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Integrated Reporting and Assurance: Where Can Research Add Value?

Abstract

Purpose –The International Integrated Reporting Council (IIRC) has recently produced a reporting framework for the preparation of a concise, user-oriented corporate report which expands the scope of a company's reporting using a multiple capitals concept and requires a description of a company's business model, allowing a better communication of its value creation proposition. In order to gain international acceptance, the market-based benefits of adopting the framework must be demonstrated. This paper provides insights into salient issues in the development of the <IR> Framework, and emerging issues in the implementation of this Framework, with the aim of identifying opportunities for future research.

Design/methodology/approach – The paper takes the form of an archival analysis of the responses to the IIRC's public consultation phases and also contains a consideration of the transferability of research approaches used to examine the value propositions associated with both financial and sustainability reporting in identifying future research opportunities.

Findings – Identifying issues that arose during the framework preparation, and some of the processes by which academics are able to independently and expertly assess the value proposition of this new framework, this paper identifies a range of future research opportunities.

Research limitations/implications – Research opportunities associated with the International Integrated Reporting (<IR>) framework and associated assurance are identified.

Practical implications – This paper provides insights and details of the process of adoption of <IR> and has implications for adopters and assurance providers of integrated reports, standard setters and regulators. The development of a sophisticated business case informed by rigorous research will be critical to the further uptake of <IR>.

Social implications – Research opportunities identified include the expansion of the <IR> framework to reporting entities other than corporates, including government and not-for profit organisations, as well as measurement and assurance of a broader array of capitals, including social capital.

Originality/value – The paper identifies <IR> research opportunities from an archival analysis of the responses to the IIRC's public consultation phases and considers the transferability to <IR> research of the research approaches used to examine the incremental value of additional financial reporting and sustainability information to the current information environment..

Keywords Integrated Reporting, Value Creation Process, Capitals, Assurance, International Integrated Reporting Council, Assurance standards.

Paper type General review

1. INTRODUCTION

The release of the Integrated Reporting (<IR>) Framework in December 2013 (IIRC, 2013d) marked a potential watershed moment in the evolution of corporate reporting. <IR> is a new reporting paradigm that encourages companies to provide a concise, holistic account of company performance based on a 'multiple capitals' approach that outlines an organisation's value creation process over the short, medium and long terms. Salient elements of <IR> include reporting on a company's business model, promoting understandings of the interdependencies between financial and non-financial aspects of a company's strategy, and disclosure of material opportunities and risks. This paper provides insights into salient issues in the development of the <IR> Framework, and emerging issues in the implementation of this Framework, with the aim of illustrating important opportunities for future research.

The International Integrated Reporting Council (IIRC) is a strong global coalition of regulators, investors, companies, academics, standard setters, the accounting profession and NGOs that developed and released the <IR> Framework.[1] The IIRC envisions that the integrated report may, in time, serve as "the next step in the evolution of corporate reporting", which incorporates but goes beyond the types of information currently reported in organisations' financial statements (IIRC, 2014a).[2] The significance of this new reporting model for reshaping the landscape of corporate reporting is evidenced by, inter alia, the fast growing number of companies engaging with <IR>, including through participating in the IIRC's Pilot Program.[3] In addition, there is increasing regulatory interest in <IR>. One of the forerunning countries in <IR> initiatives is South Africa. Since the effect of the King III changes[4] in March 2010, South Africa became the first country to mandate <IR> for listed companies on the Johannesburg Stock Exchange on a "apply or explain" basis.

In addition to the initiatives in South Africa, there is considerable momentum towards <IR> in other parts of the world. Although these regulatory initiatives are not necessarily endorsing the <IR> framework in its entirety, they are picking up important aspects of it. For example, in April 2014,

[1] The accounting profession was strongly represented in this coalition, leading some commentators such as Flower (2014) to question whether the IIRC was strongly influence by the interests of this profession.

[2] However, some commentators, such as Brown and Dillard (2014) question whether the <IR> Framework goes far enough, arguing that "if social and environmental reporting is to empower stakeholders, enhance accountability and foster sustainable transitions, then close attention needs to be paid to political-economic contexts, engagement processes and the design of accounting technologies".

[3] There are more than 100 participants in the <IR> Pilot Programme: see http://www.theiirc.org/companies-and-investors/pilot-programme-business-network/.

[4] The official name of King III is 'The King Code of Governance Principles for South Africa 2009'.

the European Parliament passed a legislative resolution regards disclosure of non-financial and diversity information by certain large companies in Europe (European Parliament, 2014). This initiative builds upon pre-existing developments at the individual country level in Europe, including the Grenelle II Act in France, which was passed in 2012. In effect, the Act extends the reporting on extra-financial information, creates an underpinning for <IR>, and stimulates sustainable thinking and practice. A number of stock exchanges throughout the world, including Sao Paulo, Singapore, Kuala Lumpur and Copenhagen, have also required listed companies to either report on their environmental, social and governance issues, or provide an explanation for omitting this information (IIRC, 2013a), and are paying close attention to the <IR> initiative. Although this additional information sought by others is predominantly sustainable in nature, an integrated report is intended to be more than a summary of information in other communications, (e.g., financial statements, a sustainability report, analyst calls, or on a website); rather it makes explicit the connectivity of information, and requires information on a broad range of capitals to communicate concisely how the organisation has created value over time (IIRC, 2013d, para 1.13).

During these early stages of the international <IR> journey, there is a need and desire for any decisions to be based on a high quality and appropriate evidence base. Thus any business case, for either regulatory initiatives or individual entity decision-making, should be informed by high quality research. There are many research opportunities associated with this new form of corporate reporting. These research opportunities can borrow ideas and approaches from the more mature financial reporting research approaches or the more embryonic sustainability reporting research approaches. They can be aimed at, inter alia, informing or examining the impact of reporting choices, or evaluating the business case for the <IR> framework. They can involve many different research methods, including ethnographic research, surveys and experimental research. Archival research based on publicly available data is now becoming possible, with the costs and benefits of <IR> at its various stages of evolution becoming observable within countries and companies, thus giving rise to natural experiments involving market and stakeholder responses to different levels and quality of alignment with the <IR> framework.

This paper identifies future research opportunities pertaining to integrated reporting and assurance in two main ways. First, an examination of the various stakeholder responses to the two stages of stakeholder consultation during the development of the <IR> Framework provides insights into arguments for and against salient aspects of the framework that would benefit from future research. The salient questions to the two stages of the stakeholder consultation were chosen on the basis of two criteria: first, that on the basis of our reading and categorization of the responses, the approach outlined by the IIRC continue to raise debate, giving rise to a need for further research, and second, that we could identify specific researchable issues and outline associated research questions. The paper further discusses the transferability of research approaches used to examine the value propositions associated with both financial and sustainability reporting and assurance initiatives to the <IR> context.

