ACTA UNIVERSITATIS AGRICULTURAE ET SILVICULTURAE MENDELIANAE BRUNENSIS

Volume 63 236 Number 6, 2015
http://dx.doi.org/10.11118/actaun201563062161

SOCIAL AND ENVIRONMENTAL REPORTING AS A PART OF THE INTEGRATED REPORTING

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Abstract

TURTUREA MIHAELA. 2015. Social and Environmental Reporting as a Part of the Integrated Reporting. *Acta Universitatis Agriculturae et Silviculturae Mendelianae Brunensis,* 63(6): 2161–2170.

Social and environmental aspects, considered valuable factors in decision making process, play an important role within the nowadays complex business environment. Recent accounting literature reveals that the need for disclosing non-financial information is widely debated based on the fact that considerable decisions cannot be supported only by referring to past financial performances. This paper, organized as an empirical study, aims to provide an overall image upon social and environmental disclosures inside the integrated reports of the companies which have taken part for three consecutive years in the International Integrated Reporting Council (IIRC) Pilot Programme Business Network. The research is conducted among the integrated reports issued by companies belonging to various industries, coming from France, Germany and United Kingdom. The results achieved show that companies fail to present a complete picture regarding their social and environmental performances and implicitly fail to achieve the intended purpose of the IIRC in promoting the accounting for sustainability. An overall result shows that companies coming from Germany disclose the least social and environmental aspects within integrated reports as compared to British and French organizations.

Keywords: integrated reporting, sustainability, social reporting, environmental reporting, complexity, IR Framework, information disclosure, ESG disclosure score

INTRODUCTION

Today's financial and nonfinancial reporting complexity are widely argued based on the fact that considerable decisions cannot be supported only by referring to past financial performance of a company (King and Roberts, 2013: 15), there have to be taken into consideration also issues regarding environmental, social and governance matters (Eccles and Krzus, 2010: 83; Frias-Aceituno *et al*., 2013). The current financial reporting which represents a communication tool addressing the company's financial position and performance background to different stakeholders, is too narrow and too simplistic (Eccles and Krzus, 2010: 59).

Traditional corporate reporting implies the use of historical financial information and provides short-term financial perspectives, without considering more complex aspects of a company's activities regarding nonfinancial features such as social, environmental, corporate governance issues, being the main reason for which decision-making process is hampered (Reverte, 2014). The "single-minded focus on profit in isolation" addressed within King and Roberts (2013) scientific work, also referred to by other researchers (Berndt *et al*., 2014),tries to underline the role profit maximisation has played over the years as a determinant for the 2007/2008 global financial crisis (Breitenfellner and Wagner, 2010). Davis (2009), Freeman and Reed (1983) cited by Berndt *et al*. (2014) consider that financial institutions cannot influence anymore decisions regarding company's welfare based only on shareholder value.

The starting point of this research is represented by the results achieved by Van Zyl (2013) regarding environmental and social sustainability which determined a very low integration of social and environmental aspects within integrated reports. Also, critical perspectives of a few researchers (Flower, 2014; Adams, 2014; Thomson, 2014) upon the inclusion of sustainability within integrated reports have motivated the examination of these issues.

This paper aims to provide an overall image upon integrated reporting, scrutinizing whether social and environmental disclosures are being addressed properly based on a recent accounting literature review. The first section frames the scientific context regarding integrated reporting, followed by a revision of social and environmental disclosures and reporting. The last section provides evidence regarding the way British, French and German entities include social and environmental aspects within their integrated reports based on a content analysis of their latest integrated reports issued.

Accounting for Sustainability (A4S), governed by Prince of Wales, together with Global Reporting Initiative (GRI) are the main actors which have built up in August 2010 the nowadays International Integrated Reporting Council. Both organizations have played an important role in the corporate reporting evolution, having almost the same goals: the aim of the A4S can be identified from its title – "accounting for sustainability", while GRI's mission is observed as "promoting the use of sustainability accounting" according to Flower (2014).

To date, integrated reporting (IR) has met various definitions,the latest one, presented within the Framework (2013: 33), observes IRas „a process founded on integrated thinking that results in a periodic integrated report by an organization about value creation over time and related communications regarding aspects of value creation". Also, an integrated report represents „a concise communication about how an organisation's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value over short, medium and long term" (Framework, 2013: 33). King and Roberts (2013: 43) define an integrated report as a concise report which comprises only important pieces of information in order to demonstrate a company's ability to create value.

