should be most important to a company, with a mean of 6.26 and a fairly small deviation. Employees are close second. Trade unions and the government both have a mean just above 4, indicating they should neither be important nor unimportant. Opinions are most spread on the importance of the stockholders, with a standard deviation of 1.45. This could be in line with the earlier mentioned shift from shareholder value to shared value. Although, some stakeholders are found to be more important than others, the response clearly shows that the sample thinks all stakeholders should be important to some extent.

Statistics

6. To what extent do you think stakeholders other than stockholders should be involved in the development of business goals/strategy?

N	Valid	27
	Missing	0
Mean		5,22
Std. Deviation		1,219
Minimum		2
Maximum		7

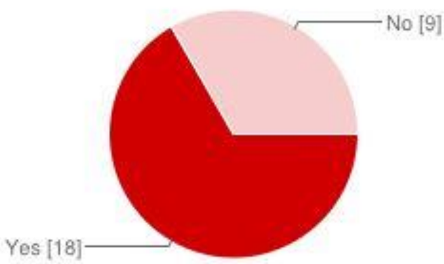
6. To what extent do you think stakeholders other than stockholders should be involved in the development of business goals/strategy?



1	**0**	0%
2	**1**	4%
3	**2**	7%
4	**2**	7%
5	**10**	37%
6	**9**	33%
7	**3**	11%

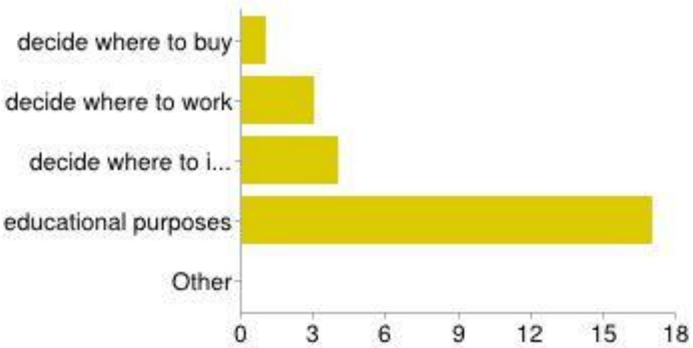
The response to question six indicates that the sample feels more stakeholders than solely the stockholders are important to take into consideration when developing business goals and strategy. Only 11% of the respondents indicate they disagree with the statement to some extent. This is in line with the response from question 5, which indicate that both stockholders and other stakeholders should be of importance.

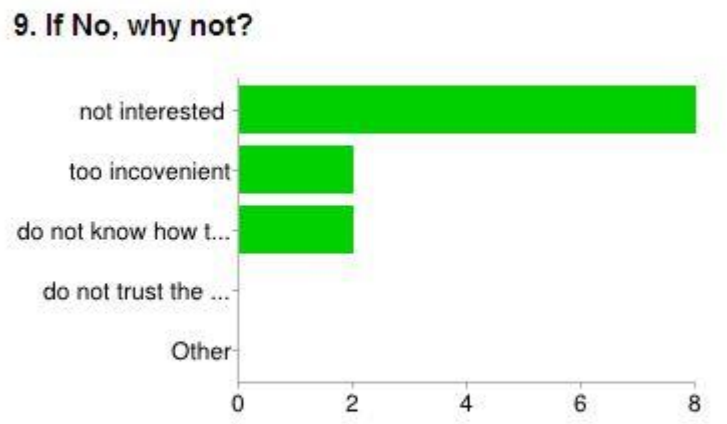
7. Do you ever use corporate reports?



Yes	**18**	67%
No	**9**	33%

8. If Yes, what do you use them for?





Questions 7 to 9 concern the current use of corporate reports by the respondents; with a third of the sample indicating they never use corporate reports versus two thirds that do use these reports. Educational purposes is the most common purpose of the corporate report users, with 94% indicating they use corporate reports for their education. Respectively 22% and 17% of the respondents indicate they use these reports for investing and employment decisions. Only 6% decides where to purchase with help of corporate reports. Of the non-users, 89% of the respondents is simply not interested in using them. Furthermore, 22% does not know how to use them. Another 22% finds corporate reports to be too inconvenient. None of the students asked indicate they do not trust the information provided.

