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One Report: Bringing Change in Corporate Reporting through integration of Financial and Non-Financial Performance Disclosure

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Abstract

Investment community is understandably preoccupied with determination to bring assured transparency within organization's operations. To get companies more transparent, and to win stakeholder's trust, companies need to communicate their actions and level of commitment to incorporate sustainability into every organizational decision. And companies communicate with their stakeholders through issuing various internal and external reports. This research paper proposes that to bring assured transparency and to win stakeholder trust, companies should integrate financial and non-financial performance reports and thus should produce One Report. The paper presents an annotated literature review which covers conceptual foundations of One Report, drivers, prospective benefits to both stakeholders as well as to companies, and prospective challenges that companies can face in the adoption of One Report. Survey has been conducted to assess important factors that practitioners consider while making judgment about a company, useful metrics to be included in an annual report and prospective benefits on one report. Descriptive statistical techniques are employed and on the basis of findings, it has been discussed that how business schools can incorporate the sustainability topic into the curriculum. A roadmap for adoption of one report has also been suggested. Finally, managerial implications and future research areas have been identified.

Keywords: Corporate Integrated Reporting, Transparency, Stakeholders Trust, Investors trust, Annual Reports, Non-financial Reporting.

1. Introduction to the Study

The era of global recession is not showing any signs to come to a close. However, some economies are showing the signs of growth. And thus governments, organizations, associations and communities are now trying to find out the reasons of this collapse of financial system and then how to cope with such challenges in the future. Two aspects have emerged from this scenario. One is Measurement of each organizational activity and second is Transparency (Eccles, & Krzus, 2010). Measurement of each activity means justifying every investment or spending with outcome, while transparency inside the organizations includes not only clearness and lucidity but communicating your level and actions of transparency. In short, executive's acceptance of being held accountable and thus communicating every action for sustainable results.

There is a shift from "survival of the fittest" to "survival of the most informed". And four drivers accelerating the pace of this shift are globalization, organized civil society, instant communications, and now a trust deficit. Rules of the game have been changed by these drivers. Now the world wants something holistic and that's why terms like Green management, Green marketing, Sustainability, and Holistic Business Models have been introduced (KPMG International, 2010). To better inform every stakeholder, several companies have come up with issuing Financial reports, and sustainability reports based on triple bottom line principle i.e. economic, ecological and social. This study seeks to examine the prospects whether managers are willing to adapt or adopt this upcoming trend or not? And if yes then what could be the challenges or benefits associated with this change? In the end, scale of change in organizations about corporate reporting would also be explored.

As integrated report is quite a new and emerging phenomenon, however, sufficient research is not available, so documents from different domains have been reviewed, a review of case studies has been conducted, and survey method, interviews and document reviewing has been adopted for data collection. Following the data collection, the study seeks to identify the possible outcomes and that how they can be used to help accelerate the change process and how can they be utilized by the right minds at the right time.

1.1 Background of the Study

With the requirement for amplified competitiveness in organizations and desire for differentiation from the rivals, the impressive development of ICTs, the better use of computing power has led corporations to produce integrated reports which pooled diverse views and outcomes of the enterprise units in one report (Robert, 2007). The evolution of integrated reporting over the years has been quite significant. From the initial steps of issuing mandatory annual reports, corporate reporting took further step ahead and started issuing environmental reports. It further adopted a more holistic approach with an initiation of the sustainability reporting which was based on Triple Bottom Line Principle. Triple Bottom-Line Principle actually focuses on the development of three aspects, economic, social and environment, and it was pioneered by many large multinational corporations like Shell in 1992 (Oates, 2009). The latest development in corporate reporting is Integrated Report, which is also referred as One Report.

Integrated report or one report refers to a document either online or printed that contains the integrated representation of financial or non-financial results of a company's performance (Eccles & Krzus, 2010). In the South Africa's King Code of Governance, 2009 (also known as King III Report), the reference to integration of reports is made as: "*A key challenge for leadership is to make sustainability issues mainstream. Strategy, risk, performance and sustainability have become inseparable; hence the phrase 'integrated reporting' which is used throughout this Report*" (IoDSA, 2009, p. 11).

Companies that have incorporated integrated reports in their system include world's largest chemical company (BASF), one of the largest electronics company United Technologies Corporation (UTC), Novo Nordisk, and American Electric Power (AEP), Phillips. In 2008, among the Dow Jones Industrial Average members, United Technologies Corporation was the first company who took an initiative of producing an integrated report. Denmark was the very first country which made it mandatory for all companies to issue an Integrated Report (Danish Ministry of Trade & Investment, 2006). The prime minister of UK, Mr. Gordon Brown also announced the same order in 2005 but cancelled it later because of cost cutting strategy. However, it has been re-announced in 2009. Johannesburg Stock Exchange (JSE) has also declared mandatory for public companies ("An Integrated Report" 2009).

1.2 Gap identification

In the context of Pakistan, to fill the gap regarding One Report phenomenon, an exploratory research has been conducted to refine the idea and its feasibility. Then quantitative data collection instrument has been used to assess managerial understanding and adaptability to accept or prioritize the subject matter. In the whole process, annual reports of several companies, integrated reports of some companies have been reviewed to further explain the differences between the two formats.