Being only four years old, IR is debated among researchers (Flower, 2014; Thomson, 2014; Adams, 2014) on the basis that it does not meet anymore the objectives stated in its conceptual phase regarding social and environmental aspects. One of the reasons sustainability accounting seems to be abandoned within the IR Framework is based on the fact that the IIRC board is dominated by "the accountancy profession and multinational companies which are determined to control the initiative that threatened their established position" (Flower, 2014: XX). In addition, Flower (2014) analyzes the content of the main IR pillars (the Press Release of 2010, the IIRC's Discussion Paper of 2011 and the IIRC's Framework of 2013) with respect to the inclusion of the words "sustainability, sustainable or sustain" within these documents and observes a decreasing trend. In the last document, the word "sustainability" is mentioned only a single time showing another proof for sustainability abandonment within the integrated reports. However, Adams (2014, pp: XX) argues that IR should not be confused with sustainability reporting and provides evidence regarding the differences between the two forms of reporting, as follows: "sustainability reporting targets a wider stakeholder audience than does <IR>, which focuses primarily on providers of financial capital, particularly those with a long term view and focuses on impacts on the environment, society and the economy, rather than on the effects of the capitals on value creation over time, as in <IR>".

Integrated reports, considered „the main output" of IR (IIRC, 2011:6) are anticipated to become an entity's principal report, meant to replace traditional corporate reporting (Flower, 2014; King and Roberts, 2013). While some researchers consider that the integrated report is not fulfilling the status of a company's primary report (Flower, 2014), underlining that there is no obligation for companies to prepare a single report, it could be prepared either in the form of a standalone report or part of another report, others state that the preparation of one report „may still be a long term aim of the IIRC" (Adams, 2014:XX; Eccles and Krzus, 2010).

At a global level, IR has a mandatory application in South Africa beginning with March 2010 for all listed entities (Rensburg and Botha, 2013; Eccles and Saltzman, 2011). Therefore, companies listed at Johannesburg Stock Exchange have to present their financial, social, environmental, governance resolutions on an apply or explain basis (Frias-Aceituno *et al.*, 2013).

The need for transparent, concise, easy to follow financial and nonfinancial information at a global level can be seen as a consequence following the implications of all interested parties, from standard setters, investors, companies, non-for-profit organizations to communities in adopting responsible attitudes towards the society and the Planet (UN Department of Public Information, 2012). Notable movements towards a sustainable future can be recognized beginning with the definition of sustainable development presented in the Bruntland Report as a "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (WCED, 1987 inTurturea and Turcu, 2013: 2; WCED, 1987 in Buys *et al.*, 2013: 1). Proposals of Bruntland Report are sustained through a series of conferences on sustainability topic dated from 1972, the Stockholm Conference on the Human Environment, 1992, the Rio Declaration on Environment and Development, 2002, the World Summit on SustainableDevelopment in Johannesburg and the latest 2012 United Nations Conference on Sustainable Development, named also Rio+20 (Buys *et al.*, 2013; Dascălu *et al.*, 2009: 567–588).

Social and environmental accounting and reporting is observed through accounting literature to date back more than 40 years (Gray, 2001 cited by Gurvitsh and Sidorova, 2012; Lungu *et al.*, 2011). Social accounting can be distinguished back in the 1970s as being debated at a large scale in the accounting field, while in the 1980s the concept has not received attention at all as per Gray (2001) cited by Gurvitsh and Sidorova (2012). In the mid 1990s, social accounting aspects gathered attention, more and more companies have started to understand their own responsibility towards the society, aiming at developing sustainable businesses (Hahn and Kühnen, 2013). Furthermore, environmental disclosures are presented within the accounting literature beginning with 1990s when investors have started to attach importance to environmental aspects (De Villiers and Van Staden, 2010; Deegan and Rankin, 1997; Epstein and Freedman, 1994; Goodwin, Goodwin, and Konieczny, 1996 in Barbu *et al.*, 2014). Milne and Chan (1999), Solomon and Solomon (2006) cited in Barbu *et al.* (2014) underline that until the 1980s there was no need for environmental disclosures.

