



## Investigation of Integrated Reporting As a New Approach of Corporate Reporting<sup>1</sup>

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### ABSTRACT

When the recent history of financial, social, environmental and ethical reporting is examined, the idea that increasing expectations of shareholders and stakeholders on transparency and accountability can be met by a single report has great importance. Therefore, the integrated reporting issue after the sustainability reports is on the agenda. When we look at the development of integrated reporting and Corporate Reporting (CR), since integrated reporting has complicated theoretical background, organizations have difficulties to understand whether their report is an integrated one. So in this study we try to reveal basic principles, theoretical background and development process of integrated reporting. We look at globally the development of integrated reporting between the years 1999-2015 on Global Reporting Initiative (GRI) database and prepared visual tables showing the development of Integrated Reporting (IR) aiming to create positive contribute to CR literature. In the present study; we determine that in 2012 integrated reporting is made the most, large businesses prefer integrated reporting the most, integrated reporting is made in European region the most, and financial services sector is the sector publishing integrated report the most.

**Keywords:** GRI, integrated reporting, sustainability reporting, transparency.

**JEL Codes:** M14, M40, M49

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### 1.0 Introduction

Annual financial reports prepared by conventional methods are particularly far from meeting the rapidly changing market expectations, for containing retrospective financial performance information.

With this aspect, annual reports prepared by conventional methods, cannot meet expectations of stakeholders and potential investors whom environmental and social awareness has increased

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significantly and who want firms to be more transparent. Therefore, an innovative reporting requirement is needed beyond the annual report.

At this point, sustainability concept which finds more space on literature in Brundtland Report declared by the World Commission on Environment and Development in 1987 has emerged. The sustainability concept was born on corporate life as name of sustainability report under the umbrella of corporate social responsibility concepts. Sustainability reporting (SR) help companies to set targets for a sustainable global economy, measure the performance and change the methods. In addition, SR can be defined as a process which combines long-term profitability, compliance with social responsibility and environmental care. Accepting superior and primary of shareholders (stockholders) and other stakeholders' (employees, creditors, directors, government, etc.) expectations is the driving force of SR but this reporting has some missing sides.

Sustainability reports sometimes are published in the annual reports or usually in additional part and It does not allow us to decide on a company alone since it makes predictions for the future and do not contain sufficient financial statements data. According to [Dumitru and Jinga \(2015\)](#);

*"Yet, the correlation between financial and nonfinancial information in these reports is low".*

There is a need for other innovative solutions for the lacking sides of SR and so integrated reporting come to the consideration. Integrated reporting set off from the driving force of sustainability reporting and adds it the features of bringing together and providing a meaningful way. Therefore, integrated reporting is not a combination of the traditional annual reports and sustainability report or summary of annual reports.

Integrated Report is a new trend of reporting that contains the data of SR and annual reports and establish the links between them. [Cozma and Ighiu \(2015\)](#) has been declared integrated reporting as the future of financial reporting and stated the picture offered by reporting as follows;

*"...integrated reporting means a new step of corporate reporting, given that, in order to provide a comprehensive picture of the activity carried out by a given corporation, this type of reporting will include both the traditional part – the financial data – and a non-financial part presenting information about sustainability and long-term development, as well as the impact of the activity on the environment, human capital and social responsibility".*

Integrated reporting maintains many reports within sustainability reports, environmental reports issued in the name of social responsibility reports. Therefore, it is also known as One Report. According to International Integrated Reporting Council (IIRC) Chairman Prof. Mervyn E. King

*"... factors such as the situation of the world, today's consumers, new capitalist perspective, company identity and reputation, advantages in terms of competition, more informed administration, and market power are regarded to be the factors that direct reporting" (King, 2013).*

In the studies of [Mustata et al.\(2012\)](#) conducted in 2012, although they explained the market value of the companies in S&P list with 83% financial and tangible assets in 1975, they indicated that this number dropped to 19% in 2009. These rates show us that traditional annual reports containing only financial information is not any more enough to explain market value of companies by oneself. Similar results also were obtained in different studies. For example the results of the study committed by PricewaterhouseCoopers (PWC) in 2012 is as follows;

*"In the future, the success of companies will depend more and more on their ability to create value without depleting resources of any kind, whether natural, social, human or financial. Stakeholders will increasingly look for information on how companies connect their business strategy with their financial and nonfinancial performance".* A similar statement by Ernst & Young Global Limited (EY) took part in the study in 2014; *"In the last 35 years, the market value of organizations has slowly shifted from a price based largely on tangible assets to greater emphasis on intangible assets.*

The concept of value has fundamentally changed, and with it the dynamics of the global economy”.