1.2.1 Economy of Pakistan

Pakistan is a developing country and according to World Bank, its economy has been ranked as 25th largest economy on the basis of its purchasing power (The Heritage, 2010). The country is still on the breadline because of many domestic problems like market turbulence, lack of trust of governments, political instability, market turbulence and negligible FDI, since independence. However, a rising tendency in spending towards development projects has been witnessed in recent years, and thus reduction in poverty levels by 10% is seen from the year 2001 to 2007.

There was a growth in economy from 2004 to 2007 and because of that GDP grew from 5 to 8% respectively. This economy growth is attributed towards the growth of industrial and services sector development. However, in 2007, the Pakistani currency depreciated because of economic and political volatility. The 2008 global economic recession has also affected the growth of economy. Inflation remains the top concern among the public, which has jumped from 7.7% in 2007 to 20.3% in 2008, but fell to 14.2% in 2009 and has further decreased to 11.17% in the first quarter of 2010 (Federal Bureau of Statistics, 2010). Concluding from all above discussion, economic conditions in Pakistan, now days are because of decreasing investors trust, lack of transparency, and market turbulence.

1.2.2 Corporate Reporting Initiatives in Pakistan

In Pakistan, many companies and MNCs are regularly issuing environmental reports. However, these reports typically include only constructive impacts and strategies and do not comprise the harmful ones. Many local companies are now joining hands with UN agencies, NGOs, and governmental agencies to promote their goals along with social well being. These local firms are also providing health-related facilities, protecting bio-diversity, and improving labor standards of many local communities.

Many specialized organizations are now working on proposing the concept of corporate social reporting (CSR) to multinational and domestic companies operating in Pakistan (Rafiq, 2009). The organizations encouraging companies to produce social and environmental reports along with financial reports include Global Compact Pakistan, CSR Pakistan, and the Pakistan Center for Philanthropy (PCP), and Responsible Business Initiative (RBI.

In general, there is no doubt about it that MNCs and big national corporations have been reporting so far. But majority of the firms that fall in small and medium enterprises category have never even learnt the corporate social responsibility reporting notion at all, and thus they still need to go a long way towards Integrated Reporting Initiative (Rafiq, 2009).

1.3 Purpose and Scope of the Study

The explicit purpose of this research study is to present a brief literature review on One Report and to assess corporate manager’s level of acceptability in adopting the integrated reporting initiative. The main purpose of this research is to offer a complete set of benefits and challenges that corporations will be facing in Pakistan.

As far as the Scope of this study is concerned, KPMG international survey of Corporate responsibility reporting 2008 noted that 79% of the world’s biggest 250 companies now produce integrated social reports that is an increase of 52% since 2005 (Oates, 2009, p. 13).

2. Research Questions

This research study is intended to explore the basic perception and level of acceptability of practitioners regarding integration of financial and non-financial performance reports. So, 3 questions were devised. First question was measuring the judgment style of practitioners regarding any company.

Question 1: What are the most important factors a practitioner take into account when making a judgment about a company?

The second question explored usefulness of certain measures of assurance of transparency which are actually in practice in many other countries and by many multinational companies.

Question 2: What are the most useful measures of assurance of transparency that shall be included into the company's annual report?

The third question was aimed at exploring the benefits which could be obtained by integrating financial and non-financial information? And will they contribute to building shareholder value?

Question 3: What could be the benefits of integrating financial information with non-financial information in one report? Will they contribute in building shareholder value?

3. Literature Review

Companies have been publishing annual reports representing their financial strengths or upcoming projects. But the dilemma with such reports has been very visible that they were only showing financial aspects of the organization. On the other side, the business world demanded more than that. The whole business world has been talking about long-term strategies having long-lasting positive impact. But, before going towards a thorough discussion of integrated corporate reporting, we need to discuss corporate reporting in its traditional function.

3.1 Objectives of Corporate Reporting

The main objective of corporate reporting is to update shareholders regarding how successful the company has been in generating value and financial returns, and to enable them to assess its prospects for generating future value and returns (Willis, 2007). Corporate reporting also predicts the decision making trends of both existing and potential investors.

Another objective is to enable all stakeholders, whether or not shareholders—to assess the extent to which the company has discharged its responsibilities and to make decisions or action plans or take actions accordingly (Willis, 2007). Corporate reporting can also function to enable all connecting nodes of accountability between stakeholders and the company. However, in case of shareholders, there is a clear accountability vested in Boards of Directors and management for satisfactory stewardship of invested funds and legally enshrined expectations that the directors will be active in the best interests of the corporation (Willis, 2007; Philips, 2003). The availability of financial information is essential to enable all investors to make informed decisions on a level playing field.

