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CORPORATE REPORTING 2.0 – ARE WE THERE YET?

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Abstract

Integrated reporting has been named the new corporate reporting or reporting 2.0 as it represents an attempt to harmonize financial and sustainability reporting and to capture a complete picture of a company's long-term value creation. By aligning different accounting perspectives and performance measurements, many companies recently started to use an integrated reporting format to disclose their journey to a sustainable future. However, critics have been vocal in arguing that reporting is only beneficial to corporate stakeholders if comparable metrics or indicators are used by all companies.

Therefore, in our paper, we empirically analyzed the 2016 annual reports of global companies and tried to determine which indicators and metrics they used and how they were presented in the annual reports. It was found that in contrast to many claims, companies use some similar indicators. In the area of environmental sustainability, many of the same indicators and metrics were found. However, there are also many different variables and metrics used for social and economic sustainability. With regard to presenting the long-term value creation process and the economic sustainability dimension, it was found that very often, companies will refer to the financial report without elaborating further, leaving report readers with unanswered questions. Overall, it can be said that companies are well on their way in making their annual reports transparent and comparable, but further improvements are needed. Recommendations are made towards more concise globally accepted frameworks with easy to understand terminology and presentation.

Keywords: Sustainability, Non-financial Reporting, Financial Reporting, Integrated Reports, Indicators, Metrics.