Sustainability accounting development is observed by Schaltegger and Burritt (2010) on the basis of the stakeholder approach, firstly introduced by R. Edward Freeman in 1984 (Lungu *et al.*, 2011), which implies the engagement of different third parties in disclosing the way sustainability performance is observed at a company and industry levels and through what type of performance indicators can it be better shown off, measured and communicated.

Frias-Aceituno *et al.* (2013) present the necessity of communicating social, corporate governance issues through the stakeholder theory which explains the existence of a wide range of third parties beside shareholders, managers, investors and creditors interested in the company's activities and its impact on the environment and society. The relationship between stakeholder theory and environmental and social reporting is given attention within the accounting literature (Donaldson and Preston, 1995; Jamali *et al.*, 2008) depicting the theory in two branches – normative/ ethical and managerial/ instrumental branch as per Mahadeo *et al.* (2011). The ethical branch focuses on the responsibility of a company "to account for its actions", while the managerial branch concentrate around "the need to control stakeholders who are deemed to have a more direct and critical impact on the company" as per Mitchell, Agle and Wood, 1997; Roberts, 1992; Ullman, 1985 in Mahadeo *et al.* (2011).

Nowadays, the mandatory feature of the annual reporting comprises also voluntary social and environmental disclosures in the form of narrative parts. According to Gurvitsh and Sidorova (2012), there are a few initiatives globally such as: GRI, Accountability 1000 (AA1000) and Social Accountability 8000(SA8000), which facilitate the disclosure of social and environmental aspects. Moreover, one of the accounting standard setters, International Accounting Standards Board (IASB) has released a framework named Management Commentary (IASB, 2010 in Lungu *et al.*, 2011) which eases the access of companies in preparing and presenting narrative information within annual reports.

According to Borkowski *et al.* (2010), GRI is declared by the Coalition for Environmentally Responsible Economies (CERES) in 2002 as an independent body whose mission is "to integrate and unify the many standards in the marketplace into a single, generally accepted sustainability reporting framework, encompassing environmental, social, and economic performance". Furthermore, the actual mission of the GRI is "to make sustainability reporting standard practice for all organizations" according to their website.

Implications on the assessment of environmental, social and governance (ESG) aspects can be observed at a global level through legislative initiatives on this topic. While UK publicly listed companies are required to publish an annual operating and financial review including the corporate impacts on the environment according to *Companies Act 1985*, large non-listed UK companies are asked to present key performance indicators in their annual reports, in the Business Review section as per *Companies Act 2006* (Barbu *et al.*, 2014). Also, UK listed companies at the London Stock Exchange have to report on greenhouse gas emissions beginning with 2013 as per KPMG (2013). Environmental and social disclosures in France have been compulsory based on the *Nouvelles Régulations Economiques*or *New Economic Regulations* since 2002 which imply that all listed companies to present environmental information in their annual reports (Eccles *et al.*, 2010; Barbu *et al.*, 2014; KPMG, 2013). Also, the *Grenelle II Act* of 2009 applicable from 2011 asks all companies with polluting activities and more than 500 employees to present non-financial indicators referring to their impact on the environment and society within their annual reports (Barbu *et al.*, 2014; Berndt *et al.*, 2014; KPMG, 2013; Eccles and Armbrester, 2011). In the case of German companies there is no specific regulation on mandatory disclosure of social and environmental aspects. Even so, there was issued at a national level a *Leitfaden für Umweltberichte*or *Guidelines for Environmental Reports* which established the minimum amount of nonfinancial information to be included in the annual reports, being later revoked (Barbu *et al.*, 2014).

Frias-Aceituno *et al.* (2013) has analysed a large sample of international companies (Anglo-Saxon, Germanic and Latin) and has demonstrated that the company's size, gender diversity, management structure and growth opportunities are the most important factors which determine an integrated approach to business.

MATERIALS AND METHODS

This study examines the way social and environmental disclosures are presented within annual reports based on the IR Framework requirements.

Following Van Zyl (2013) empirical study, I intend to determine the viability of their statement regarding a very low integration of social and environmental aspects within integrated reports. Also, critical perspectives of a few researchers (Flower, 2014; Adams, 2014; Thomson, 2014) upon the inclusion of sustainability aspects within integrated reports have motivated the examination of these aspects.