Integrated reporting in Turkey has gained momentum as parallel to the global progress. In this context, the Association of Sustainable Progress (ASP) and Institutional Administration Association of Turkey (IAAT) have collaborated with IIRC, and they have pioneered the establishment of Integrated Reporting Platform, addressing Turkish business world. One of the major duties of this platform is to create awareness in Turkish business world in the matter of integrated reporting (IAAT, 2013). According to 2014 article of Yaz

“... the leg of the integrated reporting in real sector in this country is represented by Çimsa Cement Co. and Garanti Bank Co.” (Yaz, 2014).

In 2013, Turkey has risen to the market level that is cared the most along with America and Brazil in the matter of integrated reporting (IAAT, 2013).

## 2.0 Background of integrated reporting

Emergence of integrated reporting idea coincides with the year 2009. This reporting technique has only a 6-year background. The meeting where this idea emerged was held in the leadership of Prince Charles of Wales and as a result it has led to the emergence of IIRC as well. Established in 2010 IIRC, states its organizational objectives as follows;

“...to enable integrated reporting to be embedded into mainstream business practice in the public and private sectors” (integratedreporting.org).

Integrated reporting which is seen as a new step of corporate reporting has been defined by IIRC as follows:

“...Integrated report is 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 in the short, medium and long term” (IIRC, 2013).

This type of reporting combines financial and non-financial performance in a single report to show how the firm maximizes value by serving the interest of not just providers of finance, but all stakeholders such as customers, suppliers, employees, government and local communities (Jhunjunwala, 2014).

Integrated Reporting has a structure to report the financial and non-financial data of a company, in a more correct expression, the financial and non-financial performance of a company, with a single report to provide the information requested by all stakeholders of companies (Jhunjunwala, 2014).

“...An integrated report is intended to be more than a summary of information in other communications (e.g., financial statements, a sustainability report, analyst calls, or on a website); rather, it makes explicit the connectivity of information to communicate how value is created over time” (IIRC, 2013).

The first framework for integrated reporting was published in December 2013. This framework does not present an obligation for companies. The framework contains only encouraging referrals to firms about making integrated reporting. Until December 2013 reached IIRC has done some work about integrated reporting. In 2011, IIRC published its first discussion paper under the name “Towards Integrated Reporting – Communicating Value in the 21st Century” (IIRC, 2011). Following this, 214 respondents stated their opinions about the matter to IIRC in December 2011. Reuter and Messner studied the opinions of these respondents in detail in their 2015 study and explained the respondents as follows;

“The respondents include standard-setters, companies, professional bodies, accounting firms, coalitions, stock-exchanges, not-for-profit organizations and academics” (Reuter and Messner, 2015).

In December 2013, IIRC conducted a pilot study with 25 volunteer companies including 2 Turkish companies (Garanti Bank and Cimsa Inc.). Busco et al. (2014) mentioned this pilot study and companies included in this study in their 2014 articles. According to the writers,

“...this framework is currently inspiring a large number of companies across the globe (Microsoft, PepsiCo, Southwest Airlines, Unilever, Danone, Eni, Coca-Cola, Volvo, BASF, HSBC, Natura, SAP, and Repsol, to name a few) as they pioneer the adoption of IR across different industries and regions” (Busco et al., 2014).

IIRC has a goal to form a new structure for institutional reporting and in order to reach this goal, it conducts joint studies with the chairmen of organizations including FASB<sup>4</sup>, IASB<sup>5</sup>, and AICPA<sup>6</sup> and with many number of profession members and academicians (Fried et al., 2014).

According to IIRC Chairman Prof. Mervyn E. King,

“...interaction between entities such as people, technology, capital and network in modern economy increases gradually and this enables value creation. The manner of integrated reporting is interested in rather than how much money a company earns but in how this money is won and focuses on the effect created by financial, social and environmental pains as making money. Primarily, in contrast to the more traditional financial reporting that focuses on financial matters, integrated reporting improves the effect of a company on society, environment and finance and illustrates how value creation is sustained” (King, 2014).

This value creation process that the integrated reporting focuses is a quite active process. It is necessary that each factor included in this process and the relationship of these factors with the others is examined in a certain order. This examination improves all factors that are in interaction in other words in a relationship and clears the path going to the revision (IIRC, 2013).

### 3.0 Previous studies about integrated reporting and purpose of this paper

The literature is quite new in the idea of the integrated reporting concept which appeared in 2009. Table 1 summarizes the main points are mentioned some of the writers working in this field of research.

