

Scan of research on integrated reporting in South Africa

(January 2010 to June 2014)

And identification of future research opportunities

**An information paper
from the
Integrated Reporting Committee of South
Africa**



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List of Abbreviations used in this Paper

ACCA	- Association of Chartered Certified Accountants
CDP	- Carbon Disclosure Project
DHET	- Department of Higher Education and Training
GRI	- Global Reporting Initiative
IBSS	- International Bibliography of the Social Sciences
IIRC	- International Integrated Reporting Council
IRC	- Integrated Reporting Committee of South Africa
ISI	- Institute for Scientific Information (now Thomson Reuters)
SMEs	- Small and Medium Enterprises

1. EXECUTIVE SUMMARY

The principal objective of this study is to establish the current state of research in the field of integrated reporting, as well as to determine the possible direction(s) in which the discourse on the subject might evolve in the future, and the opportunities that exist for future research. The execution of the study identified a number of significant trends in the existing body of research, including significant levels of interest in the field of integrated reporting from the corporate sector, professional bodies and practitioners, as evidenced by the substantial body of research undertaken by the big consulting firms, and by professional international industry organisations such as the Association of Chartered Certified Accountants (ACCA). The study also appears to confirm South Africa's preeminent position in the field of integrated reporting, given the high percentage of items either originating from South Africa or being applicable to South African conditions.

With regard to the timing of this research, this would appear to coincide to a significant degree with the formation of the International Integrated Reporting Council (IIRC) in August 2010 and the Integrated Reporting Committee of South Africa (IRC) a few months earlier. Furthermore, the study suggests a correlation between the development by the IIRC of its International <IR> Framework, and a number of prominent research themes.

A significant element of the study consisted of seven semi-structured individual interviews with leading South African experts in the field of integrated reporting. These interviews served to confirm a number of the findings derived from the analysis of the data set, and to suggest areas of significant potential for future research on the subject. In this regard, two issues identified as possessing significant potential for future research are those of integrated thinking, and of assurance with regard to integrated reporting processes and outcomes. Two of the interviewees raised the concern that the current focus on integrated reporting and integrated thinking presents a significant risk of reduced focus on issues of social and environmental sustainability, and on more traditional forms of sustainability reporting and sustainability accounting.

Finally, the issue of the primary audience for integrated reporting, in the form of providers of financial capital, and a number of implications arising from this focus, was also raised by several of the interviewees as an area that merits significant levels of future research.

2. INTRODUCTION

The study arose from a requirement identified by the IRC for an in-depth overview of the current state of research in the field of integrated reporting in South Africa, as well as an understanding of the proposed direction of future research on the subject and any gaps or omissions that might exist in this regard. In order to address these issues, the IRC Working Group (IRCWG) undertook a study that would aim to provide some clarity regarding these issues.

In order to fulfil this objective, the IRCWG firstly developed a data set of 116 research items on the subject of integrated reporting published between January 2010 and June 2014, largely on South Africa's integrated reporting but including some major international works. Following this process, the researchers then classified the included research items according to a number of fields, including the principal research questions addressed, the areas identified for further research and the applicability of the research to the South African

context. The researchers identified the principal findings of the individual research items, and classified these according to 24 themes, identified as being material to the current state and potential future development of integrated reporting. They also identified any suggestions included in these items regarding future research in the field.

A further element of the study, which served as an additional means of verifying the conclusions reached during the research process, comprised a number of individual interviews with representatives of the South African integrated reporting community. These interviews were conducted in a semi-structured manner, and the discussions that took place were particularly wide-ranging in nature. The principal value of the interviews for the research process was to confirm or refute the conclusions reached during the analysis of the data source, and to provide an indication of the views of these experts regarding the possible directions in which the discourse might evolve in the future.

In addition to the research undertaken up to June 2014, the study examined a number of highly relevant pieces of research in the field of integrated reporting that have been released into the public domain since that date, in order to gain an understanding of their potential contribution to the discourse on the subject.

From these various elements of the research project, a number of recurring themes emerge. These themes provide valuable indicators of the potential future direction of academic and professional research on the subject of integrated reporting.

3. RESEARCH METHODOLOGY

The evaluation of the existing body of academic research and industry information on the subject of integrated reporting took place as follows:

- 3.1 Keyword searches were undertaken on various academic databases to which the research team had access, across two tertiary institutions, namely the University of Pretoria and the University of the Witwatersrand. The parameters of these searches included the following:
 - To be included in the study, the term 'Integrated Reporting' should appear in the title, abstract or introduction of the material;
 - In order to ensure the relevance of the information reviewed, the timeframe for the included material to be published or released into the public domain was fixed as being between January 2010 and June 2014;
- 3.2 Based upon these parameters, a total of 116 pieces of academic or industry research were identified for inclusion into the study. These documents were reviewed and summarised by the research team according to the subjects they addressed, as well as where relevant, any suggestions made for further research in the field of integrated reporting.