The remainder of this discussion will be structured as follows. Section two provides an empirical analysis of stakeholder responses to the two stages of the IIRC's consultation process and outlines salient issues in the development of the <IR> Framework relating to whether <IR> should focus on the needs of large companies and investors, key concepts underpinning the <IR> Framework, and issues concerning materiality and the responsibility of those charged with governance (hereinafter referred to as the "governing body") for <IR>. Section three then outlines the potential internal and external benefits associated with <IR>, and the importance of future research to inform the business case for this new reporting model. Section four then canvasses the importance of external assurance on integrated reports to ensure that reliability can be placed on the disclosures they contain, which generates a number of avenues for future research. Section five concludes the paper, underscoring the vast range of research opportunities arising in this emerging field.

2. RESEARCH OPPORTUNITIES IDENTIFIED DURING THE CONSULTATION PROCESS

As outlined above, we first identify potential research opportunities by undertaking an examination of the various stakeholder responses to the two stages of stakeholder consultation during the development of the <IR> framework, the IIRC's Discussion Paper (IIRC, 2011) and the IIRC's Consultation Draft in April 2013 (IIRC, 2013b). In September 2011, the IIRC launched a Discussion Paper (DP), "Towards Integrated Reporting – Communicating Value in the 21st Century", soliciting feedback on <IR>. The DP considered the rationale behind the move towards <IR>, offered initial proposals for the development of an International <IR> Framework and outlined the possible next steps for its creation and adoption. Its purpose was to prompt input from all those with a stake in improved corporate reporting, including producers and users of these reports. The comment period ended on 14 December 2011. In total, 214 responses were received from a wide range of stakeholder groups from disperse geographic areas. Table 1a shows the number of respondents by stakeholder group and by country. The next stage of the process was the release of the Consultation Draft (CD), a draft prototype of the Framework, in April 2013, for which 353 responses were initially received[5]; a breakdown of these responses is provided in Table 1b. The release of the International <IR> Framework in December 2013 marked the culmination of this process.

<INCLUDE TABLE 1 HERE>

[5] Six further responses were received after we undertook our analysis.

Data

The analysis that follows is based on five salient questions asked in the 2011 DP, and seven from the 2013 CD. The questions were chosen on the basis of two criteria: first, that these issues continue to be perceived, at least by some respondents, as contentious, and second, that they give rise to future research opportunities. In order to better understand these salient issues in the development of the <IR> Framework over the two public consultation periods for the DP and the CD, the publicly available stakeholder responses[6] were independently coded for the DP as (1) agree/ agree with qualification; (2) disagree and (3) no answer or unsure/ambivalent[7] and for the CD[8] as (1) fully agree; (2) agree with qualification; (3) unsure/ambivalent; and (4) disagree for each of the issues canvassed. This aligns with the approach the IIRC used to analyze the responses received during each of these consultation periods. Based on coding using this scale, the number and proportion of respondents whose responses aligned with each point on the scale are shown in Table 2. As outlined in Table 2, not all respondents answered all questions.

<INCLUDE TABLE 2 HERE>

a) Who is <IR> for? Opportunities for Extending to Small Companies, Government and Not-for-Profits

A salient issue that arose in both stages of the consultation process is which organisations <IR> should primarily be for. It was proposed in the DP that the initial focus of <IR> would be on reporting by large companies. In response to a question on this issue (Q4a)[9], 78.9% of respondents agreed or agreed with qualification with this proposal. However, a number of those in this category agreed with qualification, with a further 21.1% disagreeing, indicating that a significant number of respondents had doubts about this approach. The wording for the CD on this issue was revised, appearing to take into account the hesitations and concerns of the majority of respondents to the DP. Paragraph 1.10 of the CD stated that "this Framework is intended primarily for application by

[6] The data is available on the IIRC's website:

[7] For the DP we were unable to fully reconcile our differences with IIRC coding, but for all five questions coded the inter-rater agreements are statistically significant. The most significant difference between our coding and the IIRC is with Q4b, where we coded a lower rate of agree/agree with qualification (84% compared with 94%), and a lower overall response rate (71% compared with 77%). It is recognised by the IIRC that the breakdown between question 4a and 4 b proved to be hard to code, because "while many responded to question 4 (a), they often only responded in relation to either large companies or investors; accordingly, specific feedback was skewed to that aspect of the question" (IIRC 2012 p13). We also found this to be the most difficult part of the coding. By contrast, the rate of agreement with Q4a was much higher, where we coded a similar rate of agree/agree with qualification (79% compared with 76%), and a similar overall response rate (73% compared with 74%)..

[8] The results of this independent coding were fully reconciled to the coding as reported by the IIRC..

[9] Q4a in the Discussion Paper consisted of two parts. The second part concerned whether the focus of <IR> should be on the needs of investors, and is not analysed in this paper.

private sector, for-profit companies of any size but it can also be applied, adapted as necessary, by public sector and not-for-profit organizations". There was no specific question addressing this issue in the CD, and the wording of paragraph 1.4 of the Final Framework (IIRC, 2013d) is identical to the wording of paragraph 1.10 of the Draft Framework.

Adams and Simnett (2011) identified the potential relevance of the <IR> initiative for the not-for-profit sector, and Adams (2014) highlighted the role and take up of <IR> in the public and not-for-profit sectors as areas requiring further research. The final version of the <IR> Framework was developed specifically for corporates in mind (de Villiers, Rinaldi and Unerman, 2014, p. 1059). One explanation for this is that one of the driving forces behind the development of the Framework was an extensive investor network (particularly large pension and superannuation funds) which requested more holistic and long term reporting from the corporates to aid their investment decisions. Nonetheless, it is suggested that the Framework as developed has transferable relevance to other sectors and types of reporting organisations, especially those having a broader mandate than generating financial profit, such as government and not-for-profits. With momentum behind the concept of <IR> building and contemporaneous local regulatory reform on the agenda (de Villiers, Rinaldi and Unerman, 2014, pp. 1050-1054), there are nascent opportunities for <IR> to guide the future of government and not-for-profit reporting.

Research is needed to examine the relevance of the <IR> Framework for government and NFP organisations and to examine their progress at the early stages of the <IR> journey. In particular, as these organisations have a broader mission than maintaining and extending financial capital, particular research will be needed to support them in the identification, measuring and reporting of these broader outcomes, and the costs and benefits of this broader reporting. Much of this will relate to the identification and measurement and reporting of the broader set of capitals, which will be discussed later in this article.

