

UNIVERSITY OF CAPE COAST

THE DEVELOPMENT OF INTEGRATED REPORTING. THE
PERCEPTION OF ACCOUNTING PRACTITIONERS IN GHANA

BY

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DECLARATION

Candidate's Declaration

I hereby declare that this dissertation is the result of my own original research and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's Signature Date

Name:.....

Supervisor's Declaration

I hereby declare that the preparation and presentation of the dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

Supervisor's Signature Date

Name:.....

ABSTRACT

The evolution of accounting theory has led to the development of ways to improve corporate reporting with the aim to make corporate reports more transparent and user friendly to all stakeholders. The main objective of the study was to determine the development of Integrated Reporting (IR) in Ghana, among practicing accountants. The study adopted the qualitative research approach, specifically, the exploratory research design. The findings of the study revealed that, when it came to general awareness of IR, accounting practitioners had a limited idea on what the concept is. Another finding was that, respondents could not make clear distinction between IR and sustainability reporting. Respondents' responses revealed that, their lack of knowledge in the activities of the IIRC and the IR framework hence their inability to fully interpret and appreciate the meaning and scope of IR. Finally, the study revealed that, their responses about challenges and benefits of adopting and implementing IR, stems from their own thoughts, experiences and competences. The study recommended that the IIRC further articulates and refines aspects of the framework to give a comprehensive understanding of the concept of IR. Again, the Institute of Chartered Accountants Ghana (ICAG) in partnership with other institutions and accounting bodies should develop a local framework of IR aimed at addressing issues that are specific to the Ghanaian context. Also, the ICAG should publish relevant issues pertaining to IR on its website regularly to increase its awareness in the accounting community. Finally, academic institutions should incorporate IR in their curricular.

KEY WORDS

Corporate Reporting

Corporate Scandals

Integrated Reporting

International Integrated Reporting Council

International Integrated Reporting Framework

Sustainability Reporting

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DEDICATION

To my parents, Right Rev. and Mrs Vida Ofori Donkor, and my uncle and aunt, Professor Kingsley Kwakye Donkor and Mrs Liza Donkor.

TABLE OF CONTENTS

	Page
DECLARATION	ii
ABSTRACT	iii
KEY WORDS	iv
ACKNOWLEDGEMENTS	v
DEDICATION	vi
TABLE OF CONTENTS	vii
LIST OF TABLES	x
LIST OF FIGURES	xi
CHAPTER ONE: INTRODUCTION	
Background to the Study	1
Statement of the Problem	8
Research Objectives	10
Research Questions	11
Significance of the Study	11
Limitations	11
Organization of the Study	12
CHAPTER TWO: LITERATURE REVIEW	
Development of Integrated Reporting	13
The Difference Between Current Reporting and Integrated Reporting	20
The Benefits of Integrated Reporting	21

The Challenges of Implementing Integrated Reporting	23
The Integrated Reporting Framework	26
Stakeholder Theory	32
Empirical Literature	36
Chapter Summary	41
CHAPTER THREE: RESEARCH METHODS	
Introduction	42
Research Design	42
Population	44
Sample and Sampling Procedure	44
Data Collection Instrument	45
Data Processing and Analysis	46
CHAPTER FOUR: RESULTS AND DISCUSSION	
Presentation of Findings	48
Demographic characteristics of respondents	49
Accounting practitioners' level of awareness on Integrated Reporting	52
Obstacles that can hinder the Adoption of IR as the Corporate Reporting Norm	53
Challenges that can be faced in Implementing IR as the Corporate Reporting Norm	56
Benefits of Adopting IR as the Corporate Reporting Norm	59
Discussion of Results	62

Accounting practitioners' level of awareness on IR	62
Obstacles that can hinder the adoption of IR	63
Challenges of adopting and implementing IR	65
Benefits of adopting IR as the corporate reporting norm	66
CHAPTER FIVE: SUMMARY CONCLUSIONS AND RECOMMENDATIONS	
Summary of Results	69
Conclusions	71
Recommendations	72
Suggestions for further Research	73
REFERENCES	75
APPENDICES	83

LIST OF TABLES

	Page
1	Difference between Current Reporting and IR. 21
2	Description of Capital by the IIRC 29
3	Guiding Principles Prescribed by the IIRC 30
4	Content Elements Prescribed by the IIRC 31
5	Educational Background of Respondents 50
6	Obstacles that Hinder the Adoption of IR 52
7	Perceived Challenges that can be faced in Implementing IR 56
8	Benefits of Adopting IR as the Corporate Reporting Norm 59

LIST OF FIGURES

	Page
1 Gender of Respondents	49
2 Working Experience of Respondents	51

CHAPTER ONE

INTRODUCTION

The evolution of accounting theory has led to the development of several approaches overtime. These are the empirical inductive approach; the deductive approach; the conceptual framework approach of the 1980s and the conceptual framework approach in the 21st century. The basic aim throughout all these approaches was to make corporate reports more transparent and user friendly to all stakeholders (Addo, 2015).

Over the decades, the need for non-financial reporting, also known as sustainability reporting became an important issue with stakeholders. Thus, corporate reporting begun to include sustainability reporting. This was however voluntary. Currently, the new and evolutionary step is integrated reporting (IR). As such in 2010, the International Integrated Reporting Council (IIRC) was founded. The IIRC is a global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs, who share the view that, communication about value creation should be the next step in the evolution of corporate reporting. The IR framework has been developed to meet this need and to provide a foundation for the future. It is anticipated that IR will become the corporate reporting norm (Addo, 2015; The IRF, 2013; IIRC, 2013).

Background to the Study

Reporting by firms has seen major changes from an era when reports were made by accountants as a means to protect themselves against litigation to an era where financial reports are prepared to specifically suit user needs.

User needs have come to be accepted as paramount. One of the contributing factors of these changes is the evolution and developments in accounting theory. Accounting theory has gone through four approaches which changed reporting by accountants to make financial information more useful, uniform, consistent and transparent to the needs of stakeholders (Elliot & Elliot, 2011). The stakeholders of an organization include all those whose activities assist in the creation of value in an organization (IRF, 2013). Some of these stakeholders are investors, lenders, suppliers, employees, management, customers, government, other agencies, and the society at large. The approaches are the empirical inductive approach, the deductive approach, the conceptual framework in the 1980s and the conceptual framework in the 20th century (Elliot & Elliot, 2011).

These approaches helped move reporting from an era when its sole aim was to protect the accountant, to an era where it is deemed paramount for financial reports to be very useful to all stakeholders. Thus user needs became accepted as paramount; qualitative characteristics of information were specified; elements of financial information were defined precisely; presentation of financial information specified; and comparability between financial information between companies was deemed desirable. It also brought about the creation of boards and committees that saw to the setting of standards to ensure credibility and discipline of the accountancy profession (Elliot & Elliot, 2011).

Another contributing factor has been the various reporting failures and scandal such as, the New York Stock exchange in 1929, the waste management scandal in 1998, the Enron scandal in 2001, WorldCom scandal

in 2002, Tyco scandal in 2002, HealthSouth scandal in 2003, Freddie Mac scandal in 2003, American Insurance Group (AIG) scandal in 2005, Lehman Brothers scandal in 2008, Bernie Maddoff scandal in 2008 and the SAYTEM scandal in 2009 (Elliot & Elliot, 2011; “The 10 worst corporate accounting scandals of all time,” Undated). These are some of the major accounting scandals that called the credibility of the accounting profession to question, greatly affected stakeholders (mostly investors) and also contributed to the global recession (Elliot & Elliot, 2011; Wild & van Staden, 2013). As a result, stakeholders called for increasing transparency in companies. The standard setting bodies, in collaboration with the Securities and Exchange Commission (SEC) and the European Union (EU) continue to review and renew standards to suit business conditions, make corporate reports more credible, transparent and comparable, and also to reduce reporting scandals (Elliot & Elliot, 2011).

With stakeholders increasing interest in what goes on in an organization aside from profits being reported, over the last two decades, the trend in reporting where firms only reported on financial issues and ignored non-financial issues has changed (Havlova, 2015a; Ioannou & Serafeim, 2011; Havlova, 2015b; Marx & der Watt, 2011). Non-financial information became a growing concern with stakeholders. Stakeholders started to focus on environmental protection or social responsibility issues as well. Ioannou and Serafeim (2011) proposed that, stakeholders started to monitor non-financial reports because there is a positive impact of mandatory sustainability reporting on socially responsible management practices because it leads to prioritization of sustainability development, employee training, increase in implementation of ethical practices by the firms and decrease in corruption. Companies also

accepted that they have responsibilities towards stakeholders other than shareholders. Companies began to report on environmental issues, social issues and governance issues. These disclosures were however voluntary. They were either disclosed alongside the financial reports or as separate documents.

Also there was no accepted framework for reporting on these issues when it started. The United Kingdom (UK) Accountancy Standard Board (ASB) provided guidelines to companies in 1993 on including Operating and Financial Reviews (OFRs). An OFR is intended to set out the directors' analysis of the business as to provide both on history and a prospective analysis of the business as seen by senior management. The ASB tried mandating OFRs in 2005 through an ASB Reporting Standard one (RS1), but this was withdrawn in 2006. ASB maintains OFR as best practice and encourages companies to do so. The Companies Act 2006 of the UK introduced additional requirements in the Business Review that were brought into force for financial years beginning October 1 2007. This had a statutory purpose which was to inform the shareholders and help them examine directors' performance towards the success of the organization. The International Accounting Standard Board (IASB) also introduced the International Financial Reporting Standard (IFRS) Practiced Statement Management Commentary. It provides a broad, non-binding framework for the presentation of management commentary that relates to financial statements that have been prepared in accordance with IFRS (Elliot & Elliot, 2011).

According to the Klynveld Peat Marwick Goerdeler (KPMG) report on global sustainability reporting in 2013, different terms are used to describe the reporting of non-financial information globally is Corporate Responsibility or Corporate Social Responsibility or Sustainability Reporting. Globally 14% use the term Corporate Responsibility, 25% use Corporate Social Responsibility and 43% use Sustainability Reporting. Thus Sustainability reporting is the most commonly used term for these reports. Sustainability reports cover environmental, social and economic reporting.

According to Ioannou and Serafeim (2011), a sustainability report is a firm issued general purpose non-financial report, providing information to investors and the general public about the firm's activities around social, environmental and governance issues, either as standalone reports or as part of an integrated report. Up until now, the preparation and disclosure of sustainability reports remain mostly voluntary. There is no universally accepted framework for reporting sustainability but the most widely recognised framework is the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines. The guidelines provide universal guidance for reporting on sustainability performance. They are applicable to all entities including Small and Medium Enterprises (SME) and not-for-profit entities worldwide. It consists of principles and disclosure items. The principles help to define report content, quality of the report, guidance on how to set the report boundary, disclosures on management of issues as well as performance indicators (Addo, 2015).

In 2013, an update of the Sustainability Reporting Guidelines, known as the G4 was released by the GRI. The 3.1 GRI guideline was then replaced

by the materially-based 4.0 guideline in 2014 (“Global reporting initiative”, 2015). Ioannou and Serafeim, (2011) revealed in their study that, as at 2006, only 44 firms followed GR guidelines to report sustainability information. By 2010, the number of organizations releasing sustainability reports grew to 1,973. As at 2015, 7,500 organizations were using GRI guidelines to report on sustainability. Governments, stock exchange authorities and other global organizations and regulators encourage sustainability further by adopting laws and regulations that require organizations to produce such reports. In 2014, the European Commission (EU) adopted a directive that requires large multinational corporations to produce non-financial disclosure to the markets. This directive applies to companies with more than 500 employees (“Global reporting initiative”, 2015).