- 3.3 These research items were categorised according to a number of parameters, including amongst others the nature of the document, research methodology applied, origin and publication in which it appeared (if any). These parameters are described in detail in the 'Existing Research' section of this report.
- 3.4 Furthermore, in terms of the subjects addressed by the 116 documents, these were grouped into 24 distinct themes, identified by the research team as being representative of the principal issues covered by the body of research. Once again, these parameters are discussed in detail later in the report.
- 3.5 In order to further substantiate and/or contextualise the findings of the research process, a number of interviews were undertaken with respected South African experts in the field of integrated reporting (including a number of members of the IRCWG). The principal objective of these interviews was to probe the views of these experts on the current state of research into integrated reporting in South Africa and internationally, as well as to obtain their insights regarding the possible directions in which the discourse might evolve in the short to medium term.
- 3.6 As a final step in the research process for this report, the research team identified a number of seminal publications or pieces of research falling outside the time frame of the research project (in other words published after June 2014, or even in the process of being published at the time of writing of this report) which were considered as potentially highly relevant to the future development of integrated reporting. These are discussed separately in the report, and their findings and recommendations are compared with main body of research.

This document is intended to represent a detailed overview of the elements discussed above. It is the expectation of the research team that it will stimulate further discussion regarding the future direction of the discipline of integrated reporting both in South Africa and internationally, and that it will provide a valuable indicator of those areas exhibiting significant potential for future research in this field.

4. EXISTING RESEARCH

In recent years, integrated reporting has enjoyed significant attention in both the academic and professional environments. As a result, one of the major challenges faced by the researchers in identifying the most relevant academic and professional literature on the subject was to limit the sample of research data to manageable proportions. For this reason, it was decided in the first instance to limit the data set to those publications or documents containing the term 'Integrated Reporting' in the title, abstract or introduction.

Furthermore, the time frame for the inclusion of literature in the data set to be evaluated was determined as being from January 2010 to June 2014. The selection of this time frame was based on a determination on the part of the researchers that, in light of the rapid development that has taken place in recent years in the field of integrated reporting, any literature released prior to January 2010 was likely to provide only a minimal contribution to the study.

The application of these parameters to a keyword search of various academic databases to which the research team had access, at both the University of Pretoria and the University of the Witwatersrand, returned a total of 116 items. These were classified according to a variety of fields, including the principal research questions and the areas identified for further research and the applicability of the research to the South African context. In terms of the sources and means of publication of these items, the items included in the data set were classified as follows:

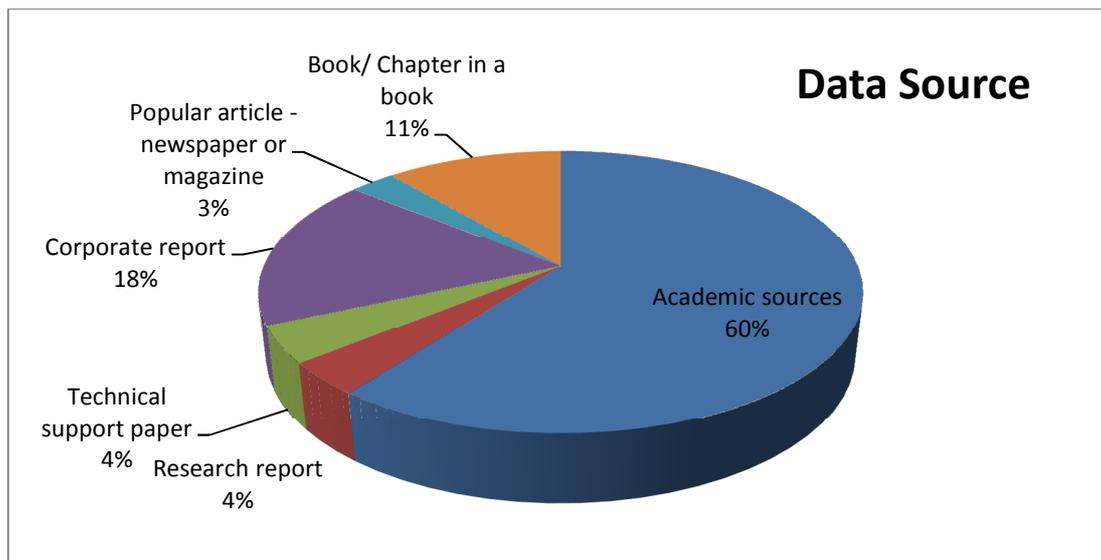


Figure 1: Research items by data source

As is clear from Figure 1, the majority of the items included in the data set are of academic origin. These academic sources are comprised of five distinct categories of research publications; the first (34%) being academic papers published on online academic platforms. The second category (9%) comprises articles published in accredited journals acknowledged by the Department of Higher Education and Training (DHET), Thomson Reuters (formerly known as ISI, the Institute for Scientific Information) or the International Bibliography of the Social Sciences (IBSS), while the third (8%) is defined other academic papers, including Masters or Doctoral theses. The fourth category (7%) comprises articles published in the Harvard Business Review and unaccredited journals, with the final category (2%) consisting of conference papers.