Prima facie, it does not appear difficult to extend the recently approved <IR> framework to the government and NFP sector. To facilitate this for the public sector, a pioneer network to promote the implementation of <IR> in the public sector has been developed and involves the Chartered Institute of Public Finance and Accountancy (CIPFA) and the IIRC. This network will be overseen by a steering group of participants and external organisations, and aims to help identify and address key sector specific issues for <IR> and facilitate the application of <IR> to public sector organisations. The network is expected to be diverse and inclusive to ensure that the full range of experience and practice from across the global public sector is brought to bear. It does appear that the <IR> framework is also applicable to the NFP sector, evidenced in part by the fact that a number of member organisations are already members of the <IR> pilot program. In addition there have been calls to specifically extend the framework to the charities sector (Adams and Simnett, 2011), where there are growing demands for better measuring and reporting of outcomes. Some of the specific research questions (similar research questions were used for the public sector roundtables by CIPFA 2013) include:

- Are all the components of the <IR> framework relevant to the NFP sector? Would "value creation" mean something different for NFPO's compared to other public and private sector entities? If so, is a different term needed? Would other key terms used in the <IR> framework (such as "capital" and "providers of financial capital") need to be adapted or clarified?
- Could integrated reporting be designed to ensure that all material information for a NFPO is included and properly disclosed?
- Is there a basic level of financial reporting (such as accrual accounting) that is a prerequisite before the <IR> journey can be considered by NFPO's?
- What are the challenges in measuring and reporting on outcomes, in particular social outcomes for a NFPO and how can they be addressed?

b) The Conceptual Framework Underpinning <IR>: The Business Model, Capitals and Value Creation

Over 90% of respondents to the DP agreed (with or without qualification) that: "the organization's business model" (Q5a DP: 92.5%) and "its ability to create value in the short, medium and long term" (Q5b DP: 94.2%) are appropriate central themes for <IR>. As a result of this overall feedback, these concepts were retained in the CD, stated with greater specificity, and identified as one of the central content elements of <IR> (IIRC 2013b, p. 10-17). The definition of the business model in the CD also received support from approximately 70% of respondents (Q7 CD: 68.9%). In the Final Framework, the business model definition was revised to recognise the other interactions described in the Framework, but its centrality as one of the main content elements of <IR> was retained (paragraphs 4.10-4.22).

In both the DP and CD, a multiple capitals approach was proposed as a fundamental concept of <IR>. In relation to the multiple capitals approach proposed in the DP, approximately 90% of respondents agreed (with or without qualification) with this proposal (Q6 DP: 90.4%), and this approach was retained in the CD as a fundamental concept of <IR> (IIRC 2013b, p. 10-17). For Question 5 of the CD, in which respondents were asked if they agreed with the approach to the capitals described in the draft Framework, almost 90% of respondents agreed with or without qualification (Q5 CD: 89.7%), with the vast majority (70.6%) agreeing with qualification.

A common concern in stakeholder responses to the multiple capitals approach outlined in the CD was the perceived "apply or explain" approach, by which organisations should disclose the reason it considers any capital as not being material, and thus not included in the integrated report (Huggins and Simnett, 2013). In subsequent discussions prior to the release of the final Framework, the IIRC deemed this "apply or explain" approach to be primarily a policy matter, which was not an appropriate concern for a principles-based framework (IIRC, 2013c, p. 9). Accordingly, the IIRC's stance on this issue was significantly more flexible in the final Framework, as Section 2C specifies that the Framework does not require an integrated report to adopt the categories it identifies or to be structured along the lines of the capitals. As noted by Adams (2014), better understanding the role of the multiple capitals approach in identifying business risks and opportunities, as well as identifying methods to appropriately account for transformations in the capitals, are areas requiring further research.

A related concern of preparers is in relation to the measurement of capitals, some of which are well developed (e.g. financial and manufactured capital, with detailed measurement criteria contained in accounting standards), while others, such as social capital, are not. As evidenced by the stakeholder responses to the DP, where more than half (58.7%) of the respondents indicated qualified agreement for the idea that multiple capitals are helpful in explaining how an organisation creates and sustains value, there is tension regarding whether it is desirable to wait until all capital measurement metrics are better developed before the <IR> framework is adopted, or whether it is preferable to allow these systems to develop organically once the <IR> framework is introduced.

Further research is needed at the early stages of the <IR> journey regarding the best ways to identify, measure and report on the stocks and flows of the specific capitals. Report preparers are also still experimenting with how to describe the business model, and categorise and define the capitals in order to provide meaningful, concise information over different time horizons. While many of the elements of the business model are currently described in public reports, it is the connectivity of these elements which is emphasised in an integrated report (for example, how the risks and opportunities are related to strategies, governance and remuneration systems, and how this impacts different types of capitals over the short, medium and long term). Thus research is required as to what quantitative and qualitative metrics (or Key Performance Indicators) best capture the required disclosures in the integrated report, as well as how best to present information about the capitals. Research is also required as to the potential impact that different presentation approaches may have on the decision-making behavior of report users.

As mentioned above, it is also recognised that the various capitals are at different stages of measurement development, with financial and manufactured capital being well developed through compliance with financial accounting standards, and other capitals being at various stages of evolutionary development. The stage of development and the reporting of the various capitals over various time frames will mean that some disclosures will be capable of being monetised, some will be capable of quantification, while others will be narrative in nature. To achieve conciseness and connectivity, metrics will have to be agreed which will aid comparability of information across time and within peers. Further research into industry-specific guidance for <IR> is therefore warranted (Adams, Fries & Simnett, 2011; Eccles *et al.* 2012), as well as research as to how narrative style disclosures will impact the decision-making behavior of report users.

Some of the specific research questions for The Business Model, Capitals and Value Creation include:

- How best to measure and describe the various capitals? In particular for intellectual, and social capitals. What measurement and reporting frameworks are being used, how are these capitals being described, and how are report users responding to this information?
- How is connectivity with the capitals achieved? How are these best related to strategy, business risks and opportunities?
- Are there metrics, or Key Performance Indicators, for each of the capitals that are being demanded or becoming generally agreed? Are there industry-based metrics which best capture this information?
- How do narrative style disclosures impact the decision-making behavior of report users?

c) Materiality

The issue of materiality was raised in the CD, where it was stated in paragraph 3.22 that “An integrated report should provide concise information that is material to assessing the organisation’s ability to create value in the short, medium and long term”. Guidance on determining and disclosing material matters was provided in paragraphs 3.25-3.28, and it was stated that materiality was to be determined by reference to the likely assessments of investors as the primary intended report users (paragraph 3.23). Just over 55% of respondents agreed, with or without qualification, to the Draft Framework’s approach to materiality (Q11; 55.7%). This is one of the lowest agreement levels for any of the questions analysed. This stakeholder hesitation appears to have influenced the wording in the Final Framework, which identifies the materiality determination process as involving identifying, evaluating the importance of, prioritising and disclosing relevant matters based on this ability to affect value creation (IIRC, 2013d, paragraphs 3.17-3.20). In this reformulation, the materiality definition has been linked to the principle of the value creation potential of the organisation, rather than the intended audience of the integrated report (IIRC, 2013c, p. 26).

