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Why Company Should Adopt Integrated Reporting?

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ABSTRACT

Sustainability and transparency issues have been evolving the nature of corporate reporting. On these issues stakeholders are very keen to get access financial and nonfinancial information on companies' business activities and sustainable value creation. Despite availability of information, yet many stakeholders cannot use pertinently the disclosed information due to separation of reports. Thus, "Integrated Report" brings together financial and nonfinancial measure in one-piece of the report. It also shows the links among financial and nonfinancial performance metrics. This paper highlights integrated reporting as the holistic reporting approach for company and discusses the potentiality of a single report. Specifically, what integrated report can do for companies and stakeholder, for instance, integrated report for sustainability and corporate social responsibility reporting, improvement in stakeholder engagement process and integrated thinking lead to changes in corporate behaviour as well as for enhancing reputation and performance. Hence, the paper justifies reasons why companies should adopt integrated reporting as reporting tools.

Keywords: Integrated Reporting, Integrated Thinking, Stakeholder Engagement, Sustainability Reporting

JEL Classifications: G3, G380, M480

1. INTRODUCTION

The issues of sustainability and transparency have been increasingly created rigidity for both stakeholders and management (Couldridge, 2014; 2015; Gore and Blood, 2010). Thus, stakeholders are very keen to know how business is managed, what are the potential risks for future business, and what are the impacts on society. Stakeholders also want to know the effects of companies' activities on the environment and most importantly about the financial position. Thus, to be sustainable and attractable in this competitive business world, companies require to meet stakeholders' demand by disclosing both financial and non-financial information with demonstrating the sustainable strategies at the first place. Therefore, company discloses both financial and nonfinancial information through different reports. However, questions arise that how the stakeholder understand disclosed information? Are they able to linkage between financial and non-financial information? Henceforth, what would be their reaction towards company if do not understand? The circumstances of misunderstanding could lead to worst relationship between the stakeholder and the company. Ultimately, that is a signal for reporting and corporate governance failure.

Integrated report¹ shows the holistic picture of a company about future targets as well as links between financial performances and non-financial performances (Jensen and Berg, 2012). Thus, it is the most effective to interact with stakeholders. In favor of IR, practitioners and supporters of integrated reporting assert that IR brings more transparency on corporate commitment to sustainability by showing the links between financial and sustainable performance in a single document (Adams, 2013; Eccles and Krzus, 2010). It also "bring(s) governance, financial capital, intellectual capital, social capital, and environmental capital onto a common platform" (Morros, 2016). Thus, integrated reporting is just not about reporting, but in reality, is an element of better business reporting with higher benefits (Steyn, 2014).

From the past literature, it is observed that the authors have discussed integrated reporting either from single or a few perspectives (e.g. Adams, 2013; Cheng et al., 2014; Druckman, 2014; Eccles and Krzus, 2010; Morros, 2016). Therefore, the main objective of this paper is to synthesize some insights on integrated reporting what can support IR to be adopted. Also, highlights the salient features of integrated reporting such as changes in

¹ See IIRC (2011 and 2103) for details about Integrated reporting and Integrated reporting framework.

corporate behavior, integrated thinking and reputation enhance. These ultimately answer why company should adopt an integrated reporting system (one-piece report) instead of several reporting.

2. WHAT AN INTEGRATED REPORTING CAN DO?

2.1. Traditional Reporting and Integrated Reporting

A separate published report with conventional approach consider as traditional reporting. In the business reporting, traditional reporting models are: Separated annual report, environmental report, and social report, etc., (Jensen and Berg, 2012). These reports are usually publicized only for shareholders and fund providers and have different intended purposes. (Simnett and Huggins, 2015). Therefore, it fails to provide comprehensive information on business activities. Thus, traditional reporting has pitfall in terms of transparency (Weybrecht, 2010) and communicating other stakeholders. This is because some stakeholders want both financial and non-financial information in a single report (Eccles and Krzus, 2010; Serafeim, 2015).

