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SOCIAL AND ECONOMIC DIMENSIONS OF INTEGRATED REPORTING

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ABSTRACT

Nowadays, many important issues such as corporate sustainability, environmentally friendly production, carbon footprints, efficient use of scarce resources, renewable energy, etc. in terms of economic, social and environmental aspects are inevitable issues that need to be care not only by companies but also by customers and countries. At this point, corporate sustainability reports, GRI reports, annual reports, etc. are expected to be presented by companies with together their financial reports. However, the increase in the number of reports has led to complexity and confusion for reports' users, and transparency and accountability, which are the main objectives of reporting, have deviated from the purpose because of hundreds-page reports. As a result, integrated reporting concept emerged. Nowadays, companies are increasingly beginning to prepare integrated reports with fewer pages and more comprehensive information on results of company activities in terms of social, environmental and economic aspects. The main objective of this research is to examine and compare the development of integrated reporting process in the world and in Turkey in terms of social and economic dimensions.

Key Words: Integrated Reporting, Corporate Social Responsibility reporting, Social Sustainability, Economic Sustainability, Sustainability Accounting.

1. INTRODUCTION

Accounting and reporting concepts are considered, not only financial information but also non-financial information come to mind in todays and information users or stakeholders want to see these reports with together. Aras and Sarıoğlu Uğur (2015: 15), indicates that the days when the performance of a company is evaluated only for financial information are linger and stakeholders who see that environmental, social and managerial risks and uncertainties have a direct impact on company sustainability, begin to demand information about non-financial performance from companies.

Gücenme Gençoğlu and Aytaç (2016: 52) relate this demand of stakeholders to the *going concern concept* which is one of the basic concepts of accounting. The *going concern concept* means that the life of the company is not limited to the life of the owners or investors and that the business can continue its operations for an unlimited period. Investors or potential investors do not want to invest in a company who has *going concern* problem, for this reason the continuity of a company is crucial for investors. It is also possible to evaluate the *social responsibility concept* of Generally Accepted Accounting Principles (GAAP) in the same context. The first definition of the social responsibility of businesses was emphasized by Bowen in 1953, and owners should be interested in social responsibility activities that overlap with society's values and aims (Aydın, 2015: 69).

Likewise, Yanık and Türker (2012: 293) define the *social responsibility concept* as a requirement of the protection of the whole society's interests not the individuals or groups' interests in the implementation of accounting practices and the preparation and presentation of financial statements. Topcu and Korkmaz (2015: 2) emphasize the same point and express the *social responsibility concept* as a result of corporate governance because the company is not only responsible for the shareholders but also for the stakeholders affected by the company's activities. Reports prepared by companies can be considered as a demonstration of the extent to which this responsibility is fulfilled.

Following the massive financial crisis in 2008, companies were under scrutiny and the issue of what the causes of the crisis are investigated in the many academic researches. As a result of the academic researches conducted, it is seen that the main cause of the crisis is not related to the financial situation of the companies as it is supposed, but rather by the excessive risks taken by the management. It has deduced that the prepared annual reports do not provide all information about a company to the takeholders and that non-financial information related to the company's risk management, corporate governance structure, social and environmental issues should also be reported collectively to them (www.kpmg.com/tr). As a result, it became necessary to be transparent and accountable, fair and act with social responsibility in the communication between a company and its stakeholders after the conducted researches about financial crises. It has been seen that only in this way, companies can provide accurate and reliable information to investors and creditors and add value to operating capital (Topcu & Korkmaz, 2015: 17).

Financial reports partially reflect historical data, while futuristic information is insufficient both to company managers and to all other information users (kpmg.com/en/tr/home/insights). New tools are needed to present the information needed by stakeholders of a company (Cheng et al., 2014: 2). As Kaya stated (2015: 115) that investors and stakeholders need to evaluate the company not only with its past activities, but also with the opportunities and potentiality in the future. This is possible by obtaining financial and non-financial information and establishing a meaningful relationship between them. Corporates must provide relevant, timely, and understandable information about their activities by keeping with the increased interest and pressure to focus on sustainability and fulfilling its obligations under the ethic of accountability (Clayton et al., 2015: 8). As a result, stakeholders expect not only financial information but also non-financial information to be produced and submitted to them. In order for both financial and non-financial information to be presented to stakeholders, integrated reports have emerged that include environmental reports, sustainability reports, corporate social responsibility reports, and all of them.