In addition to these academic sources, it is interesting to note that corporate reports (surveys etc) comprise the second largest segment of the data set, ahead of both books (or book chapters) and professional journal articles, which also provide significant contributions. This would suggest a significant, and growing, level of interest in the field of integrated reporting from the corporate sector, professional bodies and practitioners.

Furthermore, with regard to the research undertaken by the corporate sector into integrated reporting, it would appear that the majority of these corporate reports were compiled either by consulting firms, in particular Deloitte, EY, KPMG, and PwC, or by professional international industry organisations, such as ACCA. This would suggest that in the first instance, consulting firms view the field of integrated reporting as a significant emerging

market for their services, and secondly that professional bodies see a role for themselves as providing advice and guidance to the members of their respective industries in the adoption of integrated reporting as standard corporate reporting practice.

In terms of the percentage of the research that was either conducted in South Africa, or that was considered to be applicable to the South African situation, the analysis of the data set appears to confirm South Africa's preeminent position in the field of integrated reporting, with the number of items conforming to these conditions being significantly higher than what might be expected from an economy the size of South Africa's. This situation is of course generally ascribed to the fact that the King III Report recommended integrated reporting as an integral element of sound corporate governance, and that this recommendation was included, on an apply or explain basis, as a listing requirement by the Johannesburg Stock Exchange.

Having gained an understanding of the origins and significant parameters of the data set, the researchers then set about identifying the principal findings of the individual items, and classifying these according to a number of recurring themes that they displayed. In the first instance, the research items were classified according to 24 different themes, which were identified by the research teams as material to the current state and potential future development of integrated reporting. These themes also exhibited a high degree of correlation with various elements of the International <IR> Framework released by the IIRC in December 2013.

The 24 themes identified by the research team are listed below in no specific order:

1. Assurance of indicators
2. Assurance of reports
3. Challenges in integrated reporting
4. Key Performance Indicators
5. The role of stakeholder engagement
6. The value relevance or influence on decision-making of integrated reporting
7. Disclosure guidelines
8. Stakeholders view on integrated reporting
9. The effect of integrated reporting on performance
10. Report quality, analysis of content
11. Differences from other reports, relationship with sustainability
12. The motivation and business case for integrated reporting
13. Governance and leadership
14. Integrated thinking, strategy, risk management
15. Investors and integrated reporting
16. Education and institutions, legitimacy theory for integrated reporting
17. Applicability of integrated reporting in different sectors
18. The role of integrated reporting for small and medium enterprises (SMEs)

19. Short term versus long term perspectives
20. Legal and regulatory compliance, the role of non-governmental organisations (NGOs)
21. Company change
22. Reporting history and evolution
23. Conceptual frameworks, practical guidance on integrated reporting
24. Intellectual capital

In terms of the frequency with which these themes occurred within the data set, the situation is as follows:

