

From sustainability reporting to integrated reporting:
a New Zealand case study

A Thesis Submitted in Partial Fulfilment of The Requirements
for the Degree of
Master of Commerce in Accounting
by Xiaoting Yang

University of Canterbury

2023

Acknowledgements

Completing this master's thesis was a challenging but enjoyable experience. Without the support of many other people, the completion of this thesis would have been impossible. It is with immense pleasure that I acknowledge with appreciation and gratitude the guidance and assistance of all who made my thesis a success.

I would like to express my wholehearted and sincere gratitude first to my supervisor Dr Natasja Steenkamp for her continuous support, valuable guidance, and encouragement. She has been always the source of motivation for me throughout my master's journey. My sincere gratitude also goes to my associate supervisor Associate Professor Beverley Lord who has been very supportive and consistent in providing feedback on my work. I am deeply grateful for their professionalism and patience.

I extend my sincere appreciation and gratitude to the Department of Accounting and Information Systems, at the University of Canterbury, New Zealand for accepting my placement and providing me with the necessary facilities and resources support for the successful accomplishment of my study.

I am very grateful to Sanford Limited for granting me access to conduct this study. I owe profound gratitude to the senior managers for their enormous contribution towards this thesis. Without their knowledge and information, this study would not have been possible.

My gratitude also goes to my husband Teck Vi Lai and my daughter Alysa Lai whose support and encouragement have been invaluable. I also appreciate my mother and my father who not only motivated me to pursue my master's degree but have offered me endless support and encouragement over the years.

Abstract

A major development in corporate reporting internationally in the past few years is the development and implementation of integrated reporting, acting as a primary tool to address increased stakeholder demand for more transparent, holistic and long-term decision-useful information. Despite the significant growth in integrated reporting research, there is little existing research into motivations for voluntary adoption and consequential changes in reporting practices, especially in New Zealand. The objective of this research was to explore why one of New Zealand's largest commercial fishing companies, Sanford Limited, voluntarily adopted integrated reporting and how this adoption influenced its reporting practices.

This study took the form of a single case study involving qualitative analysis of Sanford's sustainability reports and integrated reports from 2013 to 2020 (i.e., before and after the adoption of the integrated reporting framework in 2014). It also involved in-depth, semi-structured interviews with the people in the company who are key to the preparation of the integrated reports. The findings were analysed through the lens of diffusion of innovation theory and stakeholder theory.

The study found that the motivation for the adoption of integrated reporting is complex and multidimensional. Leadership, with a mission for the company to pursue sustainability over profitability and be the best in the world plays, an important role in initiating voluntary adoption of integrated reporting. Other main motivations for adoption include integrated reporting's compatibility with the adopter's existing system and seeing its relative advantages over existing practices. The findings reveal that for an innovation to be adopted, not only does it need to be resilient and robust, but internal top-down support is essential, emphasising the critical role of leadership in innovation adoption. Furthermore, the case company's view, that integrated reports are the best communication tool to satisfy the increased stakeholders demand for more

transparent information and accountability, encourages the adoption of integrated reporting.

This finding indicates that stakeholder demand also plays a part in the adoption decision of innovation, particularly for public listed companies, whose success is dependent on their stakeholders.

The study also found significant changes to report content and incremental changes in the process of preparing integrated reports. Although improved and more collaborative internal and external communication has evolved and continues to evolve, with a cross-departmental team established to break down silos, it appears there have been only minor changes to the existing processes of preparing sustainability reports.

As pioneer research in the New Zealand context, this study provides empirical evidence that contributes to our understanding of the motivation for the voluntary adoption of an integrated reporting framework in a voluntary context and changes that prospective integrated reporting adopters could encounter or anticipate. The findings of this study bridge the existing research gaps as earlier studies of the drivers of integrated reporting adoption focused mostly on countries where integrated reporting is mandatory. It also provides some practical guidance for organisations embarking on the integrated reporting journey to ensure that their reporting practices proceed smoothly.

Table of Contents

Acknowledgements	2
Abstract	3
Table of Contents	5
List of Figures	8
List of Tables	9
CHAPTER 1: INTRODUCTION	10
1.1 Research Background	10
1.1.1 Circular economy	12
1.1.2 Sustainability reporting and related concerns	13
1.1.3 The New Zealand context	15
1.2 Research Motivations	16
1.3 Research Objectives and Questions	18
1.4 Research Design	18
1.5 Research Contributions	19
1.6 Structure of the Thesis	20
CHAPTER 2: LITERATURE REVIEW	22
2.1 Introduction	22
2.2 Sustainability Reporting	22
2.3 Integrated Reporting	25
2.3.1 Core concepts of IIRC integrated reporting framework	26
2.3.2 IIRC integrated reporting approach	29
2.3.3 Benefits of integrated reporting adoption	31
2.3.4 Challenges of integrated reporting adoption	32
2.3.5 Integrated reporting in New Zealand	33
2.4 Sustainability Reporting versus Integrated Reporting	34
2.5 Voluntary Adoption of Integrated Reporting	38
2.5.1 External influences	38
2.5.2 Internal influences	41
2.6 Strategic Approaches to Adoption of Integrated Reporting	48
2.7 Integrated Reporting and Reporting Practices Changes	49
2.7.1 Communication	50
2.7.2 Accounting and business information systems	51
2.7.3 Report content	51

2.8	Theoretical Frameworks	55
2.8.1	Diffusion of innovations theory	55
2.8.2	Stakeholder theory	57
2.8.3	An organisational change model	59
2.9	Summary	61
CHAPTER 3: METHODOLOGY		62
3.1	Research Paradigm	62
3.2	Research Design	63
3.3	The Case Company	64
3.4	Ethical Considerations	66
3.5	Data Collection	66
3.6	Data Analysis	68
3.7	Summary	70
CHAPTER 4: FINDINGS		71
4.1	Introduction	71
4.2	Replacement of Sustainability Reporting with Integrated Reporting	71
4.2.1	The influence of leadership	71
4.2.2	Compatibility with the existing reporting system	73
4.2.3	Transparency and legitimacy	74
4.2.4	Stakeholder demands satisfaction	76
4.2.5	Effective communication of value creation story	77
4.2.6	Strengthened stakeholder engagement	77
4.2.7	Summary	79
4.3	Consequential Changes in Reporting Practices	80
4.3.1	Changes in internal communication	80
4.3.2	Changes in external coordination	82
4.3.3	Changes in accounting and business information processes and systems	83
4.3.4	Changes in report content	83
4.3.5	Summary	94
CHAPTER 5: ANALYSIS AND DISCUSSION		95
5.1	Introduction	95
5.2	Voluntary Replacement with Integrated Reporting	95
5.2.1	Diffusion of innovations perspectives	95
5.2.2	Stakeholder theory perspectives	101
5.3	Consequential Changes in Reporting Practices	102
5.3.1	Changes in communication	102

5.3.2	Changes in report content	104
5.4	Summary.....	106
CHAPTER 6: CONCLUSION		108
6.1	Introduction.....	108
6.2	Key findings	109
6.2.1	Voluntary replacement with integrated reporting	109
6.2.2	Consequential changes in reporting practices	110
6.3	Research Contributions.....	111
6.4	Research Limitations	112
6.5	Future Research.....	112
Reference List		114
Appendices		137
Appendix 1 Consent Form for Participants		137
Appendix 2 Information Sheet.....		138
Appendix 3 Human Ethics Committee Approval Letter		140
Appendix 4 Draft Email for Participants.....		141
Appendix 5 Interview Guide		142

List of Figures

Figure 1 Process through which Value is Created, Preserved or Eroded.....28
Figure 2 Reporting Dashboard86
Figure 3 Women in Management87

List of Tables

Table 1 Definition of Six Forms of Capital.....	27
Table 2 Core Elements of Integrated Reporting Framework.....	30
Table 3 Principles Guiding Integrated Reporting Framework.....	31
Table 4 Comparison of Sustainability and Integrated Reporting.....	36
Table 5 Details of Interviews with Senior Managers	68
Table 6 Phases of Thematic Analysis	69
Table 7 Creating a safe and high performing workplace material issues and associated actions.....	85
Table 8 Key Performance Indicators (2013).....	88
Table 11 Material Issues & Strategic Goals Performance Indicators (2017)	93
Table 12 Strategic Goals, Future Targets and Vision (2017).....	93

CHAPTER 1: INTRODUCTION

This thesis has two objectives: to gain an understanding of the voluntary transition from sustainability reporting to integrated reporting and to examine any consequential changes within the organisation's reporting practices. The subject is a New Zealand company that has been long acknowledged as a leading organisation in the field of sustainability reporting. This organisation was also a finalist in the "for-profit" category in the inaugural 2020 CPA Australia Integrated Reporting awards.

This chapter presents an introduction to the current research project. First, there is a discussion of the background for researching integrated reporting. Second, this chapter identifies the research gaps in the existing literature and specifies the research motivation. Third, the research objectives and questions are delineated followed by an elaboration of the research design. Then the anticipated contribution is stated. The thesis outline and a chapter summary are provided at the end of this chapter.

1.1 Research Background

The global economy's underlying shifts and changes in public social expectations of business have had a considerable effect on how corporate reporting standards and practices have evolved (IIRC, 2020). Corporate reporting has evolved from some disclosure of non-financial information in financial reports, through presenting environmental and social disclosure in stand-alone sustainability reports, and more recently, to integrated reports (Sciulli & Adhariani, 2021). In the past few years, companies published corporate social responsibility or sustainability reports in conjunction with financial reports in response to the evolving economic circumstances and more multifaceted public interests (Kolk, 2010). In recent years, there has been a global increase in the number of companies producing integrated reports voluntarily, in

accordance with the International Integrated Reporting Council (IIRC) framework (Lai et al., 2016; Stubbs & Higgins, 2014).

The IIRC framework aims to provide concise communication to the user on how an organisation can create value over short, medium and long terms (IIRC, 2021). Integrated reporting is an emerging approach to corporate reporting (Adams & Simnett, 2011). It evolved from previous advances in organisational reporting theory and practices (Ahmed Haji & Hossain, 2016) to consolidate the financial, corporate social responsibility, and sustainability reports into a single report (Adams, 2015; de Villiers et al., 2017). The IIRC framework intends to address the frequently articulated criticisms of conventional financial reporting systems (Mishra et al., 2021) and other non-financial reporting (de Villiers et al., 2014; Milne & Gray, 2013). The framework encourages or stimulates a company to actively consider the connections between its various operational and functional units and establishes linkages between the forms of capital that impact an organisation's capacity to create value from the short to the long term (IIRC, 2013).

Since the 2010s integrated reporting has attracted widespread interest in the practice and among academics internationally and across a wide range of disciplines (de Villiers et al., 2014; Ahmed Haji & Hossain, 2016). Integrated reporting is the best practice to adopt in response to resource depletion, climate change, and waste, which are the underlying concerns that the circular economy seeks to address (Ellen McArthur Foundation, 2013). It is widely claimed that integrated reporting can both revolutionise corporate reporting (de Villiers et al., 2017; Pistoni et al., 2018; Velte & Stawinoga, 2017) and make an important value contribution to the transition towards a circular economy (Barnabè & Nazir, 2020). However, others argue that the IIRC's framework has a negligible impact on corporate reporting practices due to it not being required in most jurisdictions (Flower, 2015).

Although integrated reporting is a relatively new phenomenon and voluntary in most countries, except South Africa, Brazil and Mexico (Steenkamp, 2018). It has been considerable momentum

gained in public policy and organisational practices (de Villiers et al., 2014). In many nations, the voluntary transition to integrated reporting is already a reality (KPMG, 2017). According to the IIRC's 2018 survey, more than 2,500 organisations in more than 70 countries voluntarily or mandatorily adopted the Integrated Reporting Framework (IIRC, 2019). Accordingly, integrated reporting has attracted considerable academic interest as the next evolution in corporate reporting (de Villiers et al., 2014). Two concepts have attracted attention in integrated reporting research, value creation and business models. Both of these concepts are closely related to society's transition towards the "circular economy". Therefore, this introduction to integrated reporting will first explore the concept of the circular economy before delving into sustainability reporting and related concerns. Then an elaboration on the link between integrated reporting and the circular economy in the New Zealand context follows.

1.1.1 Circular economy

The circular economy is a key concept in the argument over how society should address growing resource shortages and the depletion of non-renewable resources (Stewart & Niero, 2018). It has been advocated as a model capable of overcoming the shortcomings of the linear economy (Millar et al., 2019). In a linear economy (Millar et al., 2019), some natural capital is converted into waste as a result of production or consumption of final products. Such waste can have adverse effects on natural capitals in two ways: it removes natural capital from the environment through excessive extraction and decreases its value through pollution (Murray et al., 2017). Unlike the usual linear economy, a circular economy is defined as an economic system in which goods and services are traded in closed-loop cycles (Barnabè & Nazir, 2020), with the purpose of retaining as much value for products and materials as possible (Ellen McArthur Foundation, 2013). It attempts to extend resource life and allow for optimal reuse, restoration and remanufacturing. A linear economy has been criticised for contributing significantly to our present natural resource depletion (Ellen MacArthur Foundation, 2013; Michelini et al., 2017).

The need to alleviate the current linear economy's continual defoliation of natural resources makes the transition to a circular economy essential (Ellen MacArthur Foundation, 2013).

Over the last decade, a growing number of academics, politicians, corporations, and international organisations have campaigned for the transition to a circular economy (van Buren et al., 2016). However, making the transition requires careful consideration of a new business model for more sustainable development and societal harmony (Geng & Doberstein, 2008). It also necessitates the development of standards for consistent external communication and disclosures, allowing stakeholders to monitor their progress on sustainable development and preventing unintended consequences that may occur due to potential greenwashing (Stewart & Niero, 2018). Barnabè and Nazir (2020) argue that traditional financial reports are unable to adapt to and reflect business progress on sustainable development, and the corresponding rise in stakeholder demands for more sustainable business. In the past, sustainability reporting made some steps towards providing sustainable development information as part of supporting disclosure in the transition towards a circular economy (Opferkuch et al., 2021). Integrated reporting has been a recent addition (Barnabè & Nazir, 2020).

With the increased awareness of the importance of integrated reporting under current economic and environmental circumstances, there has been a significant increase in research, with many of these studies undertaken in South Africa, the UK, and Australia. However, integrated reporting research in New Zealand is scant.

The next section examines the limitations of sustainability reporting, the antecedent of integrated reporting.

1.1.2 Sustainability reporting and related concerns

The practice of companies disclosing non-financial information voluntarily has a long history, which has been traced back to the 1970s (de Villiers et al., 2014) and even earlier (Tregidga &

Milne, 2006). Initially, most of these disclosures have been made in the company's financial reports. Such disclosure eventually evolved into a distinct concept with the introduction of the "triple-bottom-line" in the early 1990s and later sustainability reporting in the early 2000s (Elkington, 1998; Milne & Gray, 2013). Most reporters of this non-financial information have used the Global Reporting Initiative (GRI) framework as their guidelines (Farooq et al., 2021).

As the number of GRI-compliant sustainability reports increased, extensive research was undertaken in this area. Scholars frequently applaud sustainability reporting for encouraging corporations to quantify their past impacts on the environment, society, and economy. However, there are also general concerns about the obscuring of critical interdependencies between operations, finance, governance, and strategy (Pavlopoulos et al., 2017). Many scholars have concerns about stand-alone sustainability reports as they have had a negligible impact on mainstream corporate reporting practices, particularly in encouraging corporate social responsibility and accountability (van Zyl, 2014) and have failed to encourage companies to prioritise long-term value generation (Adams, 2015).

Other major concerns are that the sustainability reports have failed to alleviate the distrust within civil society about the objectives and practices of business (IRCSA, 2011) and that they are still considered by many as merely a "branch of public relations" and a tool for legitimating company operations and restoring reputation (Milne & Patten, 2002; Kuruppu et al., 2019). Most significantly, it is argued that the GRI standards are complicated to adhere to as they address a wide spectrum of social, financial, and governance matters (de Villiers et al., 2014). Consequently, reports have become increasingly complex and lengthy (Petcharat & Zaman, 2019). Further, de Villiers et al. (2014) state that sustainability reports prevent readers from comparing information as there are different series of standards for different sectors and industries and companies can choose the standard most suitable for their needs. The non-financial information disclosed in sustainability reports is often disconnected from the

organisation's financial reports, typically backward-looking, and unable to provide a link between the organisation's core strategy and sustainability issues (Jensen & Berg, 2012). Consequently, sustainability reporting is criticised as creating non-financial statements that are irrelevant and insufficient to comprehend the companies' activities.

The next section examines New Zealand's initiative to transit into a circular economy and the role of integrated reporting in the New Zealand context.

1.1.3 The New Zealand context

Waste and overconsumption of natural resources have been regarded as the two most critical issues for decades in New Zealand (Sustainable Business Network, 2021). According to the Sustainable Business Network (2021), New Zealand is amongst the highest generators of waste per capita of the members of the Organisation for Economic Co-operation and Development. New Zealand's current footprint is equivalent to 5.3 global hectares per person (Global Footprint Network, 2022a), which is higher than the estimated biocapacity of 1.6 global hectares per person (Global Footprint Network, 2022b) that the world can support. If everyone on Earth used as many natural resources as the average New Zealander, 3.31 planets would be required to support this (Global Footprint Network, 2022a). Overconsumption of natural resources (Ellen McArthur Foundation, 2015) is a severe problem that New Zealand needs to address to ensure healthy lives of future generations (Sustainable Business Network, 2021). On average, each New Zealander sends around 750 kilograms of waste to landfill each year, of which most could be recycled, re-processed, or repurposed (Parker, 2021). The Sustainable Business Network (2021) argues that a proactive response to preserve New Zealand's long-term viability and its position in the global economy is to adopt a circular economy.

New Zealand's first initiatives to transition toward a circular economy were presented in the proposal for Emissions Reduction in 2021 (Ministry for the Environment, 2021b). The proposal,

which was accepted and presented as New Zealand's first carbon reduction plan in late May 2022, emphasises the circular economy as a critical cross-sector tool for reducing emissions (Ministry for the Environment, 2022). More recently, the New Zealand Ministry for the Environment launched a thorough government waste management programme with the premise that reducing waste will contribute to the economic transition from a linear to a low-emissions circular economy (Ministry for the Environment, 2021a). The programme explicitly highlights its focus on accelerating New Zealand's transition towards a circular economy.

In response to New Zealand's circular economy transition, there is a need for modern organisations to engage and subsequently communicate circular and sustainable information in an effective and structured way (Barnabè & Nazir, 2020). Unfortunately, no universal reporting standards are currently available or specified for the circular-economy transition (Barnabè & Nazir, 2020). Instead, some scholars promote a recent development in corporate reporting, namely, the integrated reporting framework, as playing an essential role in disclosing sustainability information and circular economy-related information (Abeysekera, 2013; Stewart & Niero, 2018) as it has some similarities with the circular economy. Both integrated reporting and the circular economy build on the concept of "capitals" of integrated reporting with an explicit focus on the closed-looped value-creation process and business model (Barnabè & Nazir, 2020). Both encourage the organisations' commitment to achieve their strategic goals by, for example, restricting resource and energy use and thereby preventing negative consequences (Abeysekera, 2013; Vitolla et al., 2019). More importantly, both integrated reporting and the circular economy are built on the notion of integration and connection between resources, processes, and people operating inside a particular business area (Kunc et al., 2020).

1.2 Research Motivations

In this section, three factors that motivated this study are presented.

First, integrated reporting is voluntary in New Zealand at the time of writing this thesis. The success of CPA Australia's inaugural New Zealand Integrated Reporting Awards in 2020 indicates that many of New Zealand's large businesses have implemented integrated reporting. Previous integrated reporting research mostly focused on countries that have mandated integrated reporting or implicitly encouraged the adoption of integrated reporting, for example, South Africa (du Toit et al., 2017; Steenkamp, 2018; van Zyl, 2014), Australia, where integrated reporting is a component of the amended Australian corporate governance code (Higgins et al., 2014; Soriya & Rastogi, 2021; Stubbs & Higgins, 2014) and Indonesia where integrated reporting is implicitly recommended by the latest regulation, the Financial Services Authority's Regulation No. 51/POJK.03/ 2017 (Adhariani & de Villiers, 2019; Adhariani & Sciulli, 2020). However, integrated reporting research in New Zealand is sparse.

Second, this research responds to Robertson and Samy's (2019) call for research on organisations implementing integrated reporting across different countries to better understand the factors aiding or impeding its diffusion in various contexts. Although the underlying reasons for adoption have been the subject of significant discussion in earlier studies (see Gunarathne & Senaratne, 2017; Hosoda, 2022; Lodhia, 2015; Marasca et al., 2020; Robertson & Samy, 2015; Robertson & Samy, 2019; Robertson, 2021; Sciulli & Adhariani, 2021), the preponderance of samples came from businesses outside of New Zealand. Given no study was conducted in this study's case company, it is still unclear what motivated it to transition from sustainability reporting to integrated reporting voluntarily.

Third, some scholars claim that most integrated reporting research does not examine the practice of specific organisations, which creates a gap between academia and practice (Dumay et al., 2016; Stubbs & Higgins, 2014). As an emerging phenome, research on the subsequent changes in reporting practice after the adoption of integrated reporting is scarce (Gibassier et al., 2018; Setia et al., 2015). At the time of commencing this research, only a few studies focused

on the changes after the adoption of integrated reporting (Higgins et al., 2019; Mauro et al., 2020; McNally & Maroun, 2018; Steenkamp & Roberts, 2022; Stubbs & Higgins, 2014). The findings from previous research highlighted the changes that organisations face while seeking to incorporate integrated reporting practices are diverse and subject to specific characteristics of the organisation and its jurisdiction, with some adopters experiencing transformative changes in their beliefs, values, and mission, while others only have incremental changes in their organisation structure, operation, and system.

1.3 Research Objectives and Questions

The primary objective of this research is to explore the underlying rationales for voluntarily replacing sustainability reporting with integrated reporting. Consequently, the first research question is:

RQ1: What are the rationales for replacing sustainability reporting with integrated reporting?

The second objective of this research is to examine any consequential reporting practice changes after the adoption of integrated reporting. Therefore, the second research question is:

RQ2: What are the changes in reporting practices resulting from the implementation of integrated reporting?

1.4 Research Design

Since the research questions concern the rationales for voluntary adoption of integrated reporting and changes in subsequent reporting practices, a qualitative case study is suitable. An in-depth study was undertaken of a case company that was a reputable sustainability reporter in the past and has been an active integrated reporter for several years. Sanford Limited came to prominence as a finalist of the CPA New Zealand Integrated Reporting Awards 2020.

Interviews with senior managers in the case company were conducted via Zoom, recorded and then transcribed. In addition, the researcher also compared sustainability reports and integrated reports published from 2013 to 2020, a total of eight reports to answer the second question about changes in reporting practices after voluntarily adopting integrated reporting. The reason for selecting these years is that the company used the GRI framework for sustainability reporting from 2009 until 2013, and then switched to integrated reports in 2014. Investigating the reports before and after the implementation of integrated reporting allowed the researcher to assess any changes in their published reports. The interview transcripts, as well as the case company's sustainability and integrated reports, were uploaded to NVivo 11 software for coding and extracting key information (Jackson & Bazeley, 2019).

1.5 Research Contributions

The study investigates on reasons for changing to integrated reporting and associated changes in reporting practice. Thus it contributes to the literature on factors that influence a leading sustainability reporter to voluntarily adopt integrated reporting and changes in their reporting practices. The study makes four main contributions to the existing literature.

First, this research expands on existing integrated reporting research on the motivation for voluntary adoption of integrated reporting. Earlier studies of motivations for adoption focus mostly on countries where integrated reporting is mandatory, whereas it is voluntary in New Zealand.

Second, this study contributes to the application of existing theory in the current body of integrated reporting literature (de Villiers et al., 2014; Adams, 2015) using the theoretical lens of diffusion of innovations to highlight how the characteristics of a corporation and the environment in which it operates have an impact on the adoption of innovations (like integrated

reporting). There has been little application of this theory to explain the complex motivations for adopting integrated reporting, particularly in New Zealand.

Third, despite Flower's (2015) criticism that the integrated reporting framework supports shareholders over stakeholders, this study shows that the emphasis on stakeholders is enhanced in the case company's integrated reporting adoption, as demand from stakeholders was what motivated the case company to adopt integrated reporting.

Fourth, this study provides insight into an area of integrated reporting research that is still relatively unexplored: integrated reporting practices. Although a few empirical studies have investigated changes in internal organisational mechanisms attributable to the adoption of integrated reporting (see Ahmed Haji & Hossain, 2016; Higgins et al., 2019; Steenkamp & Roberts, 2022; Stubbs & Higgins, 2014), changes in reporting practices are still far from well explored. This study provides insight into changes the case company has made as a result of integrated reporting adoption. The findings contribute to knowledge on integrated reporting and have important implications for practitioners in New Zealand. Current and future practitioners may gain insight from the changes the interviewees experienced during the implementation, planning, and process of integrated reporting; they will have a better sense of what changes to expect in terms of processes and how to effectively deal with those changes. Overall, the current research is important in bridging existing gaps in the literature and also provides practical insights for practitioners.

1.6 Structure of the Thesis

The remainder of the thesis follows this structure. Chapter 2 reviews the literature on integrated reporting in more depth, examining the historical evolution of the integrated reporting concept and the characteristics of integrated reports. The chapter presents factors driving the voluntary adoption of integrated reporting, changes in reporting, and practices for

implementing and adhering to the integrated reporting framework. Chapter 2 also reviews the previous literature later used to explain and interpret the findings of the study. Chapter 3 presents the study's research methodology and offers an overview of the research philosophies, approaches, and methods. It also details the data collection and analytical procedures employed. In Chapter 4, the results from the interviews and document analysis are set out. The results are interpreted and discussed in chapter 5. Chapter 6 presents a summary, conclusions, and the study's contribution to the current body of knowledge.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This chapter reviews and synthesises the integrated reporting and sustainability reporting literature relevant to the research topic and questions. The chapter first explores sustainability reporting and then the concept and characteristics of integrated reporting. The two distinct forms of reporting are compared, particularly emphasising their key differences. In section 5, the factors that drive the voluntary adoption of integrated reporting are reviewed followed by approaches to the adoption of integrated reporting discussed. Section 7 discusses the literature on reporting practice changes attributable to the integrated reporting adoption followed by theories applied in prior research on sustainability reporting and integrated reporting research. The chapter concludes with a summary of research gaps identified in the literature. These are investigated in this thesis.