With the increasing pressures on companies, sustainability reporting has gained global popularity thus the number of reports produced by companies increased. This made it difficult for even sophisticated stakeholders to orient these disclosures and find what is relevant to them. Thus, as pressures mounted for more transparency in what goes on in an organization and the need for reports to prioritize and focus on the issues that are most relevant to all stakeholders, reporters, regulators, standard setters and other organizations, the need to come out with an all-inclusive report that will help solve this issue became apparent. The question of integration thus arose with the increasing number of reports and higher complexity in reports (Havlova, 2015a).

The need for integration led to the creation of the International Integrated Reporting Council (IIRC). The IIRC as part of its activities saw to the formation of a globally acceptable framework that could be used by

organizations when preparing integrated reports. According to the IIRC's Integrated Reporting (IR) framework (2013), an integrated report is a concise communication about how an organization's strategy, governance, performance and prospects, in the context of its external environment leads to the creation of value over the short, medium and long term. Its primary purpose is to explain to providers of financial capital how an organization creates value over time. Krzus (2011) states that "the core concept underlying IR is providing a one report that fully integrates a company's financial and non-financial (including environmental, social, governance and intangibles) information" (p.1). After the establishment of the International Integrated Reporting Council (IIRC) in August 2010, an IR framework was developed to be adopted by companies all over the world and to offer stakeholders a better understanding in disclosures.

The IIRC's initial formation involved His Royal Highness the Prince of Wales bringing together The Prince's Accounting for Sustainability Project (A4S), the GRI, and a cross section of representatives from civil society, corporate entities, accounting firms and organizations, regulators, non-governmental organizations and standard setters (IASPlus, 2013a). The objective of the IIRC since its establishment has been to create a globally accepted framework for a process that results in communication by an organization about value creation over time. In a bid to achieve this objective, the IIRC published a Discussion Paper towards IR in September 2011; formations of an IIRC pilot program in October 2011; released a prototype IR framework in November 2012 and published a Consultation Draft of the IR framework in April 2013. The final draft was then released in December 2013

(IASPlus, 2013a). Companies that adopt the IR framework must produce sustainability reports.

Statement of the Problem

Before IR became the possible solution to meet the changing trends of stakeholders, sustainability reporting was rapidly growing among large companies. According to the KPMG 2013 global sustainability report, 4100 companies out of 41 countries were reporting sustainability either voluntarily or were mandated to do so. This report researched companies that were listed or had different reporting structures such as private ownership or state owned businesses. Countries were selected from the Americas, Asia Pacific, Europe, Middle East and Africa. Analysis indicated that, in South Korea, South Africa, Portugal, Chile, Brazil and Sweden, sustainability reporting has increased over 90% since 2011.

In the report for 2015, it was revealed that the quality of sustainability reporting has improved slightly in the Asia Pacific but declined elsewhere (KPMG, 2015). Also, the main driver for sustainability reporting is legislative and that there is a growing trend of regulations requiring companies to publish non-financial information (KPMG, 2015). Reporting sustainability has now become a global trend. Companies are using the various sustainability reporting instruments to try and meet stakeholder needs. However, the most commonly used and the one that has come to be globally acceptable is the GRI framework (KPMG, 2013). Including sustainability reports in annual reports does not mean one is producing an integrated report.

Integrated Reporting is an evolving concept that is gradually gaining momentum. The primary objective of the IIRC is for IR to be accepted as the corporate reporting norm. According to the KPMG 2013 report on sustainability reporting, IR has gained significant momentum since the last survey in 2011, driven by the work of the IIRC to define a framework, by the King Code of Governance (King III) in South Africa, and worldwide by companies' own efforts to present investor-relevant non-financial information in reports. Many companies are taking steps towards IR. Among these companies are MR. Price Group Ltd - Africa, MTN Group – Africa, Goldfields – Africa, CIMA – Europe, Coca Cola Hellenic Bottling Company – Europe, Barclays Africa Group – Africa, ACCA – Europe and many others, since the launch of the IR framework in December 2013.

The world being seen as a global village means corporate firms, most especially those listed on the stock market, must be abreast with new developments. Ghana as part of International Federation of Accountants (IFAC) has adopted and complies with International Financial Reporting Standards (IFRS). IFAC is part of the formatters of IIRC hence it is safe to say that, companies in Ghana can soon become part of this regime. Anglo Gold Ashanti has already started. It published its integrated report based on the IIRC's framework in 2014. Also the presence of multinational companies will also ensure that companies move towards IR to ensure comparison and consistency if their parent companies are using the IR framework and if the 44 firms currently listed on the Ghana Stock Exchange (GSE) have the hope to continue to meet and attract international investors, they will all need to start producing integrated reports to meet international standards (GSE, 2016).

Krzus (2011), posits that

current reporting model does not focus on critical 21st century issues and lacks an orientation towards the future. Although many people recognize the shortcomings of current financial and sustainability reporting models, this has not translated into wide spread demand for change. (p.275).

He believed that, if not for anything at all, “the cumulative societal cost of past scandals, market bubbles, business failures and the 2008 financial crises”, the need for a more transparent corporate reporting model cannot be overlooked anymore (Krzus, 2011, p.275). However, despite all these moves indicating the rapidly gaining momentum across the globe, IR has seen very little public discussion and literature in Ghana except for its inclusion in the curriculum of some universities and that of the ICAG (C. A. A. ANIPA, personal communication, 2016; A. Addo, personal communication, 2015). This study therefore seeks to determine the development of IR in Ghana and also to add to the limited literature and discussion on IR.

Research Objectives

The main objective of the study is to determine the development of IR in Ghana among accounting practitioners. The specific objectives are to:

1. determine the level of awareness of accounting practitioners on IR.
2. determine the potential obstacles in adopting IR as the corporate reporting norm
3. determine the potential challenges in implementing IR as the corporate reporting norm; and

4. determine the potential benefits of IR as the corporate reporting norm.

Research Questions

1. What is the level of awareness of accounting practitioners on IR in Ghana?
2. What obstacles can hinder the adoption of IR as the corporate reporting norm?
3. What challenges can be faced in implementing IR as the corporate reporting norm?
4. How will the adoption of IR as the corporate reporting norm, benefit firms?

Significance of the Study

This study seeks to identify the prospects and challenges of adopting IR as the corporate reporting norm among listed firms in Ghana. It also seeks to determine the awareness of listed firms on IR and then try to determine the obstacles that can hinder the adoption of IR in Ghana. Also, the study will seek to identify benefits that come with using IR as the corporate reporting norm.

The researcher hopes that the findings from the study will add to the limited literature on IR and also encourage Ghanaian companies and the professional body and other organizations begin public discussions on IR leading to it being adopted as the reporting norm in Ghana.

Limitations

There was a difficulty in getting direct access to practicing professional accountants. Access to them had to be through a list of audit firms for 2015.

The researcher realized that though a list of professional accountants could have been acquired from the Institute of Chartered Accountants Ghana, however, not all of the members are practicing accountants. Hence the study had to limit itself to the access to practicing accountants acquired through the audit and accounting firms. Also, the sample size for the study had to be limited due to financial and time constraints. Again, the lack of literature on IR in Ghana was a major limiting factor. Finally, there were delays in responses during data collection

Organization of the Study

This study is organized into five chapters. The following sections of the study continue from chapter two, which covers the review of related literature. Chapter three addresses the methods adopted for the study. Chapter four discusses the results of the field data and the final chapter looks at summary of key findings, conclusion and recommendation.

CHAPTER TWO

LITERATURE REVIEW

Introduction

This chapter of the study is organized into four subtitles. These subtitles involve: Development of IR, The Difference between Current Reporting and IR, The Benefits of IR, The Obstacles of adopting IR, The Challenges of Implementing IR, The IR Framework, Empirical literature and a Summary.

Development of Integrated Reporting

Trends in Non-Financial Reporting

As a means to produce reports that meet stakeholder needs for a more decision useful report, corporate organizations and scholars proposed the Balanced Scorecard, Triple Bottom line and Sustainability Reporting and now IR, Nixon and Burns; Giovannoni and Maraghini (as cited in de Villiers, Rinaldi & Unerman 2014). The Balanced Scorecard is an internal performance measurement, reporting and management control mechanism that integrates financial and non-financial strategic measures Kaplan and Norton (as cited in de Villiers et al., 2014). In doing so, it aimed not only to overcome the limits often associated with financial indicators but also aligns individual/departmental goals with the overall strategic goals of the organization through tangible outcomes and measures (de Villiers et al., 2014). Though Balanced Scorecard measures are non-financial and forward looking they do not necessarily include social, environmental and sustainability thus unlikely for balanced scorecard measures to provide any form of integration between these measures (de Villiers et al., 2014). De

Villiers et al. (2014) study purports that, the Triple Bottom Line became popular towards the end of the 1990's. It suggested the need to disclose information regarding environmental and social matters. These reports however came to be referred to as sustainability reports.

Regulatory Developments in Sustainability Reporting

In the last two decades, with sustainability reports gaining attention from stakeholders, companies have tried to produce them either as standalone reports or as inclusion in reports (de Villiers et al., 2014). With its reporting mainly voluntary, though some countries have mandated it, a variety of initiatives offer tools, guidance and inspiration to assist with developing their sustainability strategy. There are several internationally accepted sustainability frameworks and other instruments with complementary harmony. Some have a comprehensive scope and others aimed at specific sectors, or focus on a single issue such as greenhouse gas emissions, climate change or the impacts of business activity on forests (Carrot & Sticks, 2016).

Some of these being the GRI, Sustainability Accounting Standards Board (SASB), United Nations Global Compact (UNGC), OECD Guidance for Multinational Enterprises, Greenhouse Gas Protocol (GHG) Protocol Corporate Standard, ISO 26000, International Labour Organisation (ILO) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, Carbon Disclosure Project (CDP), United Nations (UN) Guiding Principles on Business and Human Rights, Principles for Responsible Investment (PRI) Reporting Framework and Climate Disclosure Standard Board (Carrot & Sticks, 2016). Among these, GRI is the most commonly used

and accepted as the global reporting framework for sustainability (GRI, 2013). Disclosure of sustainability reports has become quite complex and lengthy thereby making it difficult for readers to appreciate and link the non-financial information and financial information. The Prince's Accounting Project formed in 2004 aimed to address this disconnect for many readers of sustainability reports.

Background of Integrated Reporting

Over the following years, several organizations and regulatory bodies responded to the challenge of providing a more holistic picture within sustainability reports, of interacting material, social environmental and economic actions impacts (de Villiers et al., 2014). Critiques assert that current sustainability reporting and corporate responsibility, environmental and social reports are largely deficient in qualitative aspects of completeness, accuracy, transparency and relevance, and offer several reasons for the inadequacies in current sustainability reports. These include the fact that such reports are voluntary and non-assured, and lack internationally imposed common guidelines or mandatory standards Marx and Van Dyk (as cited in Wild & van Staden, 2013). Also, they find that, though there has been an increase in environmental and sustainability reporting world-wide, this growth however does not mean stakeholders are being provided with high quality standard information (Wild & van Staden, 2013).

The reports are by far standalone reports or as supplements to financial information and fail to provide stakeholders with necessary links and connections to evaluate how the business is performing, strategy and value

creation (Wild & van Staden, 2013). Thus the development of IR was given impetus by the global financial crisis and driven by a perceived need for an improved method of reporting, that incorporates a method of financial and non-financial information necessary for effective decision making and risk management in the current business and financial environment (Abeysekera, 2013). Also, according to Hanks and Gardiner (as cited in Wild & van Staden, 2013), there is a growing awareness on the part of both corporates and investors on the interconnectedness between financial stability and environmental and social sustainability and the need for greater integration between financial and non-financial information and present and future-oriented data, in reporting to stakeholders. There have been some organizations who have taken initiatives practicing integrated reporting which some termed as 'One Report'.