The results from questions 7 to 9 indicate that the majority of people use corporate reports. However, of this group the usage concerns mostly educational purposes. A small minority indicates they use corporate reporting for buying/working/investing decisions. Of the non-users, the majority is simply not interested in usage. Inconvenience and lack of relevant skills are other reasons mentioned, albeit at a small percentage of people.

10. What importance do you think the 'six capitals' should have in a corporate report?

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
[financial]	27	3	7	6,22	1,013
[manufactured]	27	3	7	5,04	1,126
[intellectual]	27	3	7	5,33	1,109
[human]	27	3	7	5,11	1,121
[social and relationship]	26	1	6	4,42	1,391
[natural/environmental]	27	2	7	4,59	1,500

The results from question 10 indicate that the sample feel all capitals should bear some importance, with all means being larger than 4. Financial capital is consistently found to be the most important capital, with the highest mean and lowest deviation. Manufactured, intellectual and human capital are labelled to be important with means just over 5. Social and relationship-, and natural/environmental capital show a larger deviation; indicating that opinions about their importance are more spread.

Statistics

11. To what extent do corporate reports meet your information demands?

N	Valid	27
	Missing	0
Mean		4,78
Std. Deviation		,934
Minimum		3
Maximum		6

Information demands are shown to be mostly met, with none of the respondents being extremely negative. Only 11% indicates that they do not feel satisfied with the information provided. 66% is either satisfied or very satisfied about the information provided. None of the respondents, however, indicate that their information demand is completely being satisfied by the information provided.

12. How important do you feel the following elements are for a corporate report?

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
[strategic focus]	27	1	7	5,59	1,309
[connectivity of information (how do key issues influence each other)]	27	1	7	5,15	1,460
[stakeholder relationships]	27	2	7	4,22	1,450

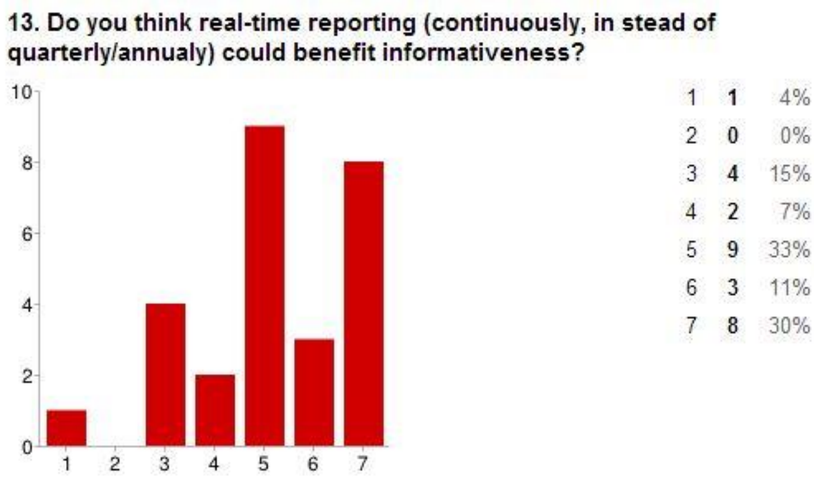
[materiality (relevance of information)]	27	3	7	5,26	1,196
[conciseness]	27	3	7	5,15	1,262
[reliability and completeness]	27	4	7	6,22	,892
[consistency and comparability]	27	4	7	6,04	1,018
[long-term focus]	25	1	7	5,44	1,356

The response to question 12 shows that, on average, the sample thinks all the mentioned elements should be represented in a corporate report. However, some elements show significant spread, indicating that opinions differ significantly among the sample. These elements are: long-term focus, strategic focus, connectivity of information, and stakeholder relationships. Materiality, conciseness, reliability and completeness, and consistency and comparability are showing significantly less spread, indicating that the sample agrees on them being at least to some extent important. Reliability and completeness, in addition to consistency and comparability are found to be most important for a corporate report.