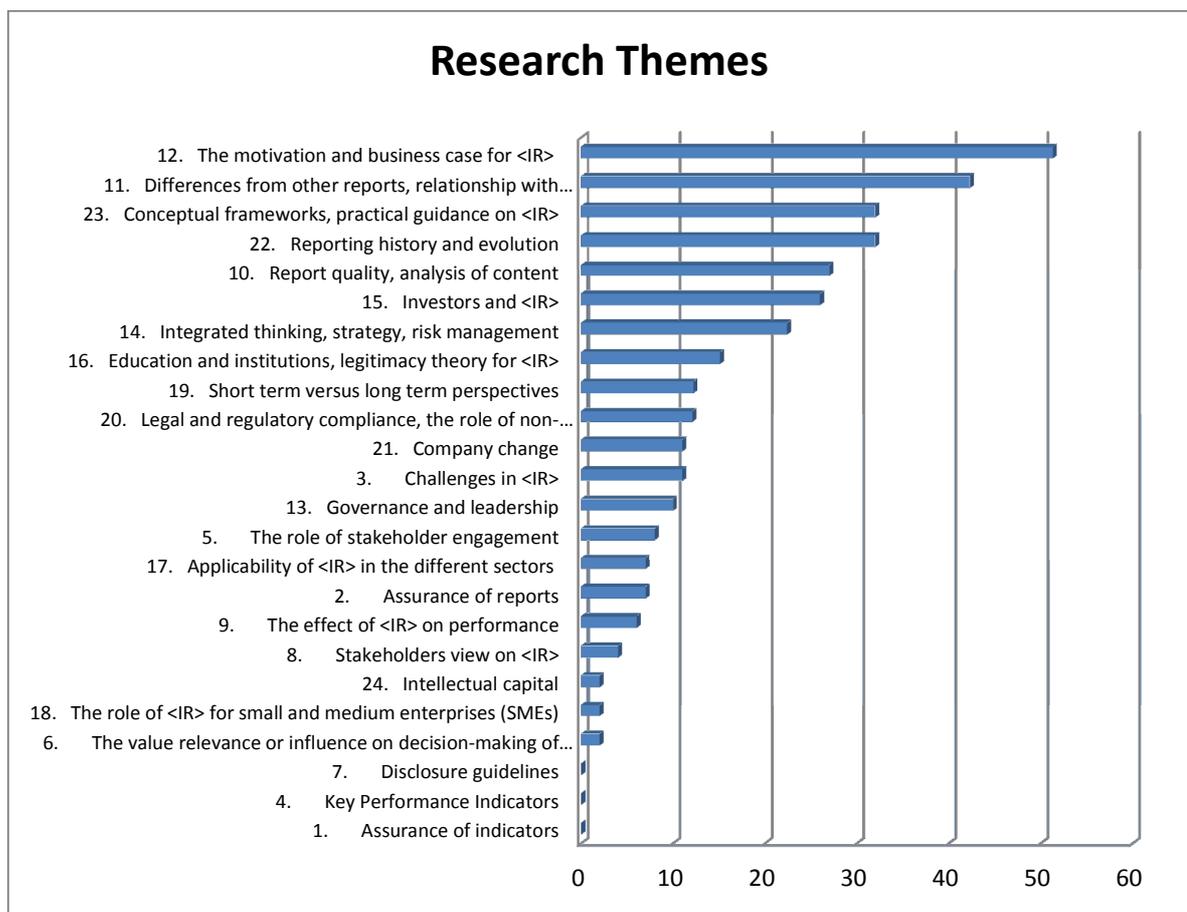


Figure 2: Occurrence of research themes

Based on Figure 2, the most common themes within the data set of 116 items were the following:

- The motivation and business case for undertaking an integrated reporting process
- The relationship between an integrated report and other corporate reports, and the relationship of the integrated reporting process with issues of sustainability
- The history and evolution of corporate reporting, including integrated reporting

- Practical guidance regarding the integrated reporting process
- The quality of reporting and the analysis of report content
- The relevance of integrated reporting for investors (as opposed to other stakeholders of the reporting entity)

This analysis would appear to suggest that over the past four and a half years, apart from the research undertaken regarding the quality of integrated reports, the principal areas for academic and professional researchers in the field of integrated reporting have been the motivation for undertaking an integrated reporting process, the evolution of the discipline and its relationship with sustainability reporting (and by extension to sustainability accounting) and the relevance of integrated reporting for investors (which appears to point to an interest on the part of researchers in the issue of investors and other providers of financial capital as the primary audience for integrated reporting).

Of particular interest in this regard, is the fact that the majority of the research conducted on these themes appears to have taken place since 2012. Given the official formation of the IIRC in August 2010, and the publication in September 2011 of its first Discussion Paper, entitled ***Towards Integrated Reporting: Communicating Value in the 21st Century***, this would suggest that the organisation has provided significant impetus to the level of research and discussion taking place on the subject of integrated reporting over the past two years. Similarly, the publication of various documents and iterations of the IIRC's International <IR> Framework – namely the ***Outline*** (July 2012), ***Prototype*** (November 2012), ***Consultation Draft*** (April 2013) – through to the publication of the final version of the International <IR> Framework in December 2013, has stimulated significant debate regarding the evolution of this document and the underlying integrated reporting processes that it promotes.

In a South African context, the situation is relatively similar, with the majority of the research on the subject of integrated reporting being conducted between 2012 and 2014. In this regard, however, South Africa does appear to have made something of a head start, with a number of research items being published in 2011. This is once again highly likely to be a reflection of the emphasis placed on integrated reporting by the King III Report and the JSE from 2010 onward, and of course by the formation of the IRC in May 2010 and the release of its world-first Discussion Paper, entitled ***Framework for Integrated Reporting and the Integrated Report*** in January 2011.

With regard to the themes identified above as occupying significant levels of attention within the academic and professional research community, two issues in particular can be considered as relating directly to the evolution of the International <IR> Framework.

In the first instance, as the Framework evolved through various iterations and documents, it was possible to observe a sustained decline in its consideration of issues related to sustainability, and by extension to sustainability accounting, based purely on the number of times the word 'sustainability' appeared in the various documents released by the IIRC. Consequently, it can be argued that this decline in the consideration of sustainability in the development process of the International <IR> Framework, was closely followed by a significant increase in the level of (primarily critical) discussion on this subject within the academic research community.