According to Eccles and Saltzman (2011), the Danish company Novozymes, is generally considered the first company to issue an integrated report in 2002. The first United States (US) company to do so was United Technologies Corporation in 2008 followed by Southwest Airlines, Pepsico and American Electric Power in 2009 (Eccles & Saltzman, 2011; Eccles & Armbruster, 2011). Other early companies that practiced integrated reporting include French insurance company AXA, the German chemical company BASF, the Dutch company, Van Gansewinkel Group, the Brazillian company Natura, Philips (Eccles & Saltzman, 2011; Eccles & Armbruster, 2011). According to the GRI, approximately 160 companies that use its G3 Guidelines for Sustainability Reporting issued an integrated report in 2010 (Eccles & Armbruster, 2011). Based on the King III report, it has become

mandatory for all listed firms in South Africa to produce an integrated report. In France, the Grenelle II legislation requires all companies, both public and private, with 500 employees to provide non-financial information in their annual reports, which begun in 2012.

The Formation of the International Integrated Reporting Council

The year 2010 marked a turning point for IR. This was the year that the IIRC was formed to develop a globally acceptable framework for the development of IR. One of the reasons behind this move was the King III report. The IIRC is a global coalition of regulators, investors, companies, standard setters, the accounting profession and NGO's formed in 2010 by the GRI and the Prince's Accounting for Sustainability Project. The coalition is promoting communication about value creation as the next step in the evolution of corporate reporting. The mission of the IIRC was to establish integrated reporting and thinking within mainstream business practices as the norm for both public and private sectors. Their vision was to align capital allocation and corporate behavior to wider goals of financial stability and sustainable development through the cycle of integrated reporting and thinking (IIRC, 2013). One project they set out to do after establishment was to come out with a globally applicable framework for IR (IIRC, 2013), in conjunction with the IASB (Wild & van Staden, 2013).

The IIRC recognizes that many organizations will support global adoption of IR through endorsement, advocacy and profile rising within their networks. They accept that global adoption will not be possible without support from national and international organizations. It therefore partners

with the following organizations; Association of Chartered Accountants (ACCA), Chartered Institute of Management Accountants (CIMA), International Federation of Accountants (IFAC), CDP, GRI, SASB, and World Business Council for Sustainable Development to help them achieve the aim of making IR the corporate reporting norm worldwide (IIRC, 2013)

Activities of the International Integrated Reporting Council

The IIRC since its formation rapidly pursued its objectives by publishing a Discussion Paper Towards Integrated Reporting in September 2011. This was the first step in the development of an International Integrated Reporting Framework. The mission behind the Discussion Paper was to build on existing developments in reporting such as the international convergence of accounting standards, sustainability standards published by organizations such as the GRI and the IASB'S IFRS Practice Statement Management Commentary. In the Discussion Paper, the IIRC proposed the following guiding principles that would underpin the preparation of an integrated report; strategic focus, connectivity of information, future orientation, responsiveness and stakeholder inclusiveness, and conciseness, reliability and materiality. These guiding principles were to be applied in determining the content of an integrated report based on the following key elements; organization overview and business model, operating context including risk and opportunities, strategic objectives, governance and remuneration, performance, and future outlook. In order to understand the concepts underlining the Discussion Paper, the following capitals were proposed; financial capital, intellectual capital, human capital, manufactured capital, natural capital and social capital. The Discussion Paper noted that, the development of IR would require a change in

established thinking about decision making and reporting and identified regulatory change as one of the challenges (IASPlus, 2011a).

In October 2011, the IIRC launched a pilot program, which run for 2 years. The program involved groups of organizations from varying sectors who worked as a peer group network, exchanging knowledge and sharing experiences towards the development of an International Integrated Reporting Framework, envisaged in the IIRC's Discussion Paper. The initial program involved over 40 companies from Sweden, United Kingdom, The Netherlands, Italy, Spain, United States of America, France, China, Sri Lanka, Germany, South Africa, Switzerland, Australia, Brazil, Denmark, Russian Federation, Japan and Canada (IASPlus, 2011b). The IIRC later released a finalized prototype of its <IR> Framework (IRF) in November 2012. The prototype was drafted through the parallel efforts of a number of topic-specific collaboration groups, the IIRC's Technical Task Force and the IIRC Secretariat, and also took into consideration constituent feedback received from the Discussion Paper (IASPlus, 2012).

In April 2013, a Consultation Draft of the IRF was published together with a number of Background Papers on key IR concepts that led into the development of the Consultation Draft. The draft sought to create the foundations, for a new reporting model to enable organizations to provide concise communications of how they create value overtime. The draft framework reflected on inputs received by the IIRC in response to earlier consultation through the Discussion Paper (and feedback on a Prototype Framework), the findings from the IIRC's pilot program and the results of other outreach activities (IASPlus, 2013b). The final draft was later released in

December 2013. The IIRC encouraged and continue to encourage companies worldwide. A company that adopts the IRF must prepare it in accordance with the framework (The IRF, 2013). The draft framework noted that, although IR builds on developments in financial and other reporting, an integrated report differs from other reports and communications in a number of ways. In particular, it has a combined emphasis on; conciseness, strategic focus and future orientation, the connectivity of information, the capitals, the business models, the ability to create value in the short, medium and long term, and providers of financial capital as the primary audience (IASPlus, 2013a).

According to the King III report, IR means a holistic and integrated representation of the company's performance in terms of both its finances and its sustainability (Eccles & Saltzman, 2011). The IIRC defines IR as a concise communication about how an organization's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value over the short, medium and long term. IR represents a fundamental shift away from the traditional financial reporting focus on retrospective reporting for shareholders (in accordance with past and current legislative requirements) towards an emphasis on future-focused information on strategy, risk, opportunity and value creation (Wild & van Staden, 2013); Thus rendering conventional reporting inadequate in providing material and relevant information to meet investor's needs.

The Difference Between Current Reporting and Integrated Reporting

IR intends to present a fundamentally different range of foci since the traditional statements of comprehensive income, movement in equity, cash flows and balance sheets are of limited usefulness when dealing with

evaluation of future structural and operational risk and opportunity, strategy and supply chain decisions. The IIRC has recognized the differences between current reporting and IR in terms of thinking, stewardship, focus, timeframe, trust, adaptability, conciseness and use of technology. This is shown in the table 1:

Table 1: Difference between Current Reporting and IR

	Current Reporting	IR
Thinking	Isolated	Integrated
Stewardship	Financial capital	All forms of capital
Focus	Past, financial	Past and future, connected, strategic
Timeframe	Short-term	Short-term, medium and long-term
Trust	Narrow disclosures	Greater transparency
Conciseness	Long and complex	Concise and material
Use of technology	Paper based	Technology based

Source: Chartered Institute of Internal Auditors [CIIA], (2015)

The Benefits of Integrated Reporting

Philips, Watson and Willis (as cited in Wild & van Staden, 2013) identified the advantages of firms providing integrated reports as including those of facilitating in ‘seeking new business opportunities, safeguarding reputation, maximizing competitive advantage and mitigating operations risk’. Hoffman, (2012) also found that, management of the early adopters of IR believe that, IR has the potential to,

Focus the business on the really material issues; achieve integrated thinking and integrated management; consider risks and opportunities more widely (including environmental, social and governance, and stakeholder engagement); communicate strategy more effectively; enhance performance reporting; and streamline reporting externally and internally. (p.4)

According to Havlova (2015b), IR benefits adopters, IT companies, users, auditors and advisors. In the case of adopters, it makes reporting easy; IT companies get opportunities to higher profits connected with tailor-made IT solutions. Users will be able to link and connect the information provided in the report. Auditors can increase profits because they get to request higher fees for more work connected with new way of reporting and advisors because they can offer services related to IR adoption. Krzus (2011) identified four critical benefits of IR as follows; greater clarity, better decisions, deeper engagement and lower reputational risk. Krzus believes that, with IR, management will be able to coherently describe the relationships between financial and non-financial information, make better-informed decisions about the relationships between financial and non-financial performance to improve the efficient and effective use of capital and other resources. In using the internet a company will be able to develop deeper engagement process, leading to shareholders gaining a more holistic perspective of the company, and IR will develop a chain of events that can help companies to effectively focus on risk since IR will help companies come to understand the effect of its strategic and tactical choices on society.

A study by the ACCA in 2014 also identified three benefits accruing to an organization that adopts IR. The study agreed that, IR brings about improved stakeholder engagement because the reports will be combining financial with non-financial information; it also brings about improved business performance by reflecting on how organizations execute strategy to give a clear understanding to the key performance indicators underpinning the strategy; it also leads to companies having to comply with reporting requirements. The report highlighted that, the main benefit of IR is to show that an organization promotes sustainability (Atkins & Maroun, 2014). Eccles and Armbrester (2011) believe that IR can assist in increasing the share price of a company since IR will ensure that a company implementing it will have a sustainable strategy. He further asserts that, IR “provides a high level of transparency, so that the company gets full credit for its performance by making it easy for analysts and investors to get the needed information”.

The Challenges of Implementing Integrated Reporting

Though the theoretical benefits of IR are obvious, some questions and challenges have been raised. Questions raised include: what government legislators and the public should expect to be considered as the minimum level of reporting criteria and to what extent businesses’ reports are to go beyond complying with reporting standards? Steyn (2014a) identified the following as challenges that may arise in implementing IR: forward-looking statements, information systems to support reporting principles and materiality.

Future orientation has been described as one of the key guiding principles of the integrated report by the IIRC. Thus organizations are to

report on the short, medium and long term objectives and how to achieve them. Hanks (as cited in Steyn, 2014a) purports that,

IR requirements represents a significant shift in emphasis from reporting on historical performances to the inclusion of forward looking information which includes performance objectives and targets, as a result, the challenge for those responsible for preparing the integrated report is how to move from traditional structure and detailed approach prescribed by the IFRS to a more integrated forward-looking approach. p.485.

Also, Watson (as cited in Steyn 2014a) purports that “those individuals who prepare the integrated report need to apply their minds to methods in which useful forward-looking information can be provided in the integrated report and discarding information that is harmful to business activities” p.485.

IR unlike current reporting requires the coalition of material information on an organization’s strategy, governance, performance and prospects such that it reflects the commercial, social and environmental context in which the organization operates (Steyn, 2014a). As a result data needs to be collected on factors that were previously not being reported on and this could require costly adjustment of management information systems as IR operates on different metrics and methodology. The Prince Accounting for Sustainability Project (as cited in Steyn, 2014a) revealed that,

determining, measuring and gathering data is identified as one of the key challenges to the successful implementation of integrated decision-making and reporting systems. This is particularly

challenging because the quality and robustness of environmental and social data is often questioned and it may, furthermore, often be necessary to gather data over a relatively long period before it becomes apparent how relevant this information is to the business. p.485-486.

“While there are clear guidelines on what materiality may mean for annual financial statements and sustainability reports, there is considerably less experience to draw on when it comes to assessing materiality in the context of IR” Hanks (as cited in Steyn, 2014, p.486). This can be attributed to the fact that what is important information is difficult to translate in terms of money (Steyn, 2014a). The report by the Chartered Institute of Internal Auditors in 2015 revealed that, “guidance on integrated reporting suggests that some elements of integrated reporting can be difficult to implement (such as conciseness) or even seem contradictory (conciseness vs. completeness; transparency vs. competitiveness; reporting constraints vs. operational performance). The right balance will need to be struck regarding

- the scope and supporting information of the organization’s integrated reporting
- communication of long term objectives or sensitive information on strategy
- management of several business models due to market protection and product diversity
- comparability without established and shared standards for each type of capital
- the processes ensuring the quality of disclosures

- the level and nature of assurance needed
- materiality for non-financial risk” p.8.