In addition, traditional reporting (financial reporting) has been criticized for its short-term performance and value creation as well as its historic focus. It has been also criticized that financial statements lack adequate disclosure regarding risks and uncertainty (Cabedo and Tirado, 2004; Serafeim, 2015). Many companies experienced this reporting system or report is not substantial for fulfilling stakeholder's demand in terms of different aspects of information on business operations (Hughen et al., 2014). Thus, many companies providing different types of disclosures on different aspects such as sustainability reporting, environmental reporting, corporate social responsibility (CSR) reporting and triple-bottom line reporting (Eccles and Krzus, 2010). However, disclosing many reports by prioritizing every stakeholder is difficult for companies, even sometimes decision makers also confuse that who should be prioritized and given importance. The confusions arise due to huge publication cost and press conference cost for each report. Even though, company wants to publish maximum reports, for some companies that are not cost effective. Therefore, firms want a special framework which can perform beyond this emerging concern. Henceforward, through adopting that framework company can provide all information, what stakeholders are looking for. Therefore, in order to mitigate this problem, in 2006 "Global Reporting Initiatives (GRI)" proposed to incorporate reports into a single report, which includes only sustainability reporting with financial reporting. Despite that, again some concerns were missing in their proposal. Concerning this, in 2010 "International Integrating Reporting Council" developed the integrating reporting framework. This framework facilitates one consolidated report or a single document, in which company can syntheses all reporting concerns and performance indicators for stakeholders. This report is known as integrated report. Eccles and Krzus defined, in their book "one report an integrated report," as a single report that combines the financial and narrative information found in a company's annual report with the nonfinancial (such as environmental, social, and governance issues) and narrative information found in a company's "CSR" or "Sustainability" report (Eccles and Krzus, 2010).

Certainly, it can be claimed that what a financial report or traditional annual report can do for a company integrated reporting can do the similar, even able to go beyond this. That is why the International Integrated Reporting Council (IIRC, 2011) claimed that integrated reporting is beyond financial reporting (Jhunjhunwala, 2014). The fact is that, IR bring together financial and non-financial measure in one piece of the report and it also shows the links among financial and nonfinancial performance metrics (Eccles and Saltzman, 2011). For instance, the kind of information may include in IR are: "How much water does a company use per unit of production compared to its competitors? To what extent do energy-efficiency programs reduce carbon emissions and lower the costs of production? What is the impact of training programs on improved workforce productivity, lower turnover, and greater customer satisfaction? How do improvements in customer satisfaction lead to greater customer loyalty, a larger percentage of the customer's spending, and higher revenue growth? How is better management of reputational risk through good corporate governance contributing to the value and robustness of the company's brand? (Eccles and Saltzman, 2011. p. 59)"

2.2. Sustainability Reporting and Integrated Reporting

Sustainability reporting is one of the fundamentals in the process of integrated reporting. In other words, it can be viewed as a sub-set of integrated reporting (PWC, 2013). The GRI Reporting Framework defines "sustainability reporting as the practice of measuring and disclosing performance and being accountable to internal and external stakeholders for organisational performance intended to further sustainable development (GRI, 2011)." Sustainability report often provides sustainability issues regarding environment, social and governance (ESG), but still other information need to be managed. For that reasons sustainability report is being criticized that alone it cannot help decision makers to take a decision (King, 2011). In addition, ESG information appears even less accessible than financial information. That makes difficult to quantify and measure. Furthermore, King (2011) identified weakness of sustainability reports such as: (1) That it is often disconnected from the organisation's financial reports, (2) That it is generally backward-looking, and (3) That it fails to provide a link between sustainability issues and the organisation's core strategy (King, 2011; IOD, 2011).