Statistics

13. Do you think real-time reporting (continuously, instead of quarterly/annually) could benefit informativeness?

N	Valid	27
	Missing	0
Mean		5,19
Std. Deviation		1,618
Minimum		1
Maximum		7

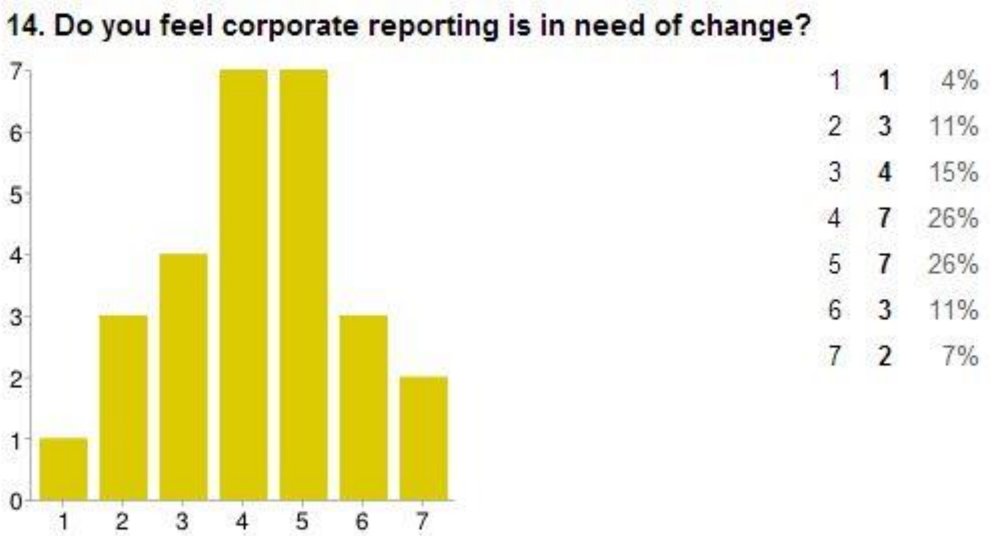


The majority of students asked indicate that they feel real-time reporting could benefit informativeness of reporting, with 74% agreeing to some extent. 15% slightly disagrees with this. Only 1 person (4%) indicated that he/she extremely disagreed with the statement. Real-time reporting is, therefore, mostly viewed as having a potential positive influence.

Statistics

14. Do you feel corporate reporting is in need of change?

N	Valid	27
	Missing	0
Mean		4,22
Std. Deviation		1,528
Minimum		1
Maximum		7

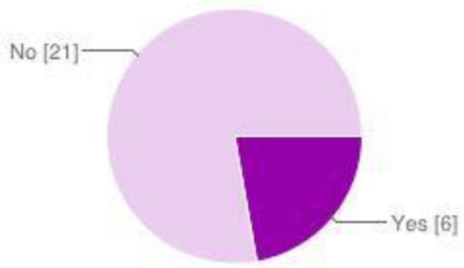


15. If you feel change is needed, what do you think is wrong with current reporting practices?

N valid	19/27
lack of long term focus	6/19 (31.6%)
lack of wide stakeholder focus	5/19 (26.3%)
lack of conciseness	6/19 (31.6%)
not adapted to changing business environment	7/19 (36.8%)
lack of strategic focus	2/19 (10.5%)
lack of comparability	6/19 (31.6%)
too complex	10/19 (52.6%)

Questions 14 and 15 show that 19 out of the 27 respondents think that corporate reporting is, at least to some extent, in need of change. The results show that all elements could be improved, in the opinion of some people. Complexity is shown to be the biggest issue, with over half of the respondents indicating that they find current reports too complex. Only ten percent indicates that a lack of strategic focus is an issue.

16. Are you familiar with integrated reporting?



Yes	6	22%
No	21	78%

Question 16 shows how integrated reporting is still relatively unknown, with 22% of the sample indicating that they are familiar with it, even though, the sample consists largely of business students. All 6 respondents familiar with integrated reporting are studying business.

17. The following eight factors indicate the differences of integrated reporting in comparison to traditional (financial) reporting. How would these differences influence your attitude towards corporate reporting?