The inadequacy of traditional financial reports to identify and measure the social and environmental impacts of business activities has led to the emergence of new reports that take into account social and environmental factors. In this context, sustainability accounting has been accepted as a tool that can be used to realize corporate sustainability objectives of a company (Tüm, 2014: 79). GRI describes sustainability reporting as a reporting method that is the practice of measuring, disclosing, and being accountable to internal and external stakeholders for organizational performance towards the goal of sustainable development. Also, according to GRI "sustainability report should provide a balanced and reasonable representation of the sustainability performance of the reporting organisation including both positive and negative contributions" (GRI, 2011: 3). Companies or organizations publish sustainability report, which is about the economic, environmental and social impacts of its everyday activities and presents its values and governance model by demonstrating the link between its strategy and its commitment to a sustainable global economy (www.globalreporting.org).

Sustainability reporting has the same meaning with some other terms such as non-financial reporting, triple bottom line reporting, corporate social responsibility (CSR) reporting, etc. Besides, it is an intrinsic element of integrated reporting (www.globalreporting.org). Sustainable development, which can be defined as the continuation of the ability to meet human needs, can be associated to the concept of corporate sustainability when considering commercial enterprises (Saban et al., 2017: 103). Corporate social responsibility is explained as "the integration by companies, on a voluntary basis, of social and environmental concerns, which reflects perceptibly on their internal operations and relations with stakeholders" (Baron, 2014: 5).

As a consequence of the increase of companies' responsibility towards stakeholders and society, they had to publish information about the impact of their activities on the environment and society in separate reports such as sustainability reports, corporate responsibility (CR) reports, corporate social responsibility reports (CSR), environmental, social, and governance (ESG) reports, triple bottom line (TBL) reports, green accounting reports, environmental reports, corporate governance reports, carbon footprint reports, risk reports, ethics report, which accompanied financial statements. On the other hand, this increase in the volume and categories of information provided in reports published by companies causes complexity about importance and quality of this information and their levels of integration. (Yanık &Türker, 2012: 291; Sulkowski & Waddock, 2013; Chersan, 2015: 94). However, a report should be structured on the basis of the needs and expectations of the users and to be able to easily and clearly find out what the stakeholders are looking for (Gökten, 2016: 743). The International Integrated Reporting Council (IIRC), which was established in 2010 to prevent complications, has proposed an integrated report that allows the evaluation of a company's future performance and provides both financial and non-financial information (Cheng et al., 2014: 3).

The integrated presentation approach in corporate reporting can be based upon the Corporate Report published by the UK Accounting Standards Steering Committee in 1975. According to this report, it is necessary to have an integrated report understanding that takes into account the needs of not only stakeholders and financial managers but also all report users (Kaya et al., 2016: 86). In this context, IIRC (2011: 6) indicates that "integrated reporting brings together material information about an organization's strategy, governance, performance and prospects in a way that reflects the commercial, social and environmental context within which it operates. It provides a clear and concise representation of how an organization demonstrates stewardship and how it creates and sustains value". It can be said that integrated reporting results from sustainability reporting as a more recent development that combines the reports of financial and non-financial information. (www.globalreporting.org).

In today's world, integrated reporting is required to present reports describing the attitudes of businesses in economic, social and environmental issues as well as financial information in determining the continuity of a company (Gücenme-Gençoğlu & Aytaç, 2016: 52). The integrated reporting aims to help all stakeholders, especially investors, to make better decisions by providing a holistic view of the company (Aras & Sarıoğlu Uğur, 2015: 16). It can be said that integrated reporting has made a significant contribution to ensure the sustainability of the company's developments and to increase the financial value. In addition, integrated reporting ensures continuous and closer communication with stakeholders and other information users (kpmg.com/en/tr/home/insights).

2. REPORTING IN THE WORLD

Financial reporting in the 19th century was based solely on monetary principles at that time. The obligation for financial reporting by publicly traded companies began in 1933 with the Securities Act 1933, the first statutory regulation in the United States. (www.sec.gov; Kargın et al., 2013: 30). The social dimension of financial reporting has been on the agenda for the first time since 1970's. The focus of this initial reporting initiative, which aims to provide information more than financial information, is social aspects, social impact, and partly social efficiency. Towards the 1980s, environmental reporting emerged and broadened the scope of social reporting. Sustainability reporting in the name of corporate social responsibility reporting in the 2000s aims to provide information to users about economic, environmental and social activities of a company and its connections (Önce at al., 2015: 235).