While, the important proposition behind integrated reporting is to build a sustainable society. Therefore, "IR is expected to encourage companies to consider sustainability risks and adopt sustainable business practices, and in time, create a more sustainable society" (Armbester et al., 2011). Even, IR is expected to improve quality of information accessible to stakeholders through combining the different constituents of reporting (financial, management commentary, governance and remuneration and sustainability reporting) in a comprehensible way that explain an organisation's ability to create and sustain value (IIRC, 2011). Therefore, an integrated report provides similar disclosure as sustainability report do provide (Wadee, 2011).

Thus, researchers and practitioners claimed that IR provide similar needs as sustainability report do provide (Eccles and Saltzman, 2011; Stacchezzini et al., 2016). Also argued sustainability report

provides only three-bottom-line disclosures, but IR links financial and non-financial information for better understanding (Hughen et al., 2014). IR includes others material information what can help stakeholders understand about how firm's value is created (Frias-Aceituno et al., 2014).

2.3. CSR Reporting and Integrated Reporting

Reporting is seen as essential to ensure that organisations are socially and environmentally responsible (The Economist, 2009). In corporate social and sustainability reporting corporations demonstrate that their awareness of risks and what are measures will take for both identified and unidentified risk and challenges (Borglund et al., 2012). Furthermore, CSR reporting notifies stakeholder that how they care society and environment where they run the business activities. Through CSR reporting, corporations tell stories, how they are contributing in society, in the form of job creation, donations for social activities and different social campaigns. Apart from this, it also provides information regarding externalities, like carbon emission and other environmental externalities. With this regard, by CSR reporting companies ensure that nobody has to pay for their activities.

However, the recent financial crisis has increased awareness in terms of non-financial information, in fact, as a contradiction. But, now there is a greater understanding, that the triple bottom-line eventually will have effects on the long-term financial performance of the company. Therefore, IR concerns social and environmental factors as well as literal effects on these from the company's business activities. IR provides a narrative form of information about social and environmental factors. Through this narrative information company express stories about their businesses and how companies pay for externalities as well as how contribute to society through creating employment and different campaigns. In regard to risks and opportunities, narrative information also visualises the holistic picture. The visualization is about the company's responsiveness towards society and environment with financial measures. That will help stakeholders to understand about how they have been treated and sustainable business operations of organisation. Therefore, indeed, IR can be substituted for CSR reporting.

2.4. Integrated Report and Integrated Thinking

IIRC Framework (2013) defines integrated thinking as "the active consideration by an organization of the relationships between its various operating and functional units and the capitals that the organization uses and effects. Integrated thinking leads to integrated decision-making and actions that consider the creation of value over the short, medium and long-term" (Druckman, 2014. p. 7). It promotes a more holistic assessment to grow better businesses and better societies.

Furthermore, the Framework describes that "Integrated thinking takes into account the connectivity and interdependencies between the range of factors that affect an organisation's ability. The factors or capitals include all resources and relationships that form part of the organization's business model, i.e., includes financial, manufactured, intellectual, human, social and relationship as well as natural capitals (IIRC, 2013). These capitals are to encourage businesses to think more broadly and to consider all the potential

sources of value creation, and then report on them, giving investors not just richer data, but more context (Druckman, 2014).

In addition, The Framework states that "the more that integrated thinking is embedded into an organisation's activities, the more naturally will the connectivity of information flow into management reporting, analysis and decision making. It also leads to better integration of the information systems that support internal and external reporting and communication, including preparation of the integrated report."

Churet and Eccles (2014) suggest that integrated reporting is only the tip of the iceberg: The visible part of what is happening below the surface. What is happening below the surface is integrated thinking. However, a survey by "The South African Institute of Chartered Accountants (SAICA)" regarding integrated reporting and thinking shows that among organisations that produce high-quality integrated reports there is a strong awareness of the concept of integrated thinking and how it benefits the organisation (SAICA, 2015). The summary of the survey:

"More than 70% of respondents believe that integrated reporting has been a driver of integrated thinking; has improved decision-making at the management as well as at the board level; has helped organisations to develop a more cohesive approach to reporting; has increased the quality of organisations' dialogue with providers of financial capital and other stakeholders; and expect that organisations will derive further benefits in the short, medium and long-term from integrated thinking."