Table 01: Brief literature of IR	
Benefits to companies and stakeholders of integrated reporting	Kaya, (2015) -Turkey Yanik and Turker (2012)-Turkey, Kargın et al. (2013) -Turkey Ioana and Adriana (2013)
Framework of IR, development process of IR and benefits or opportunities of IR for future	Bernt et al. (2014) Monterio (2014) Wulf et al. (2014) Cozma Ighian (2015) Eccles and Krzus (2010) Farcaş(2015)
The relationship of sustainability and integrated reporting	James (2013 and 2014)
The relationship of integrated reporting and stakeholder management	Vorster and Marais (2014) Vorster and Marais (2014)
Case studies about integrated reporting	Dumitru and Jinga (2015) Veltri and Silvestri (2015)

<sup>4</sup> Financial Accounting Standards Board

<sup>5</sup> International Accounting Standards Board

<sup>6</sup> American Institute of CPAs

Studies and organizational structure of IIRC	Lodhia (2015) Adams (2015) Flower (2015) Thomson (2015) Reuter and Messner (2015) Soyka (2013)
Outline the concept of integrated reporting and to propose A template for integrated reporting in organizations	Abeysekera (2013)

As seen in Table 1, quietly new on the world literature integrated reporting has very few studies in Turkey. The common feature of these studies is to promote the concept of integrated reporting framework. The aim of the study is to determine numerically the distribution of the companies which claims to publish integrated reporting, by their sizes, regions and sectors. Tables prepared for this purpose will contribute to the existing literature by making situation analysis with quantitative data.

#### 4.0 Basic principles, theoretical background and benefits of integrated reporting

According to KPMG Professional Service Company, a particular characteristic of integrated reporting is that it lacks a standard format (KPMG, 2011). IIRC suggests seven guiding principles to be included in the integrated reports and eight content elements supporting these principles and connected with each other (Table 02).

**Table 02:** Guiding principles and content elements for IR

Guiding Principles	Content Elements
Strategic Focus And Future Orientation	Organizational overview and external environment
Connectivity Of Information	Governance
Stakeholder Relationships	Business Model
Materiality	Risks And Opportunities
Conciseness	Strategy And Resource Allocation
Reliability And Completeness	Performance
Consistency And Comparability	Outlook
	Basis Of Presentation

Source: (KPMG, 2011).

**Table 03:** The Solutions of IR by Its Guiding Principles

Guiding Principles	Solutions
Strategic Focus And Future Orientation	An integrated report should offer inspiration into the organization's policy and with using capitals, it should create value
Connectivity Of Information	An integrated report should connect and combine company information and draw a holistic view of strategy and performance
Stakeholder Relationships	An integrated report should satisfy the expectations of individuals consumers and business customers and lower the reputational risk because of communications with all stakeholders
Materiality	An integrated report should provide a better understanding of and consensus about the substantively effective material metrics
Conciseness	An integrated report should be concise for better understanding
Reliability And Completeness	An integrated report should ensure and assure the real data for building trust through the market
Consistency And Comparability	An integrated report should be consistent over time and enables comparison with other organizations

Source: (KPMG, 2011).



These guiding principles give opportunities for companies to have advantages of the proposed solutions in Table 3 (above). If we talk about integrated reporting benefits, with the guiding principles' solutions, firms have better way to communicate with stakeholders. They experience new and better understanding of how they create value and they significantly change what they measured or had plans to do so in the future. They have opportunities to satisfy the socially responsible investors and they can lower reputational risk, because of the better communications with all stakeholders (IIRC, 2013).

Although they are not located in IR, some capital definitions are made in order to support integrated reporting theoretical base in the framework. According to this framework IIRC (2013);

*"the capitals are stocks of value that are increased, decreased or transformed through the activities and outputs of the organization. In many cases, whether the net effect is an increase or decrease (or neither, i.e., when value is preserved) will depend on the perspective chosen"*.

Because the framework is built on value creation process by concept of capital, we think it will be beneficial to define the capital concepts.

They can be defined as follows:

**Financial Capital:** The money box for funds that for use the production of goods or the provision of services.

**Human Capital:** Intangible capital concept including abilities of people who have skills, experience, and motivation to innovate.

**Manufactured Capital:** Manufactured physical objects (as distinct from natural physical objects) that are available to the organization and presented for usage for product manufacturing of a company.

**Intellectual Capital:** Intangible assets that are difficult to measure and provide competitive advantage.

**Social and Relationship Capital:** The interaction established with group of shareholders and other stakeholder to create shared prosperity network which together support the business model.

**Natural Capital:** The renewable and non-renewable natural resources and processes that a company has or will have, including air, land, water, biodiversity, eco-system health, and natural sources of energy (Adams and Simnett, 2011).