During the 1960s and 1970s, in terms of organizations in reporting, the U.S. and Europe started *voluntary sustainability reporting* movement driven by a renewed awareness of corporate responsibility towards society and the environment (Ionna & Serafeim, 2013: 6). The National Resources and Defense Council (NRDC) began lobbying for the Securities and Exchange Commission (SEC) to improve environmental reporting by companies in 1970s (Integrated Financial and Sustainability Reporting in the United States, 2013, 2). With voluntary social reporting attempts, the introduction of environmental reports in countries such as Netherlands, France, Germany, Austria, and Switzerland gave some results for coming into slowly prominence of sustainable reporting. After Exxon Valdez disaster in 1989, the U.S. based Coalition for Environmentally Responsible Economies (CERES) developed the "CERES/Valdez Principles" on behalf of the Social Investment Forum (SIF), and introduced a set of environmental reporting guidelines. In 1997, CERES and the United Nations Environment Program (UNEP) created the Global Reporting Initiative (GRI) to develope and establish reporting guidelines for the "triple bottom line: accounting for economic, as well as environmental and social performance by corporations". In the 1990s, the increased societal pressures, demands and expectations on companies for more transparency and accountability, a significant growth materialized as expected in the issuance of voluntary corporate sustainability reports (Ionna & Serafeim, 2013: 6-7).

In 2010, teamed with Ceres pushed to the SEC through its Investor Network on Climate Risk (INCR) for guidance on disclosures of climate change risks. The Global Reporting Initiative (GRI) released its GRI Standars in 2016 by working with the International Integrated Reporting Council (IIRC), formed in 2010 through The Prince's Accounting for Sustainability Project (A4S), on an integrated reporting framework. In addition, Sustainable Accounting Standards Board (SASB) founded in 2011 to improve integrated reporting (IIRC, 2013: 2). In the table 1, some of the significant development process in accounting and reporting was listed.

Table 1. Accounting and Sustainable Reporting Process[1]

Year	Reports, Acts, Etc.	Institutions And Indexes
1880		• The Institute of Chartered Accountants In England And Wales (ICAEW)
1902	• The First Annual Report (The United States Steel Corporation)	• The Corporate Treasurers and Accountants Institute
1904		• The Association of Chartered Certified Accountants (ACCA)
1916		• The Institute of Financial Accountants (IFA)
1919		• The Chartered Institute of Management Accountants (CIMA)
1928		• The Association of International Accountants (AIA)
1933	• The Securities Act	
1934		• The Securities and Exchange Commission (SEC)
1936	• Generally Accepted Accounting Principles (GAAP)	
1939		• The American Institute of Accountants
1970		• The Accounting Standards Steering Committee [ASSC] • Environmental Protection Agency (EPA)
1973		• The Financial Accounting Standards Board (FASB) • The Chartered Institute of Public Finance and Accountancy (CIPFA) • International Accounting Standards Committee (IASC)
1975	• The Corporate Report	
1977		• The International Federation of Accountants (IFAC)
1978		• The Association of Authorized Public Accountants (AAPA) • International Auditing and Assurance Standards Board (IAASB)
1984		• The Securities And Exchange Commission (SEC)
1987	• The Brundtland Report ’Our Common	
1990		• Financial Reporting Council (FRC) • The Accounting Standards Board (ASB) • The Federal Accounting Standards Advisory Board (FASAB)
1992	• Cadbury Report	
1990		• Domini 400 Social Index
1992	• World Summit on Sustainable Development in Rio	• World Business Council for Sustainable Development (WBCSD)
1994	• King Code of Corporate Governance Principles (King I)	
1995		• CSR Europe

[1]Table is created by author (www.accaglobal.com; www.cimaglobal.com; www.aiaworldwide.com; www.cipfa.org; www.icaew.com; www.aat.org.uk; www.sasb.org; www.ifa.org.uk; www.frc.org.uk; www.bsr.org; www.fasb.org; www.fasab.gov; www.epa.gov; www.ifac.org; www.ifrs.org; www.oecd.org; www.globalreporting.org; www.borsaistanbul.com; Sulkowski & Waddock, 2013; Eccles & Krzus, 2014; Önce et al., 2015; Tscopp & Huefner, 2015)

1997	• Global Reporting Initiative (GRI) • The Kyoto Protocol	• Global Reporting Initiative (GRI)
	• Triple Bottom Line (3BL)	
1999	• AA1000 (Accountability 1000) • OECD Principles of Corporate Governance	• Dow Jones Sustainability World Index
2000	• UN Global Compact (UNGC) • Communication on Progress (COP) • The OECD Guidelines for Multinational Enterprises • GRI G1	• UN Global Compact (UNGC)
2001		• The International Accounting Standards Board (IASB) • IFRS Foundation • FTSE4Good Index
2002	• Norwalk Agreement • GRI G2 • The Sarbanes-Oxley Act (SOX) • King Code of Corporate Governance Principles (King II)	
2003	• International Financial Reporting Standards (IFRS)	
2004		• JSE Socially Responsible Investment (SRI) Index1
2005	• UN Principles for Responsible Investment, UN PRI)	• Environmental Sustainability Index (ESI)
2006	• IFC Performance Standards • GRI G3	
2007	• The Accounting for Sustainability (A4S) Connected Reporting Framework	
2008	• Carbon Disclosure Project (CDP)	• Carbon Disclosure Project (CDP)
2009	• IFRS for SMEs • King Code of Corporate Governance Principles (King III)	• Sustainable Stock Exchanges Initiative, SSE)
2010	• Integrated Reporting (IR) • ISO 26000 • The UK Corporate Governance Code	• International Integrated Reporting Council (IIRC)
2011	• GRI G3.1	• Sustainability Accounting Standards Board (SASB)
2013	• GRI G4 • International IR Framework	• Accounting Standards Advisory Forum (ASAF)
2015		• The GRI Global Sustainability Standards Board (GSSB)
2016	• GRI Standards	