More broadly, respondents also questioned the use of the term "materiality" because, inter alia, it carries regulatory connotations, it implies a need for quantification, and exceeds the Framework's remit of defining report content. Almost 30 percent of respondents expressed concern over the dissonance between the IIRC's use of the term, and how it is understood and used in other common reporting contexts, such as financial reporting (IIRC, 2013e, paragraph 4.1). Although the IIRC decided to persist with the use of this term as it is "well understood in the reporting community and its particular application in the case of an integrated report is adequately explained in the Framework", the IIRC also noted that they intended to undertake a separate project on materiality incorporating practical examples, implementation guidance, and explore the relationship with other established definitions of materiality (IIRC, 2013e, paragraph 4.3 and 4.4). This underscores that a number of issues surrounding materiality in the context of <IR> are unresolved and would benefit from further research. In particular, can a perspective like stakeholder consultation be adapted for the purposes of producing a concise high level report, and, if so, how? Or are there other appropriate lenses, such as the concept that what is material is that which is considered, or should be considered, by those charged with governance? A related question pertains to if and how the adoption of different perspectives impacts on disclosures in practice.

Some of the specific research questions for Materiality include:

- How can a lens perspective like stakeholder consultation be adapted for the purposes of producing a concise high level report? Or are there other appropriate lenses, such as the concept that what is material is that which is considered, or should be considered, by those charged with governance?
- How does the adoption of different perspectives impact on disclosures in practice?

d) The Responsibility of TCWG for the Integrated Report

The question of whether there should be a requirement for those charged with governance (TCWG) to include a statement acknowledging their responsibility for the Integrated Report proved to be contentious, despite approximately 70% of respondents agreeing, with or without qualification, with this proposition (Q17 CD; 69.9%). The main reasons for the contention surrounding this proposed reform included that the statement was unnecessary as TCWG are already responsible for effective leadership and decision-making regarding <IR>, and concerns about additional liability and other legal obstacles in some jurisdictions (IIRC, 2013e, paragraph 6.3). As a result of this tension in responses, the final Framework’s position on this issue was modified so that paragraph 1.20 required that TCWG should acknowledge their responsibility for the integrated report or specify the time the frame for doing so, which should be no later than the organisation’s third integrated report that references the Framework. Despite acknowledging the “combination of the above issues might result in a slower take-up of <IR>, particularly in some jurisdictions”, nonetheless the IIRC decided that it was more important for TCWG to, and be seen to be, involved in <IR> as “reports in which they were not involved would not only lack credibility themselves, but the skepticism they induce would also discredit the broader <IR> movement” (IIRC, 2013e, paragraph 6.4).

A major concern of TCWG is that they are being asked to ‘crystal-ball gaze’ in relation to identifying value-relevant disclosures which aid decision making in the mid to long term. The IIRC states in the Consultation Draft that while uncertainty is not “a reason in itself to exclude such information, … the nature and extent of that uncertainty needs to be disclosed” in the integrated report (IIRC, 2013b, p. 18). Further, the assumptions that underlie future predictions should be clearly articulated in the integrated report, accompanied by discussion of how the predictions would change if the underlying assumptions do not occur as anticipated (IIRC, 2013b, p. 23).

Research is needed to identify any potential impediments to what is trying to be achieved by <IR>. Literature suggests that directors are less likely to disclose forward-looking information in public reports in jurisdictions where personal liability of directors is legally enforced (Huggins, Simnett and Hargovan, 2014). This is a particular concern for directors in jurisdictions such as Australia where there is no safe harbor provision for directors who make forward-looking statements that subsequently turn out to be inaccurate (Huggins, Simnett and Hargovan, 2014; CSA 2013; BCA 2013; AICD 2013). Australian business leaders’ concerns about potential liability for lack of due care and diligence in relation to forward-looking statements in integrated reports is highlighted in the following excerpt from submission of the Governance Institute of Australia (then Chartered Secretaries Australia (CSA)) to the 2013 <IR> consultation process:

> Directors are subject to statutory and common law duties which require them to act with reasonable care and diligence, in good faith in the best interests of the company and for a proper purpose. A defence may apply to decisions taken by directors in relation to breaches of care and diligence but it is not available, at least in Australia, where the process leading up to the decision is defective (such as where the decision is made on the basis of clearly inadequate information or it is not reasonable to rely on the advice of those providing the information). Providing forward-looking reporting means that the information provided could well be based on inadequate information, given that circumstances can change rapidly. This exposes directors to much higher risks of actions against them, including class actions, which are becoming increasingly prevalent and remain only lightly regulated (CSA 2013).

If directors are concerned about personal liability exposure, they may avoid <IR> altogether, or seek to make bland, potentially boiler-plate disclosures, with little information content, which would undermine the value-relevance of <IR>. A specific research question that could be addressed is: how can concerns about personal liability exposure for directors making forward-looking statements in Integrated Reports be alleviated within specific jurisdictions?

Specific research questions for the responsibility of those charged with governance is:

- How can concerns about personal liability exposure for directors making forward-looking statements in Integrated Reports be alleviated within specific jurisdictions?
- Does sign off by those charged with governance lead to an assessed higher relevance and reliability of the report by the report users?
- Can reasons (e.g. legal regimes, culture) be identified that explain why the <IR> Framework may be adopted at different rates in different environments, and if there is anything that can be done to expedite the rate of adoption?

The research method could include information collected at forums or roundtables of NFP organisations. It is recognized that these research roundtables were used very successfully for the public sector. Then NFP organisations could be identified and their <IR> journey described, similar to the approach that was used by the IIRC with their pilot program participants. It can also include a lot of theoretical research, supported by behavioral experiments of specific issues, solutions or approaches identified, or surveys or other approaches to identify "emerging" or "best" practice.