The Integrated Reporting Framework

According to the IIRC’s IRF, the objective of the framework is to establish Guiding Principles and Content Elements that govern the overall content of an integrated report, and to explain the fundamental concepts that underpin them. The framework is written primarily in the context of private sector, for-profit companies of any size but can also be applied or adapted if necessary by public sector and not-for-profit organizations. It identifies information to be included in an integrated report for use in assessing an organizations ability to create value, but does not set benchmarks for such things as, the quality of an organization’s strategy or the level of its performance. Reference to creating value includes instances when value is preserved and when it is diminished and relate to value creation overtime (over the short, medium and long-term) (The IRF, 2013).

The primary purpose of IR is to explain to providers of financial capital how an organization creates value overtime. It therefore contains financial and non-financial information that is to benefit all stakeholders interested in an organization’s ability to create value overtime, including employees, customers, suppliers, business partners, local communities, legislators, regulators and policy makers. The framework is principles – based. It intends to strike an appropriate balance between flexibility and prescription that recognizes the wide variations in individual circumstances of different organization while enabling a sufficient degree of comparability across organizations to meet relevant information needs. It does not prescribe specific

key performance indicators (KPI), measurement methods or the disclosure of individual matters, therefore those responsible for its preparation need to exercise judgment, given specific circumstances of the organization to determine what is material, and how they are disclosed. An IR should be a designated identifiable communication thus; it is intended to be more than a summary of information by making clear the connectivity of information to communicate how value is created overtime unlike a financial statement, sustainability report, analyst calls, or on a website (The IRF, 2013).

In applying the framework, any communication claiming to be an IR and referencing the framework should apply all the requirements identified in the framework (in bold italic), unless; there is lack of reliable information or specific legal requirements prohibits disclosure of such material information and disclosure of such material information will competitively harm the organization. In the case where there is the lack of reliable information or specific legal prohibitions, an IR should; indicate the nature of the information that has been omitted, explain the reason for its omission and where there is lack of data, steps taken to obtain the information and expected time frame for doing so should be identified. An IR should include a statement from those charged with governance that includes; an acknowledgement of their responsibility to ensure the integrity of an IR, an acknowledgement that they have applied their collective mind to the preparation and presentation of the IR and their opinion or conclusion on whether the IR is presented in accordance with the framework. If it does not include such statements, it should explain; what role those charged with governance played in its preparation and presentation, what steps are being taken to include such a statement in future

reports and the time frame for doing so, which should be no later than the organization's third IR that references the framework (The IRF, 2013).

The framework proposes the fundamental concepts that underpin and reinforces the requirements and guidance in the framework along with five Guiding Principles and Content Elements. The fundamental concepts explain the value created an outline of multiple capitals and the value creation process. The framework explains that, value created by organizations overtime manifests itself in increases, decreases or transformations of the capitals caused by organizations business activities and outputs and that value has two interrelated aspects, that is, value for the organization itself which enable financial returns to the providers of financial capital and others, which is stakeholders and the society at large. Providers of financial capital are those interested in the value an organization creates for itself and those it creates for others when it affects the ability of the organization to create value for itself or relates to a stated objective of the organization (example, an explicit social purpose) that affects their assessment (The IRF, 2013).

Furthermore, the IRF proposes that, an IR should display an organization's stewardship not only of financial capital but also of the other capitals (manufactured, human, intellectual, natural and social), their interdependence and how they contribute to success. Thus capitals are categorized and described in table 2 (The IRF, 2013):

Table 2: Description of Capital by the IIRC

Financial Capital	Financial capital is broadly understood as the pool of funds available to an organization. This includes debt, equity or grants generated through operations or investments
Manufactured Capital	Manufactured capital is seen as human-created, production-oriented equipment and tools.
Intellectual capital	Peoples skills and experience, and their capacity and motivations to innovate.
Social and Relationship Capital	The relationships and institutions within and between each community, group of stakeholders and other networks to enhance
Natural Capital	Natural capital is an input to the production of goods or the provision of services. An organization’s activities also impact positively or negatively on natural capital.

Source: Wild & van Staden (2013)

The guiding principles underpin the preparation and presentation of an <IR> and also inform the content of the report and how information is presented.

The guiding principles for structuring IR are described in table 3:

Table 3: Guiding Principles Prescribed by the IIRC

Strategic Focus	Insight into the organization’s strategic objectives and how those objectives relate to its ability to create and sustain value overtime and the resources and relationships on which the organization depends.
Connectivity of Information	The connections between the different components of the organization’s business model, external factors that affect the organization and the various resources and relationships on which the organization and its performance depend.
Future Information	Management’s expectations about the future as well as other information to help users understand and assess the organization’s prospects and the uncertainties it faces.
Responsiveness and Stakeholder Inclusiveness	The organization’s relationships with its key stakeholders and how and to what extent the organization understands, takes into account and responds to their needs.
Conciseness, Reliability and Materiality	Provides concise, reliable information that is material to assessing the organization’s ability to create and sustain value in the short, medium and long-term.

Source: Wild & van Staden, 2013; The IRF (2013)

The content elements are described in table 4:

Table 4: Content Elements Prescribed by the IIRC

Organizational Overview and External Environment	What does the organization do and how does it create and sustain value in the short, medium and long-term?
Governance	What is the organization’s governance structure and how does governance support the strategic objectives of the organization and relate to the organization’s approach to remuneration?
Business model	What is the organization’s business model (inputs, business activities, outputs and outcomes)
Risks and Opportunities	What are the specific risks and opportunities that affect the organization’s ability to create value over the short, medium and long-term and how is the organization dealing with them?
Strategy and Resource Allocation	Where does the organization want to go and how does it intend to get there?
Performance	To what extent has the organization achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals?
Outlook	What challenges and uncertainties is the organization likely to encounter in pursuing its strategy and what are the potential implications for its business model and future performance?
Basis of Preparation and Presentation	How does the organization determine what matters to include in the integrated report and how are such matters quantified or evaluated?

Source: Wild & van Staden, 2013; The IRF (2013)

According to the framework, the content elements are fundamentally linked to each other and are not mutually exclusive. The order of the content elements as listed in the framework is not the only way they could be

sequenced; accordingly, the content elements are not intended to serve as a standard structure for an integrated report with information about them appearing in a set sequence or as isolated, standalone sections. Rather, information in an integrated report is presented in a way that makes the connections between the content elements apparent (The IRF, 2013).

Stakeholder Theory

This study is underpinned by the Stakeholder Theory. According to Parmar, Freeman, Harrison, Wicks, Purnell and Cole (2010) stakeholder theory came about as a new concept to know and solve three related business problems. These are, “the problem of understanding how value is created and traded, the problem of connecting ethics and capitalism, and the problem of helping managers think about management such that the first two problems are addressed” (p.404). They further posit that, if the theory is adopted “as a unit of analysis the relationships between a business and the groups and individuals who can affect or are affected by it, then we have[sic] a better chance to deal effectively with these problems” (p.405).

Freeman (as cited in Roberts, 1992) established that, indeed the activities of stakeholders does play a major factor in the corporate decision making of an organization and also meeting stakeholder demands will be an effective tool in achieving the strategic objectives of a firm. Parmar et al. (2010) posits that,

there has been a great deal of discussion about what kind of entity ‘stakeholder theory’ really is. Some have argued that it isn’t a ‘theory’, because theories are connected sets of testable

propositions. Others have suggested that there is just too much ambiguity in the definition of the central term to ever admit of the status of theory. Still others have suggested that it is an alternative ‘theory of the firm’, contra the shareholder theory of the firm. (p.406)

They however,

see ‘stakeholder theory’ as a ‘framework’, a set of ideas from which a number of ideas can be derived...often use ‘stakeholder theory’ to refer to the rather substantial body of scholarship that depends on the centrality of the stakeholder idea or framework. For some purposes, it is surely advantageous to use the term in very specific ways (e.g., to facilitate certain kinds of theory development and empirical testing); but for others it is not. (p.406).

Parmar et al. (2010) and Donaldson and Preston (1995) argue that, the theory has three distinct aspects. These are the descriptive approach, the normative approach and the instrumental approach. Donaldson et al. (1995) posits that, the theory is descriptive in the sense that, it can be “used to describe, and sometimes to explain, specific corporate characteristics and behaviors” (p.70). He further asserts that, “in conjunction with descriptive/empirical data where available, is used to identify the connections or lack of connections, between management and the achievement of traditional corporate objectives”. (p.71). Also, normatively, the theory is used to interpret the function of the corporation, including the identification of

moral or philosophical guidelines for the operation and management of corporations”. (p.71).

Donaldson et al. (1995) asserts that,

The descriptive aspect of stakeholder theory reflects and explains past, present and future states of affairs of corporations and their stakeholders... instrumental uses of stakeholder theory make a connection between stakeholder approaches and commonly desired objectives such as profitability. Instrumental uses usually stop short of exploring specific links between cause...and effect...in detail but such linkage is certainly implicit...in normative uses, the correspondence between theory and the observed facts of corporate life is not a significant issue...instead a normative theory attempts to interpret the function of and offer guidance about, the investor-owned corporation on the basis of some underlying moral or philosophical principles. (p.71-72)

Freeman (as cited in Donaldson et al., 1995) agrees by stating that, “the changing events create a descriptive fit for the theory”...he also “endorsed the theory’s instrumental basis...explore the logic of this concept in practical terms, i.e, in terms of how organizations can succeed in the current and future business environment. (p.72). Evan and Freeman (as cited in Donaldson et al., 1995) “in a later, however, justified the theory on normative grounds, specifically its power to satisfy the moral rights of individuals” (p.73). Donaldson et al., (1995) conclude that, though quite different, the three

approaches mutually support each other “and that the normative base serves as the critical underpinning for the theory in all its forms” (p.66).

Justification for the Study

The theory was deemed appropriate for the study because it is consistent with the view that, for businesses to continue to thrive and achieve their objectives, they will have to come to the understanding that, a firm deals with a larger group outside its stockholders and also it needs to work effectively and efficiently to meet the demands of each stakeholder. Suffice to say, the persistent demand by stakeholders over the decades for non-financial reports to be included in corporate reports is being met by the IIRC. This is reflected in the efforts of the IIRC in pushing for the IRF to be the corporate reporting norm. Parmar et al., (1992) in their study, discussed “the influence of stakeholder theory on corporate social reporting, as found in the accounting literature...examine the influence of stakeholders on other accounting practices...provide an analysis of use of stakeholder theory in the accounting literature and provide some recommendations for future research” (p.423).

Parmar et al., (2010) on the issue of the influence stakeholder theory on corporate social reporting, they concluded that, “reporting is a function of multiple influences, and that these influences are interconnected” (p.423). Suffice to say, corporate firms could not continue to remain adamant to the calls from stakeholders for firms to produce a holistic and transparent report.

The descriptive, instrumental and normative aspects of the theory are evidenced in this study. As calls for a holistic report which is transparent became persistent, corporate bodies and regulators over the decades and in

recent years have come up with standards, reporting guidelines as indicated in this study. This reflects the descriptive aspects of the theory. The instrumental aspects of the theory is evidenced in the study with regards to the efforts of the IIRC, other regulatory bodies and corporations in promoting IR as the corporate reporting norm. They believe that if the framework is adhered to, companies will not only fulfil the demand of stakeholders for a holistic and transparent report but also assist them in achieving their strategic goals and also fulfil the concept of going concern. The normative aspects of the study is evidenced in the fact that, as long as stakeholders, in one way or another, contribute to value creation in an organization, they do have the right to know how organizations utilizes their resources to create value.