Major providers of sustainability reporting guidance are GRI, the Organization for Economic Cooperation and Development (OECD Guidelines for Multinational Enterprises), the United Nations Global Compact (the Communication on Progress), and the International Organization for Standardization (ISO 26000, International Standard for Social Responsibility) (www.globalreporting.org). In addition, there are many domestic CSR reporting initiatives, guidelines, principles, regulations, and standards such as AccountAbility's AA1000 Series, International Labour Organization (ILO) Conventions, and International Organization for Standardization (ISO) Standards (Tscopp & Huefner, 2015: 566).

2.1. Corporate Sustainability Reporting

The industrial revolution that began in England in the 18th century and the use of machinery in industry and agriculture led to an increase in production. On the other hand increased production capacities caused rapid and inefficient usage of environmental and social resources. Poor working conditions, forced labor, low wages, child labor and the abandonment of water resources resulting from the ignorance of the natural environment, air pollution, desertification, climate change, global warming, etc. can be given as examples (Önce at al. 2015: 232). These and similar situations that were seen after the industrial revolution and which have been widely discussed today have led to the emergence of the concept of sustainability.

In the report of the Brundtland Commisison published in 1987, sustainability term was described as achieving results related to the three co-equal parts or elements of it: environment, economy, and equity (Portney, 2015: 6). Following the 1983 World Commission on Environment and Development (WCED), *Our Common Future* was published in 1987. Sustainable development concept was officially described for the first time in this report (Yükçü & Kaplanoğlu, 2016: 65). Accordingly, sustainable development is: "development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Thus, sustainable development becomes a goal not just for the developing nations, but for industrial ones as well" (UN, 1987).

The economic impact of globalization on companies also requires companies to inform their internal and external information users about their economic, social and environmental impacts. In particular, publicly traded corporations began to present various financial and non-financial information with various reports to stakeholders. One of these reports is corporate sustainability reports. Corporate sustainability can be defined as meeting the needs of current and potential stakeholders (shareholders, employees, customers, organizations, etc.) without risking the ability of the corporation to meet the needs of its stakeholders in the future (Önce at al., 2015: 234).

According to Artiah at al. (2010: 31), corporate sustainability can be described as a business and investment strategy to achieve the best business practices for current and future stakeholders. Therefore, corporate sustainability performance (CSP) is useful for companies to integrate social, economic, and environmental factors into their daily activities to provide a positive impact on the company and society. On the other hand, some researches claim that there is no relationship between a company's CSP and financial performance, while some others say there is a positive or neutral association between them. Artiah at al. (2010: 32-33) indicate that size, profitability and growth potential of a company are associated with high levels of investment in CSP because such investments might be useful to improve the company's competitive position by producing benefits such as enhanced employee morale, increased goodwill, improved relationships with bankers, government, potential and current investors, and the other stakeholders, better access to capital. Besides, sustainability reporting influences managerial practices and improves companies' environmental, social, and governance performance (Ioannou and Serafeim, 2013: 1), provides lower capital constraints and better access to capital (Cheng et al., 2013: 1), shifts the investor clientele of a company towards dedicated and away from transient investors (Serafeim, 2014: 7), reduces the environmental harms related to corporate activities (Sulkowski & Waddock, 2013: 1079).

In the world, there are 91.896 published corporate responsibility reports by 15.257 organizations. In the table 2, these reports can be seen according to the lists of countries.

2.2. GRI Reporting

The Global Reporting Initiative (GRI) is an international organization and aims to promote sustainability reporting by a wide range of organizations in the world (www.corporateregister.com). In 1997, as a continuation of the Tellus Institute and the Coalition for Environmentally Responsible Economies (CERES), GRI was established in Boston with the United Nations Environment Programme's (UNEP) contribution. The main objective of the establishment of GRI was to develop a framework for improving organizations' accountability mechanism. GRI established a multi-stakeholder Steering Committee in 1998 to prepare guidelines and determined the scope of the framework as social, economic and governance issues. GRI started the first global framework for comprehensive sustainability reporting in 2000 and it changed its legal situation to an independent non-profit institution in 2001. In 2002, the second generation of the Guidelines (G2) was introduced at the World Summit on Sustainable Development in Johannesburg. In 2006, GRI developed its first XBRL Taxonomy for G3 with the help of experts from business, civil society and the labor movement. GRI's Learning Publication (Pathways I) was released in 2007 to provide step-by-step guidance for report makers and users (www.globalreporting.org).