3. RESEARCH OPPORTUNITIES TO INFORM THE BUSINESS CASE FOR <IR>

A number of authors have discussed the need for research to help establish the business case for <IR> (for example Adams, 2013; Adams 2014; Cheng et al. 2014; de Villiers, Rinaldi and Unerman, 2014) and integrated assurance (for example, de Villiers, Rinaldi and Unerman, 2014; Cohen and Simnett, 2015). As Adams (2014) outlines, the decision to prepare a first integrated report should lead to, inter alia, changes in decision-making processes, informal and formal communication processes, materiality and broader corporate risk identification processes. Research documenting the extent of these changes is important in helping understand the impact and the benefits of <IR> – itself an important factor in determining future guidance, policy and regulation. Further, research aimed at better understanding the factors which impact on the take up of <IR> is also important. Adams (2014) identified the impact of <IR> on internal management decision making and outcomes as well as external benefits such as analyst responses to integrated reports as areas requiring further research, thus outlining the case for research to better establish and assess the internal and external benefits of <IR>. Finally research which helps identify or establish the credibility (and relevance and reliability) of information contained in the integrated report will be useful in order to ensure that this report is an effective communication device, and not a marketing document containing empty rhetoric (on the rhetorical shifts accompanying <IR>, see e.g. Solomon and Maroun, 2012).

The limitations that are commonly attributed to the current financial reporting framework further underscore the benefits of re-envisioning the scope of corporate reporting through an <IR> lens. Over the last decade, annual reports produced by companies have become longer and more complex, often running into hundreds of pages. Accounting standards have increased their disclosure requirements and these disclosures have become the mechanisms by which companies have been held accountable. As a result, annual reports have tended to become legal documents in which directors appear to be unwilling to state opinions, or disclose anything other than the minimum they are required to do from a legal perspective, in case they incur director's liability. Consequently, evidence suggests that many intended report recipients, including shareholders, have decreased their decision-making reliance on these reports (FRC, 2011; KPMG and FERF 2011). At the same time, companies have increased reliance on corporate reporting mechanisms beyond annual reports to satisfy increased stakeholder demands for additional information about their companies. This information has principally been provided through stand-alone sustainability reports (Simnett *et al.*, 2009a; KPMG, 2013). However, as financial and sustainability reporting are for different purposes, they commonly do not integrate with each other in order to allow the reader to gain a coherent understanding of the reporting entity. Thus we currently have no simple reporting mechanism by which companies can communicate their value creation story across different time frames to interested stakeholders. Thus research can be directed to identifying how intended users use the broader and connected corporate disclosures, and whether integrated reports are allowing intended audiences to make better resource allocation decisions.

a) Internal Benefits to Companies from <IR>: Integrated Thinking

There are a number of benefits associated with both the process of <IR> and the final product which is the integrated report. In terms of the process of <IR>, an important outcome is "integrated thinking", which is "the active consideration by an organization of the relationships between its various operating and functional units and the capitals that the organization uses or affects" (IIRC, 2013d, p. 2). It is expected that companies will gain internal advantages from undertaking integrated thinking. Firstly, <IR> enhances strategic focus on both financial and non-financial performance (IIRC and Blacksun, 2014, pp. 14-16). For many companies it will be the first time that senior management has considered elements of sustainability performance, as the processes for considering, evaluating and communicating financial and sustainability performance has been, and continues to be, siloed. The poor state of integration is illustrated by the recent finding by the Investor Responsibility Research Centre Institute (IRRCI, 2013) that while 499 of the companies in the United States S&P 500 made at least one sustainability related disclosure, only seven integrated their financial and sustainability reporting. In an Australian context, Higgins et al. (2014) have demonstrated the importance of "role model" organisations to the institutional spread of <IR>.

By taking a holistic view of these two interrelated dimensions in commercial, social and environmental contexts, corporations have the potential to attain a more complete understanding of value drivers and how these drivers contribute to their strategic goals. As a result, there are arguably more opportunities to enhance the value of a company (KPMG, 2013) without compromising its short or long term focus. While there is some evidence of the benefits of integrated thinking (IIRC and Black Sun 2013), a more systematic research approach to this issue could help to better inform the business case. Research which independently and expertly evaluates the benefits of a reporting entity's <IR> journey will aid knowledge of the internal benefits that <IR> can bring.

Further, with greater comprehension of how a company creates value and the social and environmental impact that its activities have, it is more likely that management will recognise the imperative of integrating sustainability concerns into business strategies. Moreover, these strategies can be communicated to the employees to raise awareness at the operational level, which will likely facilitate a higher degree of collaboration and engagement (Adams, Fries & Simnett, 2011). The transition to <IR> has also enabled organisations to better differentiate themselves from their competitors (Lodhia, 2014), and to better manage their corporate reputations (Steyn, 2014; Adams, 2014), which will be further discussed under external benefits. Another potential advantage stems from the redesign of procedures for collecting and gathering data. As the relevant information processes are revamped to capture information on each of the capitals, their efficiency and effectiveness is also expected to improve significantly, which is anticipated to lead to higher quality, more comprehensive and timely information (Eccles, Cheng & Saltzman, 2010). These internal benefits of <IR>, including the realisation of significant cost savings from issues ranging from systems design to energy costs savings, are commonly described in the experiences of the more than 100 pilot program entities (IIRC, 2013f) that are currently trialing the principles of <IR>. However, additional research that helps to explicate the mechanisms by which integrating sustainability concerns into business strategies can have internal benefits for companies is warranted.

Specific research questions concerning the internal benefits to organisations from Integrated Thinking are:

- What are the steps and processes associated with Integrated thinking that have realized benefit to organisations? What have been the mechanisms by which sustainability concerns have been integrated into business strategies and what internal benefits have they realized for organisations?

These research questions lend themselves to ethnographic research/case study type approaches.

b) External Benefits to Companies from Communicating through an Integrated Report

As companies start producing information which is consistent with the <IR> framework in reasonable numbers, for example in South Africa, we are provided with natural experiments where we can assess the benefits for those who take significant steps along their <IR> journey compared with those who do not. Some of the potential external benefits from communicating through an integrated report that provide issues that can be explored through both archival and behavioral research approaches are outlined below.

Cost of Capital Benefits

A discussion paper released by the Integrated Reporting Council of South Africa (IRCSA, 2011) suggests that benefits accrue to companies that release <IR> information to external stakeholders as "the leadership's ability to demonstrate its effectiveness, coupled with the increase in transparency, could result in a lower cost of capital to the organization" (IRCSA, 2011). Given that <IR> incorporates material financial and non-financial information into one report, articulates the linkages between the two, and informs about multiple types of capitals, <IR> has the potential to offer new or improved information content which is helpful in forming a holistic and balanced view of company performance (Cheng, Green and Ko, 2014). This is supported by voluntary disclosure theory, which argues that a consequence of the enhanced disclosures and resulting reduction in information asymmetry is that investors' trust and confidence are increased, and an increased inflow of financial capital will occur which has the potential to lower the capital cost (Verrecchia, 1983; Healy and Palepu, 1993). Consistent with Dhaliwal et al.'s (2011) finding of cost of capital benefits for companies disclosing sustainability reports, the value-relevant information provided through <IR> can potentially realise cost of capital reductions for integrated report preparers. Recent research by Zhou (2014) shows that the improvement in the disclosure quality of integrated reports does lead to a reduction in the cost of equity capital, especially for companies with a low analyst following.