Empirical Literature

IR as an evolving concept is gradually gaining momentum. During the last years, studies and papers on IR have focused on the early adopters who participated in the pilot program undertaken by the IIRC and also changes in the process that relate to the acceptance of the IRF (Havlova, 2015b). Some have also come out with papers that focused on how IR might be the best reporting framework that will mandate and push sustainability reporting.

Havlova (2015a) in her study aimed to identify the best practice of IR and what most often figures dedicated to stakeholders and how many of the reports the entities published. The study revealed that, the 42 companies studied published results related to financial figures, environmental and social issues, quality management, ethics, and products. Out of these, the most disclosed were about companies' products, charity and other social activities. The researcher believed that, there is still space for IR in the Czech Republic

as the companies studied did not yet follow the trend. Furthermore, the researcher showed that the place for IR was taking off in the background as the most frequent information that were currently being disclosed except for financial results were products, social, responsibility and goals and strategy. She further purported that; those topics should not be omitted from the report. The purpose of de Villiers et al, (2014) paper was to synthesis insights from accounting and accountability research into the rapidly emerging field of IR. He proposed a comprehensive agenda for research in this area. The paper further showed the rapid developments of IR policy and early developments of practice and present theoretical empirical challenges because of the different ways in which IR was understood and enacted within institutions. It highlights many areas where further robust academic research is needed to guide developments in policy and practice.

The purpose of Feng, Cummings and Tweedie (2017), paper was to establish how stakeholders interpreted integrated thinking and how IR thinking was being practiced in the pilot program. They found that, the concept of integrated thinking hasn't been fully defined and communicated by the IIRC. They also established that, understanding of IR was unfolding within practice.

Eccles & Saltzman (2011) believed that, the clock was ticking for the creation of a sustainable society. Thus for the idea of a sustainable society to become realistic, IR is the perfect tool to push that agenda. Krzus (2011) supports this believes. In his paper, he suggests that IR will accelerate the process of learning how to measure business success in new ways, which will be a positive development in a more accountable form of capitalism. He

further opines that, if IR is successfully implemented around the world, integrated reporting will advance the urgent vision for business to create value for both the company and society, thereby contributing to lasting prosperity on a healthy planet.

Wild and van Staden (2013) in their paper aimed to provide insights into the early stage development of IR analyzing reports from early adopters. The study showed that, early integrated reports are in general lengthy rather than concise and failed to adhere to all the guiding principles. It also found that early IR adoption was not dominated by high social and environmental impact industries as suggested in other literature but by the financial services industries. Havlova, (2015b) study on early adopters aimed to assess how integrated reporting changes the ways of reporting and which benefits arise from its adoption. In assessing the quantities of reports, the study showed that, with greater adoption of IR, the number of reports being published by companies are decreasing although companies still publish more than one disclosure. It also showed that, IR changed the volume and extent of disclosures and usage of information technology in reporting.

Another study looked at why directors are particularly concerned about signing off on IR reports in Australia and evaluated possible solutions that may ease these concerns and found that, the bases to the liability concerns was that, there are many similarities between the OFR requirements in the corporations act and the requirements of IR. Also IR could be compared with an enhanced form of OFR reporting. The study by Ioannou and Serafeim (2015) examined the effect of mandatory sustainability on several measures of socially responsible management practices and revealed that, there is a

positive impact of mandatory sustainability reporting on socially responsible management practices. They also established that effects were higher to countries that had stronger enforcement measurements, countries where assurance of sustainability data was more frequent, and countries that are more developed. Thus, a country's culture on sustainability may promote the quick adoption of IR as the corporate reporting norm for that country.

Abeyssekera (2013) aimed to outline the concept of IR and to propose a template for integrated reporting in organizations. The findings revealed that, integrated reports should explain the story of reaching the organization's vision underpinned by its values, enacted by management, monitored by governance and using facets of resources relating to financial capital, intellectual capital, social capital and environmental capital. Atkins, Solomon, Norton and Joseph (2015) opine that, specialist socially responsible investment managers are starting to attend private financial reporting meetings, while mainstream fund managers are starting to attend private meetings on environmental, social and governance (ESG) issues. Furthermore, senior company directors were becoming increasingly conversant with ESG issues. James (2014) found that,

overall, accounting majors tend to support sustainability reporting of multiple performance indicators relating to environment and safety, employees and community and corporate governance both in terms current year and comparative information. It also revealed that, students also tend to believe that high-quality sustainability reporting standards, mandatory reporting, and the adoption of an integrated reporting format will enhance annual reporting. p.93.

Cheng, Green, Conradie, Konishie and Romi (2014), conclude that the experience in South Africa on IR shows that IR is not really complex. They believe that for IR to succeed in its role of creating value in an organization through accounting, it does not only depend on their ability to effectively adopt the IRF but also, the organization must adopt new thinking and act toward adapting major business model. Atkins and Maroun (2014) studied 20 members of the south African institutional investment community and found that: the community welcomed IR despite concerns and obstacles looking forward to its development and progress and viewed IR as an improvement in disclosures that will enhance decision making: the mandatory introduction of IR was seen as a means that will improve the reputation of South African companies on the global financial markets and its competitiveness. Steyn (2014a) revealed that,

Listed companies, in a mandated regulatory regime implemented in a short period with reference to a highly prescriptive draft framework, attach value to the IR process primarily from the perspective of their corporate reputation, investor needs and stakeholder engagement and relations. This strengthens the business case for voluntary IR as a reporting regime. P.476.

His study suggested that, resource allocation decisions and cost were not as a result of implementing IR. However, there will be the need for changes in management information systems with associated costs to satisfy the requirements of IR. The study further revealed that companies will not compile integrated reports only because of the perceived benefit that, IR will

lead to either the creation of new business model and encourage sustainable product development or assessing economic value creation strategy.

Chapter Summary

The IIRC with the help of its partners and supporters are gradually pushing IR to be the corporate reporting norm. Though some companies are known to have started providing reports that were in the form of an integrated report, with the King III report, the IIRC and other organizations backing promoting IR, several other companies have joined this move.

The literature establishes that, the early adopters of IR believe IR to be the best form of corporate reporting to mandate and promote sustainability reporting among firms. The IRF has established a framework that is basically a strategic business and stakeholder approach to reporting. It was noted that, there is no consensus as to what IR means. Some studies however raise the question as to whether IR is really a strategic business and stakeholder approach for reporting or a means for companies to show, without actually practicing it.

Due to the South African experience with IR, it is believed that, aside the fundamental factors; consistent reports, transparent report and sustainability report, which are driving the adoption of IR worldwide, a major factor that will drive the adoption process will be the institutionalization and legitimization of it. However, it was also noted that, if the IRF is fully and accurately adopted and implemented, not only will it fulfil stakeholders growing concern for a more transparent corporate report, but also help firms achieve their strategic goals and objectives.

CHAPTER THREE

RESEARCH METHODS

Introduction

This chapter describes how data required for the study was collected and analyzed. Specifically, it is organized into Research Design, Population, Sampling Procedures, Data Collection Instruments, Data Processing and Analysis.

Research Design

The research design describes the framework that one's study takes. There is not a design that fits a particular research. At times, depending on the nature of the study, a researcher will have to combine two designs to fulfill its purpose. There are three commonly used research designs. These are the Qualitative approach, the Quantitative approach and the Mixed Method approach.

Qualitative research approach is concerned with subjective assessment of attitudes, opinions and behavior. This approach generates results in non-quantitative form. Quantitative research approach on the other hand involves generating data in quantitative form which can be subjected to rigorous quantitative analysis in a formal and rigid analysis (Kothari, 2004). The mixed method approach however is an approach that combines both quantitative and qualitative approaches. Thus both methods complement the inadequacies that exist in the other.

This study however adopts the qualitative approach. According to Antwi and Kasim (2015), qualitative research is used when little is known

about a topic or phenomenon and when one wants to discover or learn more about it and also commonly used to understand people's experiences and to express their perspectives. It is concerned with subjective assessment of attitudes, opinion and behavior. Qualitative research is such that, results are generated in non-quantitative form or in the form which are not subjected to rigid quantitative analysis (Kothari, 2004). Qualitative research thus seemed appropriate for this study as the study seeks to determine: the level of awareness of accounting practitioners on IR; the potential obstacles in adopting IR as the corporate reporting norm; the perceived challenges in implementing IR as the corporate reporting norm; and the perceived benefits in adopting IR as the corporate reporting norm. The study specifically adopts the exploratory research design.

Exploratory research design is a design that examines a subject or problem so as to gain further insight into the subject or problem. According to Saunders, Lewis and Thornhill (2012), "it is a valuable means to ask open questions to discover what is happening and gain more insights about a topic of interest. It is particularly useful if you wish to clarify your understanding of a problem, such as, if you are unsure of the precise nature of the problem" (p. 171). Exploratory research aims at understanding the problem under study.

Exploratory research is flexible and adaptable to change (Saunders et al., 2012). It is also appropriate to use when little or no information is known of the subject under study, as it is with this research [Kothari, (2004); Saunders et al. (2012); Zikmund, Babin, Carr & Griffin, (2013)]. As such, this design was deemed appropriate for the study because, in Ghana, the literature on IR is very little, as indicated in chapter one of the study. By using this approach, the

researcher seeks to determine the knowledge of accounting practitioners in Ghana on this evolving concept.

Population

The target population for the study was made up of accounting practitioners acquired from a list of licensed firms collected by the ICAG in 2015. The total number of firms is 225. These firms are located across Ghana with most of them located in the Accra metropolis. Out of this number, 201 are located in the Accra Metropolis.

Sample and Sampling Procedure

The simple random sampling technique was deemed appropriate for this study because the sampling frame for the study was accurate and easily accessible and also in electronic format. It also ensured that each respondent in the population had an equal chance of being sampled (Zikmund et al., 2013). Furthermore, taking time and money into consideration, it was the easiest and convenient technique to use.

The sample size was determined taking into consideration the fact that, the larger the sample size, the more robust the distribution. Stutely (2003) as cited in Saunders et al. (2012) advise that one's sample size is large enough if $n > 30$, where n represents the sample size. They further assert that "in order to ensure spurious results do not occur, the data analyzed must be normally distributed" (p.265). Statisticians have proven that, a sample size is close to being normally distributed if it is large enough (Saunders et al., 2012). Therefore, by using the Krejcie and Morgan 1970 sample size determination table, at a 5% margin of error and with a sampling frame of 225, the sample

size for the study is 151 (“Sample size determination using krejecie and morgans table”, 2012).

The simple random sample technique was used to select the sample size of 151 from the sample frame. The list of certified firms had already been numbered but not in no particular order. These numbers were written on sheets of paper after which they were folded and put in a bowl. Numbers were drawn out of the bowl randomly without replacement, till the total number of the sample size was reached. The respondents were then contacted through telephone and email addresses.

Data Collection Instrument

The instrument used for this study was a questionnaire. Best and Khan (1996) as cited in Yeboah (2010) “explained that the questionnaire may serve as the most appropriate and useful data gathering device in a research project if properly constructed and administered because it has a wide coverage and can reach respondents more easily than other methods”. (p.35-36). The questionnaire item was made up of both structured and unstructured questions. The questionnaire was used because; it serves as a quick means to collect data from a relatively large respondent. It is also economical and easy to construct. Studies however have revealed that, the questionnaire when used may be limited to literate population and information such as feelings, cannot be acquired.