GRI published its first Sector Guidelines for the Financial Services Sector to capture the unique sustainability issues of the sector in 2008. Besides, GRI continued to other publishes to improve G3 Guidelines such as The Earth Charter, GRI, and the Global Compact: Guidance to Users on the Synergies in Application, Pathways II, Starting Points I and Starting Points II. GRI launched its first Certified Training Partner Program in 2008, the GRI Certified Software and Tools Program in 2009 and the Global Action Network for Transparency in the

Supply Chain (GANTSCh) Program in 2009. In 2009, GRI also released a new Sector Guideline: Electric Utilities. In 2010, GRI released two new Sector Guidelines: Food Processing and NGO and published GRI and ISO 26000: How to Use the GRI Guidelines in Combination with ISO 26000, and Carrots and Sticks – Promoting Transparency and Sustainability. In this year, the Global Compact agreed to adopt the GRI Guidelines as the recommended reporting framework for companies. Three new Sector Guidelines: Mining and Metals, Airport Operators, Construction and Real Estate were released and GRI's Sustainability Disclosure Database was launched in 2011 (www.globalreporting.org).

In 2012, three more new Sector Supplements: Oil and Gas, Media, and Event Organizers were released and Rio+20 United Nations Conference held on Sustainable Development. G4 Guidelines was released in 2013 offering Reporting Principles, Standard Disclosures and an Implementation Manual for organizations of any size or sector, which plan to prepare sustainability report. Also, GRI introduced The GRI Materiality Disclosures Service to organizations to check the most critical disclosures in reports. In 2014, The GRI Content Index Service was launched to provide a verification service for the accuracy and alignment of the Content Index of G4-based reports. Besides, the latest version of Taxonomy covering G4, G3.1 and G3 Guidelines was introduced. In 2015, GRI launched the research publication Defining Materiality: What Matters to Reporters and Investors (Part I) and Reporting 2025 project. Lastly in 2016, GRI introduced the first global standards for sustainability reporting developed by the Global Sustainability Standards Board (GSSB) (www.globalreporting.org).

According to the Sustainability Disclosure Database, there are 45.185 sustainability reports prepared 11.608 organizations from all around the world and 28.955 of them were prepared by using GRI Guidelines (database.globalreporting.org). The numbers of GRI reports by some countries were presented on the table 1. As you can see on the table 2, USA has the most reports (2.764) prepared by 693 organizations. Spain follows the USA with the 2.420 reports prepared by 578 organizations.

On September 25th 2015, The United Nations (UN) adopted a set of sustainability development goals that should be achieved over the next 15 years. UN Sustainable Development Goals can be listed as no poverty in everywhere, zero hunger, good health and well-being, quality education, gender equality, clean water and sanitation, affordable and clean energy, decent work and economic growth, industry-innovation and infrastructure, reduced inequalities, sustainable cities and communities, responsible consumption and production patterns, taking urgent action against climate change, life below water, sustainable use of terrestrial ecosystems, peace-justice and strong institutions and revitalize the Global Partnership for Sustainable Development (www.un.org).

Sustainability and reporting of all information about these issues to the stakeholders can improve society, economy and environment if all these goals can be achieved.

2.3. Integrated Reporting

The history of the accounting process, ranging from a simple debt-credit booking to financial statements and financial reports to integrated reporting can be evaluated within the institutionalization process (Yanık & Türker, 2012: 303). The concept of integrated reporting was first introduced by Nelson Mandela in 1994 in South Africa. With this new type of reporting, it is aimed to reduce the insecurity of institutions in South Africa and to encourage transparency and information sharing. Mervyn King, who was appointed to establish the King Committee, published King I in 1994, King II in 2002 and King III Reports in 2009. With these reports, businesses are required to report the results of their social, environmental and financial responsibilities as well as financial information. In 2010, the Johannesburg Stock Exchange obliged all companies listed on the stock exchange to publish integrated reports, while those who did not publish were required to provide a justification for this. As a result, the first mandatory integrated reporting for the companies listed on the stock exchange is South Africa. (www.entegreraporlamatr.org).

While, integrated Reporting (IR) is a new phenomenon, it has gained significant momentum in the last ten years (Serafeim, 2014: 2). IIRC defines IR as "a process founded on integrated thinking that results in a periodic integrated report by an organization about value creation over time and related communications regarding aspects of value creation. An integrated report is a concise communication about how an organization's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term."