2.2 Sustainability Reporting

The corporate failures of the last decades have raised questions about the value and dependability of traditional financial reporting, particularly in evaluating and reporting company's performance and its capacity to create and sustain value. This debated deficiency in traditional reporting has stimulated new communication channels for reporting, specifically sustainability reporting (de Villiers et al., 2014; Mishra et al., 2021). The purpose of sustainability reporting is twofold. First, it provides information on a company's operational activities, goals, and public image in relation to environmental, employee, community, and stakeholder issues (Fasan, 2013; Kılıç & Kuzey, 2018). Second, it affords organisations and their partners a shared language to interact and understand the financial, environmental, and social impacts of the organisation's operations (Brusca et al., 2018; GRI, 2016; Mauro et al., 2020).

Among the many voluntary guidelines and standards developed to ensure companies disclose their environmental, social, and economic performance, the GRI standards are the most extensively used in sustainability reporting (Dumay et al., 2010). It provides standard disclosures and reporting principles for companies producing sustainability reports (Abeydeera et al., 2016; de Villiers & Sharma, 2020) and is designed to be applied internationally regardless of geographic location, size, industry, or company type (GRI, 2016). According to the GRI (2016), sustainability reporting is an organisation's practice of disclosing publicly its economic, environmental, and social impacts, and its positive and negative contributions to the goal of sustainable development (GRI, 2016). Hence, the GRI guidelines categorise the specific standard disclosures as economic, environmental, or social (GRI, 2016) in a structure that is analogous to financial reporting and enhances transparency (de Villiers & Sharma, 2020).

According to the GRI, its standardisation is intended to enhance global comparability and information quality, allowing organisations to be more transparent and accountable. By adhering to GRI standards, companies can identify opportunities and risks, enhance the strategic decision-making process, minimise risk, and establish solid relationships with stakeholders (Hamad et al., 2020). There are three series in these standards. First are the universal standards concerning foundational, general disclosure, and management-approach requirements. Second are the sector-specific standards. Third are the topic-specific economic, environmental, and social standards. Organisations may apply all of these standards for reporting and choose which to use to reveal certain data (GRI, n.d). Therefore, given that the reporting is voluntary, each individual company may choose for itself how it will publish its GRI-compliant sustainability reports.

Despite the touted benefits of sustainability reporting using GRI standards, some scholars, for example, Milne and Gray (2013) and Gray and Milne (2002), argue that business performance and environmental and social issues are delinked. They are sceptical of sustainability reporting's

capacity to truly enhance the planet's sustainability. Similarly, Hedberg and von Malmborg (2003) point out that GRI-compliant sustainability reports are an external communication tool that companies use to mainly legitimise their operations. Hsiao et al. (2022) reach a similar conclusion, suggesting the significant motivator for organisations to implement sustainability reporting is to demonstrate its accountability and legitimacy. In an investigation of Swedish sustainability reporters, Hedberg and von Malmborg (2003) further suggest that a lack of verified and comparable reports is another GRI-related concern; each industry reports its environmental, social and governance information differently. Many perceive GRI-compliant sustainability reports as supplementary to traditional financial reporting (Lodhia, 2015). Jensen and Berg (2012) argue that the traditional approach of publishing separate financial and sustainability reports results in stagnation as the organisation's financial performance and non-financial performance are not clearly connected. Increasingly, scholars advocate for a single, concise report to convey business performance in terms of not just financial but also environmental and social matters in the short and long term (Eccles & Krzus, 2010).

Sustainability reporting is still voluntary in New Zealand, and the Companies Act 1993 does not contain any regulations for sustainability reporting. However, the New Zealand Exchange (NZX), armed with its corporate governance rules for publicly traded corporations, published a guidance note on sustainability reporting in 2017. The purpose of this guidance note was to promote the disclosure of environmental, social, and governance elements from a variety of fair, compliant, and unbiased perspectives. It states that while making non-financial disclosures, which should take place at least once a year, an issuer should identify substantial exposure to environmental, social and economic risk and plans to mitigate those risks using operational and non-financial measures (New Zealand Exchange, 2017). According to the KPMG international surveys in 2011, 2013, 2015 and 2017, the voluntary implementation of sustainability reporting in New Zealand was considered to be far behind other OECD countries for a number of years.

Also the majority of New Zealand corporations reporting on environmental, social, and governance issues conform to the GRI framework and only 5% reference the integrated reporting framework (KPMG, 2017).

A review of integrated reporting is provided in the next section.

2.3 Integrated Reporting

Integrated reporting is considered to be a step forward on the path of sustainability and social reporting, marking an evolutionary next phase that improves sustainability reporting (Montecalvo et al., 2018; Stubbs & Higgins, 2014). In 2013, the IIRC officially released its integrated reporting framework, raising interest globally from regulators, corporations, preparers, and investors. The European Commission (EC, 2014) has recognised the relevance and necessity of integrated reporting concepts. At the national level, Japan (Hosoda, 2022), Malaysia (Ghani et al., 2018) and Indonesia (Adhariani & Sciulli, 2020) have either initiated or have significant intentions to adopt integrated reporting. In the most recent KPMG 2020 survey, the number of adopters of the integrated reporting framework rose dramatically to 11%.

The integrated reporting framework was developed with the aims to enhance the transparency of how financial and non-financial capitals are used, to improve the company's social and environmental accountability, and to restore trust (Adams, 2015; Busco et al., 2014; Robertson & Samy, 2015). Prior research argues that sustainability reports and annual reports lacked linkages, particularly between financial and non-financial performance, limiting stakeholders' capacity to assess an organisation's business model and potential long-term sustainability (IIRC, 2013; Lueg et al., 2016; Lai et al., 2016). Integrated reporting offers a way to provide this link (IIRC, 2013).

According to the IIRC (2021, p. 10), an integrated report provides a concise communication about how an organisation's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation, preservation or erosion of value over the short, medium and long term". It is intended to integrate financial and non-financial past and future information into a single concise report of a company's "future value creation plan" (de Villiers & Sharma, 2020).

2.3.1 Core concepts of IIRC integrated reporting framework

The IIRC integrated reporting framework introduces two new and emerging concepts, namely the six capitals and value creation story through the business model. The following provides some details on these two concepts.

The IIRC integrated reporting framework highlights a company's use of and reliance on the six capitals (financial, manufactured, natural, intellectual, human, and social and relationship) and the company's impact on those (ACCA, 2013). The first three of these capitals are physical in nature, while the remaining are social (Farneti et al., 2019). The term "capitals" refers to any store of value that an organisation can use in the production of goods and rendering services. All the capitals are essential for the company's operation as the inputs to its business model according to the integrated reporting framework. Companies will increase, decrease or even trade off capitals as a result of the organisation's corporate activities and outcomes (IIRC, 2021). Table 1 summarises the definitions of each capital from the 2021 IIRC integrated reporting framework.

Table 1 Definition of Six Forms of Capital

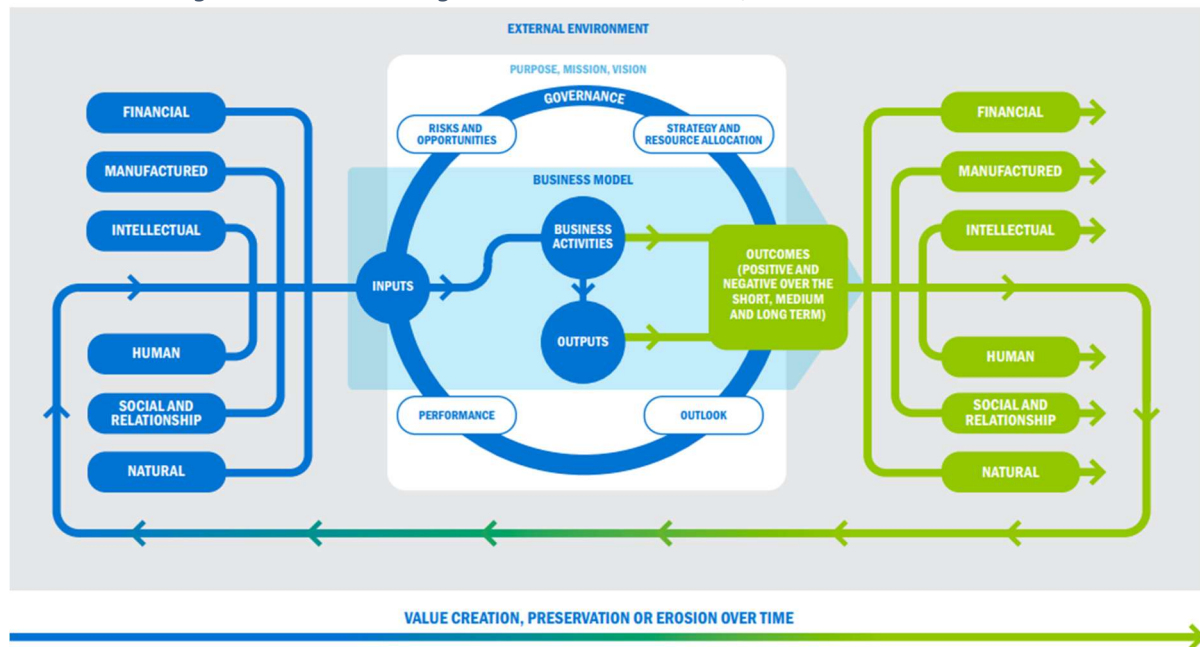
Capitals	Explanation
Financial capital	<p>The pool of funds that is:</p> <ul style="list-style-type: none"> – Available to an organisation for use in the production of goods or the provision of services – Obtained through financing, such as debt, equity, or grants, or generated through operations or investments. – Available to an organisation for use in the production of goods or the provision of services.
Manufactured capital	Manufactured physical objects (as distinct from natural physical objects) that are available to an organisation for use in the production of goods or the provision of services.
Intellectual capital	Organisational, knowledge-based intangibles.
Human capital	People’s competencies, capabilities and experience, and their motivations to innovate in the short, medium, and long term, and how the organisation deals with them.
Social and relationship capital	The institutions and relationships within and between communities, groups of stakeholders and other networks, the ability to share information to enhance individual and collective well-being, and how the company intends to do so.
Natural capital	All renewable and non-renewable environmental resources and processes that provide goods or services that support the past, current, or future prosperity of an organisation.

Source: Adapted from Integrated Reporting Framework 2021 (IIRC, 2021)

However, the purpose of an integrated report is not to estimate the value of an organisation or all of its six capitals; rather, it is to give information that allows report users to analyse an organisation's ability to produce value over time (Adams, 2015; Beattie & Smith, 2013; Brusca et al., 2018; CIMA, 2013). Value creation, a fundamental concept of integrated reporting, is demonstrated through a company's business model (IIRC, 2021, see Figure 1). Six capitals as input initially acquired by the organisation are then transformed into outputs (key products, services, by-products, and waste) through business activities. The outputs may be internal (such

as improved staff morale) or external (such as enhanced customer satisfaction and better social and environmental performance).

Figure 1 Process through which Value is Created, Preserved or Eroded



Source: Adapted from Integrated reporting Framework 2021 (IIRC, 2021)

Integrated reporting’s holistic approach explicitly demonstrates a company’s value-creation process and emphasises its underlying principle of integrated thinking. The term “integrated thinking” is described as “the active consideration by an organisation of the relationships between its various operating and functional units and the capitals that the organisation uses or affects” (IIRC, 2021, p. 54). It ensures all business units of organisations, not just finance units, are involved in the identification and collection of data for these six capitals, evaluating these capitals’ connectivity and taking actions collectively (Steenkamp, 2018). Hence, integrated thinking leads to integrated decision-making and actions that consider the creation, preservation or erosion of value over the short, medium and long term, according to the IIRC (2021).

Preparing Integrated reports is commonly seen as a mutually reinforcing activity of integrated thinking that drives organisations towards the convergence of the six capitals in their decision-

making process and aids in overcoming the siloed thinking of the conventional approach, thereby promoting sustainable development (Mauro et al., 2020). The process of integrated thinking is essential to integrated reporting, with rational thinking and judgement employed in the reporting process, rather than formulaic compliance with corporate-reporting standards (Stent & Dowler, 2015). According to Cheng et al. (2014), the ability of integrated reporting to play a key role in accounting for value creation is not contingent on how well organisations implement the practical aspects of the framework but rather on their ability to stimulate integrated thinking and actions that will transform their primary business model. By stimulating integrated thinking, integrated reporting fundamentally transforms how businesses operate (Tweedie et al., 2018; Velte & Stawinoga, 2017). Therefore, to implement integrated reporting, companies need to have a comprehensive understanding of strategy, governance, and performance and be able to effectively communicate this understanding consistently across all levels of the organisation (Eccles & Krzus, 2010; Steenkamp, 2018).

2.3.2 IIRC integrated reporting approach

The IIRC framework is a principle-based approach (IIRC, 2021). The principle-based approach has the advantage of allowing reporters to customise the report to the company or industry, as well as encouraging preparers to think through the valuation process and to satisfy stakeholder demand (Mansor et al., 2018). There are some basic content elements (see Table 2) that are suggested in the IIRC framework. These comprise the following: organisational overview and external environment, governance, business model, risks and opportunities, strategy and resource allocation, performance, and future outlook. These core elements define the entire content of an integrated report, assisting organisations in determining how to effectively represent their unique value creation narrative compellingly and transparently to their stakeholders (IIRC, 2021). As a result, these elements need to be holistic and coherent with the IIRC's guiding principles (see Table 3) They must be disclosed in certain ways, with attention to

the following: strategic focus and future orientation, connectivity of information, stakeholder relationships, materiality, conciseness, reliability and completeness, and consistency and comparability. Using these guiding principles requires judgement to evaluate what information is presented as well as how it is reported (IIRC,2021) as companies can choose to apply the guiding principles individually or collectively depending on their reporting needs (IIRC, 2021).

Table 2 Core Elements of Integrated Reporting Framework

Core element	An integrated report should answer the question:
1. Organisational overview and external environment	What does the organisation do and what are the circumstances under which it operates?
2. Governance	How does the organisation’s governance structure support its ability to create value in the short, medium, and long term?
3. Business model	What is the organisation’s business model?
4. Risks and opportunities	What are the specific risks and opportunities that affect the organisation’s ability to create value over the short, medium, and long term, and how is the organisation dealing with them?
5. Strategy and resource allocation	Where does the organisation want to go and how does it intend to get there?
6. Performance	To what extent has the organisation achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capital?
7. Outlook	What challenges and uncertainties is the organisation likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance?
8. Basis of preparation and presentation	How does the organisation determine what matters to include in the integrated report and how are such matters quantified or evaluated?

Source: Adapted from Integrated Reporting Framework (IIRC, 2021, p.9)

Table 3 Principles Guiding Integrated Reporting Framework

Guiding Principle	Explanation
1. Strategic focus and future orientation	Provide insight into the organisation's strategy and how it relates to the organisation's ability to create value in the short, medium, and long term and to its use of and effects on the capital.
2. Connectivity of information	Show a holistic picture of the combination, interrelatedness and dependencies between the factors that affect the organisation's ability to create value over time.
3. Stakeholder relationships	Provide insight into the nature and quality of the organisation's relationships with its key stakeholders, including how and to what extent the organisation understands, takes into account and responds to their legitimate needs and interests.
4. Materiality	Disclose information about matters that substantively affect the organisation's ability to create value over the short, medium, and long term.
5. Conciseness	Be concise.
6. Reliability and completeness	Include all material matters, both positive and negative, in a balanced way and without material error.
7. Consistency and comparability	Be presented on a basis that is consistent over time and in a way that enables comparison with other organisations to the extent it is material to the organisation's own ability to create value over time.

Source: Adapted from Integrated Reporting Framework (IIRC, 2021, p.8)

2.3.3 Benefits of integrated reporting adoption

Some scholars and professional bodies argue that implementing integrated reporting has several perceived benefits (Burke & Clark, 2016; Eccles & Krzus, 2010; IFAC, 2017; Roth, 2014; Vitolla et al., 2019). These benefits include improving the way companies think, plan, and report the story of their business (IFAC, 2017); improving intra-company communication (Vitolla et al.,

2019); increasing transparency of the firm's strategy and operations (Burke & Clark, 2016); increasing confidence in the sustainable development of the firm's business model (Roth, 2014); and helping companies integrate the appropriate financial and sustainability information through a multi-stakeholder strategy (Eccles & Krzus, 2010). It therefore can also lead to improved interactions with various stakeholders, enhanced corporate public relations, and satisfying stakeholder demands (Steenkamp, 2018). Most crucially, these advantages will eventually improve companies' reputations and allow them to maintain their positions globally, thereby lowering the reputational risk (IIRC, 2021; Steyn, 2014).

In a recent New Zealand case study, Farneti et al. (2019) found that the adoption of integrated reporting enhanced the adopter's engagement with a wider group of stakeholders, making its social disclosures more meaningful to stakeholders. Similarly, the ACCA (2018) reported significant external advantages to integrated reporting, particularly in terms of better interaction with a broad range of stakeholders. The forward-thinking and long-term emphasis of integrated reporting has seen the approach become a blueprint for establishing trust in the community and stakeholders.

Existing studies also emphasise that integrated reporting enhances systems and processes, resource allocation, and strategic decision-making (Velte & Stawinoga, 2017). It can also further enhance organisational sustainability and improve business practices (Eccles & Krzus, 2010). Therefore, some scholars claim that integrated reporting is not simply a change in the style of corporate reporting: it requires substantive organisational change.

2.3.4 Challenges of integrated reporting adoption

In light of the extolled benefits of integrated reporting, prior research has assessed the challenges encountered during the implementation of integrated reporting (ACCA, 2016b, Adhariani & de Villiers, 2019; Dumay et al., 2017; Steyn, 2014). These challenges include costs of

preparation (Adhariani & de Villiers, 2019; Adams & Simnett, 2011), a lack of a proper information system (Adhariani & de Villiers, 2019; Dumay et al., 2017; Steyn, 2014), the pressure of having limited time to collect the information required for integrated reports, and deadlines for publishing (ACCA, 2016b).

The assurance of integrated reports also presents challenges (Stubbs & Higgins, 2014). Auditors have argued that the IIRC framework is too ambiguous or conceptual to verify that integrated reports follow reporting guidelines (ACCA, 2015). The lack of appropriate criteria appears to be one of the most significant barriers to the assurance of integrated reports (ACCA, 2015).

Organisations preparing integrated reports need to carefully consider the extent to which forward-looking information can be publicly shared, presenting a further challenge (ACCA, 2012). Forward-looking information may include sensitive commercial information, and companies tend to be reluctant to communicate this for fear of providing information that could benefit competitors or others (ACCA, 2018).

2.3.5 Integrated reporting in New Zealand

There are few academic studies on integrated reporting in New Zealand. Montecalvo et al. (2018) researched the impact of integrated reporting on the sustainability reporting practices of a publicly traded company (NZ Post) by conducting a content analysis of annual reports and interviewing report preparers. They find that the integrated reporting approach resulted in a more equitable disclosure of material aspects of sustainability. The authors reported that previously neglected sustainability issues were now being reported, and there had been improvements in how issues accounted for in previous reports were reported. However, Montecalvo et al. (2018) primarily focused on how integrated reporting adoption influenced the sustainability disclosures rather than all aspects of their reporting practices.

In another New Zealand study, Stent and Dowler (2015) adopted an alternative approach. They assessed the gap between the best annual reports in New Zealand and integrated reports using a self-developed integrated reports checklist. The authors concluded that none of the companies in their sample compiled comprehensive, integrated reports for 2011. Furthermore, companies' current reporting procedures lack the integration and sensitivity to future uncertainty that integrated reporting requires. This New Zealand study focused on compliance with the integrated reporting framework; subsequent changes in reporting practices were not considered. Hence, the research in this thesis sheds light on the phenomenon and builds on the growing empirical evidence on the contents of integrated reports by addressing some of the existing research gaps and identifying any changes in reporting practices following the adoption of integrated reporting.

The next section discusses the differences and similarities between integrated reporting and GRI-based sustainability reporting.

2.4 Sustainability Reporting versus Integrated Reporting

There is frequently confusion over whether sustainability reports and integrated reports differ as both are communication and reporting methods that companies use to present operating activities and business outcomes (Hamad et al., 2020). Several qualitative integrated reporting studies have provided empirical evidence that the implementation of integrated reporting builds on established sustainability reporting practices (see Stubbs & Higgins, 2014; Higgins et al., 2014; Guthrie et al., 2017), suggesting that sustainability reporting is one of the preliminary foundations of integrated reporting.

However, the differences between integrated reports and sustainability reports are not always apparent. According to the ACCA (2016a), around 50% of Malaysian respondents stated that sustainability reports are a subtype of integrated reports, and 3% of the respondents believed

that sustainability reports suffice to provide the information their stakeholders demand, with no need for integrated reports. Stubbs and Higgins (2014) point out that integrated reporting evolved from sustainability reporting as a tool to overcome sustainability reporting's limitations and deficiencies, suggesting that sustainability reporting was a critical step on the road to integrated reporting (see also Guthrie et al., 2017).

Although IIRC Integrated reporting frameworks and GRI sustainability reporting guidelines overlap, with identical aims of providing a mechanism to convey how companies produce financial value sustainably and ethically (GRI, 2016, IIRC, 2021), they are not perfect substitutes (Petcharat & Zaman, 2019). There are significant differences between the two reporting methodologies (de Villiers et al., 2014). Hamad et al. (2020) note that the main difference between sustainability reporting and integrated reporting is that the former emphasises the organisation's past impact on the environment, society, and the economy while the latter places more attention on shareholders and the process of generating value. Unlike sustainability reporting, integrated reporting clearly illustrates the connections and relationships between various types of capitals (Hamad et al., 2020). To better comprehend the differences and similarities between these two types of reports, Table 4 below provides a summary of each of their characteristics.

Table 4 Comparison of Sustainability and Integrated Reporting

	Sustainability Reporting	Integrated Reporting
	Document was last saved: Just now	
Main Objective	It enables organisations to measure and report their impact on the economy, society and environment.	It enables organisations to show and explain their use of capitals or resources to create sustainable value over short, medium and long term through business models
Target Audiences	Wide range of stakeholders including employees, customers, suppliers, and general communities	The primary audience is financial capital providers, but it also benefits the other stakeholders
Content Elements	Economic, Environmental and Social	Organizational overview, External environment, Governance, Business model, Risks and opportunities, Strategy and resource allocation, Performance Outlook, Basis of preparation and presentation
Capitals/ Resources	Human, Social and relationship, and Natural capitals	Financial, Manufactured, Intellectual, Human, Social and relationship, and Natural Capitals
Type of information	Nonfinancial information only	Contains both financial and nonfinancial information
Time horizon	Backward and forward-looking, Long-term focus	Backward and forward-looking, short, medium and long term focus

Source: Extracted from Hamad et al. (2020, p.8)

Both sustainability reporting and integrated reporting are interdisciplinary. Some scholars believe that GRI-compliant sustainability reporting was necessary for the growth of the integrated reporting concept and is a prerequisite for the preparation of integrated reports (Camilleri, 2018). For instance, in their case study, Lueg et al. (2016) demonstrate the effect of sustainability reports on integrated reporting adoption in Denmark, verifying that sustainability reporting practices assist businesses to successfully adopt integrated reporting. In a similar vein, Kılıç and Kuzey (2018) found that businesses that follow the GRI guidelines and publish a distinct

sustainability report more closely adhere to the integrated reporting framework's content components. These scholars support the view that a company's sustainability reports are the primary source of data required for integrated reports as they provide valuable information on past economic and environmental performance to investors and other stakeholders (Camodeca et al., 2018).

One notable distinction between the GRI-compliant sustainability reporting and the IIRC integrated reporting framework is that the GRI guidelines do not encourage shareholders or businesses to consider the value created for stakeholders or the organisation (Ahmed Haji & Hossain, 2016). Integrated reporting, as discussed previously, illustrates the connections and interdependencies between various types of capital and the succinct and transparent process by which value is produced (Hamad et al., 2020). Conversely, sustainability reporting pays less attention to these perspectives and tends to focus on past environmental, social and governance performance and is thus unable to effectively promote sustainable development (Hamad et al., 2020). Some scholars consider integrated reporting as a way to circumvent the GRI's initial delay in requiring sustainable performance management and decision-making (Adams & Frost, 2008). Similarly, Eccles and Krzus (2010) assert that integrated reporting is often championed as a methodology that contributes to stronger internal decision-making, relatively low reputational and regulatory risk, and increased organisational accountability, all while enhancing financial stability and committing to more sustainable development.

However, not all scholars are optimistic about integrated reporting. For example, some argue that the cost of preparing integrated reports is expensive and therefore has a negative impact on firm value (Adhariani & de Villiers, 2019; Maniora, 2017). Adhariani and de Villiers (2019) conducted survey research in a major Southeast Asian economy and confirmed that respondents with more experience in non-financial reporting were worried about the cost of integrated reporting deployment and the lack of a supportive information infrastructure. This

raises the question of what motivates some companies to implement integrated reporting, given the costs involved.

The next section discusses the motivation for the voluntary adoption of integrated reporting.

2.5 Voluntary Adoption of Integrated Reporting

Integrated reporting is voluntary in most countries, except South Africa, Brazil and Mexico (Steenkamp, 2018). However, it is evident that there is increased adoption of integrated reporting globally (Eccles & Krzus, 2010). Prior studies have investigated factors motivating companies' voluntary adoption of integrated reporting and identified a variety of motivators. These are broadly classified into two types: external and internal influences, elaborated below.

2.5.1 External influences

According to previous studies, there are three key external influences: stakeholders, third parties and regulations.

2.5.1.1 *Stakeholder influences*

External influences on companies to embrace integrated reporting generally originate from society (Lueg et al., 2016). As a result of the 2008 financial crisis and subsequent high-profile financial scandals, stakeholders expect organisations to be more transparent in their strategies and operations to ensure social accountability (Robertson & Samy, 2019). Companies believe that integrated reporting, as an external communication tool, can satisfy stakeholder expectation (Lueg et al., 2016). Integrated reports provide such information in a more transparent and interconnected way, thereby enabling a meaningful assessment of the organisation's business model and the long-term sustainability of its strategy (IIRC, 2013; Lai et al., 2016).

Prior research has shown that meeting stakeholder expectations is the main motivator for companies who deploy integrated reporting voluntarily (Higgins et al., 2014; Robertson & Samy, 2019; Sciulli & Adhariani, 2021; Steyn, 2014). For example, Robertson and Samy (2019), through semi-structured interviews with preparers in UK organisations, identified that UK companies implementing integrated reporting aimed to fulfil their stakeholders' social expectations. Similarly, Sciulli and Adhariani (2021) explored the adoption of integrated reporting using diffusion of innovation theory, finding the motivation to do so was the fulfilment of stakeholder expectations. McNally et al. (2017) have a different view, arguing that while satisfying stakeholder expectations should be a critical part of adopting integrated reporting, some stakeholders, such as investors, do not appreciate integrated reports.