The questionnaire for this study was designed for practicing accounting professionals from selected firms. It mostly consisted of closed

ended questions with a few open ended questions, which were deemed to be easier for respondents to answer.

The questionnaire is designed in 5 sections: A – E. The section A entailed demographic information about respondents. The sections B – E was based on the research questions in this study. It was constructed on a Likert scale which is “a psychometric scale commonly involved in research that employs questionnaire” (Likert scale, 2017). In a Likert scale, respondents are required to respond to each statement of the questionnaire, with regards to several degrees, usually 5 but can be 3 or 7, of agreement or disagreement (Kothari, 2004). In this study, the Likert scale was constructed on a 5 point scale. The degrees of agreement or disagreement was expressed in number for from 1-5. The degrees of agreement or disagreement was Strongly Disagree, Disagree, Neutral, Agree and Strongly Agree; with 1 representing Strongly Disagree, 2 representing Disagree, 3 representing Agree, 4 representing Agree and 5 representing Strongly Agree.

Data Processing and Analysis

Data from the study was analyzed using Excel spreadsheet. Descriptive statistics such as frequency distribution and percentages was used to analyze the data.

Chapter Summary

The study adopted the qualitative approach to assist in discovering more about the study and also find out accounting practitioners experiences and perspectives of the study. Specifically, the study adopted the exploratory

research design. To facilitate collection of data, the study used the simple random sampling technique.

The study however, was limited by the difficulty in getting access to the sample, time and money constraints.

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This chapter presents the findings from the data gathered for the study. The researcher hopes that, the findings of this study can assist in creating awareness among Ghanaian companies of the increasing trend in the use of IR and also add to the limited literature and discussions on IR in Ghana. The data for the study was collected from a sample size of 151. The chapter is divided into two main sections. The first section presents the findings in terms of the level of awareness of accounting practitioners on IR, the obstacles in adopting IR as the corporate reporting norm, the challenges in implementing IR as the corporate reporting norm, and the benefit of IR as a corporate reporting norm. The chapter also discusses the findings in relation to the literature presented in earlier chapters of the study.

The process of data analysis involves making sense out of text and image data. The data gathered was analyzed using Excel spreadsheet and presented in the form of tables, graphs and charts, whenever appropriate.

Presentation of Findings

The following presents the findings of the study in terms of the level of awareness of accounting practitioners on IR, the obstacles in adopting IR as the corporate reporting norm, the challenges in implementing IR, and the benefits of IR as a corporate reporting norm. It starts with a brief description of the background information of respondents, followed by the actual findings in relation to the objectives of the study.

Demographic characteristics of respondents

Given the nature and information needs of the study, respondents with diverse demographic characteristics were selected from the audit and/or accounting firms to provide the necessary information required in the study. The respondents were randomly selected to provide data that is relevant to achieving the objectives of the study. Some basic background information that was collected from each respondent included the gender of the respondent, the number of years a respondent has been in the employment of the firm, respondent's educational/academic qualification and the professional qualification/affiliation of respondents.

The background information about respondents was relevant in providing the researcher with a reasonable degree of assurance on the reliability and credibility of data collected from them (respondents). A total number of 151 questionnaires were administered to the respondents. However, 143 were received, representing a response rate of 95.33%. A brief overview of the background of these respondents from whom answered questionnaires were retrieved is presented as follows.

Gender of respondents

Sex roles have an important component in determining the behavior or reaction of respondents towards contemporary developments in every aspect of life (societal, cultural, organizational, etc.). It is therefore significant to examine gender as a category in this study. The figure below shows the gender distribution of respondents.

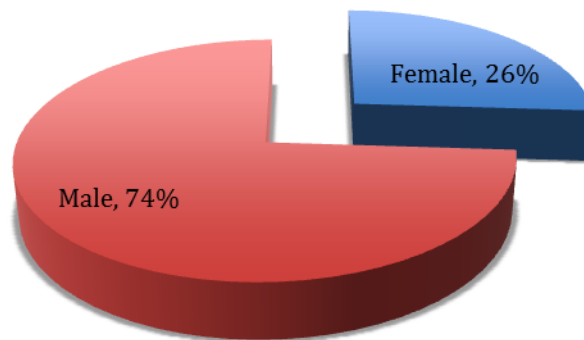


Figure 1: Gender of Respondents

Source: Field survey, 2017

As shown in Figure 1, the respondents were made up of 106 males, representing 74%, and 37 females, representing 26%.

Educational background of respondents

The education level of an individual has a considerable effect on his/her perception, awareness, and knowledge on issues such as IR. In this study, the educational level of the respondents is significant because it is likely to impact on their level of knowledge on IR. The information on the next page shows the educational background of respondents.

Table 5: Educational background of respondents

	Frequency	Percent
HND and below	24	10.6
Education up to Bachelor Degree	107	47.1
Education up to Master Degree	12	5.3
Professional Chartered Qualification	84	37.0
Total	227	100.0

Source: Field survey, (2017)

From table 5, twenty-four (24) respondents representing 10.6% of the respondents had either an HND or a qualification below HND. One hundred and seven (107), representing 47.1% had up to a Bachelor's level degree, whilst twelve (12) of the respondents representing 5.3% had up to a Master's level degree. Amongst these three categories of respondents, eighty-four (84), representing 37% had a professional chartered qualification.

Working experience of respondents

The number of years a respondent have worked in an accounting/audit firm may determine the level of his/her understanding and appreciation of issues relating to the subject under study. Thus, data relating to the number of years those respondents have been working in the accounting/audit firms were collected and presented in Figure 2.

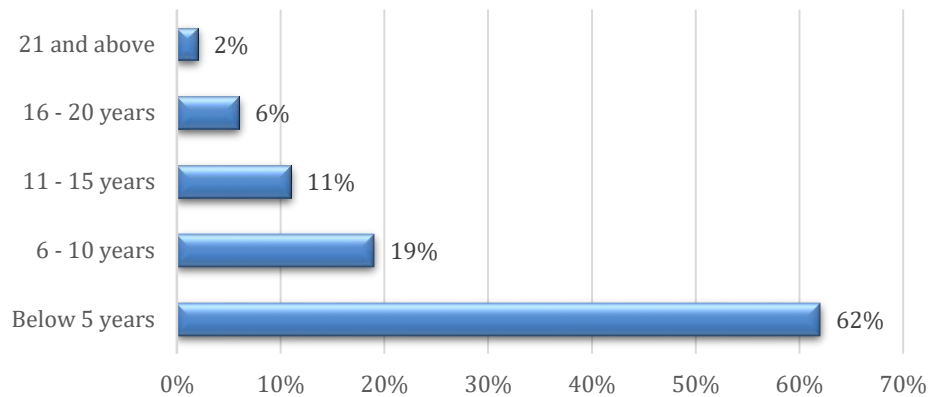


Figure 2: Working Experience of Respondents

Source: Field survey 2017

Figure 2 revealed that majority of the respondents forming 62% have worked in the audit/accounting firms between a year and five (5) years; 19% between six (6) to ten (10) years; 11% between eleven (11) to fifteen (15) years; 6% between sixteen (16) to twenty (20) years; with the rest of 2% working for twenty (21) years and above.

Accounting practitioners' level of awareness on Integrated Reporting

Respondents were asked whether they were aware of the concept of Integrated Reporting. Interestingly, all the respondents (100%) responded in the affirmative, attesting to the fact that they are aware of the concept of IR. Respondents were also asked to indicate their source of knowledge on IR, and three major sources were cited, comprising; text books, lecture materials/notes, tutors, and peers.

In furtherance to assessing the level of awareness, respondents were asked to indicate whether they are aware of the International Integrated Reporting Council (IIRC) and its activities. With regards to awareness on IIRC, 87% of the respondents answered 'yes', whilst the remainder of 13%

responded 'no'. This revealed that majority of the respondents are aware of the IIRC. Consequently, respondents who responded 'yes' to affirm their awareness on the IIRC were asked whether they are aware of the activities of the IIRC. Surprisingly, only 4% of that number of respondents responded in the affirmative, with the remainder of 96% responding in the negative.

Also, respondents were asked to indicate whether they are aware of the Integrated Reporting Framework (IRF), and the results of this question revealed that only a few (2.11%) of the respondents were aware of the IRF. One major issue of interest to the researcher was to find out from the respondents whether in their opinion, sustainability reporting is the same as IR, and the responses to this question revealed that majority (63.23%) of them regard the two (sustainability reporting and IR) as different concepts, though a considerable number (36.77%) see the two (sustainability reporting and IR) as the same concept.

Obstacles that can hinder the Adoption of IR as the Corporate Reporting Norm

Respondents were asked to indicate the extent to which they agree or disagree with the following obstacles that hinder the adoption of IR on a five-point Likert-scale. The views of respondents on these obstacles are presented in Table 6.

Table 6: Obstacles that Hinder the Adoption of IR

Perceived Obstacles of Adopting IR	1		2		3		4		5	
	f	%	f	%	f	%	f	%	f	%
The cost to be incurred in the adoption process	0	0	0	0	0	0	97	67.8	46	32.2
Fear of liability on the part of directors for signing off on integrated reports	16	11.2	37	25.9	14	9.8	58	40.6	18	12.6
Domination of the agenda of auditors and reporting consultants	62	43.4	41	28.7	8	5.6	13	9.1	19	13.3
'Impression management', that is, the introduction of misleading bias, by corporate report prepares	71	49.7	29	20.3	13	9.1	17	11.9	13	9.1
The fear of releasing information that management may not want stakeholders to know about	4	2.8	8	5.6	12	8.4	93	65.0	26	18.2
Conflict of interest about what information to release due to cultural differences between parents and subsidiary companies.	2	1.4	30	21.0	14	9.8	66	46.2	31	21.7

Source: Field survey, (2017)

It can be seen from Table 6 that 67.8% of respondents agree to the statement that the cost to be incurred in adopting IR can be an obstacle that can impede the adoption process, with 32.2% also strongly agreeing to same. None of the respondents neither disagreed nor strongly disagreed, neither were they neutral to the fact that cost of adopting IR can serve as an obstacle to the adoption process.

Concerning fear of liability on the part of directors for signing off on integrated reports as an obstacle to the adoption of IR, 40% of the respondents agreed with this statement, with 12.6% strongly agreeing to same. However, 11.2% strongly disagreed to this statement, with a considerable number of 25.9% disagreeing, whereas 9.8% were neutral to the perception that fear of liability on the part of directors for signing off on integrated reports as an obstacle to the adoption of IR can serve as an obstacle to the adoption process.

With regards to the fear of management releasing information that they may not want stakeholders to know about being an obstacle to the adoption of IR, majority (65%) of the respondents agreed to this statement, with 18.2% strongly agreeing to same. On the other hand, 2.8% of the respondents strongly disagreed with this statement, with 5.6% disagreeing, whilst 8.4% of the respondents remained neutral.

It can be seen from Table 6 that majority of the respondents either agreed or strongly agreed that issues such as cost to be incurred in adopting IR; fear of liability on the part of directors for signing off on integrated reports; fear of releasing information that management may not want stakeholders to know about; and conflict of interest about what information to

release due to cultural differences between parents and subsidiary companies are obstacles that can impede the adoption of IR as a corporate reporting norm. On the other hand, majority of the respondents either disagreed or strongly disagreed with the statement that domination of the agenda of auditors and reporting consultants; and impression management (that is, the introduction of misleading bias, by corporate report prepares) can serve as obstacles to the adoption of IR.