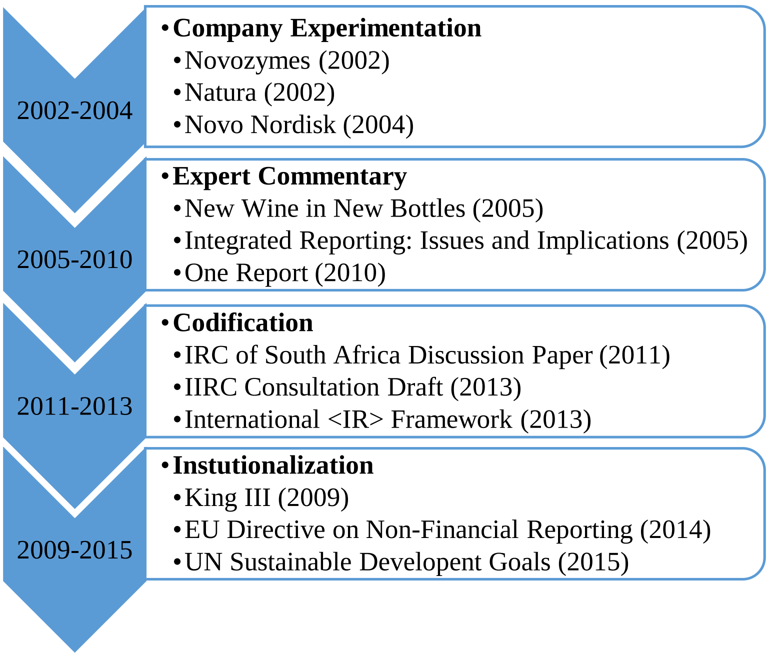
The integrated reporting process is a strategy study where a company reviews its structure and activities in detail, identifies its strengths and weaknesses, and assesses risks and opportunities. A company in the integrated reporting process is responsible for strategic planning, corporate governance, business model selection, decision making, and etc. activities in line with the internal and external environment of the company. As a result, it is possible for integrated reporting to be defined as the company's value creation process in the short term (kpmg.com/en/tr/home/insights).

The IIRC consists of companies, regulators, investors, accountants, standard setters, and non-governmental organizations from the entire world. The coalition of all these partners aims to promote communication between stakeholders for creating value on corporate reporting. The mission of the coalition is to regulate integrated reporting by setting standards for business practices in the public and private sectors. Besides, the IIRC intends to align capital allocation and corporate behavior to wider goals such as financial stability and sustainable development by improving integrated reporting and broadly thinking (integratedreporting.org).

Public and private sector, non-governmental organizations and academics from many countries commented on the first debate document issued by the IIRC in 2011. As a result, the International IR Framework, which was finalized and published in December 2013, is a guide to how companies will report both financial and non-financial information together. Corporations that start integrated reporting are based on this framework in their reporting (www.entegreraporlamatr.org). Between the years 2014-2017, the IIRC planned to achieve a meaningful shift towards early adoption of the International Integrated Reporting (IR) Framework through the Breakthrough Phase, which is the move from the creation of the International IR Framework (www.integratedreporting.org).

Because of the complexity and informational convergence, one report concept emerged. One report is a single report that combines a company's annual report, corporate social responsibility report or sustainability report with financial and non-financial information such as social, economic, governance, and environmental issues. One reports is a way to communicate a company's stakeholders and it should not be lightly dismissed (Eccles & Krzus, 2010: 10-11). Four phases in the evolution of meaning of integrated reporting can be seen in Figure 1.

Figure 1. Four Phases in the Evolution of Meaning of Integrated Reporting



Resource: (Eccles & Krzus, 2014: 32).

According to the figure 1, integrated reporting started in 2002 by some of company experimentations such as Novozymes, Natura, and Novo Nordisk in 2004. Following these companies, integrated reporting debates get started deeply with the help of new researches in the issue. In 2011, the first Discussion Paper was published in South Africa, and a Draft and Framework were presented in the world as codifications. In the period of 2009-2015, instutionalizations has achieved by publishing King III, EU Directive on Non-Financial Reporting, and UN Sustainable Development Goals.

In the table 2, integrated reports can be seen as in total published past and present reports in worldwide.