Moreover, IR is able to identify three classes of benefits. Firstly, it paves the way for internal benefits; the benefits may include better internal resource allocation decisions, greater engagement with shareholders and other stakeholders, and lower reputational risk (Eccles and Krzus, 2010). Secondly, it brings external market benefits, benefits including meeting the needs of mainstream investors who want ESG information, appearing on sustainability indices, and ensuring that data vendors report accurate nonfinancial information on the company. The third one is managing risk, comprising being prepared for a likely wave of global regulation, responding to requests from stock exchanges, and having a seat at the table as frameworks and standards are developed (Eccles and Armbruster, 2011).

2.5. Integrated Reporting towards Change in Corporate Behaviour

Integrated report and integrated reporting process can lead to a change in corporate behaviour in two ways (IIRC, 2011; IIRC, 2013). The first reflects the ideal cycle, as envisioned by King III, in which the integrated reporting process starts with a realisation by the board and management regarding the sustainability risks and negative impacts experienced by society and the environment as a result of the company's operations (IOD, 2011; King, 2011). This leads to the integration of sustainability into the core business strategy (Barnabe, Giorgino, 2013). The integrated report serves as a tool used by the board to communicate with stakeholders regarding the progress and challenges experienced in becoming more sustainable (Armbruster et al., 2011).

Another method, adopted by the majority of companies, starts with the creation of an integrated report. This way could still ensure the necessary change in corporate behaviour if the integrated report contains sufficient information to highlight the weaknesses in the current corporate strategy and identify areas requiring improvement and attention by management and the board. In this way, the report can prompt the necessary changes in corporate behaviour and could theoretically move companies toward becoming more sustainable (King, 2011; The Institute of Internal Auditors, 2015).

With respect to decision making, as a new dimension to traditional reporting, integrated reporting by its nature promotes organizational change within a company. On an operational level, it demands a more integrated approach to decision-making and accountability. On a strategic level, it could drive decision making that systematically takes into consideration the future value of a company's sustainable business activities (IIRC, 2013). From an integrated reporting perspective, value is created by aligning strategy with internal resources, such as financial capital, and external resources; such as environmental services and access to public infrastructure. For instance, an integrated report will identify all the resources an organization requires to create value over time, even if they belong to society as a whole and it has free access to them. Doing so reflects the integrated reporting ethos that value is co-created and shared between the organization and the community in which it operates.

2.6. Integrated Reporting as a New Mechanism for Corporate Governance

Reporting is a prominent tool for corporate governance to interact with its key stakeholders (OECD, 2014). After the many financial scandals and crises, transparency about the board of companies and their activities become main concern for shareholders and fund providers, even respective authorities also (OECD, 2009; 2010). In this circumstance, shareholders and fund providers keen to access information on the organisation's governance structure, to know how governance supports the strategic objectives and to know the remuneration of those charged with governance because these are linked to performance in the short, medium and long-term. Therefore, it is the board's responsibility to disclose information regarding financial and non-financial performance through mandatory (legitimate) and voluntary reporting. The fact is that higher level of disclosure helps to become transparent, so, firms may gain investors' trust on those charged with governance. Additionally, these transparencies and disclosures increase corporate reputation. That reputation helps board to negotiate with stakeholders (Simnett et al., 2009).

From the perspective of integrated reporting, governance and remuneration is one of the six elements of IR. In this context, an integrated report provides insights about what actions have taken with regard to culture, ethical values and relationships by those charged with governance (IIRC, 2013). This addresses the aspect that how a company considers sustainability in its strategy.