These capital concepts can be defined differently according to each company, but they have important role on value creation process in every company. Thus, value creation process is defined in the IIRC report as follows:

*"the process that results in increases, decreases or transformations of the capitals caused by the organization's business activities and outputs"* (IIRC, 2013).

The relationship between capital components can be simply illustrated as follows: An organization's financial capital is increased when it makes a profit. Then organization spent money to educate company employees. When employees become better trained, the quality of its human capital is improved but the related training costs reduce its financial capital. The effect is that financial capital has been transformed into human capital. If employees use newly acquired skills to contribute to community organization, increase to social capital may occur and so it demonstrates the continuous interaction and transformation between the capitals, although varying rates and outcomes (IIRC, 2013). Value is created for the organization when it creates value for other stakeholders and although organizations do not have to reveal this holistic picture, they should not ignore that integrated reporting has important relationship with capitals on process of value creation (Jhunjunwala, 2014).

## 5.0 Objective of the study and research findings

This study is carried out for evaluation of the development process of integrated reporting all over the world, which gained momentum during the recent years for especially global companies, based on some factors. The data that were necessary in the stage of table and graph making were compiled and obtained from sustainability disclosure database of Global Reporting Initiative (GRI). The GRI is known

intercontinental as an independent institution that issues worldwide standards on how to elaborate sustainability reports (Sierra-Garcia et al., 2013). All of the data (except for sector distribution) were examined based on years between 1999 and July 2015. The years were chosen since database starts at 1999 and this year range is best range for seeing the development of corporate social reporting. In order to compare sustainability reporting process with integrated reporting, we chose the 1999 as the starting year (Table 4) for IR.

**Table 04:** Distribution of sustainability reports and integrated reports (1999-2015)

Years	Sustainability Reporting Types								
	IR	SR	GRI-G1	GRI-G2	GRI-G3	GRI-G3.1	GRI-G4	GRI-Ref	Non-GRI
2015	165	848	0	0	53	77	265	56	108
2014	480	4789	0	0	718	1394	1108	474	1095
2013	592	4438	0	0	1173	1861	58	451	895
2012	709	3981	0	0	1441	1262	0	432	846
2011	598	3396	0	0	2129	278	0	319	670
2010	290	2225	0	0	2023	1	0	53	148
2009	190	1673	0	1	1565	0	0	27	80
2008	38	1243	0	22	1149	0	0	23	49
2007	18	781	0	148	588	0	0	14	31
2006	13	562	0	433	102	0	0	8	19
2005	8	403	6	378	0	0	0	4	15
2004	4	294	1	283	0	0	0	0	10
2003	1	171	21	145	0	0	0	1	4
2002	1	150	107	40	0	0	0	1	2
2001	0	125	118	6	0	0	0	0	1
2000	0	44	43	0	0	0	0	0	1
1999	0	11	11	0	0	0	0	0	0
<b>TOTAL</b>	<b>3107</b>	<b>25134</b>	<b>307</b>	<b>1456</b>	<b>10941</b>	<b>4873</b>	<b>1431</b>	<b>1863</b>	<b>3974</b>

Table data were gathered and arranged from the address <http://database.globalreporting.org/search> (dated 02.07.2015).

Table 4 shows how many Sustainability Reports (SR) registered to GRI database are published globally between 1999 and 2015 (column 2). And also it shows how many integrated reports are published (column 1), and how many of the various reporting types of GRI are issued (columns 3-9).

Sustainability reports and integrated reports are given together in the table. The reason for this is that the two reporting types have close relationship with each other and because of having older history compared to the integrated reporting; sustainability reports are numerically more than IRs. We would like to explain this relationship with the words of Prof. Mervyn King, who was the retired chairman of GRI;

“...it is not possible for companies who don't have correct and effective sustainability reporting processes to make an integrated reporting. G4 guidance will play an important role for financial capital providers to overcome the path going to the integrated reporting in terms of giving a more clear idea for short, medium and long term values of the companies” (Gökmen, 2013).

According to Table 4, 25.134 Sustainability Reports (SR) have been published in the world until July 2015. 10.941 of these reports corresponding to 44% is GRI-G3 which is the mostly preferred report type. G4 was published in 2013, and turned out to be the second mostly preferred report in 2014 and the first mostly preferred report type in 2015.

Non-GRI sustainability reports are sustainability reports that are not prepared in accordance with GRI standards (UNGC Progress Report, CSR Report, Progress Report etc.). As it is already known, GRI has some report types prepared for sustainability reports. These are: G1 which was published in 2000, G2 which was published in 2002, G3 and G3.1 which were published in 2006 and G4 which is known as the last reporting type and was published in 2013.

