

Significance and Relevance of Integrated Reporting in Recent Times - A Perspective

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Abstract - Integrated reporting has been growing quite phenomenally and of late has been more linked to sustainable development, the interactions between growth of industry and economy. The article examines the past literature, in India and abroad and looks at what correction measures are desired in the process and shares some perspectives on what could possibly be the way for Integrated reporting in the economy in future and how it will be more relevant and help investors to decide on the choice of allocation of funds for best interest of society.

Keywords: Integrated reporting, Sustainable growth, Environment, Business models, BRR, SEBI.

I. INTRODUCTION

The Role of Integrated reporting (IR) in today's economic development, with the over-arching regulations in the context of Corporate Laws, SEBI regulations, as well as sustainable development make the task of complying with the regulations, and disclosure a very challenging and high priority one for listed entities. The importance of integrated reporting as a framework has been existing in the various countries since over a decade. However of late due to higher impact of losses occasioned on account of climate changes, global warming, floods, forest fires have really questioned the assumptions of corporate, and it was felt desirable to put some checks or measures in place so that the society and environment does not get affected to an irreversible level, in terms of utilisation of natural resources and its affect on environment. Thus the concept of integrated reporting and Sustainable development arose as an offshoot of these developments.

Nationally, SEBI took the first move towards Business Responsibility Reporting (BRR), by issuing a notification dated 6th Feb 2017, applicable for top 500 listed entities. The regenerative nature of circular economy will enhance our ability to cope up with the capital starved sectors and is likely to accelerate innovations in near future, and to this end in view the concept of Integrated reporting becomes crucial.

The author here proposes to examine past literature in this regard and the way the financial reporting landscape, for

corporates, are getting more inclusive by enlarging and including environment its adverse effects on society and economy, arising as a result of exploitation of resources by entities therein. As a responsible member of society, corporate are increasingly going to be questioned on their role in this context. Regulation, corporate governance, sustainability get interwoven and reporting becomes more inclusive in the disclosure context. All these have an impact on the development of refined practices in IR, encouraging more transparency, compliance. This study is an exploratory study which examines the Literature review of the past and the various aspects of IR to enable proper understanding of the ground realities, and how the role of IR will shape up in future.

II. REVIEW OF LITERATURE

1) **Sulkowski, A., & Waddock, S. (2012)**, according to them, millions of other businesses throughout the world, including 95 percent of the Global Fortune 250, voluntarily report on their environmental, societal, and economic impacts. The activity is referred to as sustainability reporting, corporate responsibility (CR), corporate social responsibility (CSR), citizenship reporting, environmental, societal, and governance (ESG) reporting, and triple bottom line (TBL) reporting. The Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted in the United States, require publicly traded companies to publish information about their mineral supply chains. They want to know whether or not more specific and clear disclosures should be required. ii) Should companies begin disclosing more data for their own benefit? iii) Do the basic principles of existing legislation already need more transparency? (iv) If that's the case, how can more precise instructions from legislators or authorities like the Securities and Exchange Commission help? Their research examines the history, current state, reasons, and consequences of sustainability reporting and disclosure regulations, as well as statistics on current investor needs and recent market trends. It also looks at how materiality is defined under US securities rules and regulations, which is important for evaluating what information a company must make public for the benefit of investors. They also believe that, based on current investor

demands, prior history, and materiality, existing laws and standards already require more disclosure of data on environmental and societal repercussions than is commonly imagined.

2) García-Sánchez, I. M., Rodríguez-Ariza, L., et al. (2013), analyzed in their study that corporations are being expected to provide more information about their financial performance, management, governance practices, and sustainability record as the business world becomes more complex. As a result, some of the world's most successful companies have begun to produce integrated reporting in the form of a document that gives a coherent summary of this data, contextual approach easier for many stakeholders. Their study compares the impact of the Hofstede national cultural system on integrated reporting with the impact of supplying other extraneous papers on corporate performance. Businesses in nations with higher communal and feminist beliefs are now at the forefront of information, according to the research.

3) Mishra, N., Nurullah, M., and Sarea, A. (2021), studied the understanding of tax professionals' perceptions and attitudes regarding IR, as well as the current state of IR adoption in India, in their study. Their studies show that the majority of businesses have a favorable impression of IR, with three main variables influencing that perception: concise reporting, effective and truthful reporting, and improved decision-making.