Furthermore, the framework states that an integrated report provides insight about the organization's oversight and tone at

the top. These include: (a) An explanation of the organization's leadership and strategic decision-making processes, including the skill set of those charged with governance; (b) what actions those charged with governance have taken to influence the strategic direction of the organization, including its culture, ethical values and relationships with key stakeholders; (c) and how the remuneration of executives and those charged with governance is linked to performance in the short, medium and long-term, including how it is linked to the organization's use of and impact on the resources and relationships on which it depends (IIRC, 2011). Through providing information on these, the board of company tells stories about their activities.

From the reporting view, the best way of telling the business stories to their key stakeholder is through reporting. Indeed, in telling business stories, obviously the adoption of reporting and consideration of reporting contents still at the corporate-level. The board need to decide who are the key stakeholders to them and what types of reporting should be adopted. They also need to quantify cost effectiveness of reporting in terms of how will the reports create stakeholders' attention towards companies and how much transparency level they can achieve meeting both legitimate and voluntary reportings. These concerns become annoyance for the board that what the board should have to do? In this case, in order to condense the corporate tensions, the integrated report shows links between financial and non-financial data which is more understandable and transparent to stakeholders; provides risks and opportunities as well as the challenges of their business activities in the form of narrative information. This report also reduces the tension of the board in terms of prioritizing stakeholder because all material information about it has taken-care off, namely, sustainability, governance, environment and social, and financial.

At earlier points it is discussed that IR will bring changes in corporate behaviour and decision making style. These changes come through the broad improved integrated thinking, for instance, by focusing on connectivity issues, soft controls, reviewing data integrity and assessing whether integrated thinking is embedded in the organization (clear rules, tone at the top, open discussion around integrated reporting/thinking issues, etc.). In addition, also through reviewing proper cooperation between business lines and expertise functions (such as risk management, internal control, legal, finance, IT, human resources, investor relations, sustainability, quality management, customer satisfaction, safety and environment, etc.) (The Institute of Internal Auditors, 2015).

Furthermore, IR provides both financial and non-financial information to investors, what the so called sustainability and other report cannot able to do alone. These make sense of disclosed information towards their stakeholders and integrated reporting system will make board of the company more transparent and trustworthy to its investors. Hence, adopting IR seems a new tool for corporate governance. This tool will help the boards of the company in terms of stakeholder engagements, risk management, legitimate responsibilities for transparency, and demonstration of sustainability with linking

their activities' and targeted objectives, and present sustainable business model.

2.7. Reporting, Integrated Reporting and Stakeholders Engagement

The emerging situations and financial scandals made reporting and disclosure as the most meaningful stakeholder engagement channel to engage in dialogue with stakeholder. Perhaps, it is resulted from failures of companies' commitments, which were made before financial scandals. Even most of the commitments were found verbally committed to stakeholders, including employees, those latter could not manage to present as evidence. That is the reason, stakeholders prefer reporting's and disclosures which can exhibit as evidences in such circumstances. Indeed, those scandals make the board of companies to believe engagement with stakeholders or informing key stakeholders is crucial in terms of sustainable value creation, because they occupy an important place in the companies. Therefore, companies are publishing different reports with annual report, these include sustainability reporting, ESG reporting, CSR reporting, and triple-bottom reporting. These disclosures enhance corporate reputation (Bebbington et al., 2008). Henceforth, the corporate reputation has the potential to create significant business advantages (Brown, et al., 2010; Simnett et al., 2009), which can help the company in negotiating with stakeholders. Furthermore, information from reporting make stakeholders to feel what are material information to them, that provide relevant guidance for investment decision. As well as knowing about importance, were given in strategies and put them in organisation's strategies by those who are charged with governance. On the other hand, developing reports with non-financial indicators build-up capacity and enables the company to deal with sensitive issues. The non-financial reporting such as CSR reporting attracts stakeholders and makes them comfortable with business activities. This helps the companies in negotiating with the government and in maintaining organisational reputation. For example, recently, there were many oil exploration leaks that affected "ECO" balance. Where company assured that nobody needs to pay for their activities, through CSR reporting as well as press conferences.