Improved Analysts' Forecasts

It may also be that information from <IR> has a positive effect in terms of improving analysts' forecasts. Dhaliwal et al. (2012) find that sustainability reports, and reporting corporate social responsibility information in particular, affects the capital market through a major information intermediary, the sell-side analysts. They specifically observe an increase in analyst coverage and a reduction in forecast errors and forecast dispersion. To the extent that the information produced by <IR> results in an increase in value relevant information or enhanced integration, benefits related to the reduction of information risk should also accrue to companies producing integrated reports.

Improved General Perception of the Company

Although providers of financial capital are identified as the primary users of an integrated report, <IR> provides an opportunity for companies to satisfy information demands from other key stakeholders and demonstrate willingness to attend to their needs (Holder-Webb *et al.*, 2009; Eccles, Cheng & Saltzman, 2010; Eccles & Krzus, 2010; KPMG, 2013; IIRC, 2013d, p. 7). This point leads to a further potential benefit resulting from lowering reputation risk. As a member of the wider system, it is important that corporations are well-regarded and supported by other parties and the general community. Reputation risk management is therefore crucial (Eccles, Newquist & Schatz, 2007), and the integrated report gives rise to a greater extent of transparency regarding a company's impact on, and commitment to, the social, ecological and governance environments. In effect, it becomes an effective tool in shaping the public perception that a company is seriously attempting to account for their sustainability matters and commit to the delivery of positive impacts for society (Steyn, 2014).

Research could also be undertaken as to the types of reporting formats that best enhance decision making, with behavioral research approaches capable of examining these issues. With countries such as South Africa adopting <IR>, and companies around the world voluntarily engaging with this form of reporting, natural archival experiments along the lines of the approaches used by Simnett *et al.* (2009b), Dhaliwal *et al*. (2011) and Dhaliwal *et al.* (2012) for examining the disclosure of sustainability information could be used to see whether companies that do adopt <IR>, in full or in part, realise benefits such as cost of capital benefits, share price appreciation, or advantages in analysts' disclosures or shareholder composition.

Specific research questions concerning the external benefits to organisations from Integrated Reporting are

- Do organisations that produce reports more aligned with the <IR> framework realise cost of capital reductions, or possibly a greater shareholder return over time??

- Do professional investors (analysts) change their behavior as organisations produce reports more in align with the <IR> framework?
- Do we see a greater alignment of longer term providers of financial capital as organisations produce reports more in align with the <IR> framework?
- Are organisations producing reports that are more aligned with the <IR> framework an effective tool in shaping the public perception that a company is seriously attempting to account for their extended reporting matters and commit to the delivery of positive impacts for society.

The first three of these research questions would be best addressed by archival research methods, such as those outlined in Cohen and Simnett (2015), and DeFond and Zhang (2014). While similar archival research methods to sustainability information can be used, the method can be adapted by controlling for the impact of sustainability information to identify any incremental benefit from alignment with the <IR> framework (Zhou 2014).The fourth research question would need to be addressed by research approaches such as behavioral experiments and/or surveys in order to identify public perceptions of alignment of <IR> adopters with the wishes of society.

4. RESEARCH OPPORTUNITIES ASSOCIATED WITH DEVELOPING INTEGRATED ASSURANCE

As outlined earlier in this article, it is important that mechanisms are implemented to ensure that reliance can be placed on integrated reports. A recent study based on interviews with institutional investors in South Africa, where <IR> is effectively mandatory, underscored the importance of assurance and the development of a framework for this purpose (Atkins and Maroun, 2014). <IR> Framework identified a number of mechanisms to enhance the reliability of an integrated report, including robust internal control and reporting systems, stakeholder engagement, internal audit or similar functions, and independent, external assurance. The one that was commonly referred to in the consultation processes and was outlined by the IIRC as important to <IR> as a key mechanism to help ensure integrated reports are, and are seen to be, credible was independent external assurance. As can be seen from Table 2, 81 percent of respondents to the CD agreed with, or agreed with qualification, that there was a need for external assurance of an integrated report and that independent, external assurance was a fundamental mechanism for ensuring reliability and enhancing credibility.

There are practical challenges to assuring integrated reports, such as whether traditional assurance models will be an appropriate fit for <IR>. In addition, the broader subject matter means an increased complexity in the assurance skill set required, potentially requiring multidisciplinary teams. These raise concerns for whether the cost of assurance on an integrated report will be disproportionate to the perceived benefits. It is for this reason that the IIRC did not require, but only encouraged, independent assurance on integrated reports. There are also technical challenges, such as identifying materiality levels, the level of assurance that can reasonably be provided on aspects of the integrated report, and how to assure more discursive and future-oriented information (IIRC, 2014b). The IIRC is currently involved in an international stakeholder consultation process seeking to resolve these types of issues (IIRC, 2014b).

There are a wide range of research opportunities related to assuring integrated reports (Adams, 2014; Cheng *et al*., 2014; de Villiers, Rinaldi and Unerman, 2014). Research can help inform some of the challenges of <IR> that the assurance profession faces regarding the assurance of non-financial information, forward-looking information and information where some of the measurement metrics are less developed. There are both behavioral (for example, how assurers determine the most appropriate audit approach) and archival (how users respond to assured information) research opportunities arising from these issues. As has been argued in the context of assurance on CSR reports (Cohen and Simnett, 2015), many of the theoretical approaches and research methods that have been used in decades of research on financial statement audits have the potential to be transferred and adapted to the <IR> context. In the following section we outline some of the key issues surrounding assurance on integrated reports, which would benefit from further research using established research approaches.

a) The construction of the integrated report and assurance

The IAASB and other assurance standard setters are currently considering the need for assurance standards and guidance on <IR>, and if there is a need, the appropriate form and structures of these standards and guidance material (IIRC, 2014c, 2014d). It is likely that the type of assurance provided may differ depending on the way that the integrated report is constructed. For example, while an integrated report has to be a separately identifiable report or component of a report, it can be, as it is in South Africa, a merger of sustainability information into an annual report, and a merging over time to achieve underlying concepts such as conciseness and connectivity. In these situations it becomes the major corporate report (meeting both annual report and <IR> requirements), and the approach that is used for auditing financial statements, such as an emphasis on the financial report and undertaking a ISA 720 review of other information[10] attached to the financial statements, may be an appropriate credibility-enhancing approach.

