

SIDREA Series in Accounting and Business Administration

Teresa Izzo

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# The Integrated Reporting Paradigm

Antecedents, Present and Future  
Perspectives



 Springer

# SIDREA Series in Accounting and Business Administration

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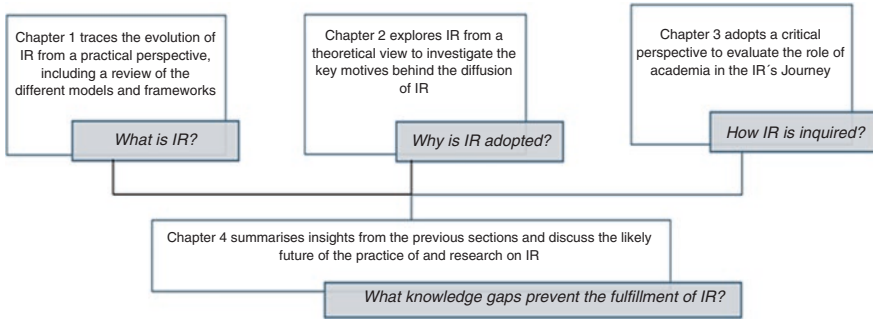
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# Preface

Drawing on serious shortcomings of traditional accounting systems, the concept of Integrated Reporting (IR) has emerged as a new and independent reporting regime, guiding organisations towards a more transparent, sustainable, and accountable future. Great expectations are placed in IR becoming the ultimate answer to address the needs and the expectations of a rapidly evolving business landscape. By conveying financial, economic, social, and environmental information in a concise format, IR promotes the integrated thinking ‘philosophy’ as a strategic approach to governance and disclosure. This accounting change initiative has quickly gathered global attention and generated lively debates among practitioners, investors, regulators, and academics. Although it is often considered a matter for the domain of sustainability accounting, the scope of IR extends far beyond and deserves recognition within a broader discourse on the transformative nature of corporate reporting. A critical approach has been taken about the potential of IR to drive a radical innovation of contemporary reporting practices. Certainly, IR represents a topic of great controversy since it struggles to find strong theoretical roots as well as a more effective acknowledgment at a practical level.

In this context, the book provides an in-depth review of the field, enhancing the IR awareness through a multi-level perspective of analysis. The book is divided into four chapters that explore different key issues on the debate about IR, with a focus on the interpretation and guidance provided by the International Integrated Reporting Council (IIRC). Figure 1 provides an overview of the book’s structure.

In Chap. 1, the historical background of the IR initiative is set out, unearthing the pivotal events and milestones that have shaped its development. This chapter considers recent trends that have prompted the debate on corporate sustainability and accountability, providing a rich context for understanding the emergence of IR. In the current scenario, different models and conceptions of IR co-exist, and best practices have not yet consolidated into a norm. Given the lack of a general accepted approach to IR in practice, we will examine the diverse models of IR to identify the key players and influences that shaped the mission of the IIRC. We will also point out some of the most critical aspects of the IIRC framework that could prevent the outcomes of this promising initiative. This retrospective examination aims to clarify the contingency of IR, offering a strong foundation for the sections that follow.



**Fig. 1** Overview of book's structure

Chapter 2 takes us deeper into the theoretical roots of IR, providing a nuanced understanding of why IR has become a pivotal aspect of contemporary corporate reporting. Countless theories have been used to interpret the IR rationale and explain its widespread adoption among organisations. From a theoretical perspective, the absence of a uniform interpretation of IR creates a need for a broader representative model that could reconcile ambiguous interests and positions in ongoing debate. The development of IR has been guided by the assumptions and principles of traditional theoretical paradigms. In particular, four theories appear to dominate in the IR research: stakeholder theory, legitimacy theory, institutional theory, and agency theory. However, other new theories have also supported the adoption and diffusion of this emergent reporting trend. This chapter will discuss the foundations of the prevailing theories, together with those of the most fascinating alternative views, and their methodological applications to assess how they inform organisations' strategy in the practice of IR. The purpose is to develop a basis for a comprehensive theorisation of IR, promoting openness and transversality to better mirror its complex nature.

Chapter 3 aims to fill the gaps between practice and theory in the debate surrounding IR. We present a meticulous structured literature review to evaluate the state and progression of the field in terms of a five-step journey. Using this methodological approach, we will identify key themes and trends as well as areas ripe for further investigation and knowledge gaps. Drawing on previous studies (Guthrie et al., 2012; Dumay & Garanina, 2013; Dumay et al., 2016), we developed a comprehensive framework to analyse the most relevant qualitative and quantitative aspects of the literature on the topic. Specifically, the dataset has been coded according to the source title, year of publication, jurisdiction, location, network of research, data collection, research method, theoretical setting, literature focus, IR approach, IR framework, and model. Meta-synthesis distribution figures will summarise the findings for each of the ten criteria included in the analytical framework. Citation analysis is also used to assess the studies with highest impact on scholarly debate. By systemising the empirical research collected, the chapter also includes a detailed examination of the benefits and challenges related to the implementation of the IIRC framework. This section aims to critically discuss the role of the academic research for the institutionalisation of this new reporting tool.

The final chapter, Chap. 4, points towards the future. Building upon the insights collected from the previous chapters, this section identifies promising research avenues that could shape the next phase of scholarly inquiry on IR. We will discuss some of the most compelling challenges for IR such as low readability, lack of a practical guidance on key concepts, absence of sector or entity-specific principles, failure to capture the intangible dimension of value creation. Since the core of IR criticisms predominantly revolves around the investors and accountants focus, we also debate the issue of IR audience. In the era of digital transformation, technology also represents another critical area of exploration.

This book offers an update overview of the IR field, which could be useful for practitioners, researchers, and decision-makers seeking to implement, advocate for, or analyse IR.

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# List of Abbreviations

A4S	Accounting For Sustainability
CDP	Carbon Disclosure Project
CDSB	Climate Disclosure Standards Board
CSRD	Corporate Sustainability Reporting Directive
EFRAG	European Financial Reporting Advisory Group
EMAS	Eco-Management and Audit Scheme
ESG	Environmental, Social, and Governance
ESRS	European sustainability reporting standards
GRI	Global Reporting Initiative
IDSA	Institute of Directors of South Africa
IIRC	International Integrated Reporting Council
IR	Integrated Report/Integrated Reporting
IRC	Integrated Reporting Committee of South Africa
JSE	Johannesburg Stock Exchange
NFRD	Non-Financial Reporting Directive
SLR	Structured Literature Review
SME	Small and Medium Enterprises
WBCSD	World Business Council for Sustainable Development
WICE	World Industry Council for the Environment guide
WICI	World Intellectual Capital Initiative

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