3.2 Conceptual Foundation of Integration of non-financial and financial information

While integrated reporting is nascent, non-financial reporting is impending pre-puberty (White, 2005, p. 2). More than 2000 companies around the globe are publishing more than 25000 different citizenship, environment, sustainability, social, and financial reports (Oates, 2009), while above 40 % use the framework introduced by GRI (White, 2005). The quality, rigorness, and comprehensiveness of corporate reporting has undergone vivid development as compared to its 10 years ago status. Had anybody predicted that a clothing brand like St. Michael or company like Nike would reveal an entire list of its above 750 contractors or that companies like Nestle, Mobilink, PTCL, Coca Cola, or commercial banks would be participating and then communicating their efforts of helping earthquake or 2010 flood victims of Pakistan. The previous days of preparing reports for public relations or product/service promotion are on the ends and non-financial reporting is emerging as the latest development in corporate reporting in the 21st century's start.

Non-financial information disclosure through corporate reporting goes back to the 1970s, when companies started to include environmental information in the annual reports (Marlin & Marlin, 2003). However, these reports contained little detailed performance information. The trend toward broader reporting started in the 1990s as the concept of sustainable development, introduced by Brundtland commission, quickly gained huge recognition among both business and public sectors (Bruntland, 1987).

SustainAbility Institute introduced the concept of Triple Bottom Line (TBL) in 1994. The concept of Triple bottom line stresses that a company should be responsible in considering the concerns of stakeholders instead of shareholders. The triple bottom line concept includes three pillars which are "social, economic and environmental". Meanwhile, Kaplan & Norton (1992) introduced the balanced scorecard which contains a set of measures or metrics that adopts a holistic approach and allows for an integrated view of company performance. It was developed largely for internal management and reporting purposes, although it is relevant for external reporting purposes as well (Eccles & Krzus, 2010, p. 80).

GRI and PWC began their work at about the same time in the late 1990s but each had different focus. The objective of the GRI was to build a reporting structure for providing stakeholders with applicable information regarding a company's economic and environmental performance along with its social performance. In comparison to this, the PwC Reporting Framework (now called CorporateReporting) was focused on identifying information in which analysts, investors, and chief financial officers were interested for making investment decisions that went beyond the required financial information but with little attention to ESG factors (Eccles & Krzus, 2010, p. 80). It is a method for measuring as well as managing corporate operation regarding the performance. Four information categories including overview of the market, strategy, activities of value creation, and performance of financial operations constitute this method (Eccles & Keegan, 2001).

So far, many frameworks have been proposed on ways of integrating financial and non-financial reporting. ICAEW develped a document in 2003 containing summaries of 11 proposed corporate reporting models dating back more than 10 years.

A complete agenda for integrated reporting was proposed by Allen White in 2005. He presented several drivers and the prospective approaches to integrate non-financial reporting. He proposed six focal points of this integration methodology: benchmarking, execution, engagement, monitoring, assurance and above all leadership (White, 2005). Vancity (2005) reviewed 12 companies producing integrated reports and discussed different dimensions through exploratory research. Several benefits, opportunities and challenges were proposed. However, the companies that decide to integrate their reports are going to adopt the best way to reflect their Holistic management approach (Vancity, 2005, p. 15).

A major and one of the most prominent corporate reporting model is one which is based on

Corporation 20/20 principles of Governance. The corporation 20/20 model suggests joining all organizational activities in one report (Willis, 2007). It envisioned a new corporate reporting framework that serves multiple stakeholders by containing a statement of how wealth has been distributed to those who helped create it (Willis, 2007).

Multinational corporations (MNCs) realized this new transformation wave in corporate reporting and quickly started adopting it and thus 3,400 Corporate Responsibility reports got published during 2008 while 23,000 reports profiled on corporateRegister.com (Scott, 2009). Amount of Integrated reports being published has grown from only 7 to 186 during the timeline of 2005-2009, while uptake of GRI has grown from 8% in 2003 to 38 % in 2009 (CorporateRegister, 2010).

3.3 Drivers

Certain Forces have been driving this wave of transformation in corporate reporting. These drivers consist of a variety of diverse deeds, liabilities, and competencies (Slater & Gilbert, 2004). One of the most important and influential force is growing internal understanding and support for sustainability. Employees, suppliers, partners, competitors, customers, clients, governments, Not-for-Profit organizations, NGOs, and many independent institutions are forcing companies to develop sustainable business policies.

The accountability failures of United States and European corporate giants have accelerated the need to include non-financial information like measurement of the outcomes of each organizational activity or decision, management analysis, strategic orientations and action plans into the annual reports (White, 2005).

Current reporting does not assist the investors with information regarding assets that are intangible. Investors are more interested in both financial and non-financial KPIs while non-financial KPIs are the area where most companies struggle but it is the most important to restore trust (Farris et al., 2010).

The new-style integrated corporate reporting would provide relevant, reliable and concrete information that various stakeholders could use in deciding whether they need to take issue with company regarding something of concern and if so, then what could be most appropriate plan of action (White, 2005).

3.4 Prospective Benefits of integrating Non-financial with Financial information

Integrating Financial and Non-financial Information Disclosure possesses the prospects to considerably alter how companies function and investors assume, changing the focal point of philosophy from short-term objectives towards expansion of lasting strategy and a very strong commitment of attaining sustainable Corporate and Societal Vision (Eccles & Krzus, 2010).