Coming to the point, reporting is considered as a prominent medium of engaging stakeholders; however, yet some companies are not in a position to fulfil it for every stakeholder, especially, the small and medium size enterprises. The reasons could be: They are confused to prioritise their information seeking or key stakeholders and cost of reporting acts as a barrier to publish many individual reports separately. Even though company publish maximum reports; yet, due to separation general or individual stakeholder will not make a proper decision. Because the separation of each report does not demonstrate linkage between financial and non-financial indicators (Serafeim, 2015). Consequently, emergence of IR has been increasing as IR shows the connectivity between both indicators. IR also explains how stakeholder affects the ability of an organization to create and sustain value in the short, medium and long-term. Thus, integrated reporting is the most effective way to enhance investors' and stakeholders' confidence towards the company during the financial crisis and uneven situation. The facts are that integrated report informs stakeholder about business

activities, business strategy, risk, short and longer goal, sustainable value creation and how they consider them, etc.

Furthermore, it can be said that IR contributes to better relations with all stakeholders and greater understanding of their expectations, stakeholders such as providers of financial capital, analysts and data vendors seek accurate information (IIRC, 2011; Eccles and Armbrester, 2011; ACCA, 2014). Therefore, in this perspective, IIRC (2011) and The Institute of Internal Auditors (2015) claimed that IR facilitate an engagement process which has market side effects in terms of reduction of cost of capital, competitiveness, communication with different categories of customers, reduction of supply-chain risks due to interactions with vendors and enhancement of the organization's reputation and brand. Thus, integrated reporting is effective in the process of communication, which can help investors and other stakeholders to understand not only an organization's past and current performance, but also its future resilience (Wadee, 2011).

2.8. Integrated Reporting for Enhancing Corporate Reputation and Performance

Disclosures make company transparent and enhance corporate reputation. Thus, many corporate managers believe that CSR and sustainability reporting enhances corporate reputation (Bebbington et al., 2008). "Enhancing corporate reputation able to create significant business advantages (Brown et al., 2010; Gardberg and Fombrun, 2006; Simnett et al., 2009), for example, higher levels of reputational capital allow companies to negotiate more with host governments, to attracts contracts, to attract potential employees, to charge premium prices for their products and to reduce their cost of capital.

In the discussion paper of IR, the Integrated Reporting Committee of South Africa (IRCSA, 2011) suggests that benefits accumulate towards companies that release IR information to external stakeholders as "the leadership's ability to demonstrate its effectiveness, coupled with the increase in transparency, could result in a lower cost of capital to the organization" (IRCSA, 2011).

In additions, IR combines material financial and non-financial information into one report, shows the linkages between the two, and informs about multiple types of capitals. IR has the potential to offer new or improved information content which is helpful in forming a holistic and balanced view of company performance (Cheng et al., 2014). This is supported by voluntary disclosure theory, which debates that a consequence of the enhanced disclosures and resulting reduction in information asymmetry. That lead to increase investors' trust and confidence as well as inflow of financial capital which has the potentiality to be at lower the capital cost. This argument is similar to Dhaliwal et al., (2011), findings is that cost of capital benefits for companies through disclosing sustainability reports. Therefore, the value-relevant information provided in integrate report can create potential atmosphere of rising capital at lowest cost of capital reductions for report preparers. However, recent study of Zhou (2014) confirms that the improvement in the disclosure quality of integrated reports does lead to a reduction in the cost of equity capital, especially for companies with a low analyst following. The main argument

is that reduction in cost of capital means increase in profit and earnings per share, which reflects appreciation of stock prices.

The IIRC framework states that more equally and relevant transparency is equal to integrated report, for the reason that, it enhances information quality, reduce asymmetric information and better understand of information. Indeed, availability of information reflects an appreciation in stock price (Dhaliwal et al., 2011).