[10] The International Standard on Auditing 720: The Auditor's Responsibilities Relating to Other Information in Documents Containing or Accompanying Audited Financial Statements and the Auditor's Report Thereon concerns the

In other situations, reporting entities are developing an integrated report in addition to the annual report and, if prepared, the sustainability report. In this case a separate holistic assurance engagement may be constructed that covers both the financial and non-financial information in an integrated report and results in a single assurance communication with the opinion covering both financial and non-financial subject matters (Eccles, Krzus and Watson, 2012). This type of integrated assurance engagement will also clearly need to cover issues such as conciseness and connectivity, important principles of the <IR> framework. Notably, integrated assurance was the type of assurance desired by the majority of respondents to the CD (Hoang and Simnett, 2013).

Where the organisation's journey to <IR> is to produce and assure a sustainability report, a further alternative is to maintain or adopt "separate assurance" on the financial statements and the sustainability report. As the <IR> framework constitutes the suitable criteria, the assurance engagement will have to cover all required disclosures within this framework. Having separate assurance conclusions on different aspects of an integrated report could potentially confuse users of the reports and also miss the essential qualities of conciseness and connectivity. Finally, the integrated report may build upon a discursive disclosure such as the Management Discussion and Analysis (MD&A) section of an annual report. Currently not audited, this material could be reviewed by an enhanced ISA 720 type engagement to ensure that that there is no material departure from the <IR> framework.

While the above approaches have concentrated on external assurance, there are other ways of improving the reliability and credibility of information which can either complement, or substitute for, external assurance. For example, establishing internal controls over data and information flows can increase the reliability and validity of the data. Internal audit, which can act as an internal monitor, and corporate governance processes can also assist this process. For instance, a risk committee of the board can monitor and provide strategic advice for the <IR> activities of a firm. Due to challenges associated with the external assurance approach of examining for risk of material misstatement against suitable criteria, especially where there are differences in the degrees of maturity in reporting criteria, and the associated measurement criteria, other approaches offered for

auditor's responsibility to read other information because the credibility of audited financial statements may be undermined by material inconsistencies between the audited financial statements and other information. This may be an appropriate first stage credibility-enhancing approach, for additional information to the audited financial statements, (IIRC 2014d), especially for situations such as South Africa, where the information required under the <IR> framework is added to a regulatory report containing audited financial statements.

building confidence and expert insights into the maturity of an organisation's integrated reporting are appealing to companies (PricewaterhouseCoopers, 2014). Assurance on integrated reports, especially where assurance is voluntary, provides an appropriate scenario for researching and understanding the demand and supply for different trust mechanisms, how these mechanisms interact, and has the potential to challenge conventional wisdom regarding assurance. Many of the challenges for <IR> assurance touch on fundamentals that underlie current assurance frameworks, standards and methodologies. Research which can support this critical stage of assurance standards and practice development and guidance, given the different ways integrated reports can be constructed, will be an aid to both standard setters and practitioners.

Specific research questions concerning the adding of credibility to the integrated report are:

- What are costs and benefits of the alternative credibility enhancing mechanisms, and how do report users react to these?
- How do report users react to a description by those charged with governance as to how they should rely on the report?
- What credibility enhancing mechanisms are we seeing evolve in practice, and what evidence is there that these are being demanded?
- How does the three prong approach used in Sth Africa work and what evidence is there of benefit?

b) The assurance of key elements of the <IR> framework and constructing an <IR> assurance engagement

There are a number of critical elements of the <IR> framework or key disclosures in an integrated report for which further research on assurance approaches will be beneficial. These involve assurance of aspects of the <IR> framework, such as materiality and connectivity; assuring the expected form of the disclosures in the integrated report, such as narrative/qualitative data, forward-looking information, and combined financial and non-financial information; and aspects of the assurance engagement such as construction of an appropriate assurance engagement team and elements of risk assessment and assurance reporting.

Decisions on what to include and exclude on the basis of materiality, and how connectivity between information is portrayed, are critical facets of an integrated report. These differ from financial reporting where these relationships and decisions are largely determined by reference to the well developed and numerical concepts of shareholder's equity, profit and the accounting equation. Whilst we earlier recognised the difficulty for reporting entities to identify which items are sufficiently material to include, assurance practitioners are required to assess these decisions, in particular so as to provide assurance that all material disclosures have been included. Also, to achieve the capacity for integrated assurance, a conceptual grounding for assurance around connectivity and the effectiveness of how an integrated report concisely summarises an organisation's value-creation story need to be developed. Research which can shed light on both the reporting and the related assurance elements of these concepts will be required as <IR> evolves.

Much of what is expected to be included in an integrated report could be described as qualitative rather than quantitative information. Although they are firmly on the current agenda of the International Auditing and Assurance Standards Board (IAASB) with their auditor reporting project – particularly given the tendency of financial statements to move into this territory – current assurance pronouncements provide little specific guidance around these issues. Research is required regarding the best assurance approaches for qualitative information. For example, for narrative disclosures, how does the assurance practitioner go about collecting evidence that the reporting entity has a reasonable basis for including such a disclosure?

Current auditing and assurance standards have tended to be developed either for financial (International Auditing Standards) or non-financial engagements (International Standards on Assurance Engagements). There is little guidance for engagements that involve both, or regarding the issues that would arise in those concerned with the integrative nature of information and its connectivity as in an integrated report. Research which explores how financial and non-financial information can best be assured and portrayed together will be helpful. This is particularly true, especially in the early days of <IR>, where it is not clearly known what indicators, which combine both financial and non-financial information, are effective communication mechanisms.

Some of the concepts that underpin current auditing and assurance standards are being stretched by <IR> and other emerging areas where assurance is needed. For instance, there are open questions around how well users understand the basic scale of "reasonable" and "limited" assurance, where the lines are drawn in terms of practitioners' work effort and focus and how well these terms fit with current demands for assurance. For example, <IR> may challenge where both reasonable and limited assurance can be communicated in the one assurance report, and if so, how best to achieve effective communication. Research can help this question and more.

Given the relative newness of <IR>, we currently know little about the types of risk of material misstatement, and the relative effectiveness of different evidence collection techniques. Research could help identify the different types of risk of material misstatement that are occurring, or are likely to occur, in an <IR> assurance engagement and what audit procedures have helped the assurance provider in this identification. For example, do risk identification techniques such as group discussion or brainstorming help in identifying risks of material misstatement and providing integrated assurance? Also, what types of decision aids and expert systems can help an <IR> assurance provider?