This research analyzes the 2013 integrated reports of 18companies coming from France, Germany and United Kingdom with regard to the disclosure of social and environmental aspects within the content elements required by the IR Framework. Due to not meeting the IR aspects and criteria of issuing a single report only 18 out of 21 companies were analyzed coming from France, Germany and the United Kingdom.

In order to demonstrate this inquiry I have elaborated an evaluation scheme based on Van Zyl (2013) matrix for sustainability disclosures. The evaluation scheme links sustainability disclosures to the content elements presented within IR Framework. I have observed that within the Framework, there are two possibilities for identifying sustainability issues through the content elements: either within *Organizational overview and external environment*, or within *Strategy and resource allocation*. After having established the area of disclosure I have allotted the questions presented within Van Zyl research paper to the identified content elements.

I: *Likert scale's interpretation*

Scale 1: No Disclosure – This topic is not mentioned in the report.
Scale 2: Disclosure to a lesser extent – The topic is only mentioned briefly in the report (which might include measured results) with little or no context provided.
Scale 3: Disclosure to some extent – The topic and measured results are discussed and a measurable target is provided for the current and/or future.
Scale 4: Disclosure to a large extent – The current year performance is discussed against the target and mitigation is provided to improve performance.
Scale 5: Significant disclosure – Full integration is achieved by linking the risk, target, and mitigation with the financial aspects.

Source: Van Zyl (2013: 215)

II: *Sample summary*

Companies	**Industry**	**Country**	**Sustainability pages**	**Total No. of pages**	**%**	**Country average**
ARM Holdings plc	Technology hardware & equipment	United Kingdom	18	64	28.13%	20.94%
ACCA*	Accounting	United Kingdom	29	68	42.65%	
BASF SE	Chemicals	Germany	33	252	13.10%	18.58%
CIMA**	Accounting	United Kingdom	6	46	13.04%	
Danone	Food producers	France	26	53	49.06%	31.9%
Deutsche Bank	Banks	Germany	7	84	8.33%	
Deutsche Börse Group	Financial provider	Germany	62	321	19.31%	
EnBW***	Electricity	Germany	31	162	19.14%	
FlughafenMünchen GmbH	Transportation services	Germany	74	224	33.04%	
HSBC Holdings plc	Banks	United Kingdom	14	219	6.39%	
InterservePlc	Support Services	United Kingdom	12	166	7.23%	
Marks and Spencer Group plc	General retailers	United Kingdom	33	116	28.45%	
NHS London	Health care	United Kingdom	27	172	15.70%	
Sainsbury's	Food retail	United Kingdom	16	128	12.50%	
SAP	Software & computer services	Germany	69	311	22.19%	
The Crown Estate	Real Estate Management	United Kingdom	46	120	38.33%	
Unilever	Retail Goods	United Kingdom	26	153	16.99%	
Vivendi	Media	France	56	380	14.74%	
Average					19.25%	

*Association of Chartered Certified Accountants, ** Chartered Institute of Management Accountants, The, *** EnBWEnergie Baden-Württemberg AG

In order to have comparable outcomes, the analysis of the results is based on Likert Scale (see Tab. I), each resultant measure or scale coming from Van Zyl (2013) empirical study. Schrauf and Navarro (2005) cited within Saunders *et al.* (2009) emphasize the fact that it is better to use or adapt existing scales rather than creatingbrand new scales.

Furthermore, based on the data gathered from Bloomberg Database, I have observed the ESG disclosure scores provided for each company and have analyzed the ESG indicators for the considered period.

Considerable interest regarding the research of sustainability aspects within annual reports is demonstrated by similar research papers, as follows: Van Zyl (2013), GRI (2013), Gurvitsh and Sidorova (2012).

The companies considered within this empirical study are presented in Tab. II, together with the industry they belong to. Based on the integrated reports, for the year ended 2013, available on the companies' websites, I have wholly covered them and have responded primarily in terms of identification of the allocated number of pages of sustainability disclosures within the reports, followed by a content analysis regarding the coverage of sustainability concern through the content elements presented within the IR Framework.

I have observed that companies in their annual reports include separate sections with regard to sustainability disclosures and I have accounted for all of them. Gurvitsh and Sidorova (2012) state that there are no uniform places within the annual report for social accounting disclosures, companies choosing to place these disclosures "randomly" which may be different from one year to another in the case of the same company.