IR facilitates the board to think and interconnect disciplines, risks and opportunities, push for business development these increase employees' performances and organisation's performance (IIRC, 2013). Furthermore, IR accommodates all kinds of voluntary disclosures accordingly voluntary disclosure theory. In fact, disclosures on non-financial performance and indicator reduce gap between stakeholders, attract investors, increase trust. These factors ultimately build corporate reputation as well as a platform for negotiate with stakeholders. Certainly, adoption IR enhance reputation and performances (Smith, 2015).

3. EMPIRICAL STUDIES ON BENEFITS OF IR EARLY ADOPTION

There is not many research done empirically on IR and its benefits. However, this topic has been created attention, to be researched. So far, some the studies attempted to empirically justified and reported why integrated reporting adoption is beneficial.

One of the main assumption of IR adoption is about decrease quantity of report, even more than one disclosures disclose. In order to test this assumption Havlová (2015) investigated quantity of report versus number of disclosures. In this study, author found numbers of report are decreasing adoption of IR. They find IR adopter disclose more information than non-adopter.

Steyn (2014, p. 479) looked for chief executive officers and chief finance officers perception about benefits of implementing IR for organisation. They find that "substantial changes to management information systems, with associated costs, would be required by companies to satisfy the requirements of the report content. The study revealed that the anticipated benefit of a company reconsidering its business model and encouraging sustainable product development is not perceived to be a material outcome in companies that implement IR, nor is assessing economic value creation and strategy considered a key motive for companies to compile an integrated report."

Lee and Yeo (2016), investigate linked between integrated reporting and firm valuation. They find that disclosures of integrated reporting have positive associations with firm valuation. The results imply that Integrated Reporting's benefits go above its costs. Therefore, they argued IR able to reduce cost related to information procession where the environment operation and information is complex. They also find that high IR outperform low content IR in regard to both stock market performances and accounting performances.

Zhou et al (2016) carried an exploratory research, IR to capital market benefits. They find a high level of alignment with IR and reduction in cost of capital. Their findings indicate that IR enhances the information quality and companies' reporting environment. They also found that the level of alignment of integrated reports is negatively associated with the analysts' earnings forecast error, demonstrating that information contained in the integrated report is helpful for analysts in formulating their prediction for earnings, probably because the integrated report contains information on corporate strategy, business model and future-oriented information.

4. CONCLUSION AND FUTURE RESEARCH DIRECTION

There is no doubt that integrated reporting is a prominent tool for business organization (Churet and Eccles, 2014; Havlová, 2015; Wadee, 2011). This tool enables all types reporting features inside it (Morros, 2016). That is why, IR is not just a business reporting, but it is beyond reporting (Steyn, 2014). This paper discussed several roles of integrated reporting and provide some insights why integrated reporting has to be adopted for business reporting. The benefits of adopting IR are so obvious that corporate can provide all reports and get benefits from it with internal business improvement (see, Busco et al., 2014; Steyn, 2014; Zhou, 2014; Zhou et al, 2016).

From the practical perspective, implementing IR could be complex, but what it can do for business entities those are notable. Henceforth, this paper would like to recommend every business entity to adopt IR as their business reporting tool. After the discussion it is obvious that integrated reporting is the most effective way to communicate with stakeholders which will demonstrate the holistic picture of a company's in terms of future targets and links between financial performance and reporting on corporate social and environmental responsibilities. IR also helps business model improvement and strategy with its process of integrated thinking and decision-making support.

This study creates ground with several clues for researchers to conduct future research. There are possibilities to investigate the relationship between IR and corporate governance elements as previously many studies have been done on reporting (mandatory and voluntary) and corporate governance elements, for example, Baker and Wallage (2000), Bebbington et al., (2008), Bushman and Smith (2001), Cohen et al., (2004), Dhaliwal et al., (2011), Donnelly and Mulcahy (2009), Eng and Mak (2003), Hongxia and Ainian (2008), Myring and Shortridge (2010) and Sloan (2001). Apart from this, researchers may investigate the effects of IR on the stock price in different market context.

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