2.5.1.2 Third-party influences

Another external motivator to voluntarily adopt integrated reporting comes from strong and influential intermediaries, such as sustainability and accounting consultants, government agencies, non-governmental organisations and organisational leaders (Robertson & Samy, 2015). These external agents function as sounding boards, action researchers, or innovation theorists, providing innovations with legitimacy (Birkinshaw et al., 2008). They offer credibility, fresh insight, knowledge and experience, and their participation is linked to both systemic and incremental advances (Mol & Birkinshaw, 2014). For most adopters to be persuaded of an innovation like integrated reporting, they need to be aware of its existence, have its value demonstrated to them, and have the opportunity to test its applicability (Bjørnenak, 1997).

Previous research has highlighted the significance of third parties in companies' awareness of integrated reporting. For example, Robertson and Samy (2015) stress the importance of design consultants in their research, noting that numerous respondents learned about integrated reporting for the first time through interactions with their design consultants. Design consultancy Black Sun has been collaborating with the IIRC to produce research and offer advice

on integrated reports. However, because of their close association with the IIRC, some regard their work as biased (Chaidali & Jones, 2017). Additionally, as Reuter and Messner (2015) point out, numerous publications by the Big Four accounting firms have increased public awareness of integrated reporting. In contrast, Gunarathne and Senaratne (2017) did not find evidence of the influence of outside intermediaries among early adopters of integrated reporting. Instead, the influence of professional accounting bodies and business schools was apparent in the decisions of subsequent adopters. The profession and those in academia promoted awareness and legitimised integrated reporting through conferences, seminars, guidelines, award schemes and training opportunities.

Demonstrations of successful implementation are a key factor for an innovation to be finally adopted or dispersed. The IIRC took the first steps to demonstrate the adoption of integrated reporting by recruiting 40 top companies to participate in its pilot programme and providing role models for prospective adopters across the globe. These pilot companies include prominent accounting firms and well-known companies like Microsoft and Coca-Cola that have a long history of exercising substantial influence in global business. Research on these pilot companies provides helpful insights into the adoption and implementation of integrated reporting and indirectly encourages businesses that want to emulate the leading organisations in their industry to adopt similar techniques.

2.5.1.3 Regulatory influences

While integrated reporting is only mandated in South Africa, Brazil and Mexico (Steenkamp, 2018), there are nevertheless regulatory influences in the form of “soft law”; that is, governments may signal a preference for integrated reporting or change reporting requirements (Lueg et al., 2016; Robertson & Samy, 2019). For example, Lueg et al. (2016) found that their case company’s motivation for developing integrated reporting was the result of the Danish Government’s signalling its support for the approach. According to Robertson and Samy

(2019), most UK companies admitted that the greatest pressure for the adoption of integrated reporting was “soft law” in the form of changes in the regulatory regime, particularly around governance and non-financial reporting requirements. Thus, even if the majority of countries lack formal regulations, government preferences or recommendations nonetheless indirectly influence companies’ decisions to implement integrated reporting.

While the aforementioned research emphasises the external pressures to embrace integrated reporting, most empirical research has suggested that, given the potential benefits of adopting integrated reporting, internal factors are more likely to motivate organisations (Sciulli & Adhariani, 2021).

2.5.2 Internal influences

Previous studies have employed the diffusion of innovations theory and stakeholder theory as theoretical frameworks to identify internal motivators for voluntarily adopting integrated reporting. Researchers have reported a broad variety of internal factors, such as the top executives' aspirations, improved stakeholder interactions, strategic legitimacy, adoption of best practices, the telling of business stories, improved operational efficiency, overcoming deficiencies in existing practices, and compatibility with existing reporting practices. These are discussed next.

2.5.2.1 *Influence of top executives’ perception*

The influence of top executives is essential for the adoption and execution of integrated reporting (Gunarathne & Senaratne, 2017; Lodhia, 2015; McNally et al., 2017; Robertson, 2021).

Previous research shows that some top executives view integrated reporting as a method to establish credibility in global financial markets and draw in the expanding number of socially conscious investors (Atkins & Maroun, 2015; Robertson & Samy, 2015). This perception influences the decision to adopt integrated reporting. For example, Lodhia (2015) found that

top executives in Australia viewed being an early adopter as giving them a competitive advantage and hoped to increase their relevance and recognition in a hostile market with such reporting.

Some top executives perceive integrated reporting as a tool that they can use to show their desire to further enhance sustainability (Robertson, 2021). However, the influence of top executives' perception may be limited if executives and top management are under pressure to increase profitability and shareholder value. Many top executives believe that their responsibility is to prioritise financial data and may consider social and environmental sustainability initiatives as an unnecessary cost rather than a moral obligation or value driver (Adams, 2015). This responsibility is one of the obstacles Adams (2015) identified in Australian companies, as regulations concerning top executives' responsibilities place a strong emphasis on financial profits.

2.5.2.2 Enhanced stakeholder interactions

Stakeholder relations are regarded as critical for business success because companies that do a better job of engaging their stakeholders will be better positioned to make effective business decisions (Parrot & Tierney, 2012). One of the six key integrated reporting guiding principles is encouraging ongoing positive relationships with the organisation's key stakeholders (IIRC, 2021). Prior research has highlighted enhanced stakeholder relations as a key internal motivator for the adoption of integrated reporting (Frías-Aceituno et al., 2014). Steyn (2014) who surveyed executives of South African listed companies which have implemented integrated reporting, found that the majority of respondents reported improved trust relationships and/or more meaningful engagement with stakeholders. Parrot and Tierney (2012) observed that their US based company envisioned the information demands of diverse stakeholders in integrated reporting as external communication tools to enhance working relationships with various groups.

2.5.2.3 *Strategic legitimacy*

Strategic legitimacy is obtained if there is a broad view or assumption that an entity's activities are desirable, suitable, or acceptable within socially constructed norms (Suchman, 1995).

Researchers have extensively studied and debated the way organisations use external reporting or disclosure for strategic legitimacy (see Kuruppu et al., 2019; Milne & Patten, 2002; Milne et al., 2009). In general, organisations with superior disclosure and better performance can demonstrate their accountability and gain legitimacy (de Villiers et al., 2022). Several integrated reporting studies have found that the decision to adopt integrated reporting originates from a need for strategic legitimacy. Steyn (2014) interviewed senior executives from South African listed firms on the perceived advantages of integrated reporting. The research shows that the primary benefit of and hence the motivation for implementation of integrated reporting was the enhancement of company legitimacy. This is because companies that follow voluntary guidelines, such as the integrated reporting framework, have flexibility in deciding what information to include or exclude from their reports (Milne et al., 2009). This enables companies to seek or improve their legitimacy by defining materiality and structuring their report around the company story rather than norms or standards (Robertson & Samy, 2019). Setia et al. (2015) provided a close examination of the information disclosed in integrated reports. They found that as organisations become more concerned with their corporate image and reputation, managing circumstances with a potentially negative impact and maintaining the organisation's legitimacy becomes a significant motivation for adoption of integrated reporting. In contrast, Lai et al. (2016) discovered that businesses participating in the IIRC Pilot Programme did not use integrated reporting to improve the quality of their sustainability disclosure and their involvement in integrated reporting was not for strategic legitimacy.

2.5.2.4 Best practices

Previous studies have revealed that being a trendsetter in their industry is an additional intrinsic drive for companies to adopt integrated reporting (Dumay & Dai, 2017). Participants interviewed in Robertson and Samy (2015) stated that it was necessary to follow best practices and keep up with their peers in the industry in which they operate. Participants exhibited a high degree of expectation that as members of the FTSE100, they should apply integrated reporting. By engaging in integrated reporting, companies deliver a strong statement to employees and the wider community that the company follows best practices and is proactively aligning itself with industry peers, thereby demonstrating its dedication to leading the field in corporate reporting. Kolk (2010) observed that large companies, particularly those trading globally, actively monitor the behaviour of their peers and may use integrated reporting to follow the leaders. Thus, both Robertson and Samy (2015) and Kolk (2010) suggest that publicly listed companies are more likely to emulate their peers and follow the leader in adopting integrated reporting as a best practice. By contrast, Chaidali and Jones (2017) study of UK senior managers and preparers of annual reports and representatives of the design consultancy profession revealed that integrated reporting preparers were worried about the credibility of a single report and appeared unsure of the advantages or the benefits of integrated reports in general.

2.5.2.5 Telling business stories

The principle-based approach of the integrated reporting framework provides opportunities for organisations to choose what is included and excluded from their integrated reports. The selection of information is a deliberate decision that sends a strong message to stakeholders (Guthrie & Abeysekera, 2006). Previous research found that the desire for good “story telling” is now an additional motivation for adopting integrated reporting voluntarily. This is because those companies regard integrated reporting as an internally crafted story that illustrates management's capacity to design solutions that meet business difficulties while safeguarding

shareholder interests (Robertson & Samy, 2015). In discussion with early adopters of integrated reporting in Australia, Stubbs and Higgins (2014) found that integrated reports empowered these organisations to better articulate the business story about how they create value and manage business difficulties. Similarly, Lodhia (2015) found that in a customer-owned business, such as a bank, implementing integrated reporting enabled organisations to craft a business story that more effectively communicated how the businesses were and will be managed. The adoption of integrated reporting highlighted not only value-creation processes, but also the organisational structure, which integrates the organization's economic, social, and environmental responsibility to stakeholders (Lodhia, 2015).

2.5.2.6 Improved operational efficiency

Organisations are adaptable systems that alter as a result of internal needs to operate effectively (Robertson & Samy, 2019). Earlier research revealed that the key motivation for organisations to employ integrated reporting was to increase operational efficiency through reporting techniques. Frías-Aceituno et al. (2014) show that integrated reporting increases operational efficiency by enhancing the organisation's capacity to detect and analyse risks. Steyn (2014) reported that a majority of respondents acknowledged that integrated reporting had resulted in an improved risk management process thereby reducing the inefficiency in operations. Eccles and Krzus (2014) cite better decision-making as one of the key benefits of integrated reporting since it provides greater clarity on cause-and-effect links, eliminates silos of thought, and results in more effective and efficient implementation of long-term objectives. However, Raemaekers et al. (2016) found that the information contained in risk disclosures by top South African integrated reporting organisations was frequently general in nature and significantly repetitive. These companies merely use this information to manage stakeholder expectations rather than to generate significant changes in business processes to enhance the efficiency of operations. Therefore, implementing integrated reporting may simply be a change

to a different report format rather than the beginning of a fundamental transformation in business procedures (Stubbs & Higgins, 2014; de Villiers et al., 2014).

2.5.2.7 Overcoming deficiencies in existing practices

One of the key advantages of implementing integrated reporting is that it encourages the linkage of economic, social and governance issues with corporate performance (IIRC, 2013), which neither conventional financial reporting nor sustainability reporting can offer. Previous studies indicated that integrated reporting is perceived as a solution for circumventing the weaknesses associated with financial and sustainability reporting (Lueg et al., 2016; Parrot & Tierney, 2012). This is because those financial statements can only provide a one-dimensional view of success and do not account for a company's social licence to operate (Sciulli & Adhariani, 2021). Therefore, companies may implement integrated reporting because it allows organisations to improve the alignment of performance reporting against strategic goals (Lodhia, 2015; Stubbs & Higgins, 2014), better demonstrate value creation (Higgins et al., 2014), and thus strengthen stakeholder engagement activities (Parrot & Tierney, 2012; Robertson & Samy, 2015; Steyn, 2014). For example, according to Parrot and Tierney (2012), most organisations working in an environmentally sensitive industry recognise that adopting integrated reporting overcomes deficiencies of existing practices as it allows them to demonstrate the link between financial and non-financial data, such as social and environmental performance, in long-term strategy and value creation.

2.5.2.8 Compatibility with existing reporting practices

The probability of voluntarily adopting integrated reporting is also related to how similar a firm's current reporting is to integrated reporting (Adhariani & Sciulli, 2020), the ability of adopters to modify their existing practices to accommodate integrated reporting (Beck et al., 2017; Guthrie et al., 2017; Gunarathne & Senaratne, 2017; Lueg et al., 2016), and the organisation's strong social and environmental performance (Hsiao et al., 2021). In particular,

organisations in countries where integrated reporting is not mainstream but where there are well-established sustainability reporting practices are more likely to adopt integrated reporting voluntarily (Hsiao et al., 2021) as these firms are already reporting on many integrated reporting elements whether in GRI-compliant sustainability reports or other types of non-financial reports (Mauro et al., 2020). This explains why many companies that previously provided a separate sustainability report in addition to their annual reports have switched to an integrated report format or combined the two reports into a hybrid form (Kılıç & Kuzey, 2018). For example, Mauro et al. (2020) found that most elements of integrated reporting were already present in the various publications of 20% of their case companies. These companies can voluntarily incorporate the different documents into an integrated report.

Indeed, Mervelskemper and Streit (2017) claim that there is a strong motivation for firms that are already producing sustainability reports following GRI guidelines to switch immediately to integrated reporting (see also Hsiao et al., 2021). Adopters will obtain perceived benefits with no additional costs (Mervelskemper & Streit, 2017) since integrated reporting practices are perceived to be based on sustainability reporting practices (Hsiao et al., 2021). Competent GRI preparers' adoption of integrated reporting will not result in dramatic changes in organisational practices (Hsiao et al., 2021), thus there will be no additional expenditures. Steenkamp and Roberts (2022) found that there are no extra costs for the implementation of integrated reporting since participants in their research admitted that the systems for gathering information for integrated reports are already in place. Adhariani and Sciulli (2020), in their content analysis of sustainability reports, show that 60% of these sustainability reports exhibited a high level of conformity with the core elements of integrated reporting, indicating a greater likelihood of the relevant organisation voluntarily implementing the integrated reporting framework. Consistent with Adhariani and Sciulli (2020), Setiawan (2016) noted that the firms that won the Indonesian Sustainability Reporting Award were ready to issue an

integrated report with only a few modifications, thus adding value to their reporting. However, even when most of the information needed for integrated reports already exists in a firm's sustainability reports, one cannot assume that preparing integrated reports will be simpler (Adhariani & Sciulli, 2020). Some studies have raised specific questions about the need to ensure the capacity of current systems and processes to assist adoption (McNally et al., 2017; Steyn, 2014; Stubbs & Higgins, 2014). Without consideration of this, high preparation costs (Chaidali & Jones, 2017) and poor reporting quality (Atkins & Maroun, 2015; Gunarathe & Senaratne, 2017) may result

The next section discusses approaches to the adoption of integrated reporting explored in previous literature.

2.6 Strategic Approaches to Adoption of Integrated Reporting

Prior research identified that there are three strategic approaches to adoption of integrated reporting, namely, "push", "pull" and "push/pull" (Guthrie et al., 2017; Stubbs & Higgins, 2014). A "push" strategy is when integrated reporting is adopted in order to drive changes within the organisation (Stubbs & Higgins, 2014). When a "pull" strategy is employed, integrated reporting will be the result of the organisational strategy or of the business becoming integrated (Stubbs & Higgins, 2014). Adopters can also apply a mixture of "pull" and "push" strategies when the organisational strategy or integrated business simultaneously drives changes (Stubbs & Higgins, 2014). Whether the adoption of integrated reporting results in transitional or transformative changes is dependent on the strategic adoption approach implemented.

Stubbs & Higgins (2014) claim that adopters who use the "pull" approach appear to only make incremental changes rather than radical changes because the new integrated reporting is already acknowledged and incorporated into the organisation's operations. It is highly unlikely

that the organisation's beliefs, values, and norms will change. Conversely, adopters following a “push” approach are more likely to change the organisation's beliefs, values, and norms.

The next section discusses changes to reporting practices after the adoption of integrated reporting.

2.7 Integrated Reporting and Reporting Practices Changes

The implementation of an innovation, like integrated reporting, requires changes in the organisational status quo. The changes can be to structural, operational or reporting practices. Whether integrated reporting can change and improve organisational reporting practices is a point of contention among scholars. Some researchers who have explored the implications for early adopters of adopting an integrated reporting framework (Adams, 2015; Guthrie et al., 2017; Higgins et al., 2019; McNally et al., 2017; Mio et al., 2016; Robertson & Samy 2015; Stacchezzini et al., 2016; Steenkamp, 2018; Steyn, 2014; Stubbs & Higgins, 2014) have found the adoption has already modified the reporting practices of adopters (Adams, 2015; Guthrie et al., 2017; McNally et al., 2017; Mio et al., 2016; Robertson & Samy, 2015; Stacchezzini et al., 2016; Steenkamp, 2018), whereas others show only a modest or no impact on practices (Flower, 2015; Stubbs & Higgins, 2014; Steyn, 2014).

This section examines the existing literature on changes in organisational reporting practices as a result of the rapid spread of integrated reporting. In this thesis, reporting practices include both the process of preparing the reports and the content of those reports. Therefore, changes to reporting practices are categorised into three themes: communication, the accounting and business information system, and report content.

2.7.1 Communication

The empirical evidence suggests that the adoption of integrated reporting plays an important role in encouraging communications between organisational functions and the management team (Mio et al., 2016). Organisations are expected to change their reporting practices through increased cross-functional communication that facilitates the diffusion of integrated reporting (Robertson & Samy, 2015). The integrated reporting framework facilitates collaboration within organisational functions but also extends communication with parties outside the organisations (Stacchezzini et al., 2016). Stacchezzini et al. (2016) found that adopters determined materiality in the integrated reporting framework through continuous communication with reporting users, management teams and report preparers. Managers relied on integrated reports as their major means of communication with shareholders and current and prospective employees. Vitolla et al. (2018) use an Italian case study to show that implementing the integrated reporting framework promotes information flow inside organisations and increases employees' cooperation in organisational activities.

Stubbs and Higgins' (2014) investigation of the internal processes of early adopters in Australia shows that implementing an integrated reporting framework results in the formation of a cross-functional team. This team is crucial in planning, developing, and assisting in the implementation of integrated reporting and in educating other departments that were previously not part of the sustainability reporting team. Discussion and dialogue among departments broaden the organisations' existing communication channels. Steenkamp (2018) also found that the adoption of integrated reporting results in increased collaboration within teams.

Nevertheless, some research reports that the adoption of integrated reporting has brought little influence on internal communication (Higgins et al., 2019; McNally et al., 2017). For example, McNally et al. (2017) found little interaction between finance and sustainability teams in South

Africa's Top 100 listed companies implementing the integrated reporting framework. A disconnection in communication among these teams encouraged a siloed rather than an integrated approach to reporting.

2.7.2 Accounting and business information systems

Regarding the nexus between the adoption of integrated reporting and accounting systems, accounting studies have highlighted the need to establish new accounting and business information systems to collect, measure, analyse and disclose information (Guthrie et al., 2017; McNally et al., 2017; Steyn, 2014). For example, McNally et al. (2017) found that early adopters in South Africa developed and expanded their existing business and accounting. Their research suggests that adopting the integrated reporting framework encouraged the development of new accounting systems to gather, process, and report data to meet the demands of a diverse set of stakeholders. Similarly, Steyn (2014) found that companies need to make significant changes to their management information systems to provide information that is in line with the content criteria of integrated reports. Guthrie et al. (2017) found that Italian organisations developed new measurement systems for integrated reporting. Doing so was easier for organisations with extensive experience in preparing sustainability reports than for those with less experience.

However, Steenkamp and Roberts (2022) found that the implementation of integrated reporting did not result in significant investment in new technology or systems by mature integrated reports in South Africa: the adopters' existing systems were sufficient for collecting and reporting material value-creation information for the integrated report.

2.7.3 Report content

In this thesis, following Higgins et al. (2019), changes in reporting practices include changes in report content and disclosures. As the purpose of integrated reporting is intended to provide

investors and other stakeholders with more coherent, material, and value-relevant information (IIRC, 2021), the perceived changes in reports content and disclosure after the adoption of integrated reporting can include alignment with integrated reporting concepts (Ahmed Haji & Hossain, 2016; Havlová, 2015; Setia et al., 2015), holistic disclosure of organisational performance (IIRC & Black Sun, 2015) and increased disclosure of value-relevant information (IIRC, 2013).

2.7.3.1 Alignment with integrated reporting concepts

The most visible change in report content after implementing the integrated reporting framework is that adopting organisations tend to align with integrated reporting concepts, using terms such as six capitals and recognise its increase, decrease, and trade-off (Ahmed Haji & Hossain, 2016; Havlová, 2015; Setia et al., 2015). These concepts and terms only appear in integrated reports. Ahmed Haji and Hossain (2016) found that South African award -winning integrated reporters were increasingly adhering to the integrated reporting concepts, particularly in multiple capital disclosure and had started to recognise the trade-off between capitals. However, these capital disclosures were not integrated and still disclosed in the traditional context with no discussion over how one capital was changed to increase (decrease) another capital. For instance, financial capital was still presented as the company's operational earnings, with no explanation of how financial capital was reduced to increase other capital. (Ahmed Haji & Hossain, 2016).

Using content analysis, Setia et al. (2015) investigated changes in the extent of multiple-capital disclosure practices in the top 25 South African companies before and after the adoption of the integrated reporting framework. They showed a significant increase in the number of capital disclosures following the introduction of integrated reporting with a particular focus on human, natural, social, and intellectual capital. Ahmed Haji and Anifowose (2017) show a major increase in the level of capital disclosure, particularly in the areas of human and intellectual capital.

Both Wild and van Staden (2013) and Havlová (2015) analysed the content and structure of integrated reports in countries where integrated reporting is voluntary, using a sample of global firms participating in the IIRC pilot project. According to Havlová (2015), integrated reporting provides additional information in a more compact manner, with most companies trying to comply with integrated reporting's multiple-capital framework. By contrast, Wild and van Staden (2013) found that corporations make ambiguous and soft disclosures rather than setting out hard and proven facts, with the majority of companies providing information on only four capitals: financial, human, natural, and social. Nevertheless, both studies agree that the substance of disclosures is related to the industry sector in which the company operates, with the telecommunications sector producing the most detailed reports.

2.7.3.2 Holistic disclosure of organisational performance

Another perceived change in the content of reports is that integrated reports include a more holistic disclosure of the organisation's performance (IIRC & Black Sun, 2015). Integrated reports not only give a more concise and cohesive view, but they also offer a more balanced picture of organisational performance (Eccles & Krzus, 2010). Reports can include information on financial and non-financial performance tied to the organisation's strategic objectives (IIRC, 2021). For example, Higgins et al. (2019), in their Australian study, found that the integrated reports of all adopting organisations showed some shift towards a holistic discussion of organisational performance. According to the study, adopters tend to be more business oriented, disclosing both financial and non-financial performance information.

Prior research also indicates that adopting organisations will make a considerable effort to redefine their key performance indicators linked to material issues and increase disclosure of these (Higgins et al., 2019). IIRC & Black Sun (2015) found that adopting an integrated reporting framework enabled National Australia Bank to incorporate more rigorous non-financial performance data linked to its material issues than was previously possible.

2.7.3.3 *Increased disclosure of value-relevant information*

Another relevant change observed in the content of reports is that companies adopting integrated reporting increase disclosure of value-relevant information to aid decision-making (IIRC, 2013). Value-relevant information is defined as information that is predictive (McConnell, 2011); that is, the information can assist economic decision-makers in predicting organisational outcomes (Kamotho et al., 2022).

Integrated reporting allows organisations to better express their strategy and show how their business model adapts to changes in the external environment and competitive landscape (ACCA, 2016c). It can help readers better understand performance in terms of the external factors impacting the organisation and how it builds value over the long term (IIRC, 2011). Companies that aim to adhere to the framework must describe what they do and the environments in which they operate (IIRC, 2021; IIRC, 2013). It is expected that the adopting organisation will increase its disclosure of strategy, develop its business model, and explain how its value creation process functions in the current environment and competitive landscape. Previous research suggests that integrated reports give increasingly meaningful information to the capital market as compared to traditional reporting, potentially due to an enhancement in the quality of information supplied in areas such as corporate strategy and the business model (Zhou et al. 2017). However, Pistoni et al. (2018) found the integrated reports in their sample did not provide value-relevant information regarding the company's business model, strategic goals, or value-creation processes in response to external circumstances.

The distinction between sustainability and integrated reporting is that the former is backward looking (GRI, 2016), whilst the latter is forward-looking (IIRC, 2021). Backwards-looking data only reveals what the company has done in the previous year or so. In contrast, future-oriented disclosure in integrated reports enables stakeholders to forecast the reporting organisation's future performance (de Villiers et al., 2014). For instance, Mio et al. (2020) found that the

adopting companies in their study disclosed more forward-looking information linked to material issues. This information increased the decision-making usefulness of integrated reports—there is a change in reporting focus from short-term, backwards-looking financial data to forward-looking, long-term data that addresses the organisation’s potential to build value over time (Adams & Simnett, 2011). Similarly, Zhou et al. (2017) found that the increased disclosure of future-oriented information in integrated reports was value relevant to stakeholders.

The next section discusses the theories applied in existing integrated reporting research and justifications for their application to the current study.

2.8 Theoretical Frameworks

This study draws on the insights of diffusion of innovations theory and stakeholder theory to explain the voluntary replacement of sustainability reporting with integrated reporting. In addition, this study explains and interprets the reporting practices changes after the adoption of integrating reporting by referring an organisational change model. The following section explains these theories and their application to this research.

2.8.1 Diffusion of innovations theory

Rogers’ (2003) diffusion of innovations theory provide insight into why specific approaches and practices may spread among companies, despite inconsistent evidence on the effectiveness or fit of the innovation to the company. According to Rogers (2003), diffusion is the process by which innovations spread among participants in a social system over time and via defined channels. When members of a social system acquire and implement innovative tools or practices, adoption takes place.

Rogers (2003) introduced five factors that influence adoption. First, relative advantage is “the degree to which an innovation is perceived as being better than the idea it supersedes” (Rogers,

2003, p.15). For example, senior managers may perceive that integrated reporting is more valuable to users than sustainability reporting. Second, complexity is “the degree to which an innovation is perceived as relatively difficult to understand and use” (Rogers, 2003, p.15). The innovation being seen as too difficult would negatively affect its diffusion or adoption. Third, compatibility is “the degree to which an innovation is perceived as consistent with the existing values, past experiences, and needs of potential adopters” (Rogers, 2003, p.15). Therefore, incompatibility between the new innovation and the adopting organisation’s existing systems is likely to result in the postponement of adoption, forcing the organisation to formally include the practice or to change it to make it more compatible with internal structures (Canato et al., 2013). Fourth, trialability is “the extent to which an idea can be tested out on a small scale” (Rogers, 2003, p.16). The adoption of innovation is also influenced by the innovation’s ability to fulfil its stated goal within small samples of pioneer organisations. If innovation can be proven to achieve its stated purpose, its adoption is highly likely. Fifth, observability is “the degree to which the results of an innovation are visible to others” (Rogers, 2003, p.16). The adoption of an innovation is more likely if the benefits, values and practicability of that innovation can be seen. Hence, the results of innovation should, to some degree, be visible to others to encourage its adoption.