Challenges that can be faced in Implementing IR as the Corporate Reporting Norm

In order to achieve the third objective of this study, respondents were asked to indicate the extent to which they agree or disagree with the following statements as the challenges that hinder the implementation of IR on a five-point Likert-scale. The views of respondents on these challenges are presented in Table 7.

Table 7: Perceived Challenges that can be faced in Implementing IR

Perceived Challenges of Implementing IR	1		2		3		4		5	
	f	%	f	%	f	%	f	%	f	%
Determining, measuring and gathering quality and robust environmental and social data may be difficult and costly	0	0	0	0	46	32.2	56	39.1	41	28.7
Determining, measuring and gathering certain social and environmental data may take longer than its required to publish financial reports	0	0	18	12.6	17	11.9	76	53.1	32	22.4
There is no clear guidelines on what materiality may mean in the context of IR unlike traditional reporting	0	0	13	9.1	96	67.1	22	15.4	12	8.4
IR is forward looking, thus preparers of integrated reports will find it difficult to move from traditional structure and approach prescribed by the IFRS	0	0	20	14.0	81	56.6	29	20.3	13	9.1

Source: Field survey, (2017)

It can be seen from Table 7 that majority (39.1%) of the respondents perceive the difficulty and cost involved in determining, measuring and gathering quality and robust environmental and social data as a challenge in implementing IR in organizations, with 28.7% strongly agreeing to this perception. Surprisingly, a considerable number (32.2%) are neutral to this perceived implementation challenge, even though none neither disagreed nor strongly disagreed with this statement.

With regards to the length of time in measuring and gathering certain social and environmental data, majority (53.1%) of the respondents perceived this as a challenge in implementing IR, with 22.4% strongly agreeing to same. However, 12.6% of the respondents disagreed with this perceived challenge of implementing IR as the corporate reporting norm.

With regards to the lack of clear guidelines on what materiality may mean in the context of IR unlike traditional reporting, and the forward looking nature of preparing IR as implementation challenges, majority of respondents (67.1% and 56.6% respectively) were neutral to these statements as challenges to implementing IR as the corporate reporting norm. However, 15.4% and 20.3% of respondents respectively agreed to these statements, whereas 8.4% and 9.1% of them respectively strongly agreed to both statements as challenges to the implementation of IR. On the other hand, 9.1% and 14% of respondents respectively disagreed with these statements, with none of them strongly disagreeing with both statements as challenges of implementing IR.

Benefits of Adopting IR as the Corporate Reporting Norm

The fourth objective of this study was to find out from respondents benefits of adopting IR as the corporate reporting norm. Hence, respondents were asked to indicate the extent to which they agreed or disagreed with the following statements as the benefits associated with adopting IR, on a five-point Likert-scale. The views of respondents on these benefits are presented in Table 8.

Table 8: Benefits of Adopting IR as the Corporate Reporting Norm

Perceived Benefits of Adopting IR	1		2		3		4		5	
	f	%	f	%	f	%	f	%	f	%
IR will enhance international competitiveness	2	1.4	8	5.6	46	32.2	67	46.8	20	14.0
IR will provide greater clarity in reports to stakeholders	26	18.2	19	13.3	66	46.1	18	12.6	14	9.8
IR will make stakeholders make better-informed decisions on financial statements	0	0	0	0	26	18.2	73	51.0	44	30.8
IR will assist management to make strategic decisions	12	8.4	15	10.5	18	12.6	79	55.2	19	13.3
IR will improve the reputation of organizations	0	0	0	0	23	16.1	102	71.3	18	12.6
IR will help maximize the competitive advantage of organizations	0	0	0	0	4	2.8	98	68.5	41	28.7
IR will help organizations reduce risk	14	9.8	18	12.6	56	39.2	31	21.6	24	16.8
IR will help organizations to be more open to varying opportunities around them	0	0	3	2.1	63	44.1	48	33.6	29	20.2

Source: Field survey, (2017)

Table 8 indicates that, the benefit that most respondents found as accruing to organizations that adopt IR is, the improvement in the reputation of organizations; as 71.3% agreed to this perception, with 12.6% strongly agreeing to same, although 16.1% were neutral in their response to this perception. None of the respondents neither disagreed nor strongly disagreed with this benefit of adopting IR. Following this is respondents' agreement to the statement that the adoption and implementation of IR maximizes the competitive advantage of organizations. With respect to this statement, 68.5% agreed, whilst 28.7% disagreed, with a small number (2.8%) being neutral. Also, none of the respondents neither disagreed nor strongly disagreed with the statement that the adoption and implementation of IR maximize the competitive advantage of organizations.

As to whether the adoption and implementation of IR will help organizations to be more open to varying opportunities around them, 44.1% of the respondents, constituting the majority number remained neutral in their response. Nonetheless, a considerable number (33.6%) agreed with this statement, with 20.2% strongly agreeing, though a few (2.1%) of them disagreed. Similarly, majority (39.2%) of respondents were also neutral in their response to the statement that the adoption and implementation of IR will help organizations reduce risk. However, there was much difference between the number that responded in agreement with this statement (21.6%) and the number that disagreed with this statement.

In the same vein, majority (46.1%) of respondents were unsure as to whether IR will provide greater clarity in reports to stakeholders. As a matter of fact, this statement received the most neutral, least agreed, and the highest

disagreed response from respondents as compared to the other statements, as seen from Table 4.4. Also majority (46.8%) of the respondents agreed to the statement that IR will improve the reputation of organizations, with a considerable percentage (32.2%) unsure in their response to this assertion as such responded neutral to this statement.

Discussion of Results

This section discusses the findings of the study in relation to the literature reviewed in previous chapters. This is to identify how the findings of this study confirm and/or contradict the findings of other studies reviewed in chapter 2. The discussion is done based on the objectives of the study.

Accounting practitioners' level of awareness on IR

The results of the study indicate that, the respondents have a fair knowledge on the concept of IR, even though there wasn't consensus as to whether IR is the same as sustainability reporting. This mixed result is evident in the literature. For example, whereas Feng, Cummings, and Tweedie (2017) establishes the lack of consensus on whether IR is the same as sustainability reporting, de Villiers et al. (2014) attempts to establish a clear distinction between the two concepts (IR and sustainability) by arguing that, while sustainability reporting aims at providing social, environmental and economic information to a wide range of stakeholders, IR seeks to present information related to broad risk evaluation and potential future value growth thus appealing to capital providers and potential investors. Further, Feng et al. (2017) found in their study that there was no well-developed concept of, or consensus on, what IR means at the conceptual level.

The lack of consensus in this study on whether IR is the same as sustainability reporting could be attributed to respondents' lack of knowledge in the activities of the IIRC, and the content of the IRF. This confirms the argument of Feng et al. (2017) that in the absence of a solid conceptual foundation, stakeholders would choose to self-interpret what IR means in light of their own experience and context. Hence, they postulate that difference, and not necessarily consistent interpretations of integrated thinking are emerging through organizational discourse and practice.

Consistently, the study of Ahrens and Chapman (2000) found no consensus on what the IR concept means or entails. In contrast however, they found that the shared explanations of their participants on IR were largely derived from IIRC publications, rather than fully developed philosophies. This contradicts the findings of this study regarding the source of knowledge on IR, where the respondents cited sources such as textbooks, lecture materials/notes, tutors, and peers.

Obstacles that can hinder the adoption of IR

Consistent with the findings of this study where majority (40.6%) agreed that the fear of liability on the part of directors to sign off on integrated reports, posed as an obstacle that can hinder the adoption of IR, Huggins, Simnet and Hargovan (2015), established that, directors reluctance in signing off on integrated reports was due to personal legal liability concerns. A considerable number of respondents (25.9%) also disagreed with this claim creating contradicting opinions.

Unlike this study where the majority (49.7%) strongly disagreed to impression management being an obstacle, Atkins and Maroun (2014) found that interviewees believed that, integrated reports were “characterized by elements of impression management”(p.12). the findings of this study could be attributed to the lack of knowledge of respondents on the activities of the IIRC and what the IRF entails. Similarly, Atkins and Maroun (2014) established that, domination on the agenda of auditors and reporting consultants could hinder the development of IR in a company hence can hinder the adoption of IR. But in this study, respondents strongly disagreed (43.4%) that this could be an obstacle.

Consistent with this study where (46.2%), the majority, agreed with the perceived obstacle that, conflict of interest about what information to release due to cultural differences between parents and subsidiaries, Hoffman (2012) established in his paper that, the conflicting needs and interest among stakeholders posed an obstacle that will require management to be focused and innovative in dealing with it. Similarly, where the majority of respondents (67.8%) agreed and (32.2%) strongly agreed that indeed cost to be incurred in the adoption process may hinder the adoption of IR, Steyn (2014a) revealed that, resource allocations decisions and cost were not as a result of implementing IR but cost to be incurred will arise as a result of the need for changes to be made in the management information systems to help facilitate the adoption and implementation of IR and cost that may be incurred in gathering the needed ESG data.

Challenges of adopting and implementing IR

Respondents perceived challenge regarding the difficulty and cost involved in determining, measuring and gathering quality and robust environmental and social data is consistent with the study of Steyn (2014a), who established in their study that, there will be the need to develop adequate information systems and processes to supply reliable information needed in the report. Thus determining, measuring and gathering quality and robust environmental and social data may be difficult and costly and will also take a considerably long to gather.

Although a considerable number (56.6%) of the respondents were neutral to the perception that the forward looking nature of preparing IR is an obstacle to the adoption and implementation process, unlike in Steyn (2014a) where they found that the forward looking nature of IR was perceived to “pose a significant challenge in respect to providing suitable content to users of the report without compromising business confidentiality”. (p.494).

The study found that, the majority (67.1%) of the respondents were neutral as to whether will be able to spell out what materiality may mean unlike in traditional reporting, will pose a challenge in the implementation of IR. Hanks (2016) believed that, “integrated reporting process will not only produce a report that is material and fit for purpose but ideally will also assist in addressing what respected business strategy guru, Michael Porter, has called the out-dated approach to value creation”. Hoffman (2012) also found that, materiality in IR has not been an issue as was originally anticipated.

Benefits of adopting IR as the corporate reporting norm

The significant finding of this section revealed that, the most highlighted benefit of IR perceived by a substantial majority of responses (71.3%) is improved and positive corporate reputation. This result is consistent with the study of Philips, Watson and Willis (as cited in Wild & van Staden, 2013) and Krzus (2011) who posit IR to be a good opportunity for companies to reduce their reputational risk. This goes to show that the improvement of corporate reputation are regarded as the most significant benefit and outcome of IR, suggesting that IR is perceived by corporate managers as an effective tool for legitimizing corporate activities.

Although, respondents for this study were unsure as to whether IR will help organizations to be more open to varying opportunities around them, Hoffman (2012) and Philips, Watson and Willis (as cited in Wild & van Staden, 2013) found in their study that, IR will indeed help organizations to be more open to varying opportunities around them. These contradicting findings can be attributed to the findings of this study which suggests that, respondents have little knowledge of what IR and the IRF entails.

Although a considerable (46.32%) number of respondents were neutral to IR enhancing international competitiveness as a benefit. However, the majority (46.8%) agree to IR enhancing international competitiveness as a benefit. This conflicting response can be attributed to the stated fact in this study that, the awareness level of IR and the activities or the IRF and IIRC is very low in Ghana. Though Philips, Watson and Willis (as cited in Wild & van Staden, 2013) posits that, IR will facilitate the need for companies to seek more opportunities. Similarly, Krzus (2011) believed strongly that, with IR,

management will be able to coherently describe the relationships between financial and non-financial information and Hoffman (2012) supports this stating that, IR has the potential to “communicate strategy more effectively”. (p.4). However, the majority (46.1%), of the respondents of this study were neutral with a considerable (18.2%) strongly disagreeing with this supposition.

