
Integrated Report-Making Benefit



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ABSTRACT: In preference to the promotion of a novel reporting form, IR is regarded as an outcome of a prolonged process of global commercial integration (Vitolla et al., 2017). The application of IR is a spectacular advance towards sustainable development and information transparency (Vitolla & Raimo, 2018). This study is conducted for measuring the benefits of integrated reporting for listed firms on the Vietnamese stock market. We employ some descriptive analysis, Cronbach's Alpha and Independent T-test for evaluating and measuring the benefits of integrated reporting for listed firms. The results show that the benefits of integrated reporting for listed firms achieved an average of 3.99 in the Likert of 5 grades. There is not insignificant difference on evaluation of the benefits of integrated reporting for listed firms in terms of gender. But, the study finds differences on evaluation of the benefits of integrated reporting for listed firms in terms of work experiences. Based on findings, some recommendations are given for listed firms to set up integrated reporting.

JEL classification codes: M41, F65, A10

1. INTRODUCTION

Integrated reports are considered a concise communication of a company's strategy, corporate governance, performance and potentials, which can be compared with environmental factors to anticipate the generations, maintainance or depletion of values in the short, medium and long term (IIRC, 2021). Integrated reporting (IR) provides financial and nonfinancial information of enterprises in a report. Not only does IR combine financial statement (FS), annual report (AR) and sustainable development report (SDR) into a report but it also establishes the connection between financial business strategy and sustainable development strategy. IR assists enterprises and related partners in stabilizing their economy efficiency, improving human resources planning and contributing to their environment.

In preference to the promotion of a novel reporting form, IR is regarded as an outcome of a prolonged process of global commercial integration (Vitolla et al., 2017). The application of IR is a spectacular advance towards sustainable development and information transparency (Vitolla & Raimo, 2018).

In recent years, in Vietnam, listed firms in the stock exchange were familiarized with the knowledge of integrated reporting and the framework of International Integrated Reporting Council (IIRC) by the State Securities Commission, International Finance Corporation (IFC) and Association of Chartered Certified Accountants (ACCA). However, these reports were employed by few enterprises. A recent research of PwC denounced the rarity of integrated reporting in listed firms on Vietnam stock exchange, the majority of which managed to include contents complying with IR's structure and risk management; the entirety of all the sections of an integrated reporting, however, was absent.

Sectional properties of the benefits of integrated reporting in firms will be presented, analyzed and measured apparently in this article.

2. LITERATURE REVIEW

Eccles and Saltzman (2011) examined the benefits of IR for organization, including (i) internal benefits, which are related to the better decisions of internal resource allocation and greater involvement from shareholders and stakeholders; (ii) external benefits, which are the possibility to satisfy information demands from environmental, social and managerial investors and to mitigate risks. According to Krzus (2011), the application of IR offers significant benefits to overcome current reporting methods' drawbacks, which includes transparency and deeper involvement from administrators.

It is reckoned by Eccles and Saltzman (2011) that not only does IR satisfy the requirement of investors and stakeholders with accurate information, sustainability index and disclosure of non-financial information, but also encourages international convergence to meet the demand of the securities market.

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Jensen and Berg (2012) studied the difference in the use of IR at national level, as well as the benefits in terms of comparative calculation of accounting information. The study shows that with wide implementation of IR, the comparison of individual IRs in one profession would be less complicated.

According to Frias-Aceituno et al. (2013), it is the internal benefits that directly affect firms. IR will illustrate the methods by which the companies' values are created and managed, by means of the publicity of the impacts of production and business activities to the environment and society. IR application can foster the awareness in departments or regional branches of the firm about the goals and strategies. As a result, these departments can gain a deeper insight and a more precise index to evaluate the performance of those enterprises. Furthermore, they will be able to identify the correlation between non-financial and financial targets, which results in more active decision-making. Besides, they can also recognize the affirmation of commitments of administrators to present and future improvement for staff and stakeholders, which enable staff to assess the company's fulfillment. This is considered to be an efficient communicating platform contributing to stronger attachment and promotion of incentives between managers and employees. IR helps acknowledge the value-setting of companies, enhances awareness among the board of directors with regard to business model & strategy, and improves internal bonds. Therefore, an integrated mindset is promoted to boost the decision-making process related to labor sources allocation.