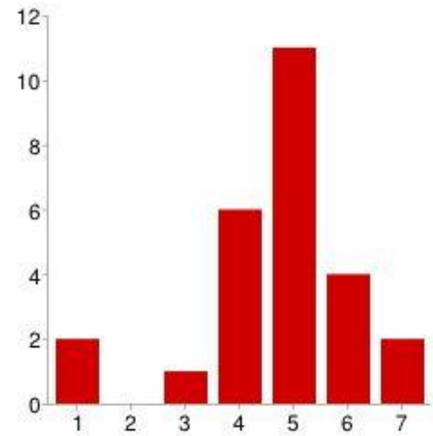
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
[integration of different business factors (e.g. financial information, environmental information)]	25	3	7	5,00	1,000
[increased focus on stewardship (taking responsibility for impacting the environment)]	26	2	7	4,88	1,306
[shift from short- to short-, medium-, and long-term focus]	26	3	7	5,35	1,093

[shift from backwards looking reporting towards connecting past and future]	26	3	7	5,19	1,167
[increasing trust by increasing transparency]	25	3	7	5,56	1,121
[shift from compliance orientated towards adaptation orientated]	25	3	7	4,84	,898
[conciseness, reducing length and complexity of reports]	26	1	7	4,85	1,642
enabling technology (e.g. real-time reporting available on smartphone)]	26	1	7	5,04	1,587

Question 17 is an indication of the positive attitude the sample has concerning the differences between current corporate reporting practices and integrated reporting. All differences show means of around 5 (positive attitude), however, increasing trust by increasing transparency is rated highest with 5.56. Although, the means indicate that on average all factors are deemed important, a substantial standard deviation on conciseness, technology enabling, and increased focus on stewardship indicate a difference in opinion among the sample. This also shows from the minimum values on these factors, ranging from 1 (extremely negative) and 2 (very negative), to 7 (extremely positive).

18. Would implementing integrated reporting increase your use of corporate reports?



1	**2**	8%
2	**0**	0%
3	**1**	4%
4	**6**	23%
5	**11**	42%
6	**4**	15%
7	**2**	8%

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
18. Would implementing integrated reporting increase your use of corporate reports?	26	1	7	4,69	1,436

Question 18 shows the positive attitude towards integrated reporting and the influence it would have on the use of corporate reports by the questioned students. The mean of 4.69 is an indication of an average positive attitude, however, ranged in between neutral and positive. The standard deviation of 1.436 is a clear indication that opinions differ among the sample, this is also shown in the graph. The graph also shows, however, that only 12% of the sample indicates integrated reporting would negatively influence their use of corporate reports. 65% Indicates a positive change applies to them.

13. Analysis and Conclusion

This section will analyze and conclude the survey conducted among the 27 MSc students concerning the role of business in society and corporate reporting, by answering the research question and sub-questions. The first section will conclude the attitude towards the role of business in society. The second part focuses on current reporting practices and the information demands of the respondents. The third part will conclude how integrated reporting is perceived. Lastly, the main research question will be answered. Please note that due to the small number of respondents statistically significant relations between variables could not be constructed. Therefore, conclusions will conclude the collective opinion about the questioned subjects.

The role of business in society

-How does the sample perceive the role of business in society?

Question	Highlights	Combined
1	Importance of societal benefits in business purposes	Positive societal influence in addition to financial performance are found to be important.
2	Importance of financial performance	

Question 1 indicates that the majority of the sample thinks that businesses have a societal role to fulfill by creating value and distributing wealth, with almost 80% of the respondents indicating that these societal missions should be most important. However; when combined with question 2, it seems financial performance is also regarded as highly important. The singular option in question one and the multiple options in question two form the basis for answering the sub-question: The sample regards a positive influence on society the most important for businesses, however, financial performance is also deemed important.

-How do the respondents evaluate companies for their decision making?

Question	Highlights	Combined
2	Importance of financial performance, product quality and positive societal impact	Decision making seems based on serving individual interests.
3	Importance of evaluation in decision making	

Question 2 indicates that in evaluating business, financial performance, product quality and a positive societal impact are the most important factors. With question 3, the sample uniformly indicated that this evaluation was of significant importance to their decision making regarding businesses. Sustainability issues such as social/environmental policies were not found important, as was the public image of a company. Decision making, therefore, seems largely based on individual economic interests rather than ideological factors.

-How important is sustainability for the respondents?

Question	Highlights	Combined
2	Importance of individual interests, lack of interest in sustainability when making decisions	Sustainability not important enough to influence decision making
3	Importance of evaluation in decision making	
4	The believe that business is not highly sustainable	
10	Social and relationship, and natural/environmental capitals found least important	

As stated at the previous sub-question, sustainability issues were not rated important in decision making. Question 4 shows that none of the respondents think business in its current form is fully sustainable. Over half indicated that they felt business being unsustainable. The importance attributed to these concerns seems low for the questioned students, as the previous sub-question indicated that sustainability is hardly a factor in decision making. Question 10 further establishes this image, as social and relationship, and natural/environmental capital were found considerably less important than the other capitals. Furthermore, financial capital was uniformly answered as being highly important.