RESULTS

The coverage of sustainability disclosures within integrated reports is represented by an average of 19.25%, reflecting the way corporate reporting includes social and environmental aspects for the year ended at December, 2013 as per Tab. II. As confirmed by Gurvitsh and Sidorova (2012:32), the integration of sustainability aspects within integrated reports has become "good practice and not an exception".

Hanks and Gardiner (2012) cited by Van Zyl (2013) affirm that there are a few companies which have started to issue environmental and social aspects of their business and correlate these disclosures with their achievement of long term success. Within this study, all analysed companies issue integrated reports based on the IR Framework and have to comply with the guiding principles and content elements imposed by the Framework. The compliance requirement is not official, but as these companies have been voluntarily members of the IIRC Pilot Programme Business Network over a three years period, they have to issue integrated reports by complying with the Framework. Being members of the IIRC Pilot Programme, these companies have contributed significantly to the development of the IR Framework, launched at December 2013.

Disclosures of sustainability aspects within the integrated reports are presented within Tab. III. First, taking a closer look to the *Organizational overview and external environment* content element, it can be observed that a few companies are able to disclose to a large extent specific aspects regarding social and environmental impacts (11.11%), commitments to community development (5.56%), information about fines and non-compliance areas (5.56%), commitments to reduce reliance on renewable or non-renewable resources (5.56%), measurement of waste and pollution associated with specific operations (5.56%), regulatory environment practices (5.56%).

The majority part of the analysed companies offer disclosures with regard to their vision in which sustainability challenges are addressed to a lesser extent, meaning that this topic is only mentioned in the report and not specifically linked to strategic targets or described with a fully impact on company's ability to create value. For example, 72% of the companies in this sample present their commitment to sustainable development as captured in their mission and vision statements through delivering high quality products or services at fair prices, improving people's lives and helping the world run better.

By comparing the average scores obtained, it can be noted that the highest score on average is attributed to measurable targets relating to greenhouse gas emissions linked to actual reductions achieved (2.61). This means that this topic is the most referenced one within integrated reports, 16.67% out of the total number of companies being able to significantly emphasize it and integrate company's risks, reduction targets with financial aspects. A possible argument for achieving this result could be the legislation in force presented within the literature review. At the opposite direction it stands the incapacity of the companies included in this sample to present through their integrated reports aspects such as labour relations relating to strikes and labour disputes followed by aspects regarding human rights and labour practices, non-compliance issues, social impacts of major suppliers or negative environmental impacts on local communities.

Tab. IV reveal the fact that the most debated topic within integrated reports is represented by the organization's mission and vision addressing future sustainability challenges, most of the companies being able to disclose this type of information to a lesser extent (72%) and to some extent (5.56%). As compared to the results obtained by Van Zyl (2013) the author notices an increase regarding this concept, which at that time was