Table 2. The Numbers of Worldwide Integrated Reports, GRI Reports and Corporate Responsibility Reports

Country	Integrated Reports		GRI Reports		Corporate Resp. Reports	
	Org.	Reports	Org.	Reports	Org.	Reports
South Africa	213	628	183	818	343	2.406
Japan	84	163	198	827	621	6.223
Spain	44	86	578	2.420	809	4.544
The Netherlands	44	81	246	1.098	525	3.041
Brazil	37	76	406	1.837	552	3.181
Sri Lanka	28	67	41	199	47	276
Italy	27	64	307	1.227	600	3.844
Republic of Korea	27	63	141	733	147	885
UK	27	52	243	936	1.389	9.220
USA	23	43	693	2.764	1.688	10.106
Australia	15	40	259	1.075	526	4.117
France	18	37	196	695	679	4.132
Russian	14	32	67	283	86	528
Colombia	10	15	192	779	240	1.298
Canada	8	14	220	933	508	3.649
Chile	10	14	149	684	176	940
India	8	14	118	496	165	957
Germany	6	12	355	1.158	1.089	6.103
Austria	7	12	161	515	289	1.401
Turkey	6	11	74	242	92	435
Greece	3	11	47	247	63	441
Sweden	6	10	253	1.316	401	2.897
Switzerland	5	10	147	653	318	2.142
Poland	7	10	53	183	78	395
Malaysia	5	10	49	169	88	487
Finland	7	9	16	627	170	1.366
Mauritius	6	9	5	21	14	45
Belgium	5	8	143	407	272	1.422
New Zealand	5	8	38	160	83	556
Taiwan	6	6	78	382	84	469
Swaziland	2	6			4	16
Portugal	4	5	127	636	176	1.149
Mexico	3	5	113	510	150	840
Thailand	3	4	62	233	94	464
Pakistan	4	4	14	47	38	180
Kenya	2	4	3	8	11	39
Namibia	4	4	2	3	10	54
Malta	1	4	1	2	6	24
Denmark	1	4	48	218	219	1.471
Argentina	2	3	111	436	138	743
Republic of China	2	3	84	299	302	786
Philippines	3	3	32	158	37	229
Qatar	2	3	18	60	26	104
Republic of Ireland	1	2	15	65	55	303
Saudi Arabia	1	2	11	35	18	69
Ukraine	2	2	12	35	14	70
Uganda	1	2	2	2	3	8
Botswana	1	2			4	26
Peru	1	1	74	308	77	444
Indonesia	1	1	51	256	60	378
Norway	1	1	52	254	156	1.036
Hungary	1	1	49	177	63	325
Israel	1	1	24	82	27	131
Slovenia	1	1	6	30	13	124
Nigeria	1	1	13	29	18	73
Serbia	1	1	6	28	10	62
Czech Republic	1	1	8	24	32	182
Bulgaria	1	1	3	11	9	54
Lebanon	1	1	3	7	7	20

Iceland	1	1	3	9	8	68
Costa Rica	1	1	9	39	16	87
Zimbabwe	1	1	5	16	7	29
Ecuador			41	144	43	209
United Arab Emirates			53	144	69	282
Bolivia			15	48	20	90
Uruguay			11	43	21	93
Jordan			9	36	11	56
Panama			6	31	18	130
Venezuela			5	27	13	74
Romania			6	24	15	84
Vietnam			9	24	14	36
Egypt			7	23	20	92
Oman			9	23	9	42
Kuwait			6	22	11	69
Honduras			6	20	8	29
Lithuania			5	20	12	50
Bangladesh			7	19	9	40
Slovakia			4	19	8	87
Paraguay			6	18	9	51
Kazakhstan			3	17	8	45
Cambodia			3	14	3	16
Estonia			4	12	8	67
Papua New Guinea			2	10	2	20
Dominican Republic			2	9	4	17
Belarus			1	8	1	8
El Salvador			4	8	9	27
Latvia			1	8	6	24
Morocco			5	8	14	56
Albania			2	7	4	22
Azerbaijan			1	6	2	23
Madagascar			1	6	3	18
Nicaragua			2	5	5	10
Syria			1	5	2	8
Cyprus			2	2	4	13
Ghana			1	2	3	9
Kyrgyzstan			1	2	1	6
Suriname			1	2	3	8
Democratic Republic of the Congo			1	1	3	9
Georgia			1	1	3	19
Guinea			1	1	2	7
Mongolia			1	1	3	27
Senegal			1	1	2	12
Seychelles			1	1	1	1
Tanzania			1	1	3	8
Uzbekistan			1	1	1	1
Zambia			1	1	1	1
Croatia					26	185
Angola					3	17
Algeria					2	14
Moldova					2	13
Guatemala					3	12
Mozambique					2	12
Myanmar					2	8
Bahamas					2	5
Gabon					1	5
New Caledonia					1	5
Ethiopia					1	4
Maldives					1	4
Rwanda					1	4
Togo					1	4
Bosnia and Herzegovina					1	3
Fiji					1	2
Lesotho					1	2

Solomon Islands					1	2
Barbados					1	1
Burkina Faso					1	1
Iran					1	1
Liberia					1	1
Mauritania					1	1
Nepal					1	1
Tunisia					1	1

Source: Table is created by author (www.corporateregister.com)

As it can be seen, South Africa has the most integrated reports published by the all companies listed on stock exchange. Following it, Japan has the most published integrated reports. On the other hand, many country does not launch their integrated reporting process while they have published GRI reports or corporate responsibility reports. However, many countries are expected to start integrated reporting in the short term.