Secondly, the emergence through the various IIRC documents of the providers of financial capital as the primary audience for integrated reports (with a later change to the purpose of

the report in the final Framework) suggests a shift in emphasis on the part of the International <IR> Framework and its authors from a stakeholder-inclusive approach as practiced in various established sustainability reporting methodologies such as the Global Reporting Initiative (GRI), to a far more investor-focused approach. This might in turn serve to explain the relatively high levels of discussion in the literature regarding the relevance of integrated reporting for investors, as well as for other stakeholders of the reporting entity.

Furthermore, the high number of publications dealing with the evolution of integrated reporting and the rationale for adopting the practice, as well as those aimed at providing practical guidance on the subject, might be to a significant degree ascribed to the interest on the part of the big accounting firms and other service providers in developing the field of integrated reporting as a significant market for their services.

5. OPPORTUNITIES FOR FUTURE RESEARCH (as drawn from existing literature sources)

In analysing the body of existing research on the subject of integrated reporting, one of the parameters considered by the researchers was the inclusion within the 116 items comprising the data set for this study, of any suggestions for areas of future research in the field. In this regard, from the 116 items, a number of opportunities for such research were identified, some of which (as might be expected) correspond to a significant degree with the themes identified above as enjoying particular levels of interest within the academic and professional research communities. Among the areas identified as holding significant potential for future research were:

- Various issues related to materiality and stakeholder engagement
- Long-term versus short-term considerations in reporting and corporate decision-making processes
- The relationship between integrated reporting, sustainability reporting and sustainability accounting, particularly with regard to stakeholder engagement
- The links between integrated reporting and improved financial performance
- The causes and consequence of integrated reporting, and its role in promoting integrated thinking amongst corporate entities
- Assurance of integrated reports and guidelines regarding disclosures to be included
- The role of firm- and sector-specific factors in integrated reporting, including the relevance of integrated reporting in the SME and non-profit sectors
- The outcomes and decision relevance of the integrated reporting process and the reports it produces, particularly in terms of increasing understandability and usefulness for stakeholders

In the South African context, a particular area identified for future research was the integration of (or alternatively the potential for tension between) integrated reporting on the one hand and sound corporate governance as recommended by the King III Report on the other. The existence of this issue can to a significant degree be once again ascribed to differing approaches to stakeholder engagement, with King III recommending a stakeholder-inclusive approach and the International <IR> Framework adopting a more investor-focused one (It is acknowledged that the Framework, through section 1E, allows for flexibility in this

area). In this regard, it is as yet unclear to what degree, if any, the significant emphasis placed on integrated reporting and on the underlying concept of integrated thinking, will serve to distract the attention of reporting organisations from the application of the corporate governance recommendations contained in King III (it is the contention of the research team that the scope of King III extends beyond integrated thinking) into the realm of improving corporate responsibility and sustainability within South African reporting entities.

With regard to the defined time frame of the data set, it would once again appear that the emergence of integrated reporting as an accepted corporate practice, along with the development of the International <IR> Framework, has led to a shift in the areas identified as holding potential for future research. In 2010 and 2011, the principal focus of the demand for future research appeared to be on the practical implementation of integrated reporting and the requirement for guidance in this regard. From 2012 onward, however, as the practice of integrated reporting became more mainstream, so the demand for such research appears to have become more nuanced in nature, and to focus on some fundamental issues related to basic elements of the International<IR> Framework and to the practice itself.

6. INTERVIEWS

As a further means of verifying the conclusions reached during the research process, seven individual interviews were held with representatives of the South African integrated reporting community. Among the individuals selected for these interviews were leading members of the IRC and IRCWG. The interviewees are representatives of major corporate entities who are responsible for the execution of integrated reporting within their organisations, and leading academic and professional researchers in the field.

During the interviews, three questions were posed to the interviewees, namely:

1. Any seminal pieces of research on integrated reporting that they have come across during the course of their activities in the field.
2. Issues currently under discussion or that are the focus of ongoing research.
3. Their opinions on the direction(s) in which the future research agenda in the field of integrated reporting should develop.

These interviews were undertaken in a semi-structured format, and for the most part the discussions that took place covered a wide range of topics related to the field of integrated reporting. As a result, in a number of instances it proved something of a challenge for the researchers to identify specific answers to the questions posed.

With regard to the first question, a number of the interviewees made reference to various publications of the IIRC and its service providers such as Black Sun, and in particular those released during the development process for the International <IR> Framework. Another more recent publication that also received several mentions during the interviews was the King and Roberts book entitled ***Integrate: Doing Business in the 21st Century***, published in September 2013, which was broadly considered to be a useful and practical introductory guide to the field of integrated reporting and integrated thinking.