-Considering the wide-shareholder focus of shared value and integrated reporting; what importance does the sample attribute to the different stakeholder groups?

Question	Highlights	Combined
5	Individual roles (employees, customers and stockholders) are found to be most important	Further evidence on the importance of self-interest. Stakeholder involvement important, but emphasis mostly on roles which can be identified with.
6	Stakeholder involvement considered important	
8	Some investors in the sample	

The answers to question 5 show how employees, customers and, to a lesser extent, stockholders are found most important by sample. All three are roles that the sample can most probably identify with, since all respondents are customers, most have been/are probably employees and question 8 indicates that some are investors. Since the other factors are likely to be more distant to the sample (government, suppliers, creditors and trade unions) this is further evidence for an emphasis on self-interest. The fact that society was rated considerably lower than employees, customers, and stockholders also shows this. Combining this with the results from question 6 indicates how the sample feels businesses should involve stakeholders in addition to the stockholders, especially employees and customers.

Current reporting practices

-How do the respondents perceive current business reporting?

Question	Highlights	Combined
7	2/3 use corporate reports	Very little use of corporate reporting in decision making, with the sample seeming uninterested, or only interested for educational purposes. This, even though, the sample seems satisfied with the information provided.
8	Lack of use for decision making	
9	Non-users mostly not interested	
11	Information demands predominantly met	
12	Reliability and completeness, and consistency and	

	comparability found highly important	

Of the sample two out of three answered that they use corporate reports, as shown at question 7 in the survey. Only a very small portion of the sample, however, indicated they use corporate reports for decision making. A third of the sample indicated that they do not use corporate reports, mostly because they are simply not interested in doing so. Inconvenience and incompetence are other factors mentioned, albeit only by less than a quarter of the sample. Question 11 shows that only 11% of the sample is not satisfied with the current level of information provided. The information aspect of current reporting, therefore, seems adequate; even though some room for improvement also shows with no one being fully satisfied.

Question 12 shows the importance placed on different aspects of corporate reporting. Reliability and completeness, and consistency and comparability are both consistently ranked as very important by the respondents. Furthermore, strategic focus, long term focus, conciseness, connectivity of information and materiality were found moderately important. Stakeholder relationships were averagely rated, indicating that the sample does not place significant importance on this factor.

-Does the sample feel change is needed in corporate reporting?

Question	Highlights	Combined
12	Reliability and completeness, and consistency and comparability found highly important	Change is regarded needed, or at least possible by almost the entire sample. Complexity is the largest issue. Real-time reporting is regarded as a positive idea.
13	Real-time reporting regarded positively	
14	Sample indicates change is needed, at least to some extent	
15	Complexity largest issue	

Regarding the necessity for change, the sample is divided. However, only 4% of the sample indicated how they extremely disagreed with a need for change at question 14. This indicates that the large majority of the sample thinks change could be beneficial, at least to some extent. At question 15, complexity was answered to be the biggest problem in current reporting, alongside the less mentioned lack of; comparability, conciseness, long-term focus, wide stakeholder focus and adaptation to changing business environment. A lack of strategic focus was only a problem for about 10% of the respondents. When combining this with the results from question 12 and 14, it seems that the sample feels corporate reporting could improve mostly by reducing complexity. To a lesser extent the sample indicates that improvements could be made in relation with adapting more to the changing business environment and improve comparability, conciseness, and a long-term focus. Real-time reporting was generally rated positively at question 13, making it another suggestion for future reporting practices like integrated reporting.

Integrated reporting

-How do the respondents rate integrated reporting and its individual elements?