These reporting types can be selected based on preference, and they have to be published in G4 type as of 31.12.2015. Except for G4, there are A, B and C applications levels in each report types. However, not to be drifted far from our topic, it will be right to return to the information (IR) included in especially column 1.

The 1<sup>st</sup> column in Table 4 shows the number of integrated reports made in the world during 1999-2015 (July). A total of a 17-year period has been examined and 3107 integrated reports have been encountered. As we mentioned above, integrated reporting idea emerged in 2009 and the first framework for integrated reporting was published in December 2013. There are many studies conducted by IIRC about the integrated reporting during 2009-2013 (public opinion polls, pilot studies, etc.). If we study the table according to these dates; there is no integrated report made during 1999-2002. Integrated reporting number during the period from 2002 until 2009 is extremely low rates (0.03% in 2002 and 2003, 0.12% in 2004, 0.25% in 2005, 0.41% in 2006, 0.57% in 2007, and 1.2% in 2008). It is observed that along with taking a significant step for the formation of integrated reporting in 2009, the interest of the companies on the matter has increased. The rate of the integrated reporting made in 2009 is 6.1%. In 2009, an expected jump was experienced in comparison to the previous years. After 2009 until 2013, there is a tendency for the increase of integrated reporting number (9.3% in 2010, 19.2% in 2011, and 22.8% in 2012). During these years, integrated reporting framework had not yet reported however it seems like perception formation effort of IIRC between the companies gave a result. The year in which the integrated reporting was made the most was 2012.

The number of integrated reports starting from 2012 tended to decrease. In 2013, IIRC published a framework for the first time for integrated reporting. However, it is challenging that there was a drop in 2013 in comparison to 2012 (19.05%) and it continued in 2014 (15.44%). This drop in 2013 brings to mind that the possibility that the framework published that year was confusing for the companies. It is argumentative what percentage of the reporting made without depending on a framework before 2013 was in fact an integrated reporting. Because for the reports published in GRI database to take the expression "it is an integrated report" depends on the placement of the expression that it is an integrated report by the company in other words it depends on the declaration of the company itself. Therefore, how many of these reports are really an integrated report can be a separate investigation topic. The number of reports in 2015 is at a low level because the year has not ended yet (5.3%). However the rate 5.3% in the first half of the year signals that the progress will be in this direction in the second half of the year as well. If we think this way, it will not be difficult to state that the number of integrated reports published in 2015 will show a drop in comparison to 2014.

CLP Group environmental relations director Jeanne Chi Yun Ng explained the fact that integrated reporting is not preferred by companies as much as the sustainability report or it is a reporting approach demanding more care and study as follows;

*"we need retrospective five year financial and sustainability data when integrated report is prepared and it is only possible to prepare our first integrated report this way" (Gökmen, 2013).*

Because of the complexity of preparing integrated reports, businesses are not very keen on integrated reporting.

In the fourth of the Global Reporting Initiative Conferences held in Amsterdam on May 22-24, 2013, a study was evaluated examining how many of the reports that are introduced as an 'integrated report' by people who prepared them on the report database of GRI during 2010-2012 are in fact has the characteristics of integrated reports and how the integrated reports in the world took shape, and significant results were obtained to direct our study as well.



"...according to the examination results of 756 reports which were prepared by taking the GRI guidance as a basis and indicated as 'integrated'; 1-The reports were prepared by companies which operate mainly in South Africa, Netherlands, Brazil, Australia and Finland and primarily in financial services sector and in electric production, energy and mining sectors. 2-Only one third of the reports is related to sustainability clearly and established connection of financial information with each other and evaluated one with another. 3-Half of the reports gathered the sustainability and financial report, which are two separate reports, under a single cap without forming a connection between them" (Gökmen, 2013).

Based on these results, it will not be wrong to state that there is a long path for companies to go in the matter of integrated reporting.