Consistent with this study where the majority (51.0%) agreed and a considerable number of respondents (30.8%) strongly agreed that, IR will make stakeholders make better – informed decisions on financial statements, Krzus (2011) believed that, IR will indeed enable stakeholders make better – informed decisions about the relationships between financial and non – financial performance to improve the efficiency and effective use of capital and other resources. Similarly, as this study found that (55.2%) forming the majority of the respondents, considered IR will assist management to make strategic decisions, Eccles and Armbrester (2011) consistently found in their study that. IR will ensure that a company implementing it will have a sustainable strategy. Hoffman (2012) agrees to this with his finding that, IR has the potential to communicate strategy more effectively. Atkins and Maroun (2014) established that, IR will bring about improved business performance by reflecting on how organizations execute strategy to give a clear understanding to the key performance indicators underpinning the strategy.

The majority of respondents (68.5%) and a considerable number of respondents (28.7%) believed that, IR will help maximize the competitive advantage of organizations. Consistently, Philips, Watson, Willis (as cited in Wild & van Staden, 2013) found that IR can maximize the competitive

advantage of organizations. Also, whereas the majority (39.2%) were neutral to the fact that IR can help reduce organizational risk, Philips, Watson and Wilson (as cited in Wild & van Staden, 2013) however found that, IR can indeed help mitigate operational risk of an organization,

Summary of Key Findings

The findings of the study revealed that, when it came to general awareness of IR, accounting practitioners had a limited idea on what the concept is. Another finding was that, respondents could not make clear distinction between IR and sustainability reporting. Respondents' responses revealed that, their lack of knowledge in the activities of the IIRC and the IR framework hence their inability to fully interpret and appreciate the meaning and scope of IR. Finally, the study revealed that, their responses about challenges and benefits of adopting and implementing IR, stems from their own thoughts, experiences and competences.

CHAPTER FIVE

SUMMARY CONCLUSIONS AND RECOMMENDATIONS

Introduction

This chapter presents the summary of results, conclusions as well as recommendations for the study. The chapter is organized into four sections. The first section presents the summary of key findings of the study. The second presents the conclusions of the study. The third and fourth sections present recommendations and suggestions for future research respectively.

Summary of Results

This section presents a summary of the findings of the study, with a focus on the key findings. The study determined the level of awareness of accounting practitioners on IR, the obstacles in adopting IR as the corporate reporting norm, the challenges in implementing IR as the corporate reporting norm, and the benefit of IR as the corporate reporting norm.

The study revealed that when it comes to general awareness on IR, accounting practitioners had a considerable idea on what the concept is. Respondents were also aware of the IIRC, even though the results indicate they are not conversant with the activities of the IIRC. With respect to awareness on the IRF, the results indicate a low level of awareness among respondents. The study also found that, respondents were not clear in their minds as to whether the concept of IR is the same as sustainability reporting. This is because whereas some regard the two concepts as same, others regard them as two separate concepts.

Moreover, the study found that respondents perceive the adoption cost of IR as the major obstacle that could impede the adoption of IR by organizations. It was the only obstacle that respondents either agreed or strongly agreed with, whereas none neither disagreed nor strongly disagreed, neither were they neutral to the perception that this could be an obstacle to the adoption of IR. Followed by this obstacle is the perception that managements' fear of releasing information that they may not want to reveal to stakeholders could be an obstacle to the adoption of IR.

This perceived obstacle and others such as, the fear of liability on the part of directors for signing off on integrated reports, received mixed responses from respondents. Thus, whereas some agreed with these obstacles, others were neutral and some disagreed as well. It is worthy to note that none of the respondents either agreed or disagreed with the statement that domination of the agenda of auditors and reporting consultants; and impression management (that is, the introduction of misleading bias, by corporate report prepares) could be obstacles to the adoption of IR.

Further, respondents were not clear as to whether the lack of clear guidelines on what materiality may mean in the context of IR unlike traditional reporting, and the forward looking nature of preparing IR could be a challenge in the implementation process. This is because majority of respondents were neutral in their response to this to this statement.

With respect to the benefits associated with the adoption and/or implementation of IR, none of the respondents neither disagreed nor strongly disagreed with the statement that the adoption and/or implementation of IR

could enhance the reputation/image of organizations. Tied to this is respondents' agreement to the statement that the adoption and implementation of IR could maximize the competitive advantage of organizations. As to whether the adoption and implementation of IR will help organizations to be more open to varying opportunities; reduce risk; and provide greater clarity in reports to stakeholders, respondents were unsure as majority of them were neutral in their response to these perceived benefits.

Conclusions

This section presents the conclusions of the study. These conclusions are drawn from and informed by the findings of the study.

It can be deduced from the findings that there is a misunderstanding of the inter-relationships between IR and sustainability reporting, which could be the result of a misconception about the two concepts by respondents, arising from the lack of knowledge on the activities of the IIRC and IRF as exhibited by respondents. Thus, if respondents were knowledgeable on the activities of the IIRC, they would appreciate the fact that the IIRC's vision of integrated reporting also encompasses a reasonably broad understanding of sustainable development and of the range of stakeholders who might be affected by organizational actions. This goes further to imply that, though accounting professional in Ghana are aware of IR, they do not have the knowledge to interpret and appreciate the full meaning and scope of IR.

It could also be concluded from the findings of the study that respondents' perception about the challenges and benefits associated with the adoption and implementation of IR is an internally crafted story of their own

thoughts, experiences and competences. This is because of the lack of respondents' awareness and knowledge on the activities of the IIRC and the contents of the IRF.

Recommendations

This section presents recommendations on what could be done to enhance the level of awareness and knowledge of practitioners in IR. The recommendations are based on the findings and conclusions drawn from the study.

Although the IIRC has its vision and mission, and other matters relating to IR outlined in the IRF, it is recommended that the IIRC further articulates and refines aspects of the framework to give a comprehensive understanding of the concept of IR. Particularly, the inter-relations between sustainability reporting and IR must be clearly set out in the IIRC's framework on IR. This would shape practitioners and other stakeholders' understanding of IR in ways that would advance the intent of the IIRC to make IR the corporate reporting norm. Such a step is necessary because the evidence in this study shows that key aspects of IR are confusing in the minds of respondents.

Secondly, it is recommended that the Institute of Chartered Accountants, Ghana (ICAG) in partnership with other relevant institutions develop a local framework for IR aimed at addressing issues that are specific (politically, legally, cultural, etc.) to the Ghanaian context. Such a framework must have a greater focus on broader social, environmental and sustainability issues than the IIRC's framework.

Also, it is imperative for the ICAG to publish relevant issues pertaining to IR on its website at regular intervals to serve as a source of knowledge to practitioners. Beyond this the ICAG must keep a database of its members and regularly send them correspondents and relevant developments in the area of IR. This would go a long way to constantly update the knowledge of its members on contemporary issues such as those relating to IR, thereby increasing their level of awareness and knowledge.

Finally, as a rapidly developing concept, it is recommended that academic institutions such as Universities incorporate IR in their curricular. Such an initiative of focusing on IR would provide a richer and more holistic picture of the development and relevance of IR among potential accounting practitioners. As academic interest in IR grows, academic documentation of its initial developments along with a range of insights into other aspects of it would provide academics researching in this area with a solid foundation upon which to build their research. This could also provide regulators and reporting organizations with valuable insights to help inform further development of policy and practice.

Suggestions for further Research

Drawing on the findings and conclusions of the study, the researcher makes the following suggestion for future studies. This study looked at the level of awareness and knowledge on IR from the view-point of accounting practitioners. Therefore, future research can be conducted from the view-point of potential accounting practitioners, such as accounting students. This can bring forth the gap in the level of awareness and/or knowledge on IR between practitioners and students with its attendant effect on the extent to which

matters of IR should be incorporated into the academic curricular of institutions.

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APPENDICES

APPENDIX A

Questionnaire for the Study

The purpose of this questionnaire is to obtain information for a dissertation, which is in partial fulfillment of a master's degree in Accounting at UCC. It is hoped that the results of the survey will help determine the awareness by firms in Ghana on this evolving trend in corporate reporting, Integrated Reporting (IR) and also add to the body of literature on it. Kindly complete the questionnaire objectively and to the best of your knowledge. Please respond to all items and do it honestly. No attempt will be made to associate your name with the completed study. All information will be kept confidential. Thank you.

Section 'A'

Please complete the following information.

1. Gender Female [] Male []

2. Number of years in organization.

 Below 1 [] 2-5 [] 6-10 [] 10+ []

3. Level of academic qualification

 HND [] Degree [] Masters [] PhD []

 Other? Specify

4. Professional affiliation/qualification? Tick as many as appropriate

ICAG [] ACCA [] CIMA [] CIB []

Other(s)? Specify

Section 'B'

LEVEL OF AWARENESS ON INTEGRATED REPORTING

Please indicate Yes or No in this section

5. Are you aware of IR? Yes [] No []

6. If 'Yes', what was your source (s) of awareness?

.....

7. Do you know about the International Integrated Reporting Council (IIRC)?

Yes [] No []

8. Do you know about the activities of the IIRC since its formation?

Yes [] No []

9. Do you know about the Integrated Reporting Framework (IRF)?

Yes [] No []

10. If 'Yes' in 7 and 8 can IR serve as a tool to reduce corporate reporting scandals?

Yes [] No []

11. In Ghana, has there been any discussions, articles, or books on IR that you know of

Yes [] No []

12. Has the accounting professional body, ICAG, published any paper on <IR> that you are aware of?

Yes [] No []

13. In your opinion, is IR the same as sustainability reporting?

Yes [] No []

In your opinion, can IR cause a change in current management practices of organizations?

Yes [] No []

Section ‘C’

WHAT OBSTACLES CAN HINDER THE ADOPTION OF <IR> AS THE CORPORATE REPORTING NORM?

Please indicate (by ticking) the extent to which you agree or disagree to the following statements.

The following can hinder the adoption of <IR>	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
The cost to be incurred in the adoption process					
Fear of liability on the part of directors for signing off on integrated reports					
Domination of the agenda of auditors and reporting consultants					
‘Impression management’, that is, the introduction of misleading bias, by corporate report prepares					
The fear of releasing information that management may not want stakeholders to know about					
Conflict of interest about what information to release due to cultural differences between parents and subsidiary companies.					

Section 'D'

WHAT CHALLENGES CAN BE FACED IN IMPLEMENTING IR AS THE CORPORATE REPORTING NORM?

15. Please indicate (by ticking) the extent to which you agree or disagree with the following statements.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Determining, measuring and gathering quality and robust environmental and social data may be difficult and costly					
Determining, measuring and gathering certain social and environmental data may take longer than its required to publish financial reports					
There is no clear guidelines on what materiality may mean in the context of integrated reporting unlike traditional reporting					
IR is forward looking, thus preparers of integrated reports will find it difficult to move from traditional structure and approach prescribed by the IFRS					

Section 'E'

HOW WILL THE ADOPTION OF IR AS THE CORPORATE REPORTING NORM BENEFIT FIRMS?

16. Please indicate (by ticking) the extent to which you agree or disagree to these statements.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
IR will enhance international competitiveness					
IR will provide greater clarity in reports to stakeholders					
IR will make stakeholders make better-informed decisions on financial statements.					
IR will assist management to make strategic decisions					
IR will improve the reputation of organizations					
IR will help maximize the competitive advantage of organizations					
IR will help organizations reduce risk					
IR will help organizations to be more open to varying opportunities around them					