III: *Disclosure of sustainability aspects within the integrated reports*

No.	Disclosure of the sustainability aspects within the Integrated Reports	1	2	3	4	5	Average score
A.	**Organizational overview and external environment**						
IR	***What does the organization do and what are the circumstances under which it operates?***						
1	Does the integrated report identify the organization's mission and vision, and provide essential context by identifying matters such as culture, ethics and values?	1 (5.56%)	15 (83.33%)	1 (5.56%)	1 (5.56%)	-	2.11
2	Does the organisation present a vision for the future in which sustainability challenges relevant to the organisation and society are addressed?	3 (16.67%)	13 (72.22%)	1 (5.56%)	1 (5.56%)	-	2
	Significant factors affecting the external environment and the organization's response						
	Aspects of the social context, that affect the organization's ability to create value in the short, medium or long term						
3	Is employee turnover disclosed and contextualised?	8 (44.44%)	6 (33.33%)	4 (22.22%)	-	-	1.78
4	If there were any strikes and labour disputes during the year under review, are the disputes placed within context and are there mitigation procedures to attempt to avoid such grievances in the future?	17 (94.44%)	-	1 (5.56%)	-	-	1.11
5	Are the following occupational health and safety information placed within context and properly explained, and linked to strategic objectives: Rates of injury, occupational diseases, lost days, and absenteeism, and number of work relates fatalities?	9 (50.00%)	7 (38.89%)	1 (5.56%)	-	1 (5.56%)	1.72
6	Does the report contain a description of human- and indigenous rights and labour practices in the supply chain along with whether upstream performance has been integrated into the organisation's sustainability strategy and improvement targets?	12 (66.67%)	5 (27.78%)	1 (5.56%)	-	-	1.39
7	Is the company able or willing to account for the social impacts of their major suppliers?	11 (61.11%)	4 (22.22%)	1 (5.56%)	2 (11.11%)	-	1.67
8	Any supporting data of equal opportunities and transformation in the workforce (workforce and management composition covering race, gender, disability)	1 (5.56%)	12 (66.67%)	5 (27.78%)	-	-	2.22
9	Average hours of training per year per employee, programs for skills management and lifelong learning that support continued employability of employees and assist them in managing career endings.	6 (33.33%)	9 (50.00%)	3 (16.67%)	-	-	1.83
10	Demonstrated commitment to community development and upliftment by disclosing the following: details of projects; empowerment of local people through procurement, employment and skills development; local economic development including infrastructure investments and services provided primarily for public benefit (indirect job creation in local communities).	4 (22.22%)	5 (27.78%)	7 (38.89%)	1 (5.56%)	1 (5.56%)	2.44
11	Disclosure of non-compliance, fines or prosecutions (e.g. linked to anti-competitive practices or other governance issues).	11 (61.11%)	5 (27.78%)	1 (5.56%)	1 (5.56%)	-	1.56
	Aspects of the environmental context, that affect the organization's ability to create value in the short, medium or long term						
12	Are environmental impacts identified and contextualised?	5 (27.78%)	9 (50.00%)	3 (16,67%)	1 (5.56%)	-	2
13	Are measurable targets relating to greenhouse gas emissions linked to actual reductions achieved?	6 (33.33%)	2 (11.11%)	6 (33.33%)	1 (5.56%)	3 (16.67%)	2.61
14	Are there quantifiable commitments to reduce reliance on renewable and non-renewable resources, including energy and water usage? This can include the use of recycled materials.	5 (27.78%)	7 (38.89%)	5 (27.78%)	1 (5.56%)	-	2.11

No.	Disclosure of the sustainability aspects within the Integrated Reports	1	2	3	4	5	Average score
A.	**Organizational overview and external environment**						
IR	***What does the organization do and what are the circumstances under which it operates?***						
15	Are waste and pollution associated with operations accounted for and measured, and are there measurable targets set for reduction?	7 (38.89%)	7 (38.89%)	3 (16.67%)	1 (5.56%)	-	1.89
16	Are significant impacts of transporting products, goods and materials including members of the workforce disclosed?	15 (83.33%)	3 (16.67%)	-	-	-	1.17
17	Is the company able or willing to account for the environmental impacts of their major suppliers?	8 (44.44%)	7 (38.89%)	1 (5.56%)	2 (11.11%)	-	1.83
18	Are potential or actual negative direct or indirect environmental impacts, including health and safety concerns, on local communities considered?	(77.78%)	(16.67%)	1 (5.56%)	-	-	1.28
19	Are disclosed the legislative and regulatory environment in which the organization operates?	(55.56%)	(33.33%)	1 (5.56%)	1 (5.56%)	-	1.61
20	Are societal issues, such as population and demographic changes, human rights, health, poverty, collective values and educational systems discussed within IR?	8 (44.44%)	8 (44.44%)	2 (11.11%)	-	-	1.67
B.	**Strategy and resource allocation**						
IR	***Where does the organization want to go and how does it intend to get there?***						
21	Have been defined the resource allocation plans the company has to implement its strategy?	16 (88.89%)	1 (5.56%)	1 (5.56%)	-	-	1.17
22	Is it explained how the company will measure achievements and target outcomes for the short, medium and long term?	11 (61.11%)	3 (16.67%)	4 (22.22%)	-	-	1.61

IV: *Average total result regarding sustainability disclosures within IR*

Disclosure of the sustainability aspects within the Integrated Reports	Average
Organization's mission and vision	2.056
Aspects of the social context, that affect the organization's ability to create value in the short, medium or long term	1.747
Aspects of the environmental context, that affect the organization's ability to create value in the short, medium or long term	1.796
Resource allocation and measurement	1.389

Source: Own contribution

attributed the lowest score. The aspects covering resource allocation and measurement are presented at a lower extent within integrated reports, most of the companies not presenting any of the two issues (75%), while 11.11% are revealing at a lower extent, meaning that the topic is only mentioned within the report, not specifically providing any context and 13.88% disclosing these topics to some extent, measured results being discussed in relation to actual or future targets.