IR is conclusively proven to enhance administrators' understanding of relations and factors affecting the value creation of organizations in short, medium and long terms (IIRC, 2013). Integrated mindset in the report-making process can induce improvements in communications among departments, and in the internal management accounting system. As a result, specific relevant information can be provided, and commands can be implemented productively.

It is pointed out by Ernst & Young (2014) that one of the benefits of IR is to support stakeholders to make decisions about their capital allocation, help organizations share information in a wider range, which contributes to the creation of value in the future, and demonstrates the business strategies and value creation methods of organizations. Hence, IR provides more transparent information to internal and external entities.

Black Sun's & IIRC (2014) asserts the further possibilities of receiving international capitals thanks to companies' IR implementation because they could provide a clearer understanding of risks, opportunities, business model and strategy of the organization in short, medium and long terms.

Lodhia (2015) believes that, different from regular reporting, IR is a complex mechanism related to a series of activities within the enterprises. It is argued that constructing a business model according to the Environmental, Social and Governance (ESG) context induces the process of switching to IR. Companies should ensure a higher level of internal integration in the IR-making process. Strictly speaking, the structures of enterprises should be modulated in accordance with integrated thinking in all internal activities. The author also renounces IR as an immediate resolution to all the contemporary ES problems, but emphasizes that in order to apply IR successfully, the organizations should understand the current internal mechanism issues to enhance and develop in accordance with the international IR framework.

IR links firm's mission, corporate governance, finance, society and environment to help the internal and external entities properly implement commands and provide users with more transparent information so that they can assess the companies' activities in short, medium and long terms (Schooley & English, 2015). For this reason, IR is an imperative movement to global integration.

The sustainability of environment and social equality, together with the IR performance, can motivate companies to pursue sustainable development goals and open up more opportunities for them to correspond with creditors (Amran & Haniffa, 2011; Eccles & Saltzman, 2011; Stent & Dowler, 2015)

Vitolla & Raimo (2018) analyzed the process and benefits of IR through the typical research of Generali Group, which was involved in the IR's application pilot program of IIRC. The results revealed that IR is an advanced reporting tool of enterprises; the IR's application positively influences the internal and external entities of the enterprises.

According to Steyn (2014); Eccles and Saltzman (2011); Joshi et al. (2018), if firms put IR into use, the investors will obtain fully available information about activities such as finance, management, social responsibility and environment. Consequently, investors can approach, analyze and employ information precisely, then give more rational decisions. Firms with comprehensive IR's proclamation will extend the transparency and reliable level of information provided to national and international investors. IR ensures the reliability for international investors (Dumitru et al., 2015).

Inheriting the results of the above studies, the author constructs the attributes of the integrated report-making benefit (see table 1).

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Table 1: The attributes of integrated report-making benefit

Code	Attributes	Sources
B1	Firms improves the quality of information published in reports	Eccles & Saltzman (2011), Krzus (2011), Jensen & Berg (2012), Frias-Aceituno et al. (2013), IIRC (2014), Ernst & Young (2014), Black Sun's & IIRC (2014), Lodhia (2015), Schooley & English (2015), Amran & Haniffa (2011); Stent & Dowler (2015), Steyn (2014); Joshi et al. (2018), Vitolla & Raimo (2018), Dumitru et al. (2015)
B2	Provides the managers of the firms with useful information	
B3	Departments and small branches of the firms can comprehend the overall strategic goals of the firms	
B4	Business allocates internal resources more efficiently, and engage more with its shareholders and other stakeholders	
B5	The broad participation of the corporate governance department contributes to the improvement of the internal management accounting system	
B6	Firm has easier access to international capital	
B7	Firm pursue the goal of sustainable development	
B8	It increases opportunities for enterprise to approach the lender	
B9	Investors' demand has been satisfied, which attracts investors	
B10	It is easier to compare different IRs in the same industry	
B11	The process of global integration of firms and the economy has been induced and promoted	
B12	IR is responsible to improving the national reputation in compliance with international standards	