**Table 05:** Distribution of IR number based on organization size (on yearly basis)

Years	Total IR	Organization Size					
		SME		LARGE		MNE	
		n	%	n	%	n	%
2015	165	13	8	111	67	41	25
2014	480	44	9	347	72	89	19
2013	592	51	8	412	70	129	22
2012	709	67	10	491	69	151	21
2011	598	71	12	425	71	102	16
2010	290	37	13	207	71	46	16
2009	190	28	15	128	67	34	18
2008	38	4	10	27	71	7	18
2007	18	2	11	11	61	5	28
2006	13	2	16	6	46	5	38
2005	8	0	0	3	38	5	62
2004	4	0	0	1	25	3	75
2003	1	0	0	0	0	1	100
2002	1	0	0	0	0	1	100
2001	0	0	0	0	0	0	0
2000	0	0	0	0	0	0	0
1999	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>3107</b>	<b>319</b>	<b>%10</b>	<b>2169</b>	<b>%70</b>	<b>619</b>	<b>%20</b>

Table data have been gathered and arranged from the address <http://database.globalreporting.org/search> (dated 02.07.2015)

**Figure 01:** Distribution of IR number based on organization size (on yearly basis)

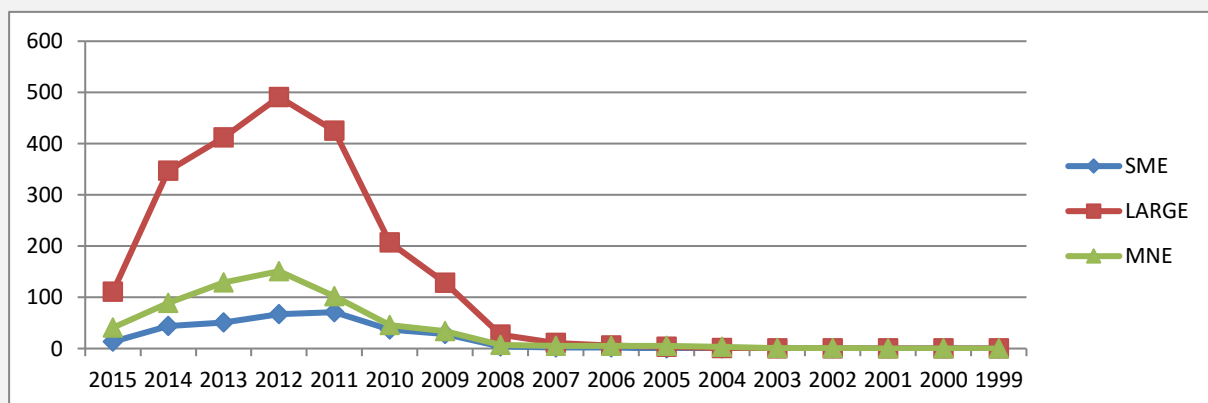


Figure data were gathered and organized from the address <http://database.globalreporting.org/search> (dated 02.07.2015).

Table 5 and Figure 1, which make it more meaningful visually, show the distribution of IR number on yearly basis and based on organization size. When Table 5 is viewed, we can see that 70% of 3107 integrated reports were prepared and published by large companies, 20% by MNEs, and 10% by SMEs. Preference of integrated reports just like sustainability reports more by large businesses must be considered normal. As one explanation for the situation is that large companies carry out more activities and have greater impact on the public. Larger companies are also subject to greater inspection by various groups in society and therefore would be under greater pressure to disclose their social activities to legitimize their business (Haniffa and Cooke, 2005). Although Bonson and Bednárová (2014) found no significant correlation between CSR and the company size, Haniffa and Cooke (2005) had found company size significant for CSR. So we agree with this point of Haniffa and Cooke (2005) since the number of integrated report of large companies is the most for most of the years. On the contrary, to be a very complicated operation of an integrated report, SMEs have difficulties to edit this report for publication.

**Table 06:** Distribution of IR number based on organization region (on yearly basis)

Years	Total IR	Organizations Region											
		Africa		Asia		Europe		Latin America		Nort. Amer.		Oceania	
		n	%	n	%	n	%	n	%	n	%	n	%
2015	165	34	21	11	7	94	57	24	14	2	1	0	0
2014	480	211	44	39	9	151	31	43	9	16	3	20	4
2013	592	247	42	46	8	209	35	55	9	17	3	18	3
2012	709	238	35	89	13	263	37	40	6	26	4	53	7
2011	598	177	30	46	8	231	38	74	12	29	5	41	7
2010	290	32	11	24	8	149	51	43	15	15	6	27	9
2009	190	24	13	10	5	111	58	14	7	10	6	21	11
2008	38	3	8	3	8	21	56	4	10	2	5	5	13
2007	18	1	6	2	11	9	50	0	0	2	11	4	22
2006	13	1	8	1	8	6	46	0	0	2	15	3	23
2005	8	0	0	1	12.5	4	50	0	0	1	12.5	2	25
2004	4	1	25	0	0	1	25	0	0	1	25	1	25
2003	1	0	0	0	0	1	100	0	0	0	0	0	0
2002	1	0	0	0	0	0	0	0	0	0	0	1	100
2001	0	0	0	0	0	0	0	0	0	0	0	0	0
2000	0	0	0	0	0	0	0	0	0	0	0	0	0
1999	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>3107</b>	<b>969</b>	<b>%31</b>	<b>272</b>	<b>%9</b>	<b>1250</b>	<b>%40</b>	<b>297</b>	<b>%10</b>	<b>123</b>	<b>%4</b>	<b>196</b>	<b>%6</b>

Table data were gathered and organized from the address <http://database.globalreporting.org/search> (dated 02.07.2015).