3.4.1 Value to Stakeholders

Integrated One or even Dual reports can communicate company’s existing functioning and can array the arena for the superior prospects upcoming because investors, financial analysts, employees, social activists, and most importantly customers have prime interests in it (Vancity, 2005; Eccles & Krzus, 2010). Through integrated reporting, relationship between financial and Non-financial information becomes more apparent which result in facilitating stakeholders with improved information regarding firm's operations and the ways to achieve it (White, 2005).

3.4.2 Value to the company

By enthusiastically working on integrated reporting, organizations can make their way forward to numerous key operational profits. Utilizing internet as mood of presenting or online publishing the Integrated Report, companies can definitely cut some of the publishing and printing cost (Vancity, 2005). There will be better transparency regarding associations and commitments. As companies will be having a better understanding of financial information through and with the support of non-financial information, it will help companies to reconsider its categories of new prospects, choices and risk (Eccles & Krzus, 2010). And thus much better decisions can be made when concrete data regarding quantitative and qualitative performance metrics is available (Farris et al, 2010). As accountability increases because of enhanced performance measurement criteria, reputational risks decreases which in turn grabs the attention of not only investors but of customers as well (Oates, 2009).

Lastly, deeper engagement, and growing commitment ensures that organization's approach is adjusted to customer and communal desires and which in return increases the probability that an organization is sustainable for lasting periods of time.

3.5 Prospective Challenges in adopting Integration of Financial and non-financial information

Many executives and companies consider integrating financial and non-financial information quite difficult, though they realize and admit that it can bring significant change with implications for several business areas like communication, investor relations, finance, sustainability, and stakeholders (Vancity, 2005, p. 8). They are of this opinion because, as they consider, quantifying each organizational activity into a measurable outcome is very difficult and time consuming. However, the problem is fear of accountability and increased responsibility, and commitment. It needs senior management support to succeed in this arena.

Time pressures and data gathering can also make this Integration a bit challenging. Pulling together all the data and converting it into financial and non-financial information through thorough analysis and then putting it into annual reports as par deadlines are a significant challenge. Hewlett Packard and Novo Nordisk overcame this obstacle in stages, by first producing a separate sustainability report that was released along with annual report. Once the data collection and drafting processes were on the same timetable, combining the reports was not such a stretch (Vancity, 2005; Eccles & Krzus, 2010). PepsiCo provided an overview of data in the printed report and put supporting documentation on an interactive website. The website information is updated throughout the year. This allows PepsiCo to spread its measurement and reporting effort rather than concentrating all the resources on one deadline (Vancity, 2005).

As a lot of financial information is supported by narrative analysis, report size was noted as a challenge by both reporters and other exporters (Scott, 2009). There was concern among the other experts that readership of reports could decline if reports become too large. Users who are interested in just one area, such as traditional financial analysts and some labor and environmental groups may find it harder to locate the information they need (Vancity, 2005; Scott, 2009). Other experts were concerned about the potential loss of information if reporting companies get serious about editing their reports for size (Vancity, 2005). One solution adopted by numerous organizations globally is to post separate section of annual reports so that readers can download the relevant one. Another solution could be the better use of on-line reporting, which will mean interactive formats instead of large PDF downloads.

Integration can also require new set of skills. As no standard guidelines are available regarding the format of One Report. Integrated reporters tussle with how to make their reporting persuasive and relevant to readers, and make available the data they expect, without overwhelming them. Novo Nordisk has selected a magazine format that is arranged thematically instead of the traditional triple bottom lines. That is one of the big reason that Novo Nordisk has again been awarded as Best Integrated Report of 2010 (CorporateRegister, 2010). Data on the website and in summary tables can still be accessed by category for those who are interested in specific issues.

Non-financial information disclosure requires narrative analysis presented after measuring each organizational performance metric like Marketing Productivity metrics, Brand Audit, Customer Equity, Employee satisfaction, organizational efficiency, and other metrics related to Financial performance (Farris, et al., 2010). It is observed that most of the finance and marketing managers have different perceptions regarding marketing performance measurement. Finance managers consider it less important and more difficult to measure marketing productivity, brand equity, and customer equity as compared to marketing managers who consider it of significant importance (Azam & Qamar, 2010). So, managers need to be trained regarding measurement concepts and procedure so that a very concrete analysis can be presented.

3.6 Standardization & Formats

There is a wholesome of hundred and forty two national laws requirements for reporting of transparency and integration are available, while sixty five percent can be grouped under mandatory requirements and 35 % can be classified as Voluntary (KPMG, GRI, UNEP, & UCGA, 2010). But GRI is the most prominent and mostly adopted one (Eccles & Krzus, 2010).

GRI standardizes world's well known principles for reporting sustainability reports. More than As of January 2009, more than 1,500 organizations from 60 countries use the Guidelines to one thousand and five hundred companies of different origins of sixty countries create their organizational sustainability reports (www.globalreporting.org). GRI procedures apply to all types of organizations, for profir and not for profit organizations.

GRI is functioning towards an international applicability of its reporting framework, which has been widely used as per its present standard (Global Reporting Initiative, 2009). The hallmarks of GRI's framework are bringing consistency and lucidity in the information sharing of sustainability. The ease in applicability of GRI techniques makes it widespread use for companies wherever they function (Eccles & Krzus, 2010).