Other areas of existing research identified as particularly relevant by the interviewees included:

- Stakeholder engagement and the primary audience for integrated reporting
- The linkage between integrated reporting and issues of corporate governance and sustainability
- The integration of integrated reporting with other reporting voluntary and mandatory reporting standards, and the demands placed on reporting organisations by multiple reporting frameworks and standards, each with differing requirements and areas of emphasis
- The effective incorporation of the various forms of capital identified in the International <IR> Framework into existing reporting practices, and the effective expression by reporting organisations of non-financial value
- Increasing the relevance and usability of integrated reports, particularly in terms of governance processes and the relationships between the management and stakeholders of a reporting entity

Unsurprisingly, the issues identified by the interviewees correspond to a significant degree with the most common themes addressed by the data set of existing research items, in particular those related to stakeholder engagement, as well as to the relationship between integrated reporting and sustainability reporting practices.

With regard to Question 2, namely topics currently under investigation in the field and areas of ongoing research, the subject of integrated thinking appeared to feature particularly prominently for the majority of the interviewees. In this regard, a number of different opinions were expressed regarding the potential effectiveness of integrated reporting in promoting integrated thinking within reporting entities. Certain interviewees expressed a high degree of confidence that this is likely to be the case, while others felt that integrated reporting should be an outcome rather than an enabling condition for integrated thinking within an organisation. In light of these differing opinions, it is safe to say that this is an area which exhibits significant potential for further research regarding the nature of the causal relationship between integrated thinking and integrated reporting.

Another area enjoying significant levels of current attention is that of assurance with regard to integrated reporting processes and outcomes. This was specifically mentioned by the majority of the interview subjects as being a 'hot topic', and one that can either significantly contribute to the legitimacy of integrated reporting, or create additional complexity in the management and application of the discipline. In this regard, the IIRC in July 2014 released two discussion documents on the subject, respectively titled **Assurance on integrated reporting - An Introduction to the Discussion** and **Assurance on integrated reporting - An Exploration of Issues**. It would appear that the development of this topic over the next 12 – 24 months will provide the opportunity for significant levels of debate and discussion within the academic and professional integrated reporting communities.

The final question posed to the interviewees, namely the areas for future research in the field of integrated reporting, elicited the highest levels of discussion, as well as some particularly insightful observations and innovative suggestions. In responding to this question, two of the seven interviewees raised the concern that the current institutional focus on integrated reporting, as well as integrated thinking, presents a significant risk of

reduced focus on issues of social and environmental sustainability, and in fact a risk of legitimising unsustainable behaviour on the part of reporting organisations. Other interviewees felt that a focus on integrated reporting and integrated thinking will lead to improved levels of governance and rational decision-making within an organisation, thereby resulting in improved awareness of sustainability issues and changes in the behaviour of the organisation with regard to these issues.

This issue is also closely tied to the ongoing debate regarding the possibilities (or lack thereof) for coexistence between integrated reporting and more traditional forms of sustainability reporting. In this regard, some of the interviewees expressed the view that their organisations will in the future continue to produce a sustainability report as well as an integrated report, on the basis that the sustainability report presents the opportunity for comprehensive disclosure of sustainability-related issues, while the integrated reporting provides a platform for these issues to be expressed in the context of the six capitals and other elements of the International <IR> Framework, and for a discussion of their financial implications for the organisation and its financial stakeholders. In other instances, interviewees felt clearly that one of the principal objectives of integrated reports is to eliminate the necessity for multiple reports and that, if undertaken effectively, an integrated reporting process should provide a holistic overview of the reporting organisation from both a financial and non-financial perspective.

In a similar vein, at least one of the interviewees expressed the opinion that in the case of his organisation, financial stakeholders such as investors, shareholders and even external analysts, exhibited significantly less interest in their integrated report than in various financial documents such as consolidated financial statements or earnings projections. This would appear to suggest two distinct possibilities; firstly that, despite financial capital providers being identified as the primary audience for integrated reporting the process requires further development so as to increase the relevance and usefulness of the integrated reports; and secondly that, the premise that capital providers should be the primary audience for integrated reporting is a contested one and that the issue should be revisited as part of the further development of the integrated reporting discipline. Based on existing research, it would appear that significant support already exists for both of these viewpoints, and it will prove extremely interesting in the future to determine which one proves to be the more accurate.

Also relevant to the perceived benefits arising from integrated reporting is the fact that several of the interviewees raised various tensions arising from the increased focus on the practice, including the continued overwhelming focus on the part of financial stakeholders on short-term returns, as opposed to a longer-term approach required to effectively engage with non-financial stakeholders and to consider non-financial risks, opportunities, benefits and impacts arising from the activities of the reporting entity. Similarly, the historic, primarily backward-looking nature of financial reporting versus the far more forward-looking approach required by non-financial reporting also presents significant challenges to reporting organisations in managing the dynamic tension between the approaches and effectively integrating them into a single (integrated) reporting process. Once again, these areas appear to hold significant potential for future research and the development of recommended best practice.

As mentioned above, the issue of parallel or competing reporting demands on organisations was raised by several of the interviewees as presenting an obstacle to the widespread adoption of integrated reporting. Examples cited include the GRI, Carbon Disclosure Project

(CDP) and various sector-specific reporting standards and voluntary compliance mechanisms. In this regard, the possibility for the streamlining and integration of these various reporting requirements appears to present significant opportunities for further investigation and research in the future.