3. METHODOLOGY

Data collection

The data collection tool in the study is a detailed questionnaire. The author conducted direct and indirect surveys of accountants in firms listed on Vietnams stock exchange with many forms such as sending questionnaires directly or emailing from December 2021 to February 2022. The content of the detailed questionnaire includes information about people surveyed, detailed information about work experiences, and information on the scales related to the measurement of the benefits of integrated reporting (B) including 12 observed variables (table 1). The observed variables (scales) are measured on a 5-point Likert scale from 1 "strongly disagree" to 5 "totally agree". The sample size in this study is 120. The size of this sample was consistent with study of Hair et al. (1998) that the research sample must be at least 5 times the total number of indicators in the scales. The questionnaire of this study included twelve (12) indicators, and therefore, the minimum sample size to be achieved is $5 * 12 = 60$ observations

Data processing

Then, data from these 120 questionnaires was cleaned and coded with the necessary information in the questionnaires, inputted the software.

Based on the scales inherited from previous studies, the authors tested the reliability and value of the scale through descriptive statistics, Cronbach 'Alpha analysis, and T-Test. This study used SPSS22 software to process data.

4. RESEARCH RESULTS

4.1. Descriptive Statistics

Information of data collected is shown in Table 2. It shows that among the 120 respondents, about 25.8% were male while the remaining 89 (74.2%) were female. Of these, 50.0% of the participants have work experiences for 5 years or higher, and less than 5 years accounted for 50.0%.

Table 2. Respondents by gender, work experience

Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	31	25.8	25.8	25.8
	Female	89	74.2	74.2	100.0
Work experience					
Valid	5 years or higher	60	50.0	50.0	50.0
	Less than 5 years	60	50.0	50.0	100.0
Total		120	100.0	100.0	

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Next, Table 3 indicates that the respondents agree with the dependent variables of “the benefits of integrated reporting” where twelve (12) attributes were quite high with an average of 3.99 compared with the highest of the Likert 5-point scale. All 12 attributes were rated at an average of 3.91 or higher.

Table 3: Descriptive analysis of attributes of the benefits of integrated reporting

	N	Minimum	Maximum	Mean	Std. Deviation
B1	120	3.0	5.0	4.01	.587
B2	120	3.0	5.0	4.08	.582
B3	120	2.0	5.0	3.91	.608
B4	120	3.0	5.0	3.96	.666
B5	120	3.0	5.0	4.02	.565
B6	120	3.0	5.0	4.00	.661
B7	120	3.0	5.0	4.04	.585
B8	120	2.0	5.0	3.91	.608
B9	120	3.0	5.0	3.96	.666
B10	120	3.0	5.0	4.02	.565
B11	120	3.0	5.0	4.00	.661
B12	120	3.0	5.0	4.04	.585
Valid N (listwise)	120			3.99	

4.2. Cronbach's Alpha

The benefits of integrated reporting for firms have been measured by the Cronbach's Alpha. Results of testing Cronbach's alpha of attributes are presented in Table 4 below. The results also show that attributes of the dependent variables have Cronbach's Alpha coefficients that are greater than 0.6; and the correlation coefficients of all attributes are greater than 0.3. So, all the attributes of the dependent variables are statistically significant (Hair et al., 2010; Trong & Ngoc, 2008).

Table 4: Results of Cronbach's Alpha Testing of Attributes

Cronbach's Alpha	N of Items			
.919	12			
		Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation
B1		43.93	25.045	.544
B2		43.86	24.761	.601
B3		44.03	24.092	.691
B4		43.98	23.941	.644
B5		43.92	24.632	.648
B6		43.93	23.441	.735
B7		43.89	24.165	.708
B8		44.03	24.092	.691
B9		43.98	23.941	.644
B10		43.92	24.632	.648
B11		43.93	23.441	.735
B12		43.89	24.165	.708

4.3. Independent T – test

Comparison of the results of the benefits of integrated reporting for firms between participants have different genders (male and female) can be seen in Table 5. According to the results shown in Table 5, Sig Levene's Test is 0.982, which is more than 0.05. The variance between male and female is not different. Moreover, Sig value T-Test = 0.259 > 0.05, which means that there is not, statistically, significant difference in the level of the benefits of integrated reporting for firms from these different genders (Hair et al., 2010; Trong & Ngoc, 2008).