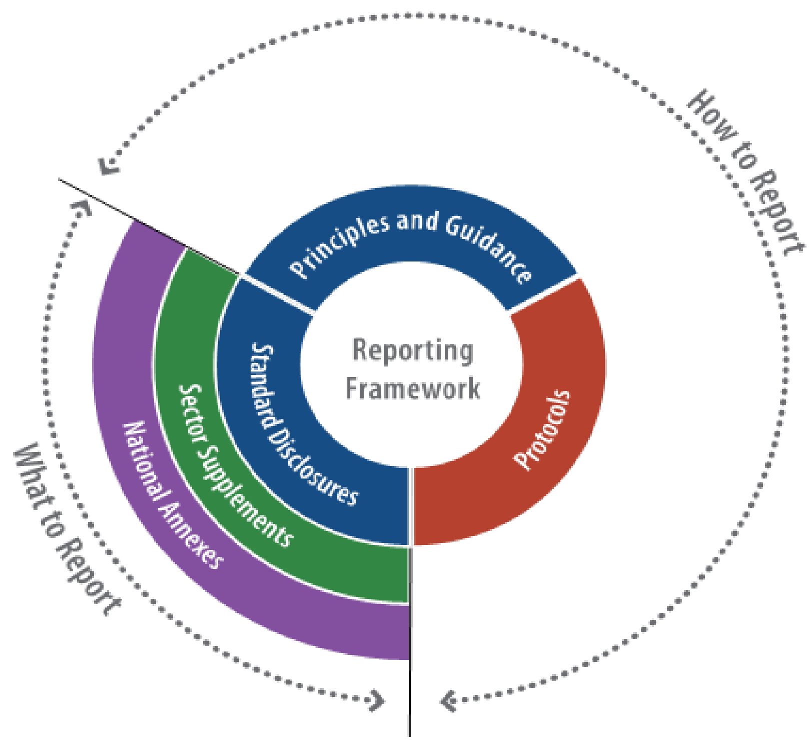

Figure 1: G3 Reporting Framework.

3.7 What Investors want?

Investors evaluate stocks using two different approaches i.e. fundamental analysis and technical analysis. The focus of the fundamental analysis is to know the company's ability to grow and profit earning and maximization (Philips, 2003; Reilly & Brown, 1999). Fundamental analysts are more concerned with profitability the company has earned in the past, funds it has borrowed from the market, dividend it has paid, managerial capabilities, and certain factors affecting the profitability over the long run (Reilly & Brown, 1999, p. 262). This could be an encouraging point of interest for the fundamental analyst (Reilly & Brown, 1999).

On the other side, the focus of technical analysis is on stock prices movement and trading of company's stock on day to day basis (http://www.teenvestor.com). Technical analysts are concerned with charting the erratic stock price movements company under consideration.

The Report Leadership Group, comprising of the Chartered Institute of Management Accountants (CIMA), PricewaterhouseCoopers (PwC), and Radley Yeldar, has recommended convinced ways about how companies can simplify and improve their external communications (Eccles & Krzus, 2010, p. 64-65). Table 1 summarizes the group's recommendations regarding improving the structure, navigation, and messaging of business reports, based on research into the needs of investors. Report Leadership (2006) recommended that nonfinancial information on strategy, the company's value creation activities, the business environment, and key performance indicators should be included.

Table 1: What Investors want to see in annual reports?

Structure	Navigation	Messaging
1. Some form of narrative sequence with a beginning, a middle, and an end 2. Clear linkage from markets to strategy to key performance indicators to future goals 3. An integrated structure: • Do not mention one thing as being important and then fail to mention it anywhere else in the report • Do not hide important information away at the back of the report • Do not suddenly introduce a new idea and say it is key to the business halfway through the annual report	1. Clarity 2. Messages backed up by an evidence 3. Plain speaking 4. Plain English 5. Balanced discussion of performance	1. A good table of contents or even an index 2. Summaries of the information included in each section or even paper or spread 3. Individual sections clearly delineated 4. Clear linkage between the narrative section of the annual report and the financial statements 5. Good navigation aids on each page/spread

Note: From *One Report* p. 65, by Eccles & Krzus, 2010, New Jersey: Harvard University Press.

3.8 Emerging Trends

The Table 1 presents certain challenges that companies face in developing the annual integrated reports. However, companies are adopting certain ways to meet the exceeding expectations of stakeholders. Novo Nordisk has selected a 4-coloured magazine format which is arranged thematically, while data and tables can still be accessed by category on the website.

HP, Novo Nordisk, and Novozymes overcame the challenges of time pressures and data gathering in stages. They produced sustainability reports along with annual report and then combined them into an integrated one report. Navigation between the data was made easier by uploading the annual reports on websites in both PDF and HTML versions. Chapter-by-chapter modules are also provided for the individuals who require very specific information. Virgin media Inc won the Openness and Honesty award in 2009 through publishing its Responsibility report. This award was for the report which came clean, telling both the good and the bad news, and which convinced the audience that this is a balanced picture of the company (Corporateregister, 2010).

