Integrated Financial Reporting for Transparency and Strategy

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Introduction

In the past, companies have been accustomed to making disclosures of corporate, social, and environmental concerns and performance in separate and stand-alone reports. As such, the stand-alone reports have been very complex as well as long, as they covered a greater range of issues that were to be disclosed in order to meet the information needs of a wide range of corporate stakeholders. However, in the recent past, there have been moves to integrate these reports into a single report in such a way that they are recombined within the annual reports prepared by the company in a single document. This move has been necessitated by the growing complexity as well as the length of the stand-alone reports, which made it increasingly difficult for the concerned stakeholders to review every detail of the reports (De Villiers, Rinaldi and Unerman, 2014). Nowadays, companies combine social, environmental, financial, and governance information in one report in what is now referred to as an integrated reporting system and present it as a single document to concerned stakeholders.

Benefits Of Integrated Reporting

The integrated reporting system has grown to become widely accepted and used by corporate institutions for the purposes of disclosing their performance and operations in all necessary areas, including social, environmental, as well as governance or corporate reports. The reason for this assertion is that the stand-alone reports were not only complex but also very huge. As such, it is possible that the concerned stakeholders could not go through all the reports in detail and have a grasp of what the company was actually trying to disclose in the first place (Cheng et al., 2014). As such, the integration of these reports into a single annual report would be instrumental in bringing about significant benefits to the concerned corporate institutions when making their disclosures. Some of the notable benefits of the integrated reporting framework include simplified reporting, saving time, eliminating confusion, and getting everyone on board by coordinating the reports as stand-alone reports, which were somehow addressed to specific stakeholders as opposed to all stakeholders of the company.

As mentioned above, the stand-alone reports were very complex and very long, running into hundreds

of pages and discussing only a bit of the same issue, such as the case of social responsibility reports or environmental reports. In this case, it was difficult for users, unless those closely attached to the organization, to follow up on all the details reported in these stand-alone disclosure reports to the letter. In fact, the complexity with which these stand-alone reports are presented also makes it difficult for the target stakeholders to grasp each and every piece of information in the reports (Eccles and Krzus, 2010). Therefore, the adoption of integrated reporting has been instrumental in the sense that it now has to be shortened and simplified in order to fit into a single annual report. This simplification, therefore, requires the company to capture only the critical and most important issues in a particular field of disclosure. Conversely, it is imperative to note that the adoption of the integrated reporting system is instrumental in enabling the concerned stakeholders to save time reading the reports and learning the specific critical issues regarding the company's performance in every sector.

Another benefit drawn from the adoption of the integrated reporting systems is the fact that the stand-alone reports initially addressed specific stakeholders, especially those concerned with a particular line of corporate disclosures, such as the environmental concerns being addressed to the media, government and society stakeholders. However, now that the companies have adopted the integrated reporting platform, all the stakeholders of the company can review the reports from one document, such as the annual reports (Eccles and Saltzman, 2011). Therefore, this is beneficial for the company as it enables all its stakeholders to have a clear idea of how their company is performing or undertaking its business activities in all its lines of business and operations, thereby eliminating confusion.

Apart from saving time for the stakeholders through the adoption of integrated reports, it is also worth noting that the integrated reports are instrumental in bringing all the company's stakeholders on board regarding the performance of their company in all lines of business (Stubbs and Higgins, 2014). By combining the social responsibility reports, the corporate governance reports, as well as the environmental report disclosures in a single annual report alongside the financial reports of the company, the company enables its stakeholders to coordinate its reports, finding the links between its performance in certain sectors and the reports presented in another sector. For instance, if the company was losing its market foothold because of the inappropriate handling of its ethical or environmental concerns, it would be easier for the stakeholders to easily identify this causation and demand accountability from the company's executives and directors immediately.

Furthermore, the integration of these reports also enables all the company stakeholders to come on board and contribute to steering the company in the right direction, further facilitating the quick achievement of its goals and objectives. The reason for this assertion is that the integrated reports were addressed to all company stakeholders, as opposed to the stand-alone reports that were, in most cases, addressed to specific stakeholders (Cheng et al., 2014). As a result, it would be difficult for the stakeholders reading stand-alone reports to make informed decisions regarding the company's performance and operations since, in most cases, they did not review all the other reports. Nonetheless, the integrated reporting framework enabled them to have a clear understanding of the

overall performance of the company in all its critical operational areas, subsequently furthering proper understanding and coordination of the reports and the performance of the company.

Conclusion

To sum it all up, it is evident from the above analysis that the adoption of the integrated reporting framework has been very instrumental in enabling all the corporate stakeholders of the company to get on board and participate in the process of decision-making on behalf of the company. This is especially because all the company stakeholders have a specific interest in the company that needs to be addressed, and as long as the company addresses their interests, they will continue offering their unquestionable support and contribution to the company in order to enable it to achieve its goals and objectives. Therefore, the adoption of the integrated reporting system is particularly instrumental in facilitating the achievement of this objective.

The reason for this assertion is that the integrated reports cover all the provisions and information contained in all the stand-alone reports, only that in this case, the information is presented in a more simplified and shortened manner and addressed to all the corporate stakeholders, as opposed to the previous setting where the reports were addressed to specific stakeholders in complex and voluminous stand-alone reports. For instance, the consumers, the primary stakeholders of the company, who are concerned with the overall goodwill and positive performance of the company in order to continue with their cooperation with the company by consuming its goods and services continuously, would benefit significantly from the introduction and adoption of these integrated reports as opposed to the previous case relating to stand-alone reports.

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