**Figure 02:** Distribution of IR number based on organization region (For better illustration)

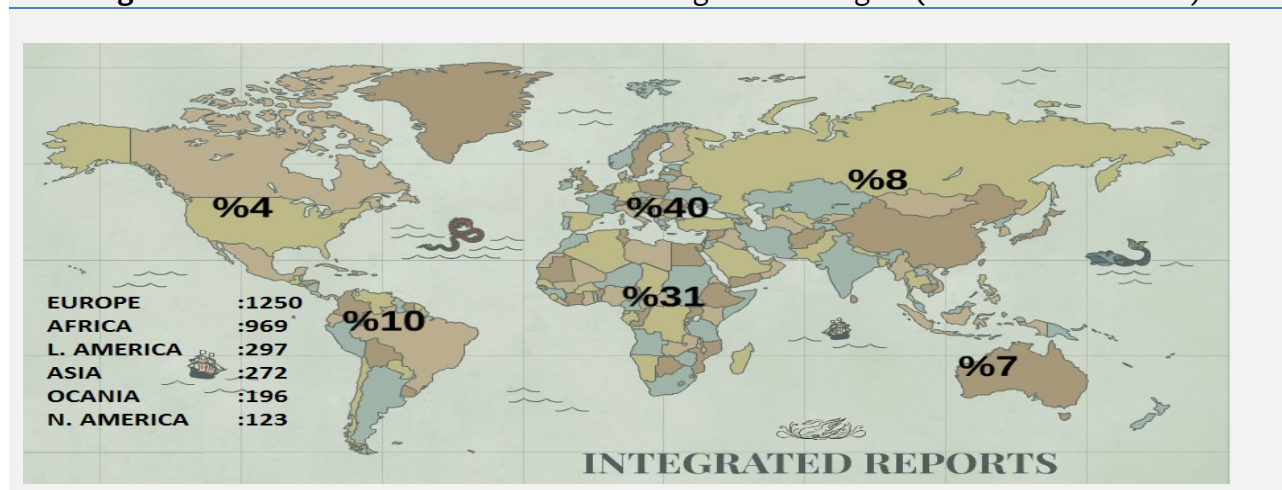


Table 6 and Figure 2, which make it more meaningful visually, show distribution of IR number according to the organization region on yearly basis. When Table 6 is considered, we can see that 40% of 3107 integrated reports during the interval of 1999-2005 were prepared and published in European region, 31% in Africa region, 10% in Latin America region, 9% in Asia region, 6% in Oceania region, and 4% in Northern America region. When the results are examined, it is clear that a very large portion of integrated reports that are published in the entire world is in European region. We can say that regulations and incentive studies of the EU conducted in both sustainability and integrated reporting gave favorable results. Eccles and Serafeim (2011) were done a research by getting some data from Sustainability Asset Management (SAM) and examine variations across countries. According to this research highly ranked countries for both environmental and social information score are European countries. In this case the situation is similar to the table 6.

The region where integrated reporting number is second is Africa and as Sierra-Garcia et. al. (2013) said the region has one of the most integrated reports because of compulsory integrated reporting policy. Although Iona and Adriano (2013) argued voluntary or mandatory integrated reporting would be good for future, we agree with Eccles and Serafeim (2011) and think that integrated reporting process should be mandated. Ioannou and Serafeim (2011) have shown the benefits of mandatory reporting policy and as lived in Africa If the reporting process mandated positive results will emerge. As Eccles and Armbruster (2011) stated;

“every company should, and eventually will have to, practice integrated reporting and when integrated reporting become mandated, companies that have already started practicing integrated reporting will have advantages according to the companies that has never tried to prepare integrated report”.

Of course only the mandatory reporting policy is not effective because of other reasons. The investors' interest is important for publishing integrated reports for companies. Eccles and Serafeim (2011) were shown that there was a harmony between investor interest and environmental or social reporting in European Country and South Africa. As the last the region where integrated reporting number is the lowest is Northern America.