As mentioned earlier, assurance of an integrated report potentially requires a much broader set of skills than is required for other types of assurance engagements because of the broad range of resources and relationships that are being assured, even in comparison with sustainability assurance engagements which are well known for their broad and diverse subject matter. As integrated report assurance teams are likely to be multidisciplinary in order to ensure that there is sufficient subject matter expertise, research can help address the impact of multi-disciplinary teams. For example, what group decision techniques can best bring these diverse multidisciplinary groups together? Also, what role will experts, both internal and external to the firm, play as part of the assurance engagement team, and how will the signing partner establish reliance on their work?

Specific research questions concerning the assurance of key elements of the <IR> framework and constructing an <IR> assurance engagement are:

- What are the best assurance approaches for narrative, forward-looking and combined financial and non-financial information?
- How does the assurer determine materiality, and that the connectivity principle has been met?
- Is the framework of “reasonable” and “limited” assurance appropriate for <IR>, and where are the lines drawn in terms of practitioners’ work effort and focus?
- What are the different types of risk of material misstatement that are occurring, or are likely to occur, in an <IR> assurance engagement?
- What skills are required of the assurance team, and how do we ensure that the multidisciplinary engagement teams work well together?

As can be seen from the above suggestions, <IR> has opened up the opportunity to revisit many of the fundamentals involved in financial reporting assurance with a view to better, clearer communication that fits more closely with the needs of stakeholders in a changing corporate reporting landscape. For an auditing profession facing frequent questions of relevance in rapidly evolving capital markets, it is imperative to use the opportunity of <IR> as an impetus to address critical challenges in this changing context and to achieve meaningful change.

5. CONCLUSION

Bringing together the main parties involved in corporate reporting, the IIRC has recently produced a conceptual framework for the preparation of an integrated report. This expands upon the scope of a company's reporting using a "six capitals concept" and requires a description of a company's business model, allowing a company to better communicate its value creation proposition over the short, medium and longer term. This paper has indicated that <IR> represents a range of rich, but currently under-explored, avenues for future research. We identified numerous avenues for such research by discussing contentious issues arising in the IIRC's stakeholder consultation process for the development of the <IR> Framework, opportunities for informing the business case for <IR>, and arising from the need for assurance on integrated reports. Importantly, there is a paucity of research in these areas compared to the established body of research on financial statement, and even sustainability, reporting and assurance. There is significant scope for the types of research that have been undertaken in these more established research areas to be undertaken in relation to integrated reporting and assurance. Further research in this vein is highly salient and timely, and may contribute to the case for <IR> to realise its aim as "the next step in the evolution of corporate reporting" (IIRC, 2014a).

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Table 1: Demographics of Respondents

Table 1a: Demographics of Respondents for the Discussion Paper

Respondent Demographics	**Number of respondents**
Type of Respondent	Total = 214
Reporters	36
Accountants (e.g. assurance providers, professional accounting bodies, and accounting firms)	40
Investors (e.g. analysts and providers of financial capital)	19
Professional services organisations	50
Regulators and government bodies	25
NGOs	22
Others (e.g. academics, individuals)	22
Region of Origin	Total= 214
Europe	115
North America	37
South America	8
Asia	21
Oceania	18
Africa	10
International organisations that could *not* be classified on a regional basis	5

Table 1b: Demographics of Respondents for the Consultation Draft

Respondent Demographics	**Number of respondents**
Type of Respondent	Total = 353
Reporters	102
Accountants	56
Investors	42
Professional services organisations	55
Regulators and government bodies	18
NGOs	38
Others	42
Region of Origin	Total = 353
Europe	128
North America	37
South America	25
Asia	46
Oceania	34
Africa	19
International organisations that could *not* be classified on a regional basis	64

Table 2a: Descriptive Statistics – Discussion Paper Responses

		Agree/agree with qualification	Disagree	agree/disagree	Total (n = 214)	Respondents who did not address this question or were ambivalent/unsure	No answer and unsure
Q4a: The initial focus of <IR> should be reporting by larger companies		123 (78.9%) 121 (76.1%)	33 (21.1%) 38 (18%)	2.8	156	58 55 (26%)	58 55
Q4b: <IR> concepts are applicable to other types of organisations?		125 (82.8%) 71 (65.1%)	26 (16.5%) 38 (18%)	2.8	151	63 105 (49%)	63 105
Q5: Appropriate central themes for the future direction of reporting are:	(a) The organisation's business model	149 (92.5%) 156 (95.7%)	12 (6.8%) 7 (3%)	3.2	161	53 51 (24%)	53 51
	(b) Its ability to create and sustain value in the short-, medium- and long-term	147 (94.2%) 156 (97.5%)	9 (5.2%) 4 (2%)	3.1	156	58 54 (25%)	58 54
Q6: The multiple capitals concept is helpful in explaining how an organisation creates and sustains value.		141 (90.4%) 162 (97.0%)	15 (9.0%) 5 (2%)	3.0	156	58 47 (22%)	58 47

Table 2b: Descriptive Statistics – Consultation on Draft Responses

	Agree	Agree with Qualification	Ambivalent/ Unsure	Disagree	Mean Response	Total (n = 353)	Respondents who did not address this question
Q5: Do you agree with the approach to the capitals described in the Framework?	58 (19.1%)	214 (70.6%)	0 (0%)	31 (10.2%)	3.0	303	50
Q7: Do you agree with the definition of the business model in the Framework?	129 (48.3%)	55 (20.6%)	38 (14.2%)	45 (16.9%)	3.0	267	86
Q8: Do you agree with the definition of outcomes provided in the Framework?	131 (51.8%)	51 (20.2%)	34 (13.4%)	37 (14.6%)	3.0	253	100
Q11: Do you agree with the approach to materiality described in the Framework?	62 (22.1%)	94 (33.6%)	14 (5.0%)	110 (39.3%)	2.4	280	73
Q17: Should there be a requirement for TCWG to include a statement acknowledging their responsibility for the integrated report?	133 (51.4%)	48 (18.5%)	28 (10.8%)	50 (19.3%)	3.0	259	94
Q19: Should there be external assurance on an entity's integrated report?	55 (21.6%)	154 (60.4%)	32 (12.5%)	14 (5.5%)	3.0	255	98
Q22: Recognising that <IR> will evolve over time, is the content of the Framework overall appropriate as a basis for integrated reporting?	93 (36.6%)	92 (36.2%)	48 (18.9%)	21 (8.3%)	3.0	254	99