The Brazilian cosmetics, fragrances, and personal hygiene company Natura is a very good example of a company that sees value in a carefully crafted annual One Report. At the same time, it sees this report as simply one piece of its overall approach to integrated reporting, described in the section titled "Natura" (Eccles & Krzus, 2010, p. 15). Annual report of Natura for year 2009 is a slim 91-page four-color publication that makes effective use of photographs, diagrams, and graphics. The company clearly sees the report as an important way of presenting its purpose and view of the role of business in society as it says "Our Reason for being is to create and sell products and services that promote well-being/being well" (Natura, 2009, p. 3). Citing Aristotle, Corbett & Connors (1975) outline three ways in which people are persuaded: "(1) logical appealing; (2) emotional appealing; (3) character appealing" (as cited in Eccles, G., & Krzus, 2010). Natura uses all three of these throughout its annual report. Persuasion of the audience can also be achieved through design of the annual report.

Annual report of Natura (2009) demonstrates the benefits of a physical, thoughtfully designed document that obviously has the reader in mind. Textual and numerical information are presented with a minimalist appeal, presenting Natura as a company whose products are made with simple, natural ingredients (as cited in Eccles et al., 2010, p. 17). The company includes both photographic imagery and abstractive, illustrative designs, making this an excellent example of how One Report can incorporate aesthetic and practical considerations (as cited in Eccles & Krzus, 2010, p. 17).

As annual report of Natura represents, One Report is a document as well as utilizing technology to facilitate dialogue and engagement with all stakeholders. The companies can both involve numbers, words, and images. One Report makes use of many different media formats to present a holistic view of the company to all of its stakeholders.

4. Methodology

4.1 Instrumentation

The research design is based on the relativist approach because of the implied suppositions made in the development of research questions. The study focuses on interrelationships. The sustance of questionnaire is based on the conceptual framework proposed in the literature review. The questionnaire is thus divided into 5 categories, general information, judgment about the company, measures of assurance of transparency, and prospective benefits of One Report while an open-ended opinion-oriented question was asked regarding any recommendations, or addition to the subject matter.

Five-point Likert scale has been used to tap responses on three research questions. For assessing judgment about a company, the developed scale ranged from Not-at-all Important to Most important. For measuring usefulness of measures of assurance of transparency currently in practice, a five-point Likert scale was provided. In the end, benefits of one integrated report were assessed using a five-point Likert scale developed on the level of respondent's agreement or disagreement.

Two questionnaires have been developed, 1 for self-administered way and 2nd for collecting data through personalized e-mails. However, to reduce the chances that managers might not be having sound understanding of the terms being used in questionnaire, a glossary of terms was provided at the end of questionnaires being sent through e-mails. However, this glossary was then attached to the self-administered questionnaire as well. This step was taken after consulting 12 Marketing and finance managers from Warid telecom, Wateen telecom, Bank Alfalah, Dewan Motors and Faisal Bank, MEI-PAK and 6th sense Consultation. Apart from the above discussed managers, some professors, lecturers, analysts who are subject matter experts were also consulted.

4.2 Sample

A sample of size 150 was taken, while the unit of analysis was marketing and finance executives, economic or financial analysts/consultants, and MBA/MS/Mphil students. As it was a managerial sample, observations around 150 were thought to be reliable for generalization of results. The data was collected through judgmental sampling technique in which Snowball sampling was used to collect data from different managers through referrals from the previously interviewed managers, while stratified sampling technique was employed to group executives, analysts, consultants and practitioners according to their nature of industry.

4.3 Data Analysis

The statistical techniques to be applied depend on the structure of collected data. Before description of the findings of the survey, profiles of the respondents and comparative tests have been applied, in order to describe the sample and to determine its degree of external validity. The external validity explained as *"the extent or degree to which research findings can be generalized beyond the immediate research sample or setting in which the research took place"* (Gill and Johnson, 2002). According to Hussey and Hussey (2003), low response rates and missing values may bias the data and thus may not be the representative of the population. To do so, a screening process was carried out to remove the survey questionnaires with missing values and thus 101 observations were obtained.

Before running any test or making any analysis of the data set, the reliability of the instrument was tested. Cronbach alpha was used for reliability measures. Reliability measure was taken both at category level and for the overall instrument. The measures for three different categories ranged from 0.73-0.78 and overall reliability measure of the whole instrument was 0.86 which is well above the average and ensures the reliability of the instrument used.

The respondents were categorized between managers and management students of the final semesters. The students of the final semesters were selected because they were about to get into the markets as fresh breed of management and purpose for selecting them was to see that whether any difference of perception lies between managers and prospective future managers about the concept of One Report.

Table 2. Characteristics of the Respondants

	Managers	Management Students	Total
Respondents	77%	23%	100%

Of the 150 questionnaires, 104 were collected back at a response rate of 83%. Three questionnaires were rejected due to missing values. So the further analysis was done with 101 respondents' feedback. Among the data available for further analysis, 77% were managers and 23 % were management students.

As stated earlier, the purpose of taking students as respondents was to see that whether any difference lies in the perception of managers and students about One Report. This was done by comparing means through independent samples t-test at 95% confidence interval.