In addition, the content analysis also helped at revealing if the companies declare the type of report issued within the publication title as referring to integrated reports. Only two companies recognize their report as an integrated one (e.g.: Association of Chartered Certified Accountants, The Crown Estate), while the others present the analyzed reports as annual reports or economic and social reports.

In terms of compliance with GRI Guidelines, relating to sustainability disclosures, 61.11% of the companies included within this study comply with GRI requirements and only two out of 18 companies present at the end of their integrated report a statement with the GRI application level check (A+). Also, 16.67% of the analyzed entities have the report checked by GRI as per data retrieved from Bloomberg Database. The application level check refers to the extent to which integrated reports present part of GRI Guidelines requirements, in this case G3.1. This check does not refer to the quality of information presented in the report and it does not assess the sustainability performance of the organization. Being qualified as A+ reports, this means that parts of the reports are externally assured.

Tab. V presents an average disclosure score computed for all companies analyzed based on the data retrieved from Bloomberg Database with regard to the environmental, social and governance aspects. On average, the companies inside this study achieve 33.32 ESG disclosure score. The highest

V: *ESG Metrics*

Indicator	Average score
ESG Disclosure Score	33.32
Environmental Disclosure Score	27.57
Social Disclosure Score	35.14
Governance Disclosure Score	43.06

Source: Bloomberg Database

score is obtained by BASF (62.81) while the lowest score is achieved by ARM Holdings (30.99).

Based on the fact that the author has analyzed only the integrated reports aiming to identify the social and environmental disclosures presented, there are also possibilities for companies to include these aspects to a larger extent within standalone corporate social responsibility reports or sustainability reports as presented in the literature review section.

An overall result shows that companies coming from Germany (18.58%) disclose the least social and environmental aspects within integrated reports as compared to British (20.94%) and French (31.9%) organizations. This may be due to the national regulatory constraints where countries like France and United Kingdom have a more strictly legislation for publicly listed and large non-listed companies while Germany has no specific regulation on mandatory disclosures of social and environmental aspects as presented also in the literature review section.

CONCLUSION

The results achieved show that companies fail to present a complete picture regarding their social and environmental performances and implicitly fail to achieve the intended purpose of the IIRC in promoting the accounting for sustainability.

Previous studies show that there is a growing commitment among companies to include sustainability issues within their annual reports, more and more companies being able to measure and report economic, environmental, social and governance aspects in accordance with the GRI Guidelines (Gurvitsh and Sidorova, 2012). Moreover, KPMG (2013) observes that 82% of the largest 250 companies in the world issue sustainability reports in accordance with the GRI Guidelines. Gurvitsh and Sidorova (2012) present the way companies tend to report only the positive impacts on society and the environment and show that entities use sustainability reporting to achieve competitive advantages or as a public relations (PR) tool in order to demonstrate to stakeholders a good practice or to obtain financial benefits (Gurvitsh and Sidorova, 2012).

As confirmed by the Van Zyl (2013) empirical study, it can be noticed that it is a very low level of integration of sustainability issues within integrated reports of the analyzed companies. Also, positive impacts prevail the negative ones, demonstrating the Gurvitsh and Sidorova's (2012) perception upon sustainability disclosures within annual reports.

Future research should emphasize whether companies issuing integrated reports follow all the principles and content elements presented within the IR Framework in disclosing pieces of information and whether entities behaviour regarding ESG aspects differ in various jurisdictions.

Acknowledgement

This work was co-financed from the European Social Fund through Sectoral Operational Programme Human Resources Development 2007–2013, project number POSDRU/159/1.5/S/134197 „Performance and excellence in doctoral and postdoctoral research in Romanian economics science domain".

The present paper was previously disclosed within *Enterprise and the Competitive Environment Conference* in Brno and part of this contribution is to be published within the conference proceedings. Furthermore, I appreciate helpful comments and recommendations coming from the discussion sessions within the conference.

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