Question	Highlights	Combined
10	Social and relationship, and natural/environmental capitals found least important	Integrated reporting rated positively, with little/no knowledge on the subject. Reducing complexity while increasing reliability and completeness, and consistency and comparability are found to be most appealing.
12	Reliability and completeness, and consistency and comparability found highly important	
15	Complexity largest issue	
16	Low familiarity with integrated reporting	
17	Positive opinion on differences integrated reporting proposes	

Question 16 showed how only a small portion of the sample is familiar with integrated reporting, showing its novelty. Because of this little knowledge about integrated reporting, question 17 is mostly rated with a fresh view towards integrated reporting. The answers to this question indicate an all-round positive view on the spearheads that make integrated reporting different to current reporting, With the means of all factors being around 5: positive attitude. Increasing trust was rated the highest with a mean of 5.56. When related to questions 12 and 15, it appears that the most crucial requirements of the respondents involve increasing trust, transparency, reliability, completeness, consistency and comparability, while reducing complexity. Questions 10 and 12 show how financial information is still deemed most important. Furthermore, they show how the sample attributes less importance to stakeholder relationships, integration and sustainability.

-How would integrated reporting influence their use of corporate reporting?

Question	Highlights	Combined
16	Low familiarity with integrated reporting	.Integrated reporting is stated to increase use of corporate reporting. However, this might be mitigated by low familiarity on the subject.
18	Integrated reporting stated to probably increase use of corporate reports	

Question 18 shows the positive attitude the sample has in relation to integrated reporting, with 65% indicating integrated reporting would increase their use of corporate reporting. A mitigating factor, however, seems to be the relative unfamiliarity with the subject shown in question 16. Even though, all respondents received an introduction to the subject; a more informed sample might provide different answers. However, the majority of the sample positively rated integrated reporting and their differences to current reporting practices.

The answers from all the sub-questions provide an image of the sample's ideas about the role of business in society, and the future of corporate reporting. This is combined in answering the main research question:

-What do stakeholders require of future business and business reporting, and how do they evaluate the concept of integrated reporting?

The respondents showed how they feel society and sustainability should be important in theory. However, when making decisions where to buy, work and invest, individual economic interests are shown to be more important. This indicates that the sample does not attribute significant importance to sustainability and broad societal benefits, but that individual benefits are most important.

In relation to the use of corporate reporting this also shows, as only a small percentage of the respondents use corporate reports in decision making. The large majority of the non-users indicated to be simply not interested in corporate reporting, again suggesting that society and sustainability are important in theory, but not important enough to base decision making on. This also showed in the rating of the six capitals, in which financial capital was most important and social/relationship and natural/environmental were rated not important.

Regarding the future of corporate reporting and the role integrated reporting might have, the sample shows how trust should be improved. This is shown consistently in the survey results, as factors such as reliability, completeness, consistency, comparability and reducing complexity are stated to be most important. The sample feels that integrated reporting could be a good step in the right direction, as they positively rate the integrated reporting differences, and the influence it would have on their use of corporate reports. Low familiarity with the subject, however, could imply that more knowledge on the subject could change this attitude, albeit positively or negatively.

Overall, the lack of interest in corporate reporting, and the emphasis on individual interests become apparent. The sample shows how they feel factors such as sustainability and societal benefits should be important idealistically, however, these factors are stated to not be important enough to actually influence behavior. Although, integrated reporting and its concepts are regarded positively, the general consensus shows a severe lack of interest on the subject.

14. Discussion

The survey results show how the sample feels business should be doing more than providing financial returns for investors. The relative importance attributed by the respondents to all different stakeholders indicate the societal function business should have according to the investigated group of students. The respondents felt that stakeholders should be involved, even as far as the strategic decision making process. A relatively small subgroup seemed to support the shareholder return idea, however, this cannot be statistically supported. This group, furthermore, still supported other stakeholder importance although with relatively less importance in comparison to the stockholders.

Concerning the evaluation of business, economic factors are deemed most important. This feels contradictory to statements that business should be more sustainable and more focused on broad stakeholder benefits. This also showed in the capitals rating, where social and relationship-, and environmental capital were not deemed important. Decision making seems predominantly based on economic arguments and convenience. This might indicate that respondents feel this should be organized by the central government. Another explanation might be that they make a division between economic decisions regarding buying/working/investing and social/environmental sustainability views. The fact that the sample indicated how their information needs are minimally satisfied might also provide a reason, with generally significant more economic data available on businesses in comparison to sustainability data. This in combination with the large group uninterested in corporate reports and the general idea corporate reporting is in need of change, seems to indicate a lot of progress can be made on making business reporting more attractive and accessible.