Researchers have widely applied the diffusion of innovations theory as an analytical framework in explaining how, why, and how rapidly innovations are accepted and incorporated into practice in a variety of sectors (Rogers, 2003). It has been applied in the context of accounting research to describe the diffusion of new accounting procedures to and inside organisations where they had not previously been present (Mellett et al., 2009). For instance, Jackson & Lapsley (2003), Lapsley & Wright (2004) and Mellett et al. (2009) have used the theory to study both physical and accounting technologies. In recent years, researchers have applied the diffusion of innovations theory to the field of integrated reporting to assess the factors influencing the proliferation of integrated reporting activities (Gunarathne & Senaratne, 2017;

Robertson, 2021; Robertson & Samy, 2019, see also Robertson & Samy, 2015). For instance, Robertson (2021) applied diffusion of innovations theory to interpret how social networks influence the diffusion of integrated reporting from a UK perspective. She discovered that external design consultants and auditors were the main social network influences on adoption, and that adoption was accelerated by internal social network influences such as board and CEO support. Robertson and Samy (2019) used the theory to examine the rationale for adoption and factors that influenced the level of adoption in early-adopter organisations in the UK. They found that organisations adopted integrated reporting due to relative advantages over the adopters' existing practices such as improved reputation, satisfying social expectations, and enhanced decision-making and risk management. Similarly, Gunarathne and Senaratne (2017) investigated how and why integrated reporting is expanding throughout Sri Lanka. Their research revealed that early adopters of integrated reporting often make efficient decisions because they view integrated reporting may offer several benefits over their current practices. However, trendsetting is the motivator for the majority of later adopters who follow their industry leaders.

At the time of writing this thesis, there are no other studies on integrated reporting in New Zealand that use the diffusion of innovations theory. This study introduces the diffusion of innovations literature to this area by highlighting social networks of integrated-reporting adopters and implementers in New Zealand.

2.8.2 Stakeholder theory

The relationship of the company with its different stakeholder groups is central to stakeholder theory. If a company can maintain a strong relationship with its stakeholders, this may improve its reputation and performance (Bose et al., 2017). According to Freeman (1984), managers must comprehend and respond to stakeholder concerns to maintain the viability of the company. Some scholars argue that meeting stakeholders' expectations and demands is crucial

for a company's success, not only in maintaining its legitimacy but also in achieving sustainable performance; this is particularly important in light of the global financial crisis of 2008, biodiversity loss, poverty and climate change (Ferri et al., 2016). Stakeholders may demand additional non-financial information and require companies to disclose more information on sustainable development in their annual reports (Camilleri, 2018; Velte & Stawinoga, 2017), so they can assess the companies' long-term viability and sustainability (Adams & Simnett, 2011). Integrated reports might serve as an external communication tool for a company to inform stakeholders of sustainable-development considerations in its business activities (Kannenbergh & Schreck, 2019).

Stakeholder theory divides stakeholders into two categories: ethical and managerial stakeholders (Deegan, 2014). According to the ethical branch of stakeholder theory, irrespective of their relative power, all stakeholders have the same right to be treated fairly by an organisation (Deegan, 2014). By contrast, the managerial branch of stakeholder theory sees powerful stakeholders as those who control the organisation's financial resources (Neu et al., 1998), are able to force it to fulfil their expectations and will successfully induce management to do so (Gray et al., 1995). This implies that the organisation will decide to satisfy the needs of powerful stakeholders, for instance, investors.

The relative significance of different groups of stakeholders is also emphasised within integrated reporting. The integrated reporting framework states that understanding the perspectives of different stakeholders is vital to identifying problems currently pertinent to the company (IIRC, 2021). Companies may decide to implement integrated reporting because they believe it is the right thing to do as a business (Robertson & Samy, 2019). The view that integrated reporting is the "right" course of action for all stakeholders is supported by the fact that integrated reporting is becoming increasingly well-known on a worldwide scale and that professional organisations like the IIRC create and improve standards to assist organisations in adopting the

approach (Farneti et al., 2019). This reflects the perspective emphasised in the ethical branch of stakeholder theory and from which less powerful stakeholders, such as employees, might benefit.

Stakeholder theory provides the foundation for the argument that a business can achieve success by incorporating the interests of multiple stakeholders into its business decision-making processes. In this respect, the theory has been used in sustainability reporting to explain why companies disclose non-financial information (Bose et al., 2017; Gray et al., 1995; Kuruppu et al., 2019). The response of organisations to different stakeholder demands can be seen as underlying the sustainability-reporting regime (de Villiers et al., 2014; Farneti et al., 2019) and, later, integrated reporting (Nicolò et al., 2021; Petcharat & Zaman, 2019).

2.8.3 An organisational change model

Laughlin (1991) describes an organisation as consisting of a series of tangible, less tangible and intangible factors that are maintained balance unless disturbed. Tangibles include components such as infrastructure, plant, equipment, and furniture. Less tangible elements include organisational structure, decision processes, and communication systems. The intangible elements include key people who can exert influence on the organisation, including, for example, in respect to sustainability. Laughlin (1991) further classified intangibles into three categories: beliefs, values and norms. The most important component of Laughlin's framework is the less tangible. Power (1990) argues that accounting can be defined as a less tangible component and has the ability to influence an organisation's intangible assets. This type of influence can strengthen or alter present organisational activity. Therefore, theoretically, accounting practices can change an organisation's intangible components through changing its tools and vocabulary.

According to Laughlin (1991), organisations are inherently resistant to change and will only change if there is some type of disruption that pushes them to do so. Such disruptions can force the organisation to go through transitions that then result in various changes (Gray et al., 1995). There are two possible levels of organisational change: first and second order. First-order changes are changes to tangible and incremental changes to less tangible organisational components (Laughlin, 1991). These changes do not alter the organisation's "DNA" (Stubbs & Higgins, 2014); while things may appear different, they stay fundamentally the same (Guthrie et al., 2017). Second-order change involves significant changes to less tangible and fundamental changes to intangible components, that is, to beliefs, values and norms (Laughlin, 1991). These changes alter the organisation's "DNA" (Stubbs & Higgins, 2014). Some first-order changes may involve changes to less intangible elements, but they seldom convert into the more tangible (Laughlin, 1991). For example, the adoption of integrated reporting to satisfy stakeholder demands for transparent information and to legitimise a business' course of action does not signal a change in belief systems. Thus, it is unlikely to be translated into any tangible change such as to the organisation's operational infrastructure. To reach the second level of change, there must be an impact on the organisation's beliefs, values and norms (Laughlin, 1991).

Previous studies have adopted this theoretical lens to explain changes in reporting practices. The conclusions of previous studies vary. Stubbs and Higgins (2014) indicate only first-order changes emerge, the McNally and Maroun (2018), Higgins et al., (2019) suggest second-order changes emerge, and Guthrie et al. (2017) reveals a mixture of the first order and second order changes. However, no study has investigated whether early adopters of integrated reporting in New Zealand experience any organisational changes, particularly in reporting practices. This organisational change model may explain changes in reporting practices after the adoption of integrated reporting.

2.9 Summary

This chapter introduced the concept of sustainability reporting and integrated reporting and discussed their respective benefits and related criticism, including the similarities and differences between these two types of reporting. Although there are some similarities between these two types of reporting, integrated reporting adds forward-looking information, encourages shareholders or businesses to consider the value created for stakeholders or the organisation (Ahmed Haji & Hossain, 2016) and illustrates the connections and interdependence of various types of capital and the succinct and transparent process by which value is produced (IIRC, 2021). In addition, this chapter synthesised the previous literature and summarised various motivations for adoption of integrated reporting as well as the adoption approaches that Stubbs & Higgins (2014) discussed.

This chapter also showed how scholarly literature has used diffusion of innovations theory, stakeholder theory and organisational change theories to explain the voluntary adoption of integrated reporting and associated organisational changes after the adoption and justified the applicability of these three theories to the current study. Although there is limited research on potential reporting practice changes after the adoption of integrated reporting, the success of CPA Australia's first New Zealand Integrated Reporting Awards in 2020 signals that integrated reporting is currently widely accepted in New Zealand. However, research in the New Zealand context is scant. Therefore, the present study explores two aspects that have not yet been investigated, firstly the rationales for shifting from sustainability reporting to integrated reporting, and secondly the subsequent changes in reporting practices. The following chapter explains the research design, and data collection and analysis methods of the current study.

CHAPTER 3: METHODOLOGY

This chapter describes the research methodology adopted in this study to answer the research questions, namely:

RQ1: What is the rationale for replacing sustainability reporting with integrated reporting?

RQ2: What are the consequential changes in reporting practices resulting from the implementation of integrated reporting?

This chapter explains the research paradigm in section 1 followed by the research design. Section 3.3 provide details of the case company. In Section 3.4, ethical considerations are considered. Section 3.5 explains how the research data were collected. Section 3.6 explains the data analysis procedures. Section 3.7 provides a summary of the whole chapter.

3.1 Research Paradigm

This research draws on constructivist approaches to interpret the rationales for integrated reporting adoption and implementation, and consequential reporting practice changes after the adoption of integrated reporting in New Zealand. Constructivism is an interpretive paradigm used to discover the nature of events and behaviours (Lincoln & Guba, 1985). Constructivism is commonly used in qualitative research (Creswell & Poth, 2016) and frequently involves inductive reasoning (Saunders et al., 2007).

According to Guba and Lincoln (1994), constructivists believe that reality is composed of numerous, observable mental structures that are socially and cognitively oriented, local, and specific, and reliant on the different entities or groups that control the concepts. Hence, constructivist research is subjective, and the “truth” exists only in subjective perceptions. Based on subjective judgements, researchers seek an understanding of the world in which they live. In

the constructivist paradigm, researchers try to close the divide between themselves and the subject of their study. Researchers collaborate, spend time in the field, interact with participants, and become insiders (Creswell & Poth, 2016). Therefore, the researchers' judgement is reliant on participants' perceptions of the phenomenon under examination.

This research is also interpretive since it pertains to social phenomena consisting of adoption decisions, the implementation of integrated reporting, and changes in reporting practice occurring in response to changes in external environments and social demands. Social phenomena are complex and multifaceted, and there are a variety of ways to interpret them (Saunders et al., 2007). An interpretive paradigm is appropriate for examining social phenomena as it allows active participation in understanding and experiencing the phenomenon's value, features and details (Healy & Perry, 2000). Given the purpose of this study is to ascertain social phenomena, the interpretive paradigm is appropriate.

An inductive approach was used to better understand how individuals in the case company interpret what they understand and thereby uncover answers to the study questions (Saunders et al., 2007). The purpose of this research is to condense raw text data extracted from semi-structured interviews and archival reports into a summary format. The current research also attempts to establish clear links between the study's objective and the findings derived from the raw data. Therefore, an inductive approach is appropriate.

3.2 Research Design

This study employs a qualitative case study research method suited to its purpose of enhancing the understanding of the adoption and implementation of integrated reporting in New Zealand. A qualitative case study approach enabled the research on factors influencing decision-making by exploring and considering a particular company context (Bell et al., 2019). This approach provides deeper and richer insights into social phenomena related to sustainability reporting

and integrated reporting within a particular context. It is particularly relevant when investigating research questions that aim to identify rationales, for research questions presented with the terms “why?”, “what?” and “how?”, when the researcher has little influence over behavioural aspects, and when the research focuses on current problems (Bell et al., 2019; Saunders et al., 2007).

In the management accounting literature, the qualitative case-study approach is widely accepted for investigating organisational variables or contexts (Stringer, 2007). It not only provides an opportunity for researchers to convey a rich understanding of the research context and phenomenon studied (Saunders et al., 2007) but also enables an organisation to be understood within its context (Norris & O’Dwyer, 2004). Prior research on organisational factors in relationship to sustainability reporting and integrated reporting has primarily followed a case-study approach (Brusca et al., 2017; Montecalvo et al., 2018). Case study method is appropriate to explain a specific phenomenon (Ryan et al., 2002; Vaivio, 2008).

3.3 The Case Company

This study is located within the New Zealand reporting context, where integrated reporting is voluntary. Given the study’s purpose, it was important to select a company that had previously undertaken sustainability reporting and then shifted to integrated reporting.

Sanford Limited satisfies the criteria for being a former sustainability reporter who later transitioned into integrated reporting. Sanford Limited is a New Zealand publicly listed multinational seafood company long acknowledged as a leading organisation in the field of sustainability reporting. It was also a finalist in the “for-profit” category in the inaugural 2020 CPA Australia Integrated Reporting awards. As an internationally recognised example of best practice in integrated reporting with a long history of preparing GRI-compliant sustainability reports and being a member of the New Zealand Business Council for Sustainable Development,

Sanford Limited are likely to set the agenda for others. Their strong public image and reputation for excellence in non-financial reporting set them apart from other companies.

Previous research reveals that the majority of case studies exploring the motivation for adopting integrated reporting focus on companies operating in less environmentally sensitive industries. The study of companies in environmentally sensitive industries is scant. The selection of Sanford filled this research gap as Sanford is an environmentally sensitive business subject to rigorous marine regulations. This study shows how Sanford was adopted integrated reporting and how its organisational reporting practices have changed.

In the current study, the research intended to draw participants who had experience before and after replacing sustainability reports with integrated reports. However, because the decision to adopt integrated reporting was undertaken eight years ago, it was difficult to locate participants who met this criterion. Therefore, a snowball sampling method was used to identify the first participant by using the primary supervisor's existing network from the company. That participant's recommendations led to the identification of further participants. This method was crucial since internal employees were the most familiar with their colleagues and thus assisted in locating other participants who could contribute to the study. A total of three participants were identified and engaged in the current research. They were members of the current integrated reporting team in Sanford, all of whom had a substantial role in coordinating and preparing integrated reports. Although two of the interviewees were not present at the time of the change to integrated reporting, those participants were key personnel involved in the preparation of integrated reports and have worked for Sanford for a number of years. Their perspectives on why Sanford voluntarily replaced sustainability reporting with integrated reporting, whether by hearing from others or reading material from Sanford, were still valid for this study. One of the interviewees had experience before and after the replacement of

sustainability reports with integrated reports. Hence, all interviewees were of sufficient seniority to answer the research questions.

3.4 Ethical Considerations

As the research involves human subjects, the researcher sought approval from the University of Canterbury Human Ethics Committee prior to commencing data collection. The application addressed ethical considerations, including interview confidentiality and raw data security, and included the participant consent form (Appendix 1) and information sheets (Appendix 2) for the committee's inspection. The Canterbury Human Ethics Committee approved the application in late 2021 (Appendix 3), allowing interviews to be conducted. Before commencing the interviews, each participant received an email (Appendix 4) with the information sheet attached. The information sheets covered the purpose, nature, methods and intended use of the research and the consent form for completion. The latter assured the anonymity and confidential treatment of the interview data of all participants (Saunders et al., 2007). With the participants' approval, the name of the organisation was disclosed, but the name of the participants remained anonymous. This research is deemed low risk since it involves no deception, threat, or violation of privacy, and it does not include the collection of sensitive personal information about anyone.

3.5 Data Collection

A qualitative researcher can collect empirical materials using a variety of techniques, including interviews, direct observation, document analysis and the use of visual materials or personal experience (Bell & Bryman, 2007). A combination of methods should be used for data gathering and analysis, especially, when a phenomenon is new and complex (Creswell, 2014). The author of this study collected the data through a combination of semi-structured interviews and analysis of archival documents. Therefore, data collection was managed in two stages.

In the first stage, semi-structured interviews were conducted using interview guide questions (see Appendix 5) that were designed to address the primary research questions. The advantage of conducting semi-structured interviews is that they not only allows for the collection of comprehensive information (Creswell, 2014) but also enable flexibility of both the interviewer and interviewees (Bell et al., 2019). Participants have flexibility in responding to the researchers' questions on the themes they want to examine (Bell et al., 2019). Similarly, the interviewer has the flexibility to extend questions if a respondent mentions something of particular interest drawing the interview process (Barbour, 2008). The interviewer may depart from the pre-prepared interview guide and propose questions that allow them to further explore the respondents' replies. The order of the questions can also be altered considering the conversational process (Bell et al., 2019).

There is support for using semi-structured interviews in this type of research. For example, Stubbs and Higgins (2014) adopted an interpretive approach using semi-structured interviews when investigating integrated reporting and the subsequent incremental changes to the reporting processes and structures that previously supported sustainability reporting in Australia. Interviewing face to face is traditionally the most widely used in qualitative research (Gillham, 2005). However, this was not done in the current study due to COVID-19 restrictions. In total, three interviews were conducted from October 2021 to January 2022 using Microsoft Teams. The length of the interviews ranged from 35 to 50 minutes, depending on an interviewee's knowledge and willingness to provide relevant information on the research questions (see Table 5). The interviewer asked all participants to give their consent, outlined the key elements of the information sheet, and informed all interviewees that they could stop the interview at any time. With the agreement of the participants, all interviews were electronically recorded and transcribed. Transcriptions were emailed to participants for checking and modifying if needed, thereby confirming the reliability and validity of the primary source data.

Table 5 Details of Interviews with Senior Managers

Interviewee	Position	Time (Mins)
MGMT1	Manager of Sustainability	52
MGMT2	Manager of Communication	30
MGMT3	Manager of Corporate Affairs	45

In the second stage, archival documents, namely Sanford's sustainability reports and integrated reports were collected to investigate the second research question from different perspectives. Investigating and reviewing the archival documents provided an opportunity to assess and identify whether the content of integrated reports changed considerably from sustainability reports by comparing the two distinctive types of reports. These changes could not be determined from the semi-structured interviews. The findings of the document analysis supplemented the findings of the semi-structured interviews to offer a comprehensive knowledge of the changes in reporting practices caused by the implementation of integrated reporting. All documents reviewed and analysed are publicly available. This study compared Sanford's sustainability report for the fiscal year ending 2013 with its annual reports from the fiscal years ending 2014 to 2020, giving a total of eight reports. The 2014 Annual Report was the first integrated report the company had issued publicly, and the 2013 Sustainability Report was the last of the sustainability reports. Comparing reports for 2013 with 2014 enabled the author to identify changes in reporting practices attributable to the decision to replace sustainability reports with integrated reports, and analysis of subsequent reports showed changes as Sanford gradually became a mature integrated reporter.

3.6 Data Analysis

Qualitative data analysis is a systematic procedure that involves identifying meanings, characteristics, and correlations (Ritchie et al., 2003). For this research, thematic analysis was

used to analyse the interviews and reports systematically and classify the various meanings expressed in the transcribed data. Other researchers have used this analytical approach in previous studies on integrated reporting (see Ahmed Haji & Hossain, 2016; Dumay & Dai, 2017; McNally et al., 2017; McNally & Maroun, 2018; Robertson, 2021; Stubbs & Higgins, 2014; Robertson & Samy, 2019).

Transcriptions and reports were uploaded into NVivo 11 software for data analysis. This research employed a thematic analysis technique to identify themes and patterns across the data set. This involved coding the data according to the study topics. As explained and summarised in Table 6 below, this research follows Braun and Clarke's (2006) six-step procedure for conducting thematic analysis.

Table 6 Phases of Thematic Analysis

Phases	Description of Analysis Process
1 Familiarising myself with the data	(1) Transcribing data (2) Reading the data and noting down initial ideas
2 Generating issues codes	(1) Coding interesting features of the data in a systematic fashion across the entire data set (2) Collating data relevant to each code
3 Searching for themes	(1) Collating codes into potential themes (2) Gathering all data relevant to each potential theme
4 Reviewing themes	(1) Checking if themes work in relation to the coded extracts (2) Checking if themes work in relation to the entire data sets (3) Reviewing data to search for additional themes (4) Generating a thematic "map" of the analysis
5 Defining and naming themes	(1) On-going analysis to refine the specifics of each theme and the overall story the analysis tells (2) Generating clear definitions and names for each theme
6 Producing the report	(1) Selection of vivid, compelling extract examples (2) Final analysis of selected extracts (3) Relating the analysis back to the research questions, objectives and previous literature reviewed.

Source: Adapted from Braun & Clarke (2006)

Instead of engaging a third party, the author transcribed all the interviews herself to ensure familiarity with the content, reread the transcripts numerous times to further enhance familiarity, and reviewed sustainability reports and annual reports several times before conducting the coding process. This enabled the author to have a thorough comprehension of the content of the interview transcripts and the reports and to be acquainted with all aspects of the data (Braun & Clarke, 2006). This stage lays the foundation for the rest of the analysis. For coding purposes, interview transcripts and reports were first imported as source documents into NVivo, computer-assisted qualitative data analysis software. Employing NVivo increased the author's efficiency in coding. According to Krippendorff (2019), the computer processes substantial amounts of text in a brief period and portrays these volumes in understandable ways. This does not negate the qualitative character of the text being analysed and the algorithm employed to process it. Using NVivo, the researcher manually coded word by word for each data source. All of the codes were reviewed multiple times. Repeated codes were manually merged into 11 themes, and then defined and named according to the questions asked during the interviews. Each theme and the text it contained were examined when the coding process was finished to ensure the final themes were relevant to answering the research questions. The NVivo annotation function was used to associate annotations with a certain code or text to record arguments, thoughts, and remarks. Writing the findings and discussions were the final steps of data analysis. Chapters 4 and 5 present these findings in respect of themes and subthemes.

3.7 Summary

This chapter detailed the methodology and approach to collecting the information needed to answer the research questions. Primary data through semi-structured interviews complemented by analysis of archival documents, specifically sustainability reports and integrated reports. This chapter has elaborated on the research sample, ethical considerations, and data analysis processes. The study's findings are presented in the following chapter.

CHAPTER 4: FINDINGS

4.1 Introduction

This study explores the underlying factors that drive an organisation to adopt the integrated reporting framework and the subsequent changes to reporting practices. This chapter presents the findings from the interviews with senior managers of the organisation and the document analysis of the sustainability and integrated reports.

First, the motivational factors that led to the replacement of sustainability reporting with integrated reporting are provided followed by an interpretation of the consequential changes in reporting practices after the adoption of integrated reporting.

4.2 Replacement of Sustainability Reporting with Integrated Reporting

The analysis of the data collected in the interviews show a mixture of drivers to replace sustainability reporting with integrated reporting, both external pressures and internal needs, which are not mutually exclusive. Three motivational factors were identified and discussed below: the influence of leadership, compatibility with existing reporting practices and perceived advantages of adoption over existing practises such as enhanced transparency and legitimacy, satisfying stakeholders' demands, effective communication of the value creation story, and the opportunity to strengthen stakeholder engagement.

4.2.1 The influence of leadership

The overarching driver for replacing sustainability reporting with integrated reporting was the newly appointed CEO's motivation to make the change at the time of taking the position. One of the interviewees highlighted:

It was a desire of the CEO, I guess, to develop maturity, and also set ourselves out as we wanted to prioritise sustainability over profitability. We would just introduce it around that time as a kind of new orientation for the company (MGMT1).

Another interviewee pointed out that adopting integrated reporting stemmed from Sanford's strategic goal of becoming the world's leading seafood supply company. Being recognised as an early adopter of integrated reporting and at the forefront of corporate reporting in New Zealand allows Sanford to stand out globally and achieve its goals:

The CEO at the time wanted to ensure that we were operating at the highest level possible. He, therefore, had the goal of making the business the top seafood supplier in the world. And that meant every aspect of our operations, our performance, our approach, needed to strive to be the best in the world. It implied that we had to aim to be the greatest in the world in all facets of our operations, performance, and strategy. That also covered our reporting. Therefore, integrated reporting was the best course of action. (MGMT2)

Another champion in adopting integrated reporting was the head of sustainability who supported the CEO. He recommended that integrated reporting was a natural fit for the way the company operates, evidenced in the following statement.

Our new sustainability manager is very competent and well-informed. He presented the virtues of integrated reporting to our new CEO, who was really concerned with sustainability and sustainable seafood, having done his research, and knowing that this was sort of the cutting edge of the best practice for sustainable development. (MGMT2)

4.2.2 Compatibility with the existing reporting system

Prior experience in preparing sustainability reports played a part in the voluntary adoption of integrated reporting at the case company. Sanford has had several years of experience in preparing non-financial reports, such as triple-bottom-line reports and sustainability reports. This experience contributed to the decision to pursue integrated reporting:

We developed triple-bottom-line reports long before 2014, which serve as the report's environmental, social and governance components. When sustainable reporting initially became popular in the 2000s, we did create a separate report on sustainability in accordance with GRI guidelines, which serves as part of integrated reports now. What I mean is that we had already done most of the work in the separate report; integrated reporting is about progressive results. (MGMT3)

Although most of the information required for integrated reporting is readily available in existing reports for the adopters who have established sustainability reporting practices, generating an integrated report may be challenging (Adhariani & Sciulli, 2020). Some of those interviewed noted that the main challenge was meeting their reporting deadline.

We were concerned about meeting the deadline as we now have three departments working on integrated reports. We had to make sure each department got everything ready for their parts. As a publicly listed company, we had to announce to the NZX that we will have this report completed by a certain date. Our integrated reports had to go onto our website and be presented in NZX. It was a big challenge for us. (MGMT3)

This was the primary challenge that the case company encountered when preparing integrated reports. None of the interviewees had firm views on the difficulty or complexity of the integrated reporting framework.