Finally, given the leading position occupied by South Africa in the practice and application of integrated reporting, a number of the interviewees expressed the view that targeted research on the effects and outcomes of this application process within the country's reporting organisations would prove extremely valuable. According to these individuals, this research should in particular address some of the topics identified above, so as to contribute directly to the ongoing development of integrated reporting and assist in increasing the levels of adoption in other countries (in this regard, the USA was specifically mentioned as a country in which the adoption of integrated reporting will be assisted by the resolution of some of the issues mentioned above). Furthermore, the opinion was expressed that if effectively executed, such research will serve to maintain South Africa's position as a leader in the application of and further development of integrated reporting as a discipline.

7. CONCLUSION

From the various elements of this research project as described above – the analysis of the data set, suggestions for future research, and information gained from the individual interviews – a number of recurring themes emerge, the most notable of which appear to be:

- The overlaps or tensions that exist between integrated reporting and integrated thinking on the one hand, and established forms of sustainability reporting and sustainability accounting on the other
- The question of the primary audience for integrated reporting – investors and other providers of capital versus broader definition of stakeholder groups (including the role of independent financial analysts)
- Increasing the relevance of integrated reporting, in terms of the effective integration of financial and non-financial information (once again relevant for analysts)
- Ensuring the credibility of integrated reporting and the information included in integrated reports, including the development of appropriate assurance practices and processes
- The focus on integrated reporting versus a broader focus on corporate governance, responsibility and/or sustainability

It would appear that each of these areas holds significant potential for future research, and that effective and well-conducted research in all or any one of these areas would provide valuable impetus to the further development of the discipline.

Furthermore, returning to the 24 themes identified by the researchers from the data set, it would appear that the possibility exists to consolidate these themes into six overarching themes, as follows:

- The business case for integrated reporting
- The implications of integrated reporting for corporate governance, leadership, integrated thinking, strategy and risk management
- Improving the quality and data integrity of integrated reporting, including assurance

- Stakeholder relevance and the primary audience for integrated reporting
- The relationship between integrated reporting on the one hand, and corporate sustainability or sustainability reporting on the other
- Integrated reporting as a driver for company change or evolution (including regulatory versus voluntary compliance)

Overarching Theme	Research Theme
The business case for integrated reporting	Theme 12. The motivation and business case for integrated reporting
	Theme 17. Applicability of integrated reporting in different sectors
	Theme 18. The role of integrated reporting for small and medium enterprises (SMEs)
The implications of integrated reporting for corporate governance, leadership, integrated thinking, strategy and risk management	Theme 4. Key Performance Indicators
	Theme 13. Governance and leadership
	Theme 14. Integrated thinking, strategy, risk management
	Theme 24. Intellectual capital
Improving the quality and data integrity of integrated reporting, including assurance	Theme 1. Assurance of indicators
	Theme 2. Assurance of reports
	Theme 3. Challenges in integrated reporting
	Theme 7. Disclosure guidelines
	Theme 10. Report quality, analysis of content
	Theme 23. Conceptual frameworks, practical guidance on integrated reporting
Stakeholder relevance and the primary audience for integrated reporting	Theme 5. The role of stakeholder engagement
	Theme 8. Stakeholders view on integrated reporting
	Theme 15. Investors and integrated reporting
The relationship between integrated reporting and corporate sustainability or sustainability reporting	Theme 11. Differences from other reports, relationship with sustainability
	Theme 16. Education and institutions,

	legitimacy theory for integrated reporting
	Theme 22. Reporting history and evolution
Integrated reporting as a driver for company change or evolution (including regulatory versus voluntary compliance)	Theme 6. The value relevance or influence on decision-making of integrated reporting
	Theme 9. The effect of integrated reporting on performance
	Theme 19. Short term versus long term perspectives
	Theme 20. Legal and regulatory compliance, the role of non-governmental organisations (NGOs)
	Theme 21. Company change

Unsurprisingly, these overarching themes correspond to a significant degree with those drawn from the interviews and the suggestions for future research derived from the data set. At the same time, however, these overarching themes appear to cover a somewhat broader range of issues, including the development of the business case for integrated reporting and the role of integrated reporting in driving change or evolution at a corporate level.

These two overarching themes would appear to possess a significant degree of interconnectedness – a compelling business case for integrated reporting (and by extension for integrated thinking), which leads to their adoption by reporting organisations, should reasonably result in some degree of change or evolution on the part of these organisations. This premise is, however, called into question by some of the points raised during the interviews, specifically those related to the risk that integrated reporting might at best simply serve to slow down the levels of unsustainable resource extraction and other practices, or at worst legitimise unsustainable behaviour on the part of reporting organisations. It would therefore once again appear that these areas possess significant potential for effective academic and professional research.