4) Soriya, S., and Rastogi, P. (2021), analyse integrated reporting (IR) in their study by offering a comprehensive literature review and responding to three research questions: (i) the recent evolution of the IR concept in various nations ii) how the IR literature should be organised into many focus areas or themes; iii) the future prospects for IR More case studies and empirical research in building assurance models, analysis of shareholders' attitudes in Asian countries, harmonisation of financial and non-financial norms, and research on the IR of non-listed enterprises are all needed, according to the findings of their study. It provides practitioners with a better understanding of the problems that economies and internal organisations face. It could help academics and scholars focus on IR advancements in diverse fields.

5) According to Ghosh, S. (2019), financial and non-financial data must be reported holistically and integratedly, and the company's value must be understood across time. As a result, progressive businesses should start using IR even before official guidelines are set. Business sustainability is shifting away from isolated and opportunistic efforts with a primary focus on CSR and toward a more integrated, holistic, and

strategic approach that encompasses all dimensions of sustainability performance and engages diverse stakeholders, according to a recent study conducted by MIT Sloan Management Review, the Boston Consulting Group, and the United Nations Global Compact (UNGC) (Kiron et al. 2015). According to their research, integrated reporting is gradually becoming a rising phenomenon among the top valued firms, with the presence of IR increasing from 0% in 2010–2011 to 4% in 2015–2016. With an average IRI of 70%, their research indicated that Indian enterprises are almost ready to accept and utilise the IIRC framework's "integrated reporting." For timeliness in adopting a new reporting strategy, top management commitment and inspired leadership are necessary. They emphasise that in order to persuade weakly integrated firms in India to take the initiative and adopt this reporting technique, the "Integrated Report" must be promoted. They further state that Indian businesses have failed to reveal their business models and strategies as mandated by the IIRC.

Numerous studies have already emphasized the significance, relevance, and correlation between organization growth, performance, governance, and sustainability, and all of this has been included into a reporting structure. The SEBI guidelines in Corporate Governance reinforce this, particularly in the context of a circular economy, where sustainable growth and economic progress are intertwined, and the concept of IR emerges as a tool to assess the effectiveness of new business models and how entities manage their businesses holistically.

III. DISCUSSION

After assessing the above literature review as well as current economic and global conditions, the author believes that, given the current magnitude of problems in the world, we must accept that integrated reporting will likely play a larger role in performance measurement, sustainable development, and corporate governance aspects of both listed and unlisted entities. Compliance with SEBI's defined criteria and reporting is more likely to be highlighted; both required and voluntary compliance may be raised. It could be a smart way to encourage corporations to allow for the gradual and deliberate adoption of sustainable business models over time. It appears that integrated reporting will become more powerful in the future.

SEBI has made recommendations for business responsibility reporting by Top 500 listed businesses under Reg 34(2)(f) of the LODR regulations 2015, covering subsequent similar such as environment, governance, and stakeholder interactions, as per SEBI circular no 10 dated February 6, 2017. The listed entity must provide timely

information to recognised stock exchanges and investors, according to Regulation 4(1)(d) of the LODR, and has specified the IIRC guiding principles, which cover i) strategic focus and future orientation ii) information connectivity iii) stakeholder relationships iv) materiality v) concise vi) reliability and completeness vii) consistency and comparability.

Capital has been broken down into the following categories according to the IIRC framework.

- ♣ Manufactured capital is financial capital.
- ♣ Intellectual property
- ♣ Human Resources
- ♣ Interactions and social connections Capital
- ♣ Natural resources

In order to increase disclosure requirements, SEBI ordered that top 500 listed businesses that are required to produce BRR implement IR on a voluntary basis beginning in FY 2017-18. Information on IR can be included in the annual report or included in management discussions and analysis, or a separate report might be prepared. Can opt out of supplying the information if it is already available under another international framework. The integrated report will be hosted on the company's website, with relevant references in the annual report.

IV. LIMITATIONS OF STUDY

The study is exploratory in nature and does not take into account the constraints put on corporations by increasingly severe rules in the business sector, particularly in a post-Covid-19 world with significant volatility. Expand the connections between sustainability, governance, and corporate social responsibility. Reporting is not addressed, and empirical validation is not addressed.

V. CONCLUSION

The purpose of internal auditing in today's financial reporting and corporate governance is vital, and its contribution to transparency through disclosure aids in critically examining the entity's position in long-term economic growth. For both corporations and society, effective IR is a prerequisite for integrating sustainable development, growth, and an ecologically stable society. In the long run, this will exacerbate global issues such as global warming, population expansion, resource restrictions, and reaching sustainable development targets across many economies and industries.

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