4.2.3 Transparency and legitimacy

Sanford is a commercial fishing supply company with facilities in both New Zealand and Australia that harvests, produces, processes, and markets seafood products. It operates in the fishing industry recognised as an environmentally sensitive industry as overfishing, waste from fish feed, and disease-control chemicals can disrupt the equilibrium and pollute the water and seabed, resulting in poor water and sediment quality. The fishing industry is subject to rigorous marine regulations. Being transparent about its operations is an important way for the company to signal to stakeholders that it is socially and ecologically responsible:

The CEO kind of sets the tone in that way by being very transparent with the shareholders, the public, and the licence work. As you are aware, the fishing business can be very contentious, especially when it comes to our trawling methods and our interactions with some of the private fishermen. It is beneficial to be open and transparent, as long as we are consistent with what we are monitoring from year to year, so everyone could see. If we have a terrible year for whatever reason and do not accomplish our targets, please explain why. (MGMT3)

The company's commitment to transparency is demonstrated in its integrated reports over several years. For example:

Over the past year, Sanford has increased transparency by joining other companies to put cameras on board fishing vessels. It has also taken some big strides toward embedding sustainability within its business strategy and is at the vanguard of reporting in New Zealand. Sanford is one of a small handful of companies producing an integrated report that uses international best practices. (2015 Annual Report, p.53)

Communication will play a major role in our future. We will contribute towards improving the industry's reputation through increased transparency in everything we do. (2016 Annual Report, p.15)

Full and transparent reporting lifts our performance and with the best available international frameworks, we strive to set a high standard, both across and beyond Sanford. (2017 Annual Report, p.2)

The aspiration to improve transparency with stakeholders appears to be a significant driver in the company's adoption of integrated reporting:

It was a desire to have a nice tool that explains what we do and how we work into strategy and what our outcomes are. We seek to use integrated reports to communicate with our stakeholders about our operations transparently. Although we could still use the GRI to do so, it cannot be used in the same way or not as polished as integrated reporting. (MGMT1)

In contrast to previous sustainability reports, the integrated reports provided a platform for Sanford to showcase its long-term sustainability in order to legitimise its operation as a sustainable fishing company via enhanced transparent disclosure:

Many of our stakeholders have noted the transparency of this reporting format, as well as our dedication to the long-term sustainability of our operation. When we go into meetings with ministers or participate in stakeholder committees or groups, they frequently say, 'Your report is very transparent. We truly like what you put in there; we can see your concern about sustainability'. (MGMT2)

4.2.4 Stakeholder demands satisfaction

Another reason to voluntarily adopt integrated reporting was that it offered the company a superior means of conveying information in response to increased stakeholder social expectations. This was evident in the company's reports:

We remain committed to integrated reporting because it is the right thing to do and we know an increasing number of stakeholders are interested in how we create long-term sustainable value. (2020 Annual Report, p.15)

Sanford's interviewee emphasised that the company's stakeholders had some influence in the decision to adopt integrated reporting, primarily to meet growing expectations for better disclosure of their business performance and long-term sustainability strategies:

Integrated reporting is recommended practice when satisfying the information demands from stakeholders as it enables showing an overview of the company's sustainable performance and long-term strategy delivery. (MGMT1)

These were also evident in their reports. For instance:

The emerging integrated reporting framework is designed to create a more complete picture of how a company creates value. The framework allows us to illustrate how we make sustainable financial returns for our shareholders while managing and protecting the elements enabling our value creation, our people, operational capability, natural resources and market access. (2014 Annual Report, p.7)

Simultaneously, the desire of internal stakeholders to learn more about Sanford's operations also motivated Sanford's adoption. Internal stakeholders include employees and contractors who have less power than shareholders, investors and customers, with one interviewee stating:

With this sort of reporting, our employees who are keen to know more about our operation can now more easily comprehend how we depend on these financial and natural resources as inputs, what we utilise them for, the outcomes, and the organisational structure and operations that circle around them. (MGMT1)

4.2.5 Effective communication of value creation story

The interviews highlighted that integrated reporting allowed Sanford to craft the company's story and communicate the value-creation process to stakeholders more effectively than was previously possible:

We concentrate on story selection when doing integrated reports. The narrative section is based on what we have accomplished this year. However, those stories must also serve as examples of the goals we are attempting to achieve. We will send our specialists to talk to people to get that knowledge once we have established our goals and worked towards them. Then there are indexing and visual components throughout the report, as well as basic graphic design surrounding many of them, the type of value chain graphic and infographics, and the sort of information here to illustrate how the value is generated and flows which we were unable to provide under the previous reporting method. (MGMT2)

4.2.6 Strengthened stakeholder engagement

The opportunity to strengthen stakeholder engagement and relations is another reason Sanford decided to voluntarily adopt integrated reporting, as stated in the following extract from the interviews:

Integrated reporting is a great tool that explains what we do and how we work into strategy and what our results are to our stakeholders. As we strive to engage with

stakeholders, we attempted to use that report as a platform for stakeholder interaction with a diverse set of stakeholders. (MGMT3)

Integrated reporting is a superior tool for our stakeholder engagement across a diverse grouping of stakeholders. For instance, when we went to meet with government ministers, we had content there that they found engaging and useful. Similarly, if we were speaking with a neighbour of one of our factories, or iwi where some of our farms are located, we also have information that is relevant, thrilling, or interesting to them. It is unquestionably informative for a wide range of stakeholders, including institutional investors, firm owners, and future customers. (MGMT1)

Interviewees perceive that the adoption of integrated reporting makes a substantial contribution to the success of stakeholder engagement:

By adopting this type of report, when we asked for feedback from our stakeholders, people would answer, "Yes, I am aware of Sanford. I saw your integrated report, and it is excellent." I believe it has enhanced our relationship with our stakeholders. (MGMT2)

All interviewees emphasised the need to involve external parties in their stakeholder engagement. This inclusion makes interactions more meaningful because the openness of stakeholder groups is assured:

"Think Step" is the firm we use to elicit the stakeholders' demands. They also have extensive expertise in the field of stakeholder engagement. This gives us some distance since I doubt people would be as forthcoming if I conducted the interviews. (MGMT1)

4.2.7 Summary

In conclusion, the dominant motivation for Sanford's adoption of integrated reporting as a substitute for sustainability reporting originated within the organisation. The factor most impacting this decision was the newly appointed CEO's ambition to use integrated reporting to prioritise sustainability over profitability and to make Sanford the best company in the world in all respects. The management at Sanford perceive that integrated reporting is the best vehicle to achieve their strategic goals and a by-product of their sustainable development.

A desire for the company to be perceived as transparent and the compatibility of integrated reporting with existing reporting practices were also motivators, but less influential than leadership. Integrated reports were used to strengthen both internal and external communication and to show that the company is socially and ecologically responsible and that its operations are legitimate. By using integrated reporting, the company builds its reputation and ensures its global position. As Sanford already included most of the required content and knowledge elements in its reports, adopting integrated reporting seemed a natural progression from existing reporting practices.

Satisfying the information demands and social expectations of internal and external stakeholders is another factor that motivated Sanford's adoption of integrated reporting. Stakeholders want to be able to observe the company's social and environmental accountability and demand that the organisation be transparent in its operations. For Sanford, integrated reporting is a superior means to convey this information, particularly on long-term value creation, in response to increased stakeholders' social expectations. It is also the best tool for explaining how it operates to meet stakeholder demands for operational transparency.

Sanford recognised the competitive advantages of adopting integrated reporting over its sustainability reporting practices, such as telling the story of how the business is creating value,

achieving its strategic objectives and enhancing stakeholder engagement. It adopted integrated reporting as one way of ensuring it is the best and an industry leader in all aspects.

4.3 Consequential Changes in Reporting Practices

This section provides findings to the second research question: what are the consequential changes in reporting practices following the adoption of integrated reporting? Data were collected from interviews and published integrated reports and sustainability reports. Reporting practices mean process of preparing the reports and content of the report. Three forms of changes in reporting practices emerged from interviews and the analysis of sustainability reports and integrated reports, namely, changes in internal communication, Changes in external coordination, changes in accounting and business processes and systems, and changes in report content.

4.3.1 Changes in internal communication

The main change in the case company after the adoption of integrated reporting was in how each department communicates and collaborates in the course of report preparation. Prior to the implementation of integrated reporting, separate departments were responsible for providing information for non-financial reports and financial reports. The sustainability department was responsible for non-financial sustainability reports in compliance with the GRI, while the finance department was in charge of Sanford's annual financial reports in accordance with international financial reporting standards. Both departments worked independently and without communication and collaboration in preparing these reports. However, the adoption of integrated reporting stimulated more collaborative internal communications across the finance, sustainability and communications departments. Consequently, these departments established a special integrated reporting team to plan, organise, coordinate and drive the process of integrated reporting inside the organisation:

The three of us will get together about four months prior to the end of the year and begin the planning process of timelines agreed upon as to who is doing what, when we have got to pull together, and who is sourcing which information and which parts. After that, it will be up to us to carry out those tasks. We examine the collected information together as we prepare the report. It most obviously calls for providing a broad context for the entire site. You must thus be well-connected throughout the organisation.

(MGMT1)

Since the adoption of integrated reporting, Sanford's communication is more top-down and integrated than in the past, when both sustainability and financial reports were prepared in silos. Senior managers of integrated reporting teams play an important role in streamlining the process, as one of the interviewees highlighted:

At the start of our planning stage, we engage the board of directors to tell them the main concept of the report that we concentrate on and also seek direction in terms of not only what information to include, but also how much, to a degree. We take this direction from the board of directors and work as a team to start collecting data, getting case studies crafted and preparing integrated reports with information drawn from the bottom. We engage all executives after getting that information and reach out to the board of directors again. So, they both get an opportunity to comment on it. That is our process. It is very time-consuming. (MGMT1)

In gathering information for integrated reporting, communication has further expanded into other operational departments:

When I need a certain piece of information, I will speak with the environmental manager, or perhaps the other fisheries manager, asset manager, or even our

salesperson. We reach out to 30 people twice or three times a year, and then we follow up to make sure the information is seen by the intended audience. (MGMT1)

Another interviewee stated:

We have just had to go out around the organisation to pull data, knowledge, and expertise from various departments of our industry. At the moment, there is a significant coordinated effort to go inside the organisation where the activity is taking place. (MGMT3)

4.3.2 Changes in external coordination

Furthermore, according to Sanford's sustainability manager, the preparation of integrated reports also requires inputs from external experts. Obtaining professional advice is especially important in the area of creative storytelling. Unlike sustainability reports that were prepared in-house, integrated reports are prepared in by combining internal expertise with outside specialist advice.

In terms of role, sustainability reports were previously generated in-house, when we transitioned to the integrated reporting framework, the form of the report remained in-house. However, we had to get a lot of assistance from outside experts. We still used our own data and stories, but we also communicated with other professionals and sought advice from them to help with the creative writing. Even though we developed a lot of the pictures, formatting, and imaginative tables based on our own experiences and how to effectively convey them, we still lacked the skills or help in-house to handle them. We needed external experts' assistance to aid us through that crucial time. (MGMT1)

4.3.3 Changes in accounting and business information processes and systems

Interviewees unanimously agreed that collecting information for integrated reports did not require significant changes to the company's accounting and business process or a specialised system as stated in the following quotes:

From my perspective, there have been no substantial changes in the way we gather information for integrated reports compared to how we collected information before.

(MGMT3)

We don't really adopt a specialised system to collect data for integrated reporting because the information we have is sufficient. The method for integrated reporting is simply Excel spreadsheet-style monitoring of some of the significant data points and indicators that are consistent year after year in the reports. (MGMT1)

One interviewee mentioned the variety of ways in which information is collected:

The information gets collected differently; often it could be in an email version, in an Excel spreadsheet, it could be in the actual database or in a report format drawn from an existing accounting information system, it is almost bespoke. (MGMT1)

4.3.4 Changes in report content

The most significant change in transitioning from sustainability reporting to integrated reporting relates to the content reported. The interviews and documents analysis reveal three key changes in the reporting content: adopting the multiple capital terminology of integrated reporting framework, more extensive explanations of organisational performance in relation to material issues, and more value-relevant information to investors and stakeholders. The following subsections present the findings for each theme.

4.3.4.1 Adoption of multiple capital terminology of the integrated reporting framework

The most visible change in the reports' content is how Sanford recognises its resources. Resource discussion has broadened since the adoption of integrated reporting, from the original recommendation in the GRI standards of three categories—environmental, social, and governance—to the six-capitals classification which includes the additional categories of manufacturing, financial, and intellectual capital. In contrast to GRI-based sustainability reports, the categorisation of inputs for integrated reporting is considerably broader. For example, the 2013 GRI report states *“Resources are vital to the success of any business, no matter its form or function. Non-renewable, natural, human and marine resources all contribute to the continued operation and success of our business”*, whereas the 2015 integrated reports state that *“These value enablers reflect the six capitals, allowing Sanford to create value, for example, sustainable raw materials are natural capital inputs”*.

Another change relates to the information provided about Sanford's input or resources consumed in their operations. Before the adoption of integrated reporting, Sanford's sustainability reports merely demonstrated how Sanford's operations consumed their inputs. However, integrated reporting provides a channel to highlight the degree to which each of the six capitals has contributed to the outcomes desired. For example, in their 2020 integrated reports, they have six chapters in which they present information about how Sanford has used their inputs to address material issues, namely *“ensuring healthy oceans and protecting and enhancing the environments”*, *“creating a safe and high performing workplace”*, *“leading the way to healthy food and marine extract”*, *“supporting strong communities and partnership”*, *“delivering consumers' expectations”*, and *“building a sustainable seafood business”* (Sanford, 2022 Annual Report, p. 26). In each of these chapters, Sanford first presents a table summarising the company's material issues and associated operational actions, as elaborated below:

This table summarises Sanford’s material issues and associated actions relating to creating a safe and high-performing workplace. It includes the strategic goals within our Business Excellence Framework, our targets for 2020, and our progress against these targets. (2020 Annual Report. p.38)

Table 7 below is an example of a summary related to material-associated actions for creating a safe and high-performing workplace.

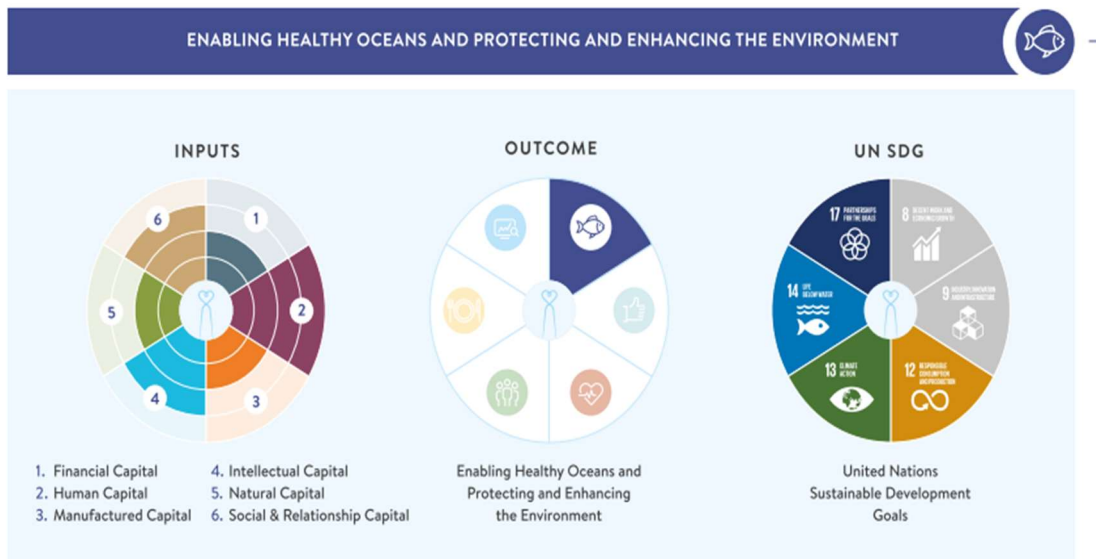
Table 7 Creating a safe and high performing workplace material issues and associated actions

MATERIAL ISSUES AND STRATEGIC GOALS	2020 TARGETS	PROGRESS AGAINST TARGETS
<p>Safety and Health</p> <p>Through the way we work and behave, and the initiatives we implement to continually enhance our work environments, we will take all practicable steps to protect our people from the risk of harm, whether it be operational or occupational injury or ill health.</p>	<p>Deployment of a robust safety management system whereby the pillars of safety policy and planning, risk management, assurance and engagement are successfully embedded across the organisation.</p>	<p>→ Ongoing. The health and safety team spent much of FY20 responding to the global pandemic and ensuring that new ways of working were developed and being practiced in order to keep our staff safe. This focus delayed the implementation of this system.</p>
	<p>Launch and successfully implement new software for capturing and reporting safety and health data. This will facilitate effective risk management, the measurement and recording of KPIs, together with any non-compliance, providing clarity of actions and assurance of the effectiveness of the risk and safety management plan.</p>	<p>→ Ongoing. New incident management software successfully implemented at land-based operations.</p>

Source: Sanford Published Annual Reports 2020 (p38)

Following the tables is a dashboard (see Figure 2). This dashboard comprises three wheels representing inputs, desired outcomes and United Nations sustainable development goals (UN SDG). The input wheels demonstrate the degree of contribution of each capital towards their desired outcomes and how the outcomes link to the UN SDG. For example, to achieve the “enabling health oceans and protecting and enhancing the environment” outcome, human capital contributed the most since it is fully coloured, whereas financial, natural, and human capital contributed the least. The outcome of “enabling healthy oceans and protecting and enhancing the environment” contributed to the Sustainable Development Goals of “responsible consumption of production”, “climate action”, “life below water” and “partnership for the goals”.

Figure 2 Reporting Dashboard



Source: Sanford Published Annual Reports 2020

When discussing the various capital disclosures, Sanford’s integrated reports increasingly use terminology like “increases, declines, inputs, outputs, and outcomes” (ACCA, 2013) and appear more aware of potential “trade-offs” between different capitals which are excluded in sustainability reports. The sustainability reports primarily show Sanford’s operational impact on resources, as illustrated below:

Water is a valuable resource that is used in all aspects of our operations. It is used for a variety of tasks including cleaning, ice-making and cooling, to name a few. As water is such a fundamental resource, we continually strive to improve and minimise the way we use it. (2013 Sustainable Development Report, p.12)

However, the integrated reports discuss the recognition of capital trade-offs across various capitals, for example:

As this Report goes on to show, Sanford has increased its financial, manufactured, and intellectual capital over the last year, with increased revenue, the acquisition of a new

business, upgraded vessels, investment in aquaculture and land-based technologies and considerable innovation. (2017, Annual Report, p.5)

The development of our Marine Extracts Centre in Blenheim is a significant step forward, with one of the first benefits being extraction of mussel oil. (2020 Annual Report, p.47)

The preceding statement implies a trade-off between financial and manufactured capitals since Sanford's investment in the marine extract centre reduced their financial capital. However, such an investment will allow the company to derive more mussel oil, increasing its future manufacturing capital.

4.3.4.2 Holistic disclosure of organisational performance

Before adopting integrated reporting, Sanford's sustainability reports offered historical performance information in the form of key performance indicators with some simple narrative descriptions of what they had accomplished (For example, see Figure 3). For example, table 8 is the key performance indicators extracted from Sanford's 2013 Sustainability reports that show what has been produced, used, generated and achieved during the year from social, environmental and financial perspectives.

Figure 3 Women in Management

Women in Management

In accordance with the New Zealand Stock Exchange (NZX) Diversity Listing Rule, we continue to report the gender composition of our directors and senior executives within the Company. Reporting on gender composition raises awareness of gender diversity within the management team; a move that could promote more women into senior management positions.

- We currently have one female director, Mrs E M Coutts, out of seven (14%). Due to the retirement of Mr D G Anderson this figure has increased from 12.5% over last year's reporting period.
- Our eight-person executive team remains as male only.
- Despite the number of females in management positions having increased from 12 to 13, the overall percentage of females in management has decreased slightly. This is due to the introduction of three new management positions, two of which were filled by males.

	2012		2013	
	Female	Male	Female	Male
Directors	1	7	1	6
Executives	–	8	–	8
Management	12	52	13	54

Source Extract from Sanford 2013 Sustainable Development Report (p.16)

Table 8 Key Performance Indicators (2013)

Key Performance Indicators

	Unit	2009	2010	2011	2012	2013
Production						
Onshore production ¹	tonnes	44,367*	47,008*	52,412*	58,524*	50,127
Fishmeal and oil produced ²	tonnes	3,768	5,192	4,437	4,631	4,243
Frozen-at-sea product ³	tonnes	34,409	28,168	30,677	26,282	24,583
Environmental						
Electricity consumed ⁴	kWhrs	25,911,076	29,365,399	31,883,212	31,506,180	32,872,684
Water used ⁴	m ³	757,472	771,960	1,062,487	1,136,290	1,122,054
Solid waste to landfill ⁴	m ³	2,143	3,747	7,424	4,641	8,357
Coal consumed	kg	560,420	553,700	492,020	398,691	323,280
Liquid fossil fuels consumed ^{4,5}	litres	27,054,288	26,362,099	25,733,866	25,883,957	25,962,511
Greenhouse Gas Emissions (CO ₂ -e) ⁶	tonnes	82,554	96,222	83,981	81,610	88,304
Lube oil used	litres	105,307	95,874	103,643	127,226	154,889
Social						
Land-based employees ⁷		1,137	1,055	1,401	1,184	1,109
Vessel crew		437	471	448	472	494
Lost-time injury frequency rate ^{8,9,10}		–	14	15	8	10
Number of ACC claims accepted ⁸		–	147	205	173	143
Average age of employees	years	43.2	43.0	39.6	40.3	40.5
Average length of service	years	6.1	7.1	5.1	6.0	6.3
Economic						
Revenue	\$000	433,091	421,087	463,954	459,957	462,644
Profit (after tax) for the year	\$000	39,075	25,004	22,286	19,615**	20,361
Return on average total equity	%	7.3	4.5	4.1	3.6**	3.7
New Zealand domestic purchases	\$000	182,000	185,000	213,000	212,000	225,000
Dividend per share	cents	23	23	23	23	23
Earnings per share	cents	41.7	26.7	23.8	21.0**	21.7
Charitable donations and community investment	\$000	319.0	300.1	319.2	157.7	197.8
Business						
New Zealand quota share	%	23.58	23.53	23.44	23.43	23.10
Export sales	tonnes	69,725	88,593	83,956	82,044	84,927
Local sales	tonnes	15,689	9,959	12,672	12,920	13,596
Vessels owned		51	47	54	52	50
TEU ¹¹ containers shipped		3,823	3,784	4,959	5,285	4,770

Table 2: Key Performance Indicators

Source Extract from Sanford 2013 Sustainable Development Report (p.7)

Integrated reporting has enhanced the disclosure of organisational performance as they have provided opportunities to deliver creative narratives relating to each particular performance measure that Sanford managers carefully selected. By focusing on creative narratives, the company's performance disclosure is now more comprehensive and polished, as one of the interviewees claims:

We will determine the sorts of performance we want to cover and the stories that are linked with them, ensuring that we cover the whole business, so we will sort of make

sure we've covered the inputs, the value chain, and the outcome. I mean by providing all this information in our creative stories, our performance discussions are in greater depth and more polished. (MGMT1)

4.3.4.3 Increased disclosure of value-relevant information

Sanford's adoption of integrated reporting resulted in a shift from information-driven reporting in compliance with the GRI towards more meaningful disclosure that provides stakeholders with a clear picture of the business. Two subthemes emerged from the analysis, namely, meaningful disclosure of the value creation process conveyed via the business model and a shift from primarily long-term goals to cover short and medium-term strategic goals.

Increased disclosure of value creation process via business model

The analysis of Sanford's integrated reports shows how Sanford generates value for their stakeholders through the disclosure of the business model. The purpose of the business model in integrated reporting is to provide detailed information on how companies employ and transfer the six types of capital through business activities to generate or destroy value over the short, medium and long term for not only the companies themselves but also for the wider community, society and stakeholders. These disclosures do not appear in sustainability reports. Before adopting integrated reporting, Sanford's sustainability reports only provide figures on what they achieved without explaining any inputs, or business activities, as illustrated below:

As a result of responsible management and conservative harvest strategies, the total allowable commercial catch (TACC) limits have increased in a number of important deepwater species for the 2013/14 fishing year. Table 10 shows our material changes of quota stocks for 2013/14, and the effect it has on Sanford's ACE for each fish stock in question. Through the TACC changes, there is a 25% increase in our orange roughy entitlement, equating to an additional 313.2 tonnes annually. The quota changes that benefits Sanford the most (quantity-wise), is the 15% increase in hoki. Owning 15.4% of

the total HOK1 quota, Sanford's catch entitlement increases by 3,076 tonnes. (2013 Sanford Sustainability Reports, p. 23)

Unlike sustainability reports, Sanford's integrated reports present more detailed information on how Sanford translates its corporate strategy into a business model and how it consumes and transfers capital through business activities to generate value for future utilisation for Sanford, communities, stakeholders and society. In all its integrated reports, Sanford presents information on all key business-model themes, such as inputs, business activities, and outcomes, for example:

Trust and transparency are the powerful values behind the Sea to Me brand and they start with the mussels themselves. Most come from our Marlborough farms, with a traceable supply chain through to Blenheim and then to the final retail pack. At Blenheim, our mussel powder operation creates a high-quality powder from some of the best quality mussels, using a proprietary flash drying process. The powder is encapsulated for our Sea to Me inflammation management product and is also sold to selected customers as an ingredient. (2019 Sanford Annual Report, p. 52)

The above narrative describes how Sanford consumed and transferred mussels as inputs via its operations into mussel powder capsules as outputs. From the information above, stakeholders can comprehend Sanford's "Sea to Me" brand in detail. It explains that the input of the "Sea to Me" brand is the highest-grade mussels. They are harvested from Marlborough farms with a traceable supply chain through to the mussels powder operation where they are processed into a high-grade powder using a patented flash drying method, before being put into capsules marketed as the "Sea to Me" inflammatory management solution and provided to selected clients as an ingredient for their products.

In addition, comprehensive narratives are provided to highlight what values Sanford's operations may provide in the future for the benefit of stakeholders, the environment and society, as seen below:

Our research partnership with the Cawthron Institute is working to provide even better evidence of the health benefits of Greenshell™ mussels (GSM), including their anti-inflammatory properties. Regular anti-inflammatory assays of our products are undertaken as a measure of bioactivity, along with continuous monitoring of quality and safety. (2019 Sanford Annual Report, p. 52)

New analytical techniques for measuring the composition of mussels will help us consistently harvest them at the peak time to capture the greatest benefits. (2019 Sanford Annual Report, p. 52)

Disclosure of short to long-term strategic objectives









Before the adoption of integrated reporting, Sanford's sustainability report only provided general long-term goals for its sustainable development. For example, no specific short-term or medium-term target were disclosed to show that they were working towards the sustainable objective of "Promotion of all areas of sustainability in our governance": only long-term targets were disclosed. In contrast, integrated reporting offer insights into how Sanford can achieve its strategic objectives over the short, medium, and long term.

As is depicted in Tables 11 and 12, related to the goal of protecting their employees from occupational injury or ill health, the integrated reports clearly distinguish between short, medium, and long-term goals, with the current year's (2017) aim described, those for the next year (2018 and beyond) discussed, and long-term future ambitions (2025) outlined. The progress toward targets is assessed as achieved, not achieved or ongoing. These details enable the mapping in each part of Sanford's business of their progress towards achieving their vision and long-term strategic objectives, as noted in the chairman's statement:

The strength of our Business Excellence Framework lies in its ability to align our operational processes with our long-term vision. The framework enables each part of our business to roadmap the process and outcomes to achieve our vision, by setting measurable targets towards achieving each goal in each performance outcome area, as this Report demonstrates. (2017 Annual Report, p. 4)



It also provides stakeholders with valuable information on how Sanford may progressively achieve their long-term strategic goals by achieving short-term, medium-term, and long-term targets, because resources allocated or that will be required to implement these short-term to long term targets are also specified in the narratives. In Table 11, for example, Sanford in its 2017 Annual reports states they intend to launch a work health and safety toolkit in 2018 to assist them to achieve their strategic goals of health, safety, and wellbeing. This proactive planning provides the reader with useful information to comprehend Sanford's overall performance.