Table 3 does not show any significant dissimilarity among perception of practicing managers and students regarding process of making judgment about the company, measures of assurance of transparency, and perceived benefits of One Report except Communication/ Info provided under the process of making judgment about the company head where managers think it is important for making judgment about the company, whereas students are more inclined that this is not relevant. Except this, no significant differences exist between the perception of managers and students.

Simple descriptive were used to test the perception of the respondents and means were calculated for this purpose. The first question was about how the respondents make their judgment about any company. The most important factor that scored the highest means with respect to its importance was found to be the 'Financial Performance' with a mean score 4.65 followed closely by 'Image and Reputation' (4.59), 'Quality of Product/Service' (4.58), 'Customer Service' (4.50), and 'Treatment of Staff' (4.47). It shows that respondents considered these factors highly important for making judgment about any company. 'Honesty/Integrity' (4.37), 'Corporate Strategy' (4.13), and 'Valuation of financial statement' (4.02) were also considered important followed very closely by 'Market share' and 'Communication/Info provided' with an equal mean score of 3.98. Rest of the factors scored either to be important or more inclined towards important for their usage for making judgment about a company.

Table 3: Independent Sample T-test Results

Items	T	Sig. (2-tailed)	Items	T	Sig. (2-tailed)
Judgment about the Company			Review of Compensation Arrangements	1.838	.077
Financial Performance	-.840	.403	Corporate Social Responsibility	-.010	.992
Treatment of Staff	1.897	.070	Customer Service Initiative	.398	.691
Customer Service	-.226	.822	Marketing Productivity Measures	-.623	.535
Quality of Management	.768	.444	Brand Audit	.693	.494
Image and Reputation	.578	.565	Competitor's Profile	.470	.639
Quality of Product/Service	-1.141	.257	Management Team's Competencies	.176	.861
Social Responsibility	-.131	.896	**Perceived Benefits of One Report**		
Corporate Strategy	-1.317	.191	Enhanced Reputation and Strong Brand	-.785	.434
Market Share	1.540	.127	Alliance with Business Partners	-.130	.897
Accessibility/Openness to enquiries	1.530	.137	Better Stakeholder Relations	.019	.985
Communication/ Info Provided	2.347	.021	Employer of Choice	.273	.785
Honesty/Integrity	.399	.691	Greater Customer Loyalty	1.542	.134
Long Established Company	1.623	.108	Higher Sales	.681	.497
Valuation of financial statements	.389	.698	New Business Opportunities	1.773	.079
Cashflow	1.287	.201	Cost Savings	.029	.977
Sector/Industry in which they operate	.972	.338	Lower Operational & Strategic Risk	-1.067	.288
Environmental Responsibility	.127	.899	Improved access to capital at lower cost	-1.055	.294
Measures of assurance of Transparency			Reduced Regulatory Intervention	-.510	.611
Financial Position	.507	.613	Increased Stakeholder Trust and Integrity	.294	.770
Risk Profile	-1.084	.281			
Treatment of Staff	-.990	.324			
Training and Development Measures of Employees	-.400	.690			
Economic Value Addition	1.161	.248			
Segmentation Analysis	-.493	.623			

Table 4: Respondent's perception regarding what should be reported

Items	Mean	Std. Deviation	Items	Mean	Std. Deviation
Judgment About the Company	**4.1305**	**.37616**	Economic Value Addition	4.0792	.98674
Financial Performance	4.6535	.55562	Segmentation Analysis	3.8614	1.04909
Treatment of Staff	4.4653	.76895	Review of Compensation Arrangements	3.9604	.85931
Customer Service	4.4950	.64224	Corporate Social Responsibility	3.9109	.98081
Quality of Management	4.4158	.79079	Customer Service Initiative	4.2475	1.00405
Image and Reputation	4.5941	.68086	Marketing Productivity Measures	4.1089	.94764
Quality of Product/Service	4.5842	.53418	Brand Audit	4.0891	.87291
Social Responsibility	3.6733	.92854	Competitor's Profile	4.0891	1.03052
Corporate Strategy	4.1287	.73025	Management Team's Competencies	4.2079	1.05183
Market Share	3.9802	.86000	**Perceived Benefits Of One Report**	**4.0685**	**.46134**
Accessibility/Openness to enquiries	3.9406	.95731	Enhanced Reputation and Strong Brand	4.3267	.74979
Communication/ Info Provided	3.9802	.88295	Alliance with Business Partners	4.0693	.73834
Honesty/Integrity	4.3663	.84525	Better Stakeholder Relations	4.3069	.74488
Long Established Company	3.5842	1.24312	Employer of Choice	3.7822	.85562
Valuation of financial statements	4.0198	.88295	Greater Customer Loyalty	4.3069	.86882
Cashflow	3.7822	.92308	Higher Sales	4.0297	.93226
Sector/Industry in which they operate	3.9208	.93470	New Business Opportunities	4.1386	.83701
Measures of Assurance of Transparency	**4.1226**	**.45263**	Cost Savings	3.8317	1.03024
Environmental Responsibility	3.6337	1.06511	Lower Operational & Strategic Risk	3.9505	.92061
Financial Position	4.7426	.50306	Improved access to capital at lower cost	3.8515	.99384
Risk Profile	4.3762	.73282	Reduced Regulatory Intervention	3.8812	.80358
Treatment of Staff	3.8119	1.03646	Increased Stakeholder Trust and Integrity	4.3465	.78020
Training and Development Measures of Employees	4.1089	.88205			