3. INTEGRATED REPORTING IN TURKEY

Turkey became one of the first countries to sign the United Nations Convention on Biological Diversity (UNCBD) at the Rio Summit in 1992 and signed the United Nations Framework Convention on Climate Change (UNFCCC) in 1994 with the Agenda 21-Sustainable Development Knowledge Platform. Turkey was selected as the best practice example in 2001 with the Local Agenda 21 and was introduced as a "good example" at the Johannesburg Summit in 2002. Regulations related to corporate sustainability and corporate governance are regulated by the "Communiqué on Corporate Governance Principles" issued by the Capital Market Board (CMB-SPK) in 2003.

In 2004, the sustainable development approach was integrated with the plans, programs and strategies with the participation of all stakeholders and the Sustainable Development Coordination Commission (SDCC) was established taking into consideration the elements unique to Turkey. For the period 2003-2007, the EU Integrated Environmental Approximation Strategy (UCES), which includes the basic principles of sustainable development, legislation and policies, has been prepared. In addition, Turkey has been fully involved in the European Environment Agency since 2003 and signed the United Nations Framework Convention on Climate Change (UNFCCC) in 2004. In addition, the National Development Plan of Turkey was published in the Official Gazette in 2005 and in 2009 Turkey became a party to the Kyoto Protocol.

In 2011, a working group was established by the Corporate Governance Association of Turkey (TKYD) and the Sustainable Development Association (SDA). Minimum information required to be included in the form and reports of the annual reports in Turkey were determined in the New Turkish Commercial Code (TCC) No. 6102 and the "Regulation Related to the Determination of the Minimum Content of the Companies' Annual Reports" issued on 28.08.2012.

In 2013, Garanti Bank and Çimsa were the first members to join the IIRC to prepare an Integrated Report. In parallel with the world examples, in cooperation with Istanbul Stock Excahnge and Ethical Investment Research Services (EIRIS) Ltd. in Turkey in 2013, it was aimed to calculate the BIST Sustainability Index based on the performances of stock listed companies in environmental, social and corporate governance issues (EU, 2016: 23-25). "New Period in Corporate Reporting: Integrated Reporting" guide has been published with TÜSİAD support in 2015. On October 21, 2015, the Integrated Reporting Turkey <IR> Network was established. As of July 2017, there are 3 companies and 1 non-governmental organization that provide integrated reports in Turkey.

4. CONCLUSION

The results of company activities that were presented in the past by preparing only financial reports are not considered satisfactory at today's world. The results of non-financial activities of companies have an importance not only for company owners, investors, or potential investors but also all stakeholders. The main reason for this change in reporting is increasing demand for transparency and accountability of the companies who play a greater role in the consumption of scarce resources than the individuals.

The integrated report aims to help all stakeholders, especially investors, to make better decisions by providing a holistic view of the organization. According to the report prepared by KPMG, green product producing enterprises not only reduce wastage and cost but also gain a favorable reputation by investors and customers. It is seen that investors are more interested in companies that share quality information and this reflects that company's market value positively. It has been seen that the companies published sustainability report are more prepared than the companies that do not have this experience because they have to be more disciplined and knowledgeable in the field of reporting (www.kpmg.com).

Integrated reporting provides to improve the quality of information presented to financial report users and to provide a more holistic and productive approach to corporate reporting and to strengthen accountability and manageability elements for a broad base of capital (finance, production, ideas, human resource, social, relational and natural environment) and to promote long-term value creation (www.entegreraporlamatr.org). Integrated reporting-related obstacles can be listed as; companies do not know exactly what information they will disclose, additional costs that will arise through reporting, the need to make changes in systems and processes, lack of human resources, etc. (www.kpmg.com). It is more convenient to prepare a single integrated report instead of a large number of reports such as sustainability reporting, corporate responsibility reports, risk reports, annual reports, financial reports, etc. to prevent informational convergence. As a result of the research, it is seen that integrated reporting in the world and in Turkey has spread rapidly. It appears that integrated reporting takes many reports place such as corporate sustainability reports, GRI reports, and annual reports of companies. On the other hand, while some developed countries has gained ground on integrated reporting, majority of the undeveloped countries has to take many steps to deal with corporate reporting issue in near future to provide more social, economic and environmental reports for their stakeholders.

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