Regarding the content of reports; complexity was found to be an issue for the sample. Integrated reporting aims to reduce this complexity which could make a positive impact on corporate reporting use. A challenge for integrated reporting lies in reliability and completeness, and consistency and comparability. Both factors were rated as highly important, however, these might prove difficult for integrated reporting. Reliability and completeness can be argued to revolve around quality auditing and control. The survey results show how integrated reporting is relatively unknown, even among business students. This lack of knowledge should be resolved if integrated reports are to be adequately checked, to guarantee reliability and completeness. Consistency and comparability are also major issues for integrated reporting. The step away from compliance orientation makes it possible for companies to reduce complexity and clutter, and to adequately adapt reporting to individual business circumstances. However, a lack of standards might also negatively influence consistency, and especially comparability. The solution to these issues could prove crucial in the further development of integrated reporting, and its future in business.

Another factor that is highlighted by the survey is the lack of importance the sample dedicates to strategic focus, which seems to have a significant importance in the current integrated reporting template. However, the inclusion of this strategic focus could very well be no issue for potential users, even though they do not rate it consistently as important. A possible downside might be increased complexity and lack of understandability.

15. Limitations and suggestions for further research

The main limitations of this research are linked with the small sample size. Due to lack of resources the sample is too small to establish significant relations between variables. Furthermore, the sample is predominantly male and predominantly studying business. A more evenly distributed sample could prove to provide different insights about the investigated subjects. Furthermore, cultural differences might provide different results, since the sample used contained largely Dutch students and only students studying in the Netherlands.

In addition to the small sample, survey use provides disadvantages. Respondents might misinterpret questions or have little knowledge about the subject, this is also shown at question 16 of the survey. This lack of knowledge could also provide fresh insights, however.

Future research might perform a similar study on a large enough sample to generate more definitive conclusions about the subjects, in addition to statistically significant variable relationships. Furthermore, solving issues regarding trust, comparability and consistency, and reliability and completeness should be investigated. Future research on how reports can be made comparable, while sustaining their adaptation orientated approach might prove crucial in the development of integrated reporting.

Testing the current template could also provide impetus for continuing the development of integrated reporting. Stakeholder satisfaction concerning the proposed model could be used in a continuous improvement cycle.

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17. Appendix 1

The role of business and corporate reporting

This research aims to investigate stakeholder perceptions towards the role of business in society. Furthermore, it will examine how business reporting can aid this role, and what form best fits this purpose.

Respondents will remain anonymous.

1. **MSc program and university**

   ....

2. **Gender**
   Mark only one oval.

   ◯ Male
   ◯ Female

3. **Age**

   ....

4. **City and country**

   ....

5. **E-mail**
   Only fill in if you want to be updated on the results of this research. E-mail addresses will not be used for any other purpose than reporting research findings.

   ....

6. **1. Which of the following business purposes do you feel should be most important?**
   Mark only one oval.

   ◯ adding value to society (e.g. by driving innovation)
   ◯ distribution of wealth (e.g. by creating jobs)
   ◯ providing financial returns for investors
   ◯ Other: ....

7. **2. Based on which factors do you evaluate companies? (e.g. where to buy/work/invest)**
multiple answers are possible
Check all that apply.

- [ ] financial performance
- [ ] creating value for society
- [ ] responsiveness towards societal demands/critique
- [ ] quality of products/services
- [ ] social policies
- [ ] environmental policies
- [ ] public image
- [ ] Other: ____________________

8. **3. How important is this evaluation in your decision making regarding the company?**
Mark only one oval.

	1	2	3	4	5	6	7	
extremely unimportant	◯	◯	◯	◯	◯	◯	◯	extremely important

9. **4. How sustainable do you feel business in its current form is?**
Mark only one oval.

	1	2	3	4	5	6	7	
extremely unsustainable	◯	◯	◯	◯	◯	◯	◯	extremely sustainable

10. **5. Please rate the following stakeholders groups on how important you feel they should be to a company:**
Mark only one oval per row.

	1 (extremely unimportant)	2	3	4	5	6	7 (extremely important)
Employees	◯	◯	◯	◯	◯	◯	◯
Government	◯	◯	◯	◯	◯	◯	◯
Customers	◯	◯	◯	◯	◯	◯	◯
Suppliers	◯	◯	◯	◯	◯	◯	◯
Creditors	◯	◯	◯	◯	◯	◯	◯
Society	◯	◯	◯	◯	◯	◯	◯
Trade unions	◯	◯	◯	◯	◯	◯	◯
Owner(s) (stockholders)	◯	◯	◯	◯	◯	◯	◯

11. **6. To what extent do you think stakeholders other than stockholders should be involved in the development of business goals/strategy?**
Mark only one oval.