Table 9 Material Issues & Strategic Goals Performance Indicators (2017)

MATERIAL ISSUES	STRATEGIC GOALS	2017 TARGETS*	PROGRESS AGAINST TARGETS**
Health, safety and wellbeing	 <p>Through the way we work and behave, and the initiatives we implement to continually enhance our work environments, we will strive to protect our people from the risks of occupational injury or ill health.</p>	From 1 October 2014, achieve a 50% reduction in Lost Time and Notifiable (serious harm) Injuries by 30 September 2017. (M)	 Not achieved. Improved Lost Time Injury Frequency (LTIFR) at 14.67/million hours worked (FY16: 14.69, FY14: 18.09). Ten notifiable (serious harm) injuries occurred (FY16: 6, FY14: 6), which was an increase of 67%. The number of Lost Time Injuries (LTI) increased to 55 (FY16: 53), which was up 4% (FY14: 56). Lost Time Injury Severity Rate measure was established. The total injuries were 1,032 (a 21% reduction) from 1,300 in FY16.
		Continue to increase and monitor near miss reporting, utilising learnings to inform and reduce risk profiles. (S)	 Achieved. 12% increase to 324 (FY16: 289). Raised 799 Health and Safety System Improvement Notices (SINs), of which 83% were closed out within the defined timeframe, as at 30 September 2017 (target 75%).
		Implement health and safety focused training across all levels of Sanford operations. (S)	 Ongoing. The programme of training was rolled out across all levels of the business, delivering 693 training days in FY17, covering general health and safety management, targeted risk assessments and vessel level health and safety management.
		Implement a SanWell wellness programme at all Sanford sites by end of 2017 financial year. (S)	 Achieved. Implementation on all sites, with Timaru achieving SanWell Silver accreditation and Tauranga achieving Bronze accreditation.
		Build a leadership driven culture across health, safety and wellbeing to continuously improve the levels of engagement and improve performance. (M)	 Ongoing. There was an overall improvement in cultural maturity based on an internal governance review and audit. There were increased Health and Safety Committee meetings (489, up from 317 in FY16) and workplace inspections (1,708, up from 1,361 in FY16).
		Implement programmes to identify, effectively manage and mitigate the most critical risk work activities. (M)	 Ongoing. Risk assessments and controls are in place for ammonia containment, traffic management, working on vessels and contractor management, and improvement programmes. During FY17, 228 risk assessments were completed.
		Maintain a secondary status in the Accident Compensation Corporation (ACC) Partnership programme. (S)	 Achieved. Realised a 5% reduction in ACC accepted claims to 134 (FY16: 141). Average 0.12 claims per employee (FY16: 0.14), with a 56% reduction in the average cost per claim to \$1,524 (FY16: \$3,439).

Source: Extract from Sanford 2017 Annual Report (p.44)

Table 10 Strategic Goals, Future Targets and Vision (2017)

MATERIAL ISSUES	STRATEGIC GOALS	FUTURE TARGETS 2018 AND BEYOND	OUR 2025 VISION
Health, safety and wellbeing	 <p>Through the way we work and behave, and the initiatives we implement to continually enhance our work environments, we will strive to protect our people from the risks of occupational injury or ill health.</p>	Achieve LTIFR of <5/million hours worked. Review LTIFR indicators, with reference to benchmarking our performance with industry peers.	 <p>Zero harm to our people. Wellbeing valued and fully supported. Zero harm performance is aligned with operational excellence, and how we do business.</p>
		Build a leadership driven health, safety and wellbeing culture to enable high engagement and performance.	
		Introduce the WorkSafe health and safety toolkit (formerly known as SafePlus) in 2018.	
		Progressively work to achieve and maintain ACC Tertiary status across all Sanford operations.	
		Achieve Silver accreditation across the SanWell wellness programme, as a minimum, across all Sanford sites, and ensure that each site is progressing to the Gold standard.	

Source: Extract from Sanford 2017 Annual Report (p.55)

4.3.5 Summary

In conclusion, the adoption of integrated reporting has resulted in incremental changes in processes for gathering information for integrated reports. To produce the integrated reports, Sanford have extended their communication channels to various departments, from top to bottom, and included external partners.

Adopting integrated report has also led to considerable changes in the report content. By adopting the multiple capital terminology of the integrated reporting framework Sanford have provided a broader discussion of the resources they rely on and how the use of these resources affects the business. Performance disclosure has become more holistic and targeted with creative narratives as part of the disclosure in the integrated reports. The adoption of integrated reporting also has allowed Sanford to provide more value-relevant information to stakeholders, as they can now communicate the value-generation process to their stakeholders via the business model and demonstrate how long-term strategic goals can be progressively attained over short, medium and long-terms.

CHAPTER 5: ANALYSIS AND DISCUSSION

5.1 Introduction

This chapter discusses and synthesises the findings of the thematic analysis of the interviews with senior managers at Sanford and the document review of Sanford's integrated reports and sustainability reports (as presented in Chapter 4). First, in Section 5.2, the factors motivating Sanford's voluntary adoption of integrated reporting are discussed taking account of the characteristics set out in the diffusion of innovations theory, namely relative advantage, compatibility, complexity, trialability, and observability, and stakeholder theory. In Section 5.3, the findings regarding consequential changes in reporting practice are interpreted.

5.2 Voluntary Replacement with Integrated Reporting

The findings of what motivated Sanford's adoption of integrated reporting in Chapter 4 are discussed below from two viewpoints: the diffusion of innovations theory and stakeholder theory. The following subsections present this discussion.

5.2.1 Diffusion of innovations perspectives

For participants in this study, the driving force of adopting integrated reporting was internally rather than externally driven. The findings confirm the views of Sciulli & Adhariani (2021) that internal forces are more likely to drive initiatives to adopt integrated reporting than external influences. This study found evidence of some of the key factors to the diffusion of innovations, such as relative advantages, compatibility, and observability. However, Sanford's adoption of integrated reporting did not reveal evidence of complexity and trialability.

5.2.1.1 *Relative advantages & observability*

In the case considered here, a newly appointed CEO triggered the adoption of integrated reporting as a coherent reporting model and a tool to satisfy his mission to have the company lead the world in all aspects of its operations and drive sustainability further. For the CEO, being

an early adopter of integrated reporting could strengthen Sanford's position worldwide. Similarly, in Australia, top executives saw being early adopters of integrated reporting as offering a competitive advantage and that it would boost their relevance and recognition in a competitive industry (Lodhia, 2015). Dumay and Dai (2017) also find that being an industry trendsetter is a key motive for adopters of integrated reporting. Several studies on integrated reporting (see Gunarathne & Senaratne, 2017; Robertson, 2021; Robertson & Samy, 2019) have emphasised that the adoption of innovation is strongly influenced by CEOs who have a thorough awareness of the operations and strategic direction of their company (Shin & McClomb, 1998). The values and educational backgrounds of these CEOs make them more outward-looking and progressive in executing their roles (Gunarathne & Senaratne, 2017).

For Sanford, integrated reporting is a by-product of sustainable development and a new strategic management direction. The appointment of the new CEO brought with it a new direction for the organisation. His strong desire to drive sustainability over profitability and make Sanford the best in all aspects led to the replacement of sustainability reporting with the newly created integrated reporting as it was a way to better achieve his belief and mission. This finding is in line with Robertson (2021) who pinpoints that the main internal driving force of integrated-reporting adoption in his study was the CEO wanting to drive sustainability through the organisation's reporting.

Not only did the newly appointed CEO perceive the adoption of integrated reporting as having several relevant advantages, but all of the senior managers interviewed perceived the framework as being better than sustainability reporting. Interviewees mentioned a number of benefits of integrated reporting, including enhanced stakeholder engagement, increased transparency and accountability, and effective communication of value creation.

First, interviewees observed that integrated reporting was adopted because, compared to sustainability reports, it enhanced stakeholder engagement. The findings suggest that, for Sanford, integrated reporting is a strategic tool rather than simply a corporate report that integrates non-financial and financial information. The company's reporting contained less of what Higgins et al. (2014) describe as "narrative" and focused more on reporting as a vehicle for stakeholder involvement and conversation. The information presented in the integrated reports conveyed Sanford's business story and value-creation process in an interactive way not possible with previous reporting approaches. By succinctly informing stakeholders of value drivers and addressing environmental, social and governance policies, strategy, and operations in a consistent way, the company can reaffirm and strengthen stakeholder confidence and trust with increased engagement and satisfaction (Chaidali & Jones, 2017).

Building trust is especially important for publicly traded organisations operating globally with a diverse set of stakeholders. The finding of the current study corroborates Robertson and Samy's (2015) claim that participants in their Australian case study saw voluntary adoption of integrated reporting as enhancing their stakeholder involvement. Similarly, Steyn (2014) found that most executive-level integrated reporting implementers from South African listed companies reported an improved trust relationship with stakeholders, and a substantial majority reported better and more meaningful engagement with stakeholders. This also confirms the findings of Parrot and Tierney (2012), that US companies saw integrated reports as external communication and engagement tools to improve working relationships with the various stakeholder groups.

Second, interviewees observed that publishing integrated reports could improve transparency and accountability to stakeholders and provide more interlinked value-creation information. Prior to adopting the integrated reporting framework, Sanford produced two separate documents: an Annual Financial Statement and a Sustainability Report. Each report has its own

functionality and offers stakeholders specialised information. Annual reports, for example, contain critical financial statements and commentaries. GRI-compliant sustainability reports reference the company's past social and environmental performance. These traditional reports limited Sanford's ability to provide future-oriented and value-creation information, paid less attention to the company's long-term strategy, and, most importantly, reported in silos. Integrated reporting, as an emerging innovation, is an attempt to address these shortcomings (Dumay et al., 2016; Stubbs & Higgins, 2014).

The findings of this study suggest that integrated reporting was the right thing for Sanford as its stakeholders appreciated that these reports provided more transparent disclosure and allowed them to comprehend the company's social and environmental accountability. By linking Sanford's short, medium and long-term strategic goals to stakeholders' ranked material issues and using business stories to explain how the company can create value, integrated reports provide stakeholders with more integrated and value-relevant information; this makes it possible for them to assess Sanford's long-run prospects. This is consistent with Lodhia's (2015) findings that implementing integrated reporting allowed customer-owned banks to craft business stories to describe value-creation processes based on economic, social and environmental factors, thereby increasing organisational transparency. It also enabled the organisation to explain its organisational structure more clearly, which linked economic, social and environmental responsibilities, improving stakeholder accountability.

Sanford's adoption of integrated reporting in Sanford can, therefore, be explained, according to the diffusion of innovations theory, by the factors of relative advantage and observability. An innovation is more likely to be adopted if it offers relative advantages over existing practices, and such advantages are observable by the adopter. However, the Sanford case shows the relative benefits of integrated reporting from the perspective of the preparers rather than the users.

5.2.1.2 *Compatibility*

The innovation literature points to compatibility with current practices as playing a key role in the adoption of innovations (Gunarathne & Senaratne, 2017). As Beck et al. (2017) point out, companies that are already reporting on many of the elements in integrated reporting, whether in sustainability or other non-financial reports, are more like to embrace integrated reporting as a natural progression in the non-financial reporting journey. Sanford has a number of years' experience in preparing GRI compliant sustainability reports. The findings suggest that Sanford's existing GRI practices supported the adoption of integrated reporting, and interviewees acknowledged that the content required were mostly already covered in the company's existing sustainability reports. This is consistent with Lueg et al. (2016) who demonstrated that existing sustainability reporting practices assist businesses to successfully adopt integrated reporting. In this study, Sanford continued to employ the GRI approach while being completely committed to the integrated reporting framework; they saw the two frameworks as complementary. In fact, many integrated reporters adhere to the GRI's guidelines when producing an integrated report (Oshika & Saka, 2017). This is consistent with Mauro et al.'s (2020) finding that a company will consider voluntarily implementing integrated reporting by consolidating and integrating their current reports if most of the content required are already included in those. This implies that, for companies with prior experience with sustainability reporting, for the most part, integrated reporting has been accomplished through incremental changes to sustainability reporting (Gunarathne & Senaratne, 2017; Hsiao et al., 2021) as opposed to adopting a completely new form.

The evidence in this research points to the compatibility factor of the diffusion of innovations theory, as a key reason for the adoption of integrated reporting by Sanford. An innovation is more likely to be accepted if it is compatible with the adopter's current system. However, this finding is contingent on the adopter having extensive knowledge of preparing GRI-based

sustainability reports; the results may not be applicable to an adopter who lacks extensive GRI experience or has little experience in non-financial reporting.

5.2.1.3 Complexity

Rogers (2003) claimed that the adoption of an innovation is less likely if that innovation is complex to understand or use; this does not apply to the case of Sanford. Senior managers commented that the production of the integrated report was a time-consuming effort requiring data from several organisational divisions and even external expertise. Nevertheless, Sanford saw the creation of the integrated report as a journey. Complexity may have been a problem for the first integrated report, but this became less of an issue in the second and third years of producing the reports. Sanford's extensive prior experience in producing non-financial reports meant the adoption of integrated reporting was not excessively difficult and was also facilitated by both internal and external specialists.

5.2.1.4 Trialability

Rogers (2003) claimed that the adoption of an innovation is highly likely if it can be shown to achieve its stated purpose within small samples of pioneer organisations. Although the numerous integrated reports from internationally renowned organisations like Microsoft and Coca-Cola demonstrate that the approach can achieve its stated goal, Sanford's adoption was internally driven rather than following the lead of top companies. The adoption was initiated by the newly appointed CEO to meet stakeholder expectations and take advantage of the framework's relative advantage over existing practices.

This study did not find evidence of the trialability of the diffusion of innovations theory. In fact, Sanford is one of several leading organisations with extensive non-financial reporting experience and is an early adopter of integrated reporting in New Zealand. The examples of globally renowned companies are unlikely to have influenced Sanford's decision to adopt integrated reporting. As Gunarathne and Senaratne (2017) point out, the influence of outsiders

was less apparent for those companies setting an example in their jurisdiction as early adopters than for subsequent adopters of integrated reporting.

5.2.2 Stakeholder theory perspectives

While the diffusion of innovations theory explains some of the findings here, the results also highlight the importance of taking stakeholders' increased demands for information into account. Research has increasingly emphasised stakeholders as having a considerable influence on a company's decision to adopt integrated reporting (Robertson & Samy, 2019; Steyn, 2014). These studies have identified stakeholders' societal expectations as the main driver of integrated reporting adoption in the UK (Robertson & Samy, 2019), Australia (Higgins, 2014) and South Africa (Steyn, 2014). For businesses with numerous stakeholders, like Sanford, meeting stakeholder expectations is critical to business success (Parrot & Tierney, 2012). All interviewees emphasised the importance of meeting stakeholder information needs for long-term value creation and demonstrating long-term strategic delivery and performance.

The findings from interviews suggest that the purpose of adopting integrated reporting was to meet the expectations of stakeholders either internally or externally, confirming the importance of the information needs of a broad range of stakeholders. The results of the current study show that integrated reporting was also adopted to address the information demands of internal stakeholders who were keen to better understand Sanford's operations. More transparent and integrated disclosure allows both external and internal stakeholders, like employees, to easily comprehend Sanford's operations in the short, medium and long term and how these are integrated with its material concerns. However, this study is limited by the fact that the findings are only from the perspective of preparers rather than of stakeholders.

Previous studies emphasise that there is a common stakeholder expectation that the company will adopt the best practices and keep up with the advancements of enterprises of a comparable

scale (Kolk, 2010). This is not the case for Sanford; even though senior management believes that integrated reporting is the “best practice” to adopt, none of the interviewees stated that their stakeholders expected them to follow the best practices of comparably sized organisations. Rather, the adoption of integrated reporting originated from the newly appointed CEO’s perception that integrated reporting enabled them to excel overall. It also allowed the company to be a leader in corporate reporting in New Zealand. This finding contradicts that of Robertson and Samy (2015) that survey participants felt that, as members of the FTSE100, the companies for which they worked should adopt integrated reporting and follow best practices to keep up with their industry peers.

5.3 Consequential Changes in Reporting Practices

The findings of this study suggest that the adoption of integrated reporting has resulted in incremental changes in Sanford’s process of preparing the reports and some level of change to the report content. These findings imply that changes remain at the first-order level, that is, affecting tangible assets but only making incremental changes to less tangible elements (Laughlin, 1991).

5.3.1 Changes in communication

Compared to the former sustainability reports, which were mainly prepared in-house, since adopting integrated reporting there is more collaboration among the internal departments and with external experts. Communication during the preparation of integrated reports involves lengthy discussions between the executive and upper management, with the information required for preparing integrated reports being determined by cross-functional integrated teams that then communicate this “down” to the operational level. This finding is consistent with previous research. For example, Steenkamp (2018) found that the adoption of integrated reporting results in increased collaboration within teams. Stubbs and Higgins (2014) show that implementing an integrated reporting framework resulted in the formation of a cross-functional

team. This team was crucial in planning, developing, and assisting in the implementation of integrated reporting and in educating other departments that were previously not part of the sustainability reporting team. Discussion and dialogue among departments broadened the organisations' existing communication channels. Guthrie et al. (2017) found that organisations were shifting ownership of the reporting process from those concerned solely with sustainability, to including finance or strategy groups, with support from cross-functional teams to streamline the preparation process.

Consistent with Stubbs and Higgins (2014), the change in communication, however, has only resulted in incremental changes in the existing communication system and processes that previously supported the sustainability reporting as only additional participants are now required in the process of preparing integrated reports. There has been no major change in organisational structures and procedures. This suggests that the integrated reporting adoption at Sanford has only resulted in what Laughlin (1991) defines as first-order changes, that is incremental changes in the adopter's existing organisational processes and systems.

The findings from the interviews also suggest that adoption approaches at Sanford appear to have a "pull" strategy with the main purpose being communicating and sharing their performance with a wide range of stakeholders. The implication of adopting a "pull" strategy, according to Stubbs & Higgins (2014), is that adopters tend to only make incremental changes, as integrated reporting is adopted only because of an organisational strategy or integration of the business (Stubbs & Higgins, 2014). In the case of Sanford, all participants perceived that integrated reporting is the best tool to communicate their performance comprehensively and holistically with stakeholders. They perceived that Sanford's adoption of integrated reporting is the outcome of their organisational strategy to be the best in all aspects. This explains why the changes in Sanford after the adoption of integrated reporting are still only first order. Another possible explanation of Sanford's first-order changes may be that they already had extensive

experience with sustainability reporting and had sustainability reporting practices in place.

Hsiao et al. (2021) point out that incremental changes following the adoption of integrated reporting are related to the adopter's existing sustainability reporting practices, since they claim that integrated reporting builds on sustainability reporting.

5.3.2 Changes in report content

The findings from the document analysis of the sustainability and integrated reports show there have been significant changes in the information disclosed. Unlike sustainability reports, integrated reports broaden Sanford's recognition of the resources on which they rely, as well as the relationship of those resources with Sanford's operations and strategic goals. This finding is consistent with Ahmed Haji & Hossain's (2016) research in South Africa. Their study showed that, over time, the case companies were adhering more closely to the reporting concepts in integrated reporting guidelines such as disclosing multiple capitals, how this capital is consumed in the operation and also beginning to acknowledge that the capitals were subject to increases, decreases, and transformations.

This study also found that the adoption of integrated reporting led to a shift towards more detailed, comprehensive, and persuasive disclosure of organisational performance through creative storytelling that is carefully selected and related to each material concern and specific outcome. This finding is consistent with Higgins et al. (2019), who found that the integrated reports of all adopting organisations showed some shift towards a comprehensive discussion of organisational performance. Furthermore, Australian adopters went to great lengths to redefine key performance indicators related to the organisation's material concerns, boosting their transparency about the material issues and capital on which they reported.

Another change in the content of reports in this study is the increased disclosure of the company's value-creation process through the business model, with a full description of how

inputs are converted to outputs through the case company's operations and what present and potential future value they may produce through their business operations for their stakeholders as well as the wider community. Integrated reporting has led to a shift from disclosing backwards-looking information to including forward-looking information. This finding is consistent with some existing research. For example, Mio et al. (2020) found that adopting companies provide more forward-looking information related to material issues. This information improved the decision-making usefulness of integrated reports. Similarly, Zhou et al. (2016) discovered that increasing the disclosure of future-oriented information in integrated reports added value to stakeholders. However, the current study's findings contradict the observation of Pistoni et al. (2018) that the integrated reports in their sample did not provide value-relevant information regarding the company's business model, strategic goals, or value-creation processes in response to external circumstances. The discrepancy in findings between Pistoni et al. (2018) and this study may be due to sampling differences. Pistoni et al. (2018) examined reports from 2013 and 2014, shortly after the integrated reporting framework was implemented. Reporters in that study were still in the trial-and-error phase, whereas Sanford is a more mature reporter with years of experience in non-financial reporting.

The last change found in the content of reports in case companies after the adoption of integrated reporting is a shift from disclosing how Sanford aims to achieve strategic goals only in the long term to disclosing how strategic goals can be achieved through achieving short, medium, and long-term targets, with a description of resources that have been allocated or will be required to implement these targets. Disclosure of short, medium and long-term information enables stakeholders to see how Sanford can progressively and realistically achieve their strategic goals, and what resources they need in order to do so.

5.4 Summary

The study's findings contribute to the body of empirical knowledge on integrated reporting and the literature on changes in organisational reporting practices. The study employed diffusion of innovations and stakeholder theories to interpret the factors motivating the adoption of integrated reporting. The findings indicate that the adoption was internally motivated—top executives perceived integrated reporting as the best means to drive the organisation's goals and mission, and senior managers saw the approach as having a number of advantages relative to existing reporting practices. For Sanford, integrated reporting is seen as the ideal tool for increasing information transparency and showcasing the company's social and environmental accountability to their diverse and increasingly demanding stakeholders. Integrated reporting's compatibility with Sanford's existing reporting practices further accelerated the adoption.

The findings from this study reveal Sanford has made incremental changes to its existing communication process. These changes appear incremental as they only involved additional participants in the communication chain in the preparation of integrated reports. This finding of the adoption of integrated reporting resulted in what Laughlin (1991) referred to as first-order changes or changes in less physical factors such as organisational communication systems. The study also reveals that there are considerable changes in the substance of Sanford's reports including increased capital disclosures, enhanced discussion of organisational performance and increased disclosures of how Sanford creates value and how it can be achieved over the short, medium and long terms. The findings point to a movement away from backward-looking and long-term disclosure towards forward-looking and short term, medium and long-term disclosure.

The following chapter presents the conclusion of this thesis, a summary of key findings, the study's contribution, its limitations, and directions for future research.

CHAPTER 6: CONCLUSION

This chapter concludes the study by summarising key findings in Section 6.1 followed by presenting this study's empirical and theoretical contributions in section 6.2 and then setting out the study's limitations. Section 6.4 highlights the opportunities for future research.

6.1 Introduction

The main objective of this study was first to explore the motivations for replacing sustainability reports with integrated reports and then to examine the related reporting-practice changes that the case company experienced following the implementation of integrated reporting. The review of the literature shows companies' motivations for the adoption of integrated reporting are diverse and specific to each organisation. No studies have been conducted in New Zealand companies to examine the changes in reporting practices attributed to the adoption of integrated reporting frameworks at the time of writing this thesis. Little is known about what motivated companies to shift from sustainability reporting to integrated reporting and what the consequential changes in reporting practices are, particularly for those with an excellent reputation in preparing sustainability reports. This study addressed these research gaps and extended the integrated reporting literature by providing important insights into the rationales for the voluntary adoption of integrated reporting and the change in reporting practices.

This thesis uses a single case study to provide an in-depth understanding of the motivations and changes of an integrated reporting adopter who was well-experienced in the previous GRI framework and voluntarily changed to integrated reporting. The particular characteristics of this company have had a significant influence on its uptake of integrated reporting, and its experiences in doing so can further encourage or impede the diffusion of this innovation.

6.2 Key findings

This study provides insight into factors contributing to Sanford's voluntary adoption of integrated reporting and consequential changes in their reporting practices.

6.2.1 Voluntary replacement with integrated reporting

The findings identify that Sanford's motivations for adopting integrated reporting appear to be derived internally. All interviewees attributed the company's first steps towards an integrated reporting journey to the appointment of a new CEO. His desire to pursue sustainability over profitability and strive to be the best in the world motivated the company's adoption of integrated reporting. The CEO perceived that integrated reporting was the best tool to achieve the company's strategic goals. However, the adoption of an innovation phenomenon such as integrated reporting requires not just endorsement from the top but also support from lower levels of the organisational structure. Data collected from the interviews show that a champion from a lower level with suitable knowledge and experience and access to key information resources further encouraged the adoption.

The results of the current study also highlight that Sanford's prior experience in preparing sustainability reports played a part in its voluntary adoption of integrated reporting. This is because the company's existing GRI reporting system was compatible with integrated reporting.

A third reason for voluntarily adopting integrated reporting at Sanford is that all senior managers were in favour of adopting it as being the "right" and "essential" thing to do. This is because it allows them to be more transparent with their stakeholders, tell their business stories, communicate the value-creation process to stakeholders more effectively than with previous forms of reporting, and most importantly, strengthen stakeholder engagement. The findings also show that stakeholders demand better business performance integration against the company's long-term sustainability as well as greater understanding and support for

operational integrity within the organisation. Therefore, the goal of adoption is to meet the growing information needs of stakeholders.

6.2.2 Consequential changes in reporting practices

Findings from the Sanford case study suggest that the changes in the process of preparing the integrated reports are incremental whereas changes in report content are significant.

Data collected from interviews indicate that Sanford's adoption of integrated reporting has changed the way in which Sanford prepares the reports. In preparing integrated reports, Sanford now uses more integrated communication from the top down and the bottom up, with the support of a cross-functional integrated reporting team. Further, the reporting ownership has shifted from sustainability departments to incorporate finance and communication departments. The adoption of integrated reporting results in more collaboration both internally and with external experts. In addition, it appears that the existing accounting information system is capable of supplying the necessary integrated report information. Interestingly, all interviewees unanimously agreed that no changes were made to their existing accounting information systems.

The analysis of Sanford's sustainability reports and integrated reports reveals that there are a number of improvements in the information disclosed with the most noticeable shift in the report's substance being Sanford's recognition of their resources and how they are consumed in the operations. The discussion of inputs is broader as Sanford not only acknowledge that these capitals increase and decrease but also are traded off between each other. The degree of each capital's contribution towards desired outcomes is specified and then linked to the UN SGDs. Other changes in the content of reports include more detailed, comprehensive and persuasive disclosure of organisational performance through creative storytelling, increased disclosure of the company's value-creation process through the business model and details of how strategic

goals can be achieved by specifying short, medium and long-term targets, with a description of resources that have been allocated or will be required to implement these targets.