**Table 07:** Distribution of IR number according to the sectors

Sectors	n	%		n	%
Agriculture	18	0.59	Logistics	102	3.34
Automotive	38	1.24	Media	41	1.34
Aviation	46	1.51	Metals products	55	1.8
Chemicals	84	2.75	Mining	172	5.63
Commercial services	46	1.51	Non-profit / services	119	3.9
Computer	16	0.52	Public agency	57	1.87
Conglomerates	70	2.29	Railroad	14	0.46
Construction	87	2.85	Real estate	160	5.24
Construction materials	100	3.27	Retailers	103	3.37
Consumer durables	20	0.65	Technology hardware	57	1.87
Energy	168	5.5	Telecommunications	107	3.5
Energy utilities	168	5.5	Textiles and apparel	21	0.69
Equipment	53	1.74	Tobacco	0	0
Financial services	490	16.04	Tourism /Leisure	51	1.67
Food and beverage prod.	128	4.19	Toys	0	0
Forest and paper products	49	1.6	Universities	16	0.52
Health care products	62	2.03	Waste management	25	0.82
Healthcare services	40	1.31	Waste utilities	41	1.34
Household and per. prod.	26	0.85	Others	204	6.68
<b>Total</b>			<b>3054</b>	<b>100</b>	

Table data have been gathered and arranged from the address <http://database.globalreporting.org/search> this table was prepared as of 12.07.2015. Because GRI sustainability disclosure database are updated constantly, total integrated report number looks different in this table.

**Table o8:** Distribution of IR number according to the sectors (first ten sectors)

Row	First ten sectors (IR)	n	%
1	Financial services	490	16.04
2	Others	204	6.68
3	Mining	172	5.63
4	Energy	168	5.5
5	Energy utilities	168	5.5
6	Real estate	160	5.24
7	Food and beverage prod.	128	4.19
8	Nonprofit / services	119	3.9
9	Telecommunications	107	3.5
10	Retailers	103	3.37

Table data were gathered and organized from the address <http://database.globalreporting.org/search> (dated 02.07.2015).

Table 7 and Table 8, which is the complementary of it, show the distribution of IR number of companies publishing integrated reports according to the sectors. Table 8 was obtained from Table 7 data and shows the first ten sectors which publish the most number of integrated reports. According to this, financial services sector is the sector which publishes integrated reports the most with 16.5% ratio. Companies included in the financial services sector stand out with many activities conducted in global sense and with innovative steps in reporting. For instance, as of 12.07.2015, based on GRI sustainability disclosure database, and based on 25,310 sustainability reports (GRI and non-GRI), again the financial services sector is the first sector with 3304 report number (13%).

The research done by [Azim et. al. \(2009\)](#) in Bangladesh shows that the financial services is leading sector to publish CSR reporting. Similarly many studies [Outtles-Wenderley et al. \(2008\)](#) and [Ogrizek \(2002\)](#) found link sector and CSR reporting and in these research the financial services rank at first and Energy sector is at first three [Bonson and Bednárová \(2014\)](#). At this point we are not surprised to see the same result about finance sector.

## 6.0 Conclusion

When we consider the countries and companies existing in the world, it will not be wrong to state that many large companies are effective on economy, stakeholders, etc. more than the governments of the countries. However, it is an inconvenience that companies still do not add social, environmental, etc. matter in their annual reports and do reporting only based on financial indicators and therefore based on past data. Today's companies are integrated into society. When large and global companies collapse, the effects of this situation concern millions of people ([King, 2013](#)).

A result with a characteristic supporting this idea of King which we agree can be obtained from the studies conducted on S&P 500 companies in 2013. According to the results of this study, although there is an explanation about the sustainability of 499 companies out of S&P 500 companies, data were found about integrated reporting in only 7 of these 500 companies, which corresponds to 1.4% ([IRRCI, 2013](#)). The reason behind it is not only the indifference of companies about this reporting for certain. The background of the studies on reporting and conceptual framework, etc. is new. We don't have any doubt that the interest in this reporting, which has a few years of past, will increase because IIRC has determined a quite intense study calendar on this matter.

In the present study, by gathering and using GRI databases, we scrutinized the state of companies on integrated reporting matter, and which companies use more the integrated reporting included in which sector, and how much the companies prefer integrated reporting based on various characteristics (size, country, sector, etc. they are in) based on 1999-2015 July period. In the present study; we have

determined that in 2012 integrated reporting was made the most, large businesses prefer integrated reporting the most, integrated reporting is made in European region the most, and financial services sector is the sector publishing integrated report the most. However, what percent of these integrated reporting has the requested characteristic based on IIRC's required framework was not detailed because it is out of our investigation topic, and it is determined as the future study topic.

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