The second question was about measures of assurance of transparency. Here, again, 'financial position' gained higher mean score of 4.74 followed by 'risk profile' (4.38), 'customer service initiatives' (4.25), and 'Management team's competencies' (4.21) were considered very useful as measures of assurance of transparency. Training and development measures of employees, economic value addition, marketing productivity measures, brand audit, and competitors' profile were also considered useful as measures of assurance of transparency by the respondents with small mean differences. These factors were closely followed by compensation review, corporate social responsibility, segmentation analysis, treatment of staff, and environmental responsibility as considering them useful too.

The third question was about the perceived benefits of the One Report. The analysis suggests that respondents perceive that One Report will have fruitful results in the form of increased stakeholder's trust and integrity which has the highest mean score of 4.35 followed closely by enhanced reputation and strong brand (4.33), better stakeholders relations and strong alliance with partners, greater customer loyalty (4.31). One Report will be also beneficial as it has been perceived of causing new business opportunities and higher sales volumes. Other benefits include low operational & strategic risk, reduced regulatory interventions, and improved access to capital. This will also help saving cost as higher cost will be incurred in publishing financial and non financial reports separately.

5. Discussion and Managerial Implications.

The first objective of current research was to offer and suggest the inspiration for 'One Report' which has been accomplished by defining, explaining the subject matter from different perspectives and with the support of relevant theories of each perspective.

The results originating from this research study generate suggestions that can be utilized by managers and practitioners to develop communication strategies in a more effective manner. Furthermore, there are not significant differences between the perception of managers and academic practitioners regarding the concept of integrated reporting. However, the understanding and awareness of the underlying assumptions of one report phenomenon is lacking. The implications are as follows:

Firstly, the skills needed to efficiently execute the efforts for sustainability must be cultivated in the business administration curriculum. Incorporating the topic of sustainability into the curriculum and then classroom discussion needs not only to replicate the actual practices being carried out by national and multinational firms regarding integrated reporting but it also needs to be cross-disciplinary. This whole sustainability incorporation process could take shape in a variety of ways. A financial accounting professor can teach reporting of ESG metrics in combination with traditional financial analysis. In finance, students can study opportunities and threats arising from ESG issues and measure their prospective impact on the valuation of a company. Courses on operations management can include sustainability issues to the discussions of efficient supply chain management. Political economy subject could be taught by including modules on collective responsibility of individuals as global citizens and ways in which businesses should partner with governments to advance sustainability.

Secondly, though there has been an extensive discussion regarding what one report concept is all about? But scholars, so far, have not been able to propose right format and the implementation model like what should be included in one report and how it should be executed both for internal and external reporting. To make one report a reality in the context of Pakistan, companies need to take certain steps for better adoption.

Companies, at first, need to get approval of Board of Directors. Board of Directors not only needs to approve the one report proposal but the project demands the commitment for better execution. Secondly, company need to embed sustainability into the vision. To do so, CEO must be committed and should align sustainability with every action plan of the organization. The CEO needs to envision that market in Pakistan is not efficient and companies are not optimally managed and hence, there is always room available for change and transition. Regulatory interventions should also be addressed by having a broader stakeholder perspective in mind. In fact, there have been many public sector initiatives regarding integrated reporting. Table 5 presents an overview of these initiatives.

Thirdly, use of updated technology in the field of communication is of prime value, and companies can leverage this technology to foster the process of internal and external reporting. In the end, support from the investment community and civil society is very important. And this can only be achieved by communicating the prospective benefits of adopting one report. Companies need to understand and communicate to audience that traditional reporting has been just about "what are the results of our actions", while one report is about "what are the actions, how we are executing them, and how much sustainable quantitative results we have earned?"

6. Limitations and future research recommendations

The findings of this research are limited in several aspects and it must be understood that certain limitations may influence any observations and conclusions made. Firstly, the area of integrated reporting is an emerging field and there is limited prior research available on the subject matter particularly when such a research area is applied to the efficacy of results.

Secondly, there are limitations in the methodology of the study. Since judgmental sampling techniques are applied throughout this research project, the ability of the data to generalize to the population was reduced. Sample size needs to be expanded and managers, consultants, analysts should be surveyed from all sectors of economy.

This is suggested to explore the view of marketing, finance, and Human Resource management within the same company to observe whether the difference of perception, acceptability or adoptability exist or not. Furthermore, the research can be enriched by comparing companies that operate in Business-to-business and business-to-consumer areas. It can also be extended to comparing companies operating in different sectors and with different budgets.

However, two limitations which are very critical but were beyond the scope of this research study are cost-benefit analysis of adopting one report and proposing a clear roadmap for the adoption of one report. Cost-benefit analysis includes comparing the cost of collecting data regarding contents of one report and then actually producing it as compared to the separate reports. While clear roadmap means suggesting or recommending a business model regarding the planning, organizing, executing and controlling every single facet related to One Report.

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