6.3 Research Contributions

Given the embryonic stage of integrated reporting research in New Zealand, this research made four contributions, as elaborated below.

Firstly, empirical evidence of what motivated Sanford's voluntary adoption adds to and extends the body of knowledge on integrated reporting. Investigating the rationales for adoption in the voluntary context bridges the existing research gaps as earlier studies of the drivers of integrated reporting adoption paid less attention to New Zealand where integrated reporting is still voluntary.

Secondly, this study contributes to the application of the diffusion of innovations theory in the current body of integrated reporting literature (de Villiers et al., 2014; Adams, 2015) by highlighting how the characteristics of a corporation and senior manager and CEO's perceptions about innovations have an impact on its adoption (like integrated reporting), through the theoretical lens of innovation of diffusion theory.

Thirdly, this study contributes to the extension of the application of stakeholder theory in the integrated reporting literature showing that the emphasis on stakeholders was enhanced in Sanford's integrated reporting adoption.

Fourth, the study also addressed the need for research on integrated reporting practices. It explored whether the adoption of integrated reporting can lead to any reporting practices changes and examined the adoption approach at the case company, enriching the scant integrated reporting practices literature. The findings of this study can provide some practical guidance and may be useful to prospective adopters embarking on the integrated reporting

journey to ensure that their reporting practices proceed smoothly. Furthermore, practitioners may also gain insight from the changes the interviewees experienced during the planning, implementation and carrying out of integrated reporting; they will have a better understanding of what changes to expect in terms of reporting processes and how to effectively deal with those changes. This can potentially facilitate the understanding of integrated reporting adoption and demonstrates the usefulness of this research for practice.

6.4 Research Limitations

Although this research found some important discoveries, it has some limitations. First, the findings are drawn from a single case and may not be transferable to other companies operating in different industries and geographic areas. As with most qualitative research, the findings of this study are not generalisable. Second, the thematic coding process is subjective. Other researchers may interpret the findings differently as how the findings are interpreted is subject to individual researchers' own judgement and their knowledge. Third, the study required interviewees to recall adoption decisions made several years ago, so it is subject to recollection biases. Fourth, the current study was limited to changes in reporting practice, ignoring other changes that the organisation may have experienced, such as cultural and operational changes. Fifth, the interview findings primarily capture the perceptions and opinions of preparers of integrated reports rather than those of users. The next section identifies and discusses future research opportunities.

6.5 Future Research

The above limitations provide a few suggestions for future research. Instead of focusing on organisations with years of experience in integrated reporting, where recall biases may persist, future research could draw on new adopters in New Zealand to further explore their motivation for adoption. Such proposed research showing the motivations of later adopters rather than the early adopter could avoid issues of recall biases. This would also allow a comparative analysis of

the motivational difference between early adopters and later adopters that can further contribute a body of knowledge in integrated reporting

As previously discussed, the adoption of integrated reporting is a complex and long process. Some initial changes may appear immediately after adoption. However, significant and transformative changes, especially cultural and operational changes, may take longer to develop. Future research could employ a longitudinal ethnographic approach to fully comprehend the organisational changes attributed to integrated reporting adoption.

In addition, this study's analysis is based on the preparer's perceptions. Future studies could explore users' perceptions of the adoption of integrated reporting. Engaging with prominent external stakeholders regarding the significance they place on integrated reports and how they participate in external stakeholder engagement would provide a novel and non-managerial view. This may be more useful for policymakers reviewing the integrated reporting framework since users' perceptions of integrated reporting would be reflected.

Reference List

- Abeydeera, S., Tregidga, H., & Kearins, K. (2016). Sustainability reporting – more global than local? *Meditari Accountancy Research*, 24(4), 478–504.
<https://doi.org/10.1108/MEDAR-09-2015-0063>
- Abeysekera, I. (2013). A template for integrated reporting. *Journal of Intellectual Capital*, 14(2), 227–245. <https://doi.org/10.1108/14691931311323869>
- ACCA. (2012). *Reporting Pre- and Post- King III: What's the Difference?*
<https://www.accaglobal.com/ie/en/technical-activities/technical-resources-search/2008/august/reporting-king-III.html>
- ACCA. (2013). *Capitals Background paper for IR 2013*. <https://integratedreporting.org/wp-content/uploads/2013/03/IR-Background-Paper-Capitals.pdf>
- ACCA. (2015). *The challenges of assuring integrated reports: Views from the South African Auditing community* <https://www.accaglobal.com/ca/en/technical-activities/technical-resources-search/2015/november/assuring-integrated-reports.html>
- ACCA. (2016a) *MIA – ACCA Integrated Reporting Survey*.
https://www.integratedreporting.org/wp-content/uploads/2016/09/MIA-ACCA-IR-survey-report_2016.pdf.pdf
- ACCA. (2016b) *Insights into integrated reporting: challenges and best practice responses*
<https://www.accaglobal.com/in/en/professional-insights/global-profession/insights-into-integrated-reporting.html>
- ACCA. (2016c) *Meeting users' information needs: The use and usefulness of integrated reporting*
<https://www.integratedreporting.org/resource/use-and-usefulness-of-integrated-reporting/>

ACCA. (2018) *Insights into integrated reporting 2.0: Walking the talk*

<https://www.integratedreporting.org/resource/acca-insights-into-integrated-reporting-2-0-walking-the-talk/>

Adams, C. A. (2015). The International Integrated Reporting Council: A call to action. *Critical Perspectives on Accounting*, 27, 23–28. <https://doi.org/10.1016/j.cpa.2014.07.001>

Adams, C., & Frost, G. (2008). Integrating sustainability reporting into management practices. *Accounting Forum*, 32(4), 288–302. <https://doi.org/10.1016/j.accfor.2008.05.002>

Adams, S., & Simnett, R. (2011). Integrated Reporting: An opportunity for Australia's not for profit sector. *Australian Accounting Review*, 21(3), 292–301.
<https://doi.org/10.1111/j.1835-2561.2011.00143.x>

Adhariani, D., & de Villiers, C. (2019). Integrated reporting: Perspectives of corporate report preparers and other stakeholders. *Sustainability Accounting, Management and Policy Journal*, 10(1), 126–156. <https://doi.org/10.1108/SAMPJ-02-2018-0043>

Adhariani, D., & Sciulli, N. (2020). The future of integrated reporting in an emerging market: An analysis of the disclosure conformity level. *Asian Review of Accounting*, 28(4), 619–634.
<https://doi.org/10.1108/ARA-02-2019-0045>

Ahmed Haji, A., & Anifowose, M. (2017). Initial trends in corporate disclosures following the introduction of integrated reporting practice in South Africa. *Journal of Intellectual Capital*, 18(2), 373–399. <https://doi.org/10.1108/JIC-01-2016-0020>

Ahmed Haji, A., & Hossain, D. M. (2016). Exploring the implications of integrated reporting on organisational reporting practice: Evidence from highly regarded integrated reporters. *Qualitative Research in Accounting & Management*, 13(4), 415–444.
<https://doi.org/10.1108/QRAM-07-2015-0065>

- Atkins, J., & Maroun, W. (2015). Integrated reporting in South Africa in 2012: Perspectives from South African institutional investors. *Meditari Accountancy Research*, 23(2), 197–221. <https://doi.org/10.1108/MEDAR-07-2014-0047>
- Bananuka, J., Tumwebaze, Z., & Orobia, L. (2019). The adoption of integrated reporting: A developing country perspective. *Journal of Financial Reporting and Accounting*, 17(1), 2–23. <https://doi.org/10.1108/JFRA-09-2017-0089>
- Barbour, R. S. (2008). *Introducing qualitative research: A student's guide to the craft of doing qualitative research*. Sage Publications.
- Barnabè, F., & Nazir, S. (2020). Investigating the interplays between integrated reporting practices and circular economy disclosure. *International Journal of Productivity and Performance Management*, 70(8), 2001–2031. <https://doi.org/10.1108/IJPPM-03-2020-0128>
- Beattie, V., & Smith, S. J. (2013). Value creation and business models: Refocusing the intellectual capital debate. *The British Accounting Review*, 45(4), 243–254. <https://doi.org/10.1016/j.bar.2013.06.001>
- Beck, C., Dumay, J., & Frost, G. (2017). In pursuit of a 'Single source of truth': From threatened legitimacy to Integrated Reporting. *Journal of Business Ethics*, 141(1), 191–205.
- Bell, E., & Bryman, A. (2007). The ethics of management research: An exploratory content analysis. *British Journal of Management*, 18(1), 63–77. <https://doi.org/10.1111/j.1467-8551.2006.00487.x>
- Bell, E., Bryman, A., & Harley, B., (2019). *Business research methods* (Fifth). Oxford University Press.
- Birkinshaw, J., Hamel, G., & Mol, M. J. (2008). *Management Innovation*. The Academy of Management Review, 33(4), 825–845.

- Bjørnenak, T. (1997). Diffusion and accounting: the case of ABC in Norway. *Management Accounting Research*, 8, 3-17. <https://doi.org/10.1006/mare.1996.0031>
- Bose, S., Saha, A., Khan, H. Z., & Islam, S. (2017). Non-financial disclosure and market-based firm performance: The initiation of financial inclusion. *Journal of Contemporary Accounting & Economics*, 13(3), 263–281. <https://doi.org/10.1016/j.jcae.2017.09.006>
- Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology*, 3(2), 77–101. <https://doi.org/10.1191/1478088706qp063oa>
- Brusca, I., Labrador, M., & Larran, M. (2018). The challenge of sustainability and integrated reporting at universities: A case study. *Journal of Cleaner Production*, 188, 347–354. <https://doi.org/10.1016/j.jclepro.2018.03.292>
- Burke, J. J., & Clark, C. E. (2016). The business case for integrated reporting: Insights from leading practitioners, regulators, and academics. *Business Horizons*, 59(3), 273-283. <https://doi.org/10.1016/j.bushor.2016.01.001>
- Camilleri, M. A. (2018). Theoretical insights on integrated reporting: The inclusion of non-financial capitals in corporate disclosures. *Corporate Communications: An International Journal*, 23(4), 567–581. <https://doi.org/10.1108/CCIJ-01-2018-0016>
- Camodeca, R., Almici, A., & Sagliaschi, U. (2018). Sustainability disclosure in Integrated Reporting: Does it matter to investors? A Cheap Talk Approach. *Sustainability (Basel, Switzerland)*, 10(12),4393. <https://doi.org/10.3390/su10124393>
- Canato, A., Ravasi, D., & Phillips, N. (2013). Coerced practice implementation in cases of low cultural fit: Cultural change and practice adaptation during the implementation of six sigma at 3M. *The Academy of Management Journal*, 56(6), 1724–1753.

- Chaidali, P. (Penny), & Jones, M. J. (2017). It's a matter of trust: Exploring the perceptions of Integrated Reporting preparers. *Critical Perspectives on Accounting*, 48, 1–20.
<https://doi.org/10.1016/j.cpa.2017.08.001>
- Cheng, M., Green, W., Conradie, P., Konishi, N., & Romi, A. (2014). The International Integrated Reporting Framework: Key issues and future research opportunities. *Journal of International Financial Management & Accounting*, 25(1), 90–119.
<https://doi.org/10.1111/jifm.12015>
- CIMA. (2013). *Integrated reporting in the public sector 2013*.
https://www.cimaglobal.com/Documents/Thought_leadership_docs/reporting/IR-Public-Sector.pdf
- Creswell, J. W. (2014). *Research design: Qualitative, quantitative, and mixed methods approach* (Fourth, international student). SAGE.
- Creswell, J. W., & Poth, C. N. (2016). *Qualitative inquiry and research design: Choosing among five approaches*. SAGE Publications.
- de Villiers, C., Hsiao, P.-C. K., Zambon, S., & Magnaghi, E. (2022). Sustainability, non-financial, integrated, and value reporting (extended external reporting): A conceptual framework and an agenda for future research. *Meditari Accountancy Research*, 30(3), 453–471.
<https://doi.org/10.1108/MEDAR-04-2022-1640>
- de Villiers, C., Rinaldi, L., & Unerman, J. (2014). Integrated Reporting: Insights, gaps and an agenda for future research. *Accounting, Auditing & Accountability Journal*, 27(7), 1042–1067. <https://doi.org/10.1108/AAAJ-06-2014-1736>
- de Villiers, C., & Sharma, U. (2020). A critical reflection on the future of financial, intellectual capital, sustainability and integrated reporting. *Critical Perspectives on Accounting*, 70,
<https://doi.org/10.1016/j.cpa.2017.05.003>

- de Villiers, C., Venter, E. R., & Hsiao, P.-C. K. (2017). Integrated reporting: Background, measurement issues, approaches and an agenda for future research. *Accounting & Finance*, 57(4), 937–959. <https://doi.org/10.1111/acfi.12246>
- Deegan, C. M. (2014). *Financial accounting theory* (4th ed.). McGraw-Hill Education (Australia) Pty Ltd.
- du Toit, E., van Zyl, R., & Schütte, G. (2017). Integrated reporting by South African companies: A case study. *Meditari Accountancy Research*, 25(4), 654–674. <https://doi.org/10.1108/MEDAR-03-2016-0052>
- Dumay, J., Guthrie, J., & Farneti, F. (2010). GRI Sustainability Reporting Guidelines For Public And Third Sector Organizations. *Public Management Review*, 12(4), 531–548. <https://doi.org/10.1080/14719037.2010.496266>
- Dumay, J., Bernardi, C., Guthrie, J., & Demartini, P. (2016). Integrated reporting: A structured literature review. *Accounting Forum*, 40(3), 166–185. <https://doi.org/10.1016/j.accfor.2016.06.001>
- Dumay, J., Bernardi, C., Guthrie, J., & La Torre, M. (2017). Barriers to implementing the International Integrated Reporting Framework: A contemporary academic perspective. *Meditari Accountancy Research*, 25(4), 461–480. <https://doi.org/10.1108/MEDAR-05-2017-0150>
- Dumay, J., & Dai, T. (2017). Integrated thinking as a cultural control? *Meditari Accountancy Research*, 25(4), 574–604. <https://doi.org/10.1108/MEDAR-07-2016-0067>
- Eccles, R. G., & Krzus, M. P. (2010). *One Report: Integrated Reporting for a sustainable strategy*. John Wiley & Sons.
- Eccles, R. G., & Krzus, M. P. (2014). *The Integrated Reporting Movement: Meaning, Momentum, Motives, and Materiality*. John Wiley & Sons, Incorporated.

Elkington, J. (1998). *Cannibals with forks: The triple bottom line of 21st century business*. . New Society Publishers

Ellen McArthur Foundation (2013), "Towards the circular economy",
https://www.werktrends.nl/app/uploads/2015/06/Rapport_McKinsey-Towards_A_Circular_Economy.pdf

Ellen McArthur Foundation (2015). *Delivering circular economy: A toolkit for policymakers*.
<https://emf.thirdlight.com/file/24/neVTuDFno5ajUene-man5IbBE/Delivering%20the%20circular%20economy%3A%20a%20toolkit%20for%20policymakers.pdf>

European Commission (EC). (2014). *Disclosure of non-financial and diversity information by large companies and groups – frequently asked questions*.
https://ec.europa.eu/commission/presscorner/detail/en/MEMO_14_301

Farneti, F., Casonato, F., Montecalvo, M., & de Villiers, C. (2019). The influence of integrated reporting and stakeholder information needs on the disclosure of social information in a state-owned enterprise. *Meditari Accountancy Research*, 27(4), 556–579.
<https://doi.org/10.1108/MEDAR-01-2019-0436>

Farooq, M. B., Zaman, R., & Nadeem, M. (2021). AccountAbility's AA1000AP standard: A framework for integrating sustainability into organisations. *Sustainability Accounting, Management and Policy Journal*, 12(5), 1108–1139. <https://doi.org/10.1108/SAMPJ-05-2020-0166>

Fasan, M. (2013). Annual Reports, sustainability reports and integrated reports: Trends in corporate disclosure. In: Busco, C., Frigo, M., Riccaboni, A., Quattrone, P. (eds) *Integrated Reporting* (Vol. 1–Book, Section, pp. 41–57). Springer International Publishing. https://doi.org/10.1007/978-3-319-02168-3_3

- Ferri, L. M., Oelze, N., Habisch, A., & Molteni, M. (2016). Implementation of responsible Procurement Management: An Institutional Perspective. *Business Strategy & the Environment (John Wiley & Sons, Inc)*, 25(4), 261–276. <https://doi.org/10.1002/bse.1870>
- Flower, J. (2015). The International Integrated Reporting Council: A story of failure. *Critical Perspectives on Accounting*, 27, 1–17. <https://doi.org/10.1016/j.cpa.2014.07.002>
- Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Pitman.
- Frias-Aceituno, J. V., Rodríguez-Ariza, L., & Garcia-Sánchez, I. M. (2014). Explanatory factors of integrated sustainability and financial reporting. *Business Strategy and the Environment*, 23(1), 56–72. <https://doi.org/10.1002/bse.1765>
- Geng, Y., & Doberstein, B. (2008). Developing the circular economy in China: Challenges and opportunities for achieving ‘leapfrog development’. *International Journal of Sustainable Development & World Ecology*, 15(3), 231–239. <https://doi.org/10.3843/SusDev.15.3:6>
- Ghani, E. K., Jamal, J., Puspitasari, E., & Gunardi, A. (2018). Factors influencing integrated reporting practices among Malaysian public listed real property companies: A sustainable development effort. *International Journal of Managerial and Financial Accounting*, 10(2), 144–162. <https://doi.org/10.1504/IJMFA.2018.091662>
- Gibassier, D., Rodrigue, M., & Arjaliès, D.-L. (2018). “Integrated reporting is like God: No one has met Him, but everybody talks about Him”: The power of myths in the adoption of management innovations. *Accounting, Auditing & Accountability Journal*, 31(5), 1349–1380. <https://doi.org/10.1108/AAAJ-07-2016-2631>
- Gillham, B. (2005). *Research interviewing: The range of techniques*. Open University Press.

Global Footprint Network. (2022a). "National Accounts - New Zealand 2018". Retrieved 20 November 2022, from

<https://data.footprintnetwork.org/#/countryTrends?cn=156&type=BCpc,EFCpc>

Global Footprint Network. (2022b). Glossary. Footprint Science. Retrieved 17 November 2022, from <https://www.footprintnetwork.org/resources/glossary/>

Global Reporting Initiative (GRI). (2016). *Sustainability Reporting Guidelines*.

<https://www.globalreporting.org/standards/download-the-standards/>

Global Reporting Initiative (GRI). (n.d). *A Short Introduction to the GRI Standards*.

<https://www.globalreporting.org/media/wtaf14tw/a-short-introduction-to-the-gri-standards.pdf>

Gray, R., Kouhy, R., & Lavers, S. (1995). Corporate social and environmental reporting: A review of the literature and a longitudinal study of UK disclosure. *Accounting, Auditing & Accountability Journal*, 8(2), 47.

Gray, R., & Milne, M. (2002). Sustainability reporting: Who's kidding whom? *Chartered Accountants Journal of New Zealand*, 81(6), 66–70.

Guba, E. G., & Lincoln, Y. S. (1994). Competing paradigms in qualitative research. *In Handbook of qualitative research (pp. 105–117)*. Sage Publications, Inc.

Gunarathne, N., & Senaratne, S. (2017). Diffusion of integrated reporting in an emerging South Asian (SAARC) nation. *Managerial Auditing Journal*, 32(4/5), 524–548.

<https://doi.org/10.1108/MAJ-01-2016-1309>

Guthrie, J., & Abeysekera, I. (2006). Content analysis of social, environmental reporting: What is new? *Journal of Human Resource Costing & Accounting*, 10(2), 114–126.

<https://doi.org/10.1108/14013380610703120>

- Guthrie, J., Manes-Rossi, F., & Orelli, R. L. (2017). Integrated reporting and integrated thinking in Italian public sector organisations. *Meditari Accountancy Research*, 25(4), 553–573.
<https://doi.org/10.1108/MEDAR-06-2017-0155>
- Hamad, S., Draz, M. U., & Lai, F.-W. (2020). The Impact of corporate governance and sustainability reporting on integrated reporting: A conceptual framework. *SAGE Open*, 10(2), 2158244020927431. <https://doi.org/10.1177/2158244020927431>
- Havlová, K. (2015). What integrated reporting changed: The case study of early adopters. *Procedia Economics and Finance*, 34, 231–237. [https://doi.org/10.1016/S2212-5671\(15\)01624-X](https://doi.org/10.1016/S2212-5671(15)01624-X)
- Healy, M., & Perry, C. (2000). Comprehensive criteria to judge validity and reliability of qualitative research within the realism paradigm. *Qualitative Market Research: An International Journal*, 3(3), 118–126. <https://doi.org/10.1108/13522750010333861>
- Hedberg, C.-J., & von Malmborg, F. (2003). The Global Reporting Initiative and corporate sustainability reporting in Swedish companies. *Corporate Social Responsibility and Environmental Management*, 10(3), 153–164. <https://doi.org/10.1002/csr.38>
- Higgins, C., Stubbs, W., & Love, T. (2014). Walking the talk(s): Organisational narratives of integrated reporting. *Accounting, Auditing & Accountability Journal*, 27(7), 1090–1119.
<https://doi.org/10.1108/AAAJ-04-2013-1303>
- Higgins, C., Stubbs, W., Tweedie, D., & McCallum, G. (2019). Journey or toolbox? Integrated reporting and processes of organisational change. *Accounting, Auditing & Accountability Journal*, 32(6), 1662–1689. <https://doi.org/10.1108/AAAJ-10-2018-3696>
- Hoffman, M. (2013). *Integrated Reporting in practice: The South African story*. KPMG, 7.

- Hosoda, M. (2022). Adoption of integrated reporting and changes to internal mechanisms in Japanese companies. *Corporate Social Responsibility and Environmental Management*, 29(2), 421–434. <https://doi.org/10.1002/csr.2209>
- Hsiao, P.-C. K., de Villiers, C., & Scott, T. (2021). Is voluntary International Integrated Reporting Framework adoption a step on the sustainability road and does adoption matter to capital markets? *Meditari Accountancy Research*, 30(3), 786–818.
<https://doi.org/10.1108/MEDAR-08-2020-0978>
- Hsiao, P. K., de Villiers, C., Horner, C., & Oosthuizen, H. (2022). A review and synthesis of contemporary sustainability accounting research and the development of a research agenda. *Accounting & Finance*, 62(4), 4453–4483. <https://doi.org/10.1111/acfi.12936>
- IFAC (2017). *The benefit of integrated reporting <IR>*.
https://www.integratedreporting.org/wpcontent/uploads/2017/08/IFAC_CreatingValueforSMEs.pdf
- IIRC (2011). *Towards integrated reporting – communicating value in the 21st century*.
https://www.integratedreporting.org/wp-content/uploads/2011/09/IR-Discussion-Paper-2011_spreads.pdf
- IIRC (2013). *Consultation draft of the international integrated reporting framework*.
<https://www.integratedreporting.org/wp-content/uploads/2013/03/Consultation-Draft-of-the-InternationalIIRFramework.pdf>
- IIRC (2019). *Building momentum IIRC integrated report 2018*.
https://www.integratedreporting.org/integratedreport2018/download/pdf/IIRC_INTEGRATED_REPORT_2018.pdf

IIRC (2020). *Driving cohesion, IIRC Integrated report 2020*

<https://www.integratedreporting.org/integratedreport2020/download/pdf/IIRC-integrated-Report-2020.pdf>

IIRC (2021). *International <IR> Framework*. <https://www.integratedreporting.org/wp-content/uploads/2021/01/InternationalIntegratedReportingFramework.pdf>

IIRC & Black Sun (2015). *The integrated reporting journey: the inside story*

<https://www.integratedreporting.org/resource/the-integrated-reporting-journey-the-inside-story-2/>

IRCSA (2011). *Framework for integrated reporting and the integrated report*.

<http://integratedreportingsa.org/ircsa/wp-content/uploads/2017/05/IRC-of-SA-Integrated-Reporting-Guide-Jan-11.pdf>

Jackson, A., & Lapsley, I. (2003). The diffusion of accounting practices in the new “managerial” public sector. *International Journal of Public Sector Management*, 16(5), 359–372.

<https://doi.org/10.1108/09513550310489304>

Jackson, K., & Bazeley, P. (2019). *Qualitative data analysis with NVivo* (3rd ed.). SAGA.

Jensen, J. C., & Berg, N. (2012). Determinants of traditional sustainability reporting versus integrated reporting. An institutionalist approach: Determinants of integrated reporting.

Business Strategy and the Environment, 21(5), 299–316.

<https://doi.org/10.1002/bse.740>

Kannenberg, L., & Schreck, P. (2019). Integrated reporting: Boon or bane? A review of empirical research on its determinants and implications. *Journal of Business Economics*, 89(5),

515–567. <https://doi.org/10.1007/s11573-018-0922-8>

- Kamotho, D. W., Moloi, T. S., & Halleen, S. (2022). Assessing the decision usefulness of integrated reports of Namibian listed companies. *Journal of Risk and Financial Management*, 15(9), 383. <https://doi.org/10.3390/jrfm15090383>
- Kılıç Karamahmutoglu, M., & Kuzey, C. (2018). Assessing current company reports according to the IIRC integrated reporting framework. *Meditari Accountancy Research*, 26, 305–333. <https://doi.org/10.1108/MEDAR-04-2017-0138>
- Kolk, A. (2010). Trajectories of sustainability reporting by MNCs. *Journal of World Business*, 45(4), 367–374. <https://doi.org/10.1016/j.jwb.2009.08.001>
- KPMG. (2011). *KPMG International Survey of Corporate Responsibility Reporting 2011*. https://www.open.edu/openlearn/pluginfile.php/387300/mod_resource/content/1/T2_19_1%20Reading%20%20KPMG%2C%202011.pdf
- KPMG. (2013). *The KPMG Survey of Corporate Responsibility Reporting 2013*. <https://assets.kpmg/content/dam/kpmg/pdf/2013/12/corporate-responsibility-reporting-survey-2013.pdf>
- KPMG. (2015). *Currents of change: The KPMG Survey of Corporate Responsibility Reporting 2015*. <https://assets.kpmg/content/dam/kpmg/pdf/2016/02/kpmg-international-survey-of-corporate-responsibility-reporting-2015.pdf>
- KPMG. (2017). *The road ahead: KPMG International Survey of Corporate Responsibility Reporting*. <https://assets.kpmg/content/dam/kpmg/xx/pdf/2017/10/kpmg-survey-of-corporate-responsibility-reporting-2017.pdf>
- KPMG. (2020). *The time has come: The KPMG Survey of Sustainability Reporting 2020*. <https://assets.kpmg/content/dam/kpmg/my/pdf/time-has-comes.pdf>
- Krippendorff, K. (2019). *Content analysis: An introduction to its methodology (Vol. 4)*. Sage Publications.