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Table 5: Differences of the benefits of integrated reporting for firms between Participants have Different Genders - Independent Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Benefits	Equal variances assumed	.000	.982	1.135	118	.259	.10535	.09280	-.07843	.28913
	Equal variances not assumed			1.140	52.734	.260	.10535	.09245	-.08010	.29081

Comparison of the results of the benefits of integrated reporting for firms between participants have different work experiences (less than 5 years and 5 years or higher) can be seen in Table 6. According to the results shown in Table 6, Sig Levene's Test is 0.022, which is less than 0.05. The variance between less than 5 years and 5 years or higher work experiences is different. Moreover, Sig value T-Test = 0.013 < 0.05, which means that there is, statistically, significant difference in the level of the benefits of integrated reporting for firms from these different work experiences (Hair et al., 2010; Trong & Ngoc, 2008).

Table 6: Differences of the benefits of integrated reporting for firms between Participants have Different Work experience - Independent Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Benefits	Equal variances assumed	5.424	.022	2.513	118	.013	.20000	.07958	.04240	.35760
	Equal variances not assumed			2.513	110.472	.013	.20000	.07958	.04229	.35771

5. DISCUSSION AND IMPLICATIONS

The integrated mindset adopted during the report-making process can encourage departments to improve communicative competence and potentially improve internal management accounting systems so as to provide relevant information more accurately, and to make decisions more effectively. In the process of collecting and analyzing information, integrated thinking can help managers allocate resources more efficiently.

In order to make a quality IR, firms should apply integrated thinking at different stages of the reporting process. One point worth noting when applying integrated thinking to IR is to avoid wasting time due to the duplication of existing information through the collection and assessment of various types of capital. The content of IR allows organizations to disclose their value-creation processes by clarifying strategies, corporate governance, and operational performance. The reports also emphasize that managers can identify factors affecting future operations and how sustainable the value chain is. The IR system benefits all stakeholders, as

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they believe in the company's ability to create values over time. What all stakeholders look forward to understanding are issues affecting the operation of the firm in the present and future.

Thanks to IR, not only can managers improve internal assessment and control systems, and manage risk better but also improve the production process more efficiently by allocating resources more reasonably.

According to Vitolla & Raimo (2018), one of the most important factors for successful IR application is the internal communication mechanism of the firms. To prepare for the IR implementation, all departments, groups, and public relations must interact and exchange information to each other. In this case, the integrated thinking applied internally from the IR implementation to the official application must unify from the top management to all internal employees within the group. Analysts especially appreciate the brevity and importance of internal media mechanisms within the firm. Although achieving success in the early stages is a consistent, continuous effort of an entire team, the initial benefits are actually much greater than the effort required to implement it. IR can be regarded as a tool for communicating the firm's objectives, strategies, and firm performance.

Enterprises putting IR into use aspire to create a more transparent report that demonstrates their value creating and maintaining process in the future. IR aims to provide comprehensive information on the finances, governance, strategies and prospects of the business in the economic, environmental and social context in which the firm operates.

IR allows enterprises to fully integrate quantified information to specific targets. In contrast to traditional reports, IR helps readers gain the most intuitive and clear view by presenting in the form of graphs, and comparing the financial situation over the years to clearly see the change over the periods.

The firm making IR are shown to comply with regulations and standards on information disclosure according to certain international criteria.

The application of integrated thinking to the IR process will reduce the duplication of work, connections among departments, which promotes value creation in the short, medium and long term. Integrated thinking is the foundation, the basis of the IR application, according to the IIRC.

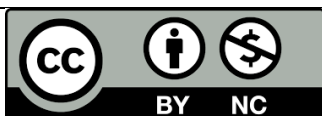
On the grounds of Vietnamese integration into the global economy, making IR adds to firms' image internationally due to the compliance with the regulations and IIRC, which results in the improving of the national prestige image in general and firms' image. Therefore, Vietnamese firms need to develop and complete IR.

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