One area that does not appear to feature particularly prominently, either in the analysis of the data set or the individual interviews, is that of value creation. The issue is mentioned in various contexts by a number of the interviewees, specifically in the context of the six capitals, and of the challenges associated with calculating the value created by reporting entities through their activities, and it might well be implicit to a discussion of the business case for integrated reporting; however, it does not appear to feature as an issue in its own right.

A number of conclusions might be drawn from this situation, including one to the effect that for the bulk of the research included in the data set, value creation is assumed as a natural outcome of the activities of reporting entities, particularly those of a corporate nature. Another possible conclusion in this regard concerns the fact that for the majority of reporting

entities, value remains to a large extent confined to financial value, due in part at least to the inherent difficulties of calculating non-financial value or of integrating different forms of value.

In spite of this perceived omission, however, it is the opinion of the researchers that the issue of value creation remains a significant one in terms of the future development of integrated reporting. The emergence of best practice in the accurate determination and integration of different forms of value appears highly likely to significantly increase the usefulness of integrated reporting and increase its uptake amongst reporting entities. Furthermore, in addition to the issue of value creation, very little attention appears to have been paid up to this point to the issue of value distribution among stakeholders of a reporting entity, suggesting that this represents an additional opportunity for future research.

In addition to the research undertaken up to June 2014 (the date which formed the boundary of the data set for this study), a number of highly relevant pieces of research in the field of integrated reporting have been published since that date, or are about to be published. Wherever available, these items were analysed by the researchers, so as to gain an understanding of their potential contribution to the development of the discipline. In a number of instances, they proved to be particularly significant in this regard, a situation which once again points to the ongoing improvement in the quality and diversity of the academic and professional research being undertaken in the field.

The analysis of these various research items, both published and unpublished, provided the researchers with a number of additional insights into potential avenues for future research on the subject. In particular, it would appear that the tension that exists between stakeholder-inclusive approaches to reporting, as recommended by entities such as King III and the GRI, and more investor-focussed models such as the International <IR> Framework presents a significant opportunity for further research.

Furthermore, in a number of these recent publications, it is argued that the various trends identified above, particularly those related to stakeholder inclusiveness versus an investor-focused approach to integrated reporting, and to the relationship between integrated reporting and corporate sustainability, represent a form of 'agenda capture' on the part of a particular set of interests within the IIRC and various other entities active in the field, aimed at separating integrated reporting as an emerging discipline from various forms of sustainability reporting and sustainability accounting. For the purposes of this study, however, it remains to be seen how these trends, and the underlying possibility of 'agenda capture' that they may represent, might inform the future research agenda in the field.

Similarly, the issue of trade-offs between the various forms of capital identified in the International <IR> Framework, and the potential dangers that such trade-offs represent for addressing or minimising the social and environmental impacts associated with the activities of many corporate reporting entities, is identified as a fertile area for future research. This issue is also closely associated with the issue of market failures and externalities, in the form of the ability of reporting entities to externalise (primarily social and environmental, but also economic) costs, risks and impacts and internalise (primarily economic or financial) profits and opportunities.

Returning to the issue of potential themes for future research, it is the opinion of the researchers that the development of integrated reporting as a practical, respected and

credible discipline would be significantly enhanced through targeted research in fields related to the six overarching themes identified above.

The process of integrated reporting, its outcomes in the form of integrated reports, and the associated process of integrated thinking within reporting entities – each of these is a means to an end, rather than an end in itself. In this regard, the ultimate aim of those individuals charged with the leadership of reporting entities, must be to make the most effective use of these means, so as to improve the levels of stewardship, good governance and sustainability within the organisations that they control.

NOTE: A summary of each of the 116 items included in the scan of existing research is available on www.sustainabilitysa.org (website name to be changed to www.integratedreportingsa.org)

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ABOUT THE IRC OF SOUTH AFRICA

The IRC was formed in May 2010 under the chairmanship of Professor Mervyn King. Its objectives are to develop and promote guidance on good practice in integrated reporting in South Africa. The IRC has a Working Group comprising of individual experts. For more information on the IRC and its Working Group see www.sustainabilitysa.org

The current members of the IRC are the: Association for Savings & Investment South Africa (ASISA), Banking Association South Africa (BASA), Batseta (Council of Retirement Funds for South Africa, previously known as the Principal Officers Association), Business Unity South Africa (BUSA), Chartered Secretaries Southern Africa (CSSA), Financial Services Board (FSB), Institute of Directors in Southern Africa (IoDSA), Institute of Internal Auditors (IIA), Government Employees Pension Fund (GEPF), Johannesburg Stock Exchange (JSE), The Finance Union (SASBO), Dr Gavin Andersson, Dr Bob Scholes, and The South African Institute of Chartered Accountants (SAICA). SAICA serves as secretariat to the IRC.