- Kunc, M. H., Giorgino, M. C., & Barnabè, F. (2020). Developing forward-looking orientation in integrated reporting. *Meditari Accountancy Research*, 29(4), 823–850.
<https://doi.org/10.1108/MEDAR-12-2019-0664>
- Kuruppu, S. C., Milne, M. J., & Tilt, C. A. (2019). Gaining, maintaining and repairing organisational legitimacy: When to report and when not to report. *Accounting, Auditing & Accountability Journal*, 32(7), 2062–2087. <https://doi.org/10.1108/AAAJ-03-2013-1282>
- Lai, A., Melloni, G., & Stacchezzini, R. (2016). Corporate sustainable development: Is 'Integrated reporting' a legitimation strategy? *Business Strategy and the Environment*, 25(3), 165–177. <https://doi.org/10.1002/bse.1863>
- Lapsley, I., & Wright, E. (2004). The diffusion of management accounting innovations in the public sector: A research agenda. *Management Accounting Research*, 15(3), 355–374.
<https://doi.org/10.1016/j.mar.2003.12.007>
- Laughlin, R. C. (1991). Environmental disturbances and organizational transitions and transformations: Some alternative models. *Organization Studies*, 12(2), 209–232.
<https://doi.org/10.1177/017084069101200203>
- Lincoln, Y. S., & Guba, E. G. (1985). *Naturalistic inquiry*. Sage Publications.
- Lodhia, S. (2015). Exploring the transition to integrated reporting through a practice lens: An Australian customer owned bank perspective. *Journal of Business Ethics*, 129(3), 585–598.
- Lueg, K., Lueg, R., Andersen, K., & Dancianu, V. (2016). Integrated reporting with CSR practices: A pragmatic constructivist case study in a Danish cultural setting. *Corporate Communications: An International Journal*, 21(1), 20–35. <https://doi.org/10.1108/CCIJ-08-2014-0053>

Maniora, J. (2017). Is integrated reporting really the superior mechanism for the integration of ethics into the core business model? An Empirical Analysis. *Journal of Business Ethics*, 140(4), 755–786.

Mansor, N., Jamil, A., & Bahari, A. (2017). Integrated Waqf Reporting System. *International Journal of Accounting, Finance and Business*, 2(6), 155 - 166.

Marasca, S., Montanini, L., D'Andrea, A., & Cerioni, E. (2020). The how and why of integrated reporting in a public health care organization: The stakeholders' perspective. *Business Strategy and the Environment*, 29(4), 1714–1722. <https://doi.org/10.1002/bse.2463>

Mauro, S. G., Cinquini, L., Simonini, E., & Tenucci, A. (2020). Moving from social and sustainability reporting to integrated reporting: Exploring the potential of Italian public-funded universities' reports. *Sustainability*, 12(8), 3172.

<https://doi.org/10.3390/su12083172>

McConnell, Patricia. (2011). *The objective of financial reporting and the qualitative characteristics of useful information—what investors should know*. IFRS.

<https://www.ifrs.org/content/dam/ifrs/resources-for/investors/investor-perspectives/investorperspectives-theobjective-pm-jan2011.pdf>

McNally, M.-A., Cerbone, D., & Maroun, W. (2017). Exploring the challenges of preparing an integrated report. *Meditari Accountancy Research*, 25(4), 481–504.

<https://doi.org/10.1108/MEDAR-10-2016-0085>

McNally, M.-A., & Maroun, W. (2018). It is not always bad news: Illustrating the potential of integrated reporting using a case study in the eco-tourism industry. *Accounting, Auditing & Accountability Journal*, 31(5), 1319–1348. <https://doi.org/10.1108/AAAJ-05-2016-2577>

<https://doi.org/10.1108/AAAJ-05-2016-2577>

- Mellett, H., Marriott, N., & Macniven, L. (2009). Diffusion of an accounting innovation: Fixed asset accounting in the NHS in Wales. *European Accounting Review*, 18(4), 745–764. <https://doi.org/10.1080/09638180903118710>
- Mervelskemper, L., & Streit, D. (2017). Enhancing market valuation of ESG performance: Is integrated reporting keeping its promise? *Business Strategy & the Environment (John Wiley & Sons, Inc)*, 26(4), 536–549. <https://doi.org/10.1002/bse.1935>
- Michelini, G., Moraes, R. N., Cunha, R. N., Costa, J. M. H., & Ometto, A. R. (2017). From linear to circular economy: PSS Conducting the Transition. *Procedia CIRP*, 64, 2–6. <https://doi.org/10.1016/j.procir.2017.03.012>
- Millar, N., McLaughlin, E., & Börger, T. (2019). The circular economy: Swings and roundabouts? *Ecological Economics*, 158, 11–19. <https://doi.org/10.1016/j.ecolecon.2018.12.012>
- Milne, M. J., & Gray, R. (2013). W(h)ither ecology? The Triple Bottom Line, the Global Reporting Initiative, and Corporate Sustainability Reporting. *Journal of Business Ethics*, 118(1), 13–29. <https://doi.org/10.1007/s10551-012-1543-8>
- Milne, M. J., & Patten, D. M. (2002). Securing organizational legitimacy: An experimental decision case examining the impact of environmental disclosures. *Accounting, Auditing & Accountability Journal*, 15(3), 372–405. <https://doi.org/10.1108/09513570210435889>
- Milne, M. J., Tregidga, H., & Walton, S. (2009). Words not actions! The ideological role of sustainable development reporting. *Accounting, Auditing & Accountability Journal*, 22(8), 1211–1257. <https://doi.org/10.1108/09513570910999292>
- Ministry for the Environment. (2021a). *Waste reduction work programme*. <https://environment.govt.nz/assets/publications/Waste-reduction-work-programme-final.pdf>

- Ministry for the Environment. (2021b). *Emissions Reduction Plan Discussion*
<https://environment.govt.nz/assets/publications/Emissions-reduction-plan-discussion-document.pdf>
- Ministry for the Environment. (2022). *Aotearoa New Zealand's first emissions reduction plan*
<https://environment.govt.nz/assets/publications/Aotearoa-New-Zealands-first-emissions-reduction-plan.pdf>
- Mio, C., Marco, F., & Pauluzzo, R. (2016). Internal application of IR principles: Generali's Internal Integrated Reporting. *Journal of Cleaner Production*, 139, 204–218.
<https://doi.org/10.1016/j.jclepro.2016.07.149>
- Mio, C., Marchini, P. L., & Medioli, A. (2020). Forward-looking information in integrated reports: Insights from “best in class”. *Corporate Social Responsibility and Environmental Management*, 27(5), 2212–2224. <https://doi.org/10.1002/csr.1959>
- Mishra, N., Nurullah, M., & Sarea, A. (2021). An empirical study on company's perception of integrated reporting in India. *Journal of Financial Reporting and Accounting*, ahead-of-print(ahead-of-print). <https://doi.org/10.1108/JFRA-03-2020-0081>
- Montecalvo, M., Farneti, F., & de Villiers, C. (2018). The potential of integrated reporting to enhance sustainability reporting in the public sector. *Public Money & Management*, 38(5), 365–374. <https://doi.org/10.1080/09540962.2018.1477675>
- Mol, M. J., & Birkinshaw, J. (2014). The role of external involvement in the creation of management innovations. *Organization Studies*, 35(9), 1287–1312. <https://doi.org/10.1177/0170840614539313>
- Murray, A., Skene, K., & Haynes, K. (2017). The Circular Economy: An interdisciplinary exploration of the concept and application in a global context. *Journal of Business Ethics*, 140(3), 369–380.

- Neu, D., Warsame, H., & Pedwell, K. (1998). Managing public impressions: Environmental disclosures in annual report. *Accounting, Organizations and Society*, 23(3), 265–282. [https://doi.org/10.1016/S0361-3682\(97\)00008-1](https://doi.org/10.1016/S0361-3682(97)00008-1)
- New Zealand Exchange. (2017). *Environmental, Social and Governance NZX Guidance Note*. [https://s3-ap-southeast-2.amazonaws.com/nzx-prod-c84t3un4/comfy/cms/files/files/000/002/924/original/NZX ESG Guidance Note - 11 December 2017 %28final for publication%29.pdf](https://s3-ap-southeast-2.amazonaws.com/nzx-prod-c84t3un4/comfy/cms/files/files/000/002/924/original/NZX_ESG_Guidance_Note_-_11_December_2017_%28final_for_publication%29.pdf)
- Nicolò, G., Ricciardelli, A., Raimo, N., & Vitolla, F. (2021). Visual disclosure through integrated reporting. *Management Decision*, 60(4), 976–994. <https://doi.org/10.1108/MD-01-2021-0034>
- Norris, G., & O’Dwyer, B. (2004). Motivating socially responsive decision making: The operation of management controls in a socially responsive organisation. *The British Accounting Review*, 36(2), 173–196. <https://doi.org/10.1016/j.bar.2003.11.004>
- Opferkuch, K., Caeiro, S., Salomone, R., & Ramos, T. B. (2021). Circular economy in corporate sustainability reporting: A review of organisational approaches. *Business Strategy and the Environment*, 30(8), 4015–4036. <https://doi.org/10.1002/bse.2854>
- Oshika, T., & Saka, C. (2017). Sustainability KPIs for integrated reporting. *Social Responsibility Journal*, 13(3), 625–642. <https://doi.org/10.1108/SRJ-07-2016-0122>
- Parker. (2021). *Kiwis to have their say on plan to reduce waste*. The Beehive. <https://www.beehive.govt.nz/release/kiwis-have-their-say-plan-reduce-waste>
- Parrot, K. W., & Tierney, B. X. (2012). Integrated reporting, stakeholder engagement, and balanced investing at American electric power. *Journal of Applied Corporate Finance*, 24(2), 27–37. <https://doi.org/10.1111/j.1745-6622.2012.00375.x>

- Pavlopoulos, A., Magnis, C., & Iatridis, G. E. (2017). Integrated reporting: Is it the last piece of the accounting disclosure puzzle? *Journal of Multinational Financial Management*, 41, 23–46. <https://doi.org/10.1016/j.mulfin.2017.05.001>
- Petcharat, N., & Zaman, M. (2019). Sustainability reporting and integrated reporting perspectives of Thai-listed companies. *Journal of Financial Reporting and Accounting*, 17(4), 671–694. <https://doi.org/10.1108/JFRA-09-2018-0073>
- Pistoni, A., Songini, L., & Bavagnoli, F. (2018). Integrated reporting quality: An empirical analysis. *Corporate Social Responsibility & Environmental Management*, 25(4), 489–507. <https://doi.org/10.1002/csr.1474>
- Power, M. (1990). Modernism, postmodernism and organization. *The theory and philosophy of organizations: Critical issues and new perspectives*, 109-124.
- Raemaekers, K., Maroun, W., & Padia, N. (2016). Risk disclosures by South African listed companies post-King III. *South African Journal of Accounting Research*, 30(1), 41–60. <https://doi.org/10.1080/10291954.2015.1021583>
- Reuter, M., & Messner, M. (2015). Lobbying on the integrated reporting framework: An analysis of comment letters to the 2011 discussion paper of the IIRC. *Accounting, Auditing & Accountability Journal*, 28(3), 365–402. <https://doi.org/10.1108/AAAJ-03-2013-1289>
- Ritchie, J., & Lewis, J. (2003). *Qualitative research practice: A guide for social science students and researchers*. Sage Publications. <https://go.exlibris.link/thbqHvjM>
- Robertson, F. (2021). Social network influences on integrated reporting adoption and implementation – a UK perspective. *Journal of Global Responsibility*, 12(3), 317–346. <https://doi.org/10.1108/JGR-08-2020-0080>

- Robertson, F. A., & Samy, M. (2015). Factors affecting the diffusion of integrated reporting – a UK FTSE 100 perspective. *Sustainability Accounting, Management and Policy Journal*, 6(2), 190–223. <https://doi.org/10.1108/SAMPJ-07-2014-0044>
- Robertson, F. A., & Samy, M. (2019). Rationales for integrated reporting adoption and factors impacting on the extent of adoption: A UK perspective. *Sustainability Accounting, Management and Policy Journal*, 11(2), 351–382. <https://doi.org/10.1108/SAMPJ-02-2019-0042>
- Rogers, E. M. (2003). *Diffusion of innovations* (5th ed.). Free Press.
- Roth, H. P (2014). Is integrated reporting in the future? *The CPA Journal*, 84(3), 62–67.
- Ryan, B., Scapens, R. W., & Theobald, M. (2002). *Research method and methodology in finance and accounting* (2nd ed.). Thomson.
- Saunders, M. N. K., Lewis, P., & Thornhill, A. (2007). *Research methods for business students* (4th ed.). Financial Times/Prentice Hall.
- Sciulli, N., & Adhariani, D. (2021). An exploration of the motivating factors for the preparation of an integrated report in contextual settings. *Qualitative Research in Accounting & Management*, 18(4/5), 545–577. <https://doi.org/10.1108/QRAM-08-2020-0128>
- Setia, N., Abhayawansa, S., Joshi, M., & Huynh, A. V. (2015). Integrated reporting in South Africa: Some initial evidence. *Sustainability Accounting, Management and Policy Journal*, 6(3), 397–424. <https://doi.org/10.1108/SAMPJ-03-2014-0018>
- Setiawan, A. (2016). Integrated Reporting: Are Indonesian companies ready to do It? *Asian Journal of Accounting Research*, 1(2), 62–70. <https://doi.org/10.1108/AJAR-2016-01-02-B004>

- Shin, J., & McClomb, G. E. (1998). Top executive leadership and organizational innovation. *Administration in Social Work*, 22(3), 1–21. https://doi.org/10.1300/J147v22n03_01
- Soriya, S., & Rastogi, P. (2021). A systematic literature review on integrated reporting from 2011 to 2020. *Journal of Financial Reporting and Accounting*, ahead-of-print(ahead-of-print). <https://doi.org/10.1108/JFRA-09-2020-0266>
- Stacchezzini, R., Melloni, G., & Lai, A. (2016). Sustainability management and reporting: The role of integrated reporting for communicating corporate sustainability management. *Journal of Cleaner Production*, 136, 102–110. <https://doi.org/10.1016/j.jclepro.2016.01.109>
- Steenkamp, N. (2018). Top ten South African companies' disclosure of materiality determination process and material issues in integrated reports. *Journal of Intellectual Capital*, 19(2), 230–247. <https://doi.org/10.1108/JIC-01-2017-0002>
- Steenkamp, N., & Roberts, R. (2022). Managing material value creation matters in integrated reporting. *Meditari Accountancy Research*, 30(3), 661–675. <https://doi.org/10.1108/MEDAR-11-2020-1095>
- Stent, W., & Dowler, T. (2015). Early assessments of the gap between integrated reporting and current corporate reporting. *Meditari Accountancy Research*, 23(1), 92–117. <https://doi.org/10.1108/MEDAR-02-2014-0026>
- Stewart, R., & Niero, M. (2018). Circular economy in corporate sustainability strategies: A review of corporate sustainability reports in the fast-moving consumer goods sector. *Business Strategy and the Environment*, 27(7), 1005–1022. <https://doi.org/10.1002/bse.2048>
- Steyn, M. (2014). Organisational benefits and implementation challenges of mandatory integrated reporting: Perspectives of senior executives at South African listed

companies. *Sustainability Accounting, Management and Policy Journal*, 5(4), 476–503.

<https://doi.org/10.1108/SAMPJ-11-2013-0052>

Stringer, C. (2007). Empirical performance management research: Observations from AOS and MAR. *Qualitative Research in Accounting & Management*, 4(2), 92–114.

<https://doi.org/10.1108/11766090710754187>

Stubbs, W., & Higgins, C. (2014). Integrated Reporting and internal mechanisms of change.

Accounting, Auditing & Accountability Journal, 27(7), 1068–1089.

<https://doi.org/10.1108/AAAJ-03-2013-1279>

Suchman, M. C. (1995). Managing Legitimacy: Strategic and Institutional Approaches. *Academy of Management Review*, 20(3), 571–610.

<https://doi.org/10.5465/AMR.1995.9508080331>

Sustainable Business Network (2021), "Going Full Circle". SBN, New Zealand

Tregidga, H., & Milne, M. J. (2006). From sustainable management to sustainable development:

A longitudinal analysis of a leading New Zealand environmental reporter. *Business*

Strategy and the Environment, 15(4), 219–241. <https://doi.org/10.1002/bse.534>

Tweedie, D., Nielsen, C., & Martinov-Bennie, N. (2018). The Business Model in Integrated

Reporting: Evaluating Concept and Application. *Australian Accounting Review*, 28(3),

405–420. <https://doi.org/10.1111/auar.12196>

Vaivio, J. (2008). Qualitative management accounting research: Rationale, pitfalls and potential.

Qualitative Research in Accounting & Management, 5(1), 64–86.

<https://doi.org/10.1108/11766090810856787>

- van Buren, N., Demmers, M., van der Heijden, R., & Witlox, F. (2016). Towards a Circular Economy: The Role of Dutch Logistics Industries and Governments. *Sustainability*, 8(7), 647. <https://doi.org/10.3390/su8070647>
- van Zyl, A. S. (2014). Sustainability and integrated reporting in the South African corporate sector. *Journal of Sustainability Management (JSM)*, 1(1), 19–42. <https://doi.org/10.19030/jsm.v1i1.8390>
- Velte, P., & Stawinoga, M. (2017). Integrated reporting: The current state of empirical research, limitations and future research implications. *Journal of Management Control*, 28, 275–320. <https://doi.org/10.1007/s00187-016-0235-4>
- Vitolla, F., Raimo, N., & de Nuccio, E. (2018). Integrated Reporting: Development and state of Art-The Italian case in the international context. *International Journal of Business and Management*, 13, 233–240. <https://doi.org/10.5539/ijbm.v13n11p233>
- Vitolla, F., Raimo, N., & Rubino, M. (2019). Appreciations, criticisms, determinants, and effects of integrated reporting: A systematic literature review. *Corporate Social Responsibility & Environmental Management*, 26(2), 518–528. <https://doi.org/10.1002/csr.1734>
- Wild, S., & Van Staden, C. (2013). Integrated Reporting: Initial analysis of early reporters – an Institutional Theory approach. *7th Asia Pacific interdisciplinary accounting research conference (pp. 26-28)*
- Zhou, S., Simnett, R., & Green, W. (2017). Does integrated reporting matter to the capital market? *Abacus*, 53(1), 94–132. <https://doi.org/10.1111/abac.12104>

Appendices

Appendix 1 Consent Form for Participants

Department of Accounting and Information
Systems
Email: xya50@uclive.ac.nz



From Sustainability Reporting to Integrated Reporting

- I have been given a full explanation of this project and have had the opportunity to ask questions.
- I understand what is required of me if I agree to take part in the research.
- I understand that participation is voluntary and I may withdraw at any time without penalty. Withdrawal of participation will also include the withdrawal of any information I have provided should this remain practically achievable.
- I understand that any information or opinions I provide will be kept confidential to the researchers and that any published or reported results will not identify the participants.
- I understand that a thesis is a public document and will be available through the UCLibrary.
- I understand that the company will be named in the thesis and any associated publications.
- I understand that all data collected for the study will be kept in locked and secure facilities and/or in password-protected electronic form and will be destroyed after five years.
- I understand that I can contact the researcher, Xiaoting (Angela) Yang at xya50@uclive.ac.nz or the supervisor, Associate Professor Beverley Lord (beverley.lord@canterbury.ac.nz) and Dr Natasja Steenkamp (natasja.steenkamp@canterbury.ac.nz) for further information. If I have any complaints, I can contact the Chair of the University of Canterbury Human Ethics Committee, Private Bag 4800, Christchurch (human-ethics@canterbury.ac.nz)
- I would like a summary of the results of the project.
Email address (for report of findings):

- By signing below, I understand that the interview will be audio-recorded and agree to participate in this research project.

Name: _____ Signed: _____ Date: _____

Appendix 2 Information Sheet

Department of Accounting and Information
Systems
Email: xva50@uclive.ac.nz
28 September 2021
HEC Ref: 2021/31/LR



From Sustainability Reporting to Integrated Reporting

You are receiving this information because you have responded to my email about the project indicating that you would like to receive more information and are interested in participating voluntarily. The study aims to capture your insights and perspectives as someone involved in Sanford 's integrated reporting. The project is being carried out under the supervision of Associate Professor Beverley Lord (beverley.lord@canterbury.ac.nz) and Dr Natasja Steenkamp (natasja.steenkamp@canterbury.ac.nz). This research aims to understand why Sanford replaced sustainability reporting with integrated reporting and the consequential changes in the organisation's reporting practices.

The interview will be conducted either in person at your preferred location or online through an internet communication method (e.g., Zoom). Please note that the interview will be audio recorded as part of the data collection to enable transcription. The audio recordings will also be kept electronically on a password-protected device. This electronic copy of recordings – for example, on a USB stick – would be kept safe in a locked filing cabinet. Only I and my supervisors will have access to the data, which will be backed up on the University server in a separate file with password protection. To verify the data collected through the interview, you will be asked to review the transcript and clarify any ambiguities. The transcript will be sent to you via email within 14 days of the interview. You are asked to return this with any edits or additions within 14 days of receipt.

Participation is voluntary and you have the right to withdraw at any stage up to your confirmation of the interview transcript. If you withdraw, I will remove all information relating to you. However, once the analysis starts upon confirmation of your transcript, it will become increasingly difficult to remove your data from analysis. This research will not collect sensitive personal data about or from you. Your identity will remain anonymous. Hence, there are no risks for you from participation in this research.

The results of this study will be written up in a thesis, which is a public document and will be available through the University of Canterbury Library. Further, the results of the project may be published in academic journals. However, you can be assured of the complete confidentiality of data gathered in this investigation: your identity will not be made public without your prior consent. Each interview will be assigned a number code to ensure that personal identifiers are not revealed during the analysis and write up of findings. This information will only be reviewed by myself and my supervisors. The consent forms will be stored in paper form and kept in a secure filing cabinet that only myself and my supervisors have access to. Any interview transcripts collected will be stored on an external hard drive and locked in a secure cabinet. All data will be kept for five years after the completion of this project.

If you would like to receive a copy of the summary of the results of the project, please indicate this

to the researcher on the consent form. Thank you in advance for your interest to participate in this project.

This project has been reviewed and approved by the University of Canterbury Human Ethics Committee, and participants should address any complaints to The Chair, Human Ethics Committee, University of Canterbury, Private Bag 4800, Christchurch (humanethics@canterbury.ac.nz).

If you agree to participate in the study, you are asked to complete the consent form and return it to me.

Appendix 3 Human Ethics Committee Approval Letter



HUMAN ETHICS COMMITTEE

Secretary, Rebecca Robinson
Telephone: +64 03 369 4588, Extn 94588
Email: human-ethics@canterbury.ac.nz

Ref: HEC 2021/31/LR

3 August 2021

Xiaoting (Angela) Yang
Accounting and Information Systems
UNIVERSITY OF CANTERBURY

Dear Xiaoting (Angela)

Thank you for submitting your low risk application to the Human Ethics Committee for the research proposal titled "From Sustainability Reporting to Integrated Reporting: A New Zealand Case Study".

I am pleased to advise that this application has been reviewed and approved.

Please note that this approval is subject to the incorporation of the amendments you have provided in your email of 28th July 2021, **and the following:**

- *Please forward the written organisational approval from Sanford once this is available.*

With best wishes for your project.

Yours sincerely

A handwritten signature in black ink, appearing to be 'D. Sutherland', written in a cursive style.

Dr Dean Sutherland
Chair, Human Ethics Committee

Appendix 4 Draft Email for Participants

Dear Mr/Mrs A:

My name is Xiaoting Yang, but you can call me Angela if that is easier. I am a postgraduate student at the University of Canterbury. I am doing research on integrated reporting in New Zealand and looking for voluntary participants who are willing to contribute to my research project.

[Referee Name] introduced you to me, indicating that you might be a perfect match for my research. However, participation in this study is completely voluntary, and you may say yes or no at any time. Your participation (or absence thereof) will be kept completely confidential between you and me. Your company will not be notified of who will participate and who will not. If you are willing to participate, please express your interest via returning this email.

Upon receiving your expression of interest, I will forward you the information sheet and consent form for you to review and sign. Your participation will involve a 45- 60 minutes interview which will be either face to face or via a Zoom meeting.

Thank you in advance for your time.

Please feel free to contact me should you have any questions.

Kind regards,
Xiaoting (Angela)

Appendix 5 Interview Guide

Warm Up – Relax the interviewees

1. How long have you been with Sanford?
2. What is your role with Sanford?
3. How long you have been in this role?
4. Have you been in similar roles in other organisations? Can you give me some details?

Questions to investigate Sanford's replacement of sustainability reporting with integrated reporting

1. I understand that Sanford replaced its sustainability reporting with integrated reporting in 2014. Why do you think Sanford changed to integrated reporting back then even though it is still voluntary in New Zealand?
2. Do you know who decided on this replacement? Also, do you know how the decision to change was made?
3. If the participant was at Sanford at the time of change: How did you find out about the change to integrated reporting?
4. If the participant was not at Sanford at the time of change: Can you please describe how people were informed about the change to integrated reporting?
5. Did anybody outside Sanford influence the decision to replace sustainability reporting with integrated reporting? If yes, who were they? How did they influence the decision making?

Questions to investigate any consequential changes in Sanford's reporting practices

1. What have you had to do differently from when you prepared sustainability reports to when you first implemented integrated reporting?
2. What other changes have you had to make since the initial adoption of integrated reporting to now?
3. What changes did Sanford have to make in its reporting practices?
4. What changes did Sanford have to make in their systems and processes to collect the information required to prepare integrated reports?
5. What changes did Sanford have to make in their systems and processes to communicate what information is required to prepare integrated reports?
6. How did you find out about all of these changes we have discussed?
7. How long did it take Sanford to get everything up and running to their current integrated reporting practices?

Questions to investigate Sanford's current practices

1. If not already answered in the previous section: Can you please describe Sanford's current practices for collecting information needed for the integrated reports.

2. Can you please describe Sanford's current practices for communicating what information is required to be included in the integrated reports and the dialogue that takes place regarding this?
3. Who provides the information needed for inclusion in the integrated reports? Where do they get the data from? How do they provide this information to the report preparers?
4. What systems are used to collate information to be included in the integrated reports?
5. Who decides what information and how such information will be presented in the integrated reports?