	1	2	3	4	5	6	7	
no involvement	⬭	⬭	⬭	⬭	⬭	⬭	⬭	very high involvement

12. **7. Do you ever use corporate reports?**
Mark only one oval.

- ⬭ Yes
- ⬭ No

13. **8. If Yes, what do you use them for?**
multiple answers are possible
Check all that apply.

- ☐ decide where to buy
- ☐ decide where to work
- ☐ decide where to invest
- ☐ educational purposes
- ☐ Other: ____________

14. **9. If No, why not?**
multiple answers are possible
Check all that apply.

- ☐ not interested
- ☐ too incovenient
- ☐ do not know how to use them
- ☐ do not trust the information
- ☐ Other: ____________

15. **10. All organizations depend on various forms of capital for their success. These capitals are stores of value that, in one form or another, become inputs to the organization's business model (IIRC). What importance do you think the following six business 'capitals' should have in a corporate report?**

Mark only one oval per row.

	1 (extremely unimportant)	2	3	4	5	6	7 (extremely important)
financial							
manufactured							
intellectual							
human							
social and relationship							
natural/environmental							

16. **11. To what extent do corporate reports meet your information demands?**

Mark only one oval.

	1	2	3	4	5	6	7	
not at all								totally

17. **12. How important do you feel the following elements are for a corporate report?**

Mark only one oval per row.

	1 (extremely unimportant)	2	3	4	5	6	7 (extremely important)
strategic focus							
connectivity of information (how do key issues influence each other)							
stakeholder relationships							
materiality (relevance of information)							
conciseness							
reliability and completeness							
consistency and comparability							
long-term focus							

18. **13. Do you think real-time reporting (continuously, in stead of quarterly/annualy) could benefit informativeness?**

Mark only one oval.

	1	2	3	4	5	6	7	
totally disagree								totally agree

19. **14. Do you feel corporate reporting is in need of change?**

Mark only one oval.

	1	2	3	4	5	6	7	
totally disagree	⬭	⬭	⬭	⬭	⬭	⬭	⬭	totally agree

20. **15. If you feel change is needed, what do you think is wrong with current reporting practices?**

multipe answers are possible

Check all that apply.

- [ ] lack of long term focus
- [ ] lack of wide stakeholder focus
- [ ] lack of conciseness
- [ ] not adapted to changing business environment
- [ ] lack of strategic focus
- [ ] lack of comparability
- [ ] too complex
- [ ] Other: ____________________

21. **16. Are you familiar with integrated reporting?**

Mark only one oval.

- ⬭ Yes
- ⬭ No

Integrated reporting

The International Integrated Reporting Council (IIRC) is developing a new form of corporate reporting: integrated reporting. Integrated reporting is described as: “A process that results in communication, most visibly a periodic “integrated report”, about value creation over time. An integrated report is a concise communication about how an organization’s strategy, governance, performance and prospects lead to the creation of value over the short, medium and long term.” The goal of this integration process is to increase identification of value adding opportunities for businesses, and to increase quality, transparency and comparability of information for all stakeholders.

22. **17. The following eight factors indicate the differences of integrated reporting in comparison to traditional (financial) reporting. How would these differences influence your attitude towards corporate reporting?**
Mark only one oval per row.

	1. (extremely negatively)	2	3	4	5	6	7 (extremely positively)
integration of different business factors (e.g. financial information, environmental information)							
increased focus on stewardship (taking responsibility for impacting the environment)							
shift from short- to short-, medium-, and long-term focus							
shift from backwards looking reporting towards connecting past and future							
increasing trust by increasing transparancy							
shift from compliance orientated towards an adaptation							
conciseness, reducing length and complexity of reports							
enabling technology (e.g. real-time reporting available on smartphone)							

23. **18. Would implementing integrated reporting increase your use of corporate reports?**
Mark only one oval.

	1	2	3	4	5	6	7	
extremely unlikely								extremely likely

24. **Thank you for your cooperation. If you have any comments or questions, please write them down below in the comments section.**
comments

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