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DOCTORAL THESIS

**Title: IMPLEMENTATION PERSPECTIVES FOR
INTEGRATED REPORTING IN PUBLIC SECTOR ENTITIES**

- SUMMARY -

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Integrated Reporting, public sector, IIRC, framework, value creation, capitals, stakeholders, accountability, public interest, public universities.

INTRODUCTION

The contemporary global economic system enables a myriad of interactions between a large number of actors, creating many interconnected systems and networks. In this context, the functionality and usefulness of the systems depend overwhelmingly on how the ‘wheels’ work and what synergy effect they produce when put together.

Considering the constant dynamics of economic systems, our research focuses on changes which occurred in the recent years in organizational reporting, mainly based on the shift towards a more balanced presentation of both financial and non-financial information. There are many instruments of disclosure which were developed in the past decades and take account of multiple pillars of an organization’s activity (the so-called ‘*triple-bottom line*’). Each one of them has the purpose of raising the level of transparency and providing information which may assist users in assessing the use of and effects on various types of resources. The most recently emerged form of holistic reporting is Integrated Reporting, which evolved from a refined prototype of sustainability reporting, but with a slightly different drafting, a more concise structure and an increased set of governing principles. Although it was developed for private sector entities, recent developments show the more prominent intention to introduce this reporting system in the public and not-for-profit sectors.

Moreover, the emergence (and successful implementation – to this point) of the Integrated Reporting system is proof that organizations are responding to changes in paradigm, accepting the fact that becoming more transparent in relationship with their stakeholders would enable a discharge of accountability. This could work as a powerful motivation and incentive, in particular for organizations which have a broad range of stakeholders. In this respect, narrowing our focus even further, we consider the prospective implementation of Integrated Reporting in public sector entities (which exhibit emphatic accountability traits

through the use of and effects on public resources) as a primary driver for this research, intending to find a series of arguments for this scenario.

Nevertheless, we acknowledge the fact that implementing a complementary reporting system in the public sector would increase the burden on entities and some resistance would inherently appear (especially, if it would be implemented as mandatory). At this point, Integrated Reporting is mainly based on voluntary adoption (which theoretically enables increased usefulness as reporting entities deliberately report on their activity, without enforcement). However, through our research, we intend to prove that the increase in burden could be minimized by using information which is already prepared for the current reporting output.

Emphasizing the previous point, Integrated Reporting is designed as a complementary reporting system, with no stated intention to substitute existing reporting outputs. After all, the primary standard setters and professional organizations for financial and non-financial reporting are directly involved in a continuous development process of Integrated Reporting. In this respect, the provision of a reporting output that would provide a good understanding of a public sector entity's organizational model 'at a glance' is essential, but without creating a redundancy with existing reporting formats.

The argumentative structure of this research is grounded on several prerequisites and outlined directions for Integrated Reporting implementation in the public sector. The main ones refer to the initiatives that are already launched and support this desiderate. Our arguments and evidence aim to show that, although guideline issuance is critical, Integrated Reporting can also emerge from practice (from reporting entities' initiatives or by inherently considering Integrated Reporting-specific components in their current reports).

Even though the governing bodies for financial and non-financial reporting undertake constant efforts to ensure proper implementation of Integrated Reporting, preparers' volition and acknowledgment of the need for transparency are the deciding factors in assessing the success of this process. For this to take place, it is necessary for public

servants to become more inclined towards higher disclosure levels regarding their activity (use of and effects on public resources). Ultimately, a change in mindset is required from public servants to be able to align to the orientation towards transparency, and the current research aims to emphasize the theoretical build-up and practical initiatives leading to a potential increase of disclosure levels through Integrated Reporting.

MOTIVATION AND IMPORANCE OF THE RESEARCH

Providing an answer on why we pursue our research endeavors on this topic is based on a complex and multi-faceted reasoning. First of all, we note that the development of Integrated Reporting (commonly abbreviated <IR>) is a dynamic process and is impacted by an increasing number of factors, as it gains traction towards implementation within more types of entities. This dynamic is closely monitored from several points of view, by different actors who have an interest (whether direct or indirect). In this sense, we have identified three primary sources from where we **draw our motivation** for this research, supporting our endeavor, respectively: the academia, the standard setters and governing bodies (the so-called ‘regulators’), and the reporting practice.

Concerning the trend set by the **academia**, we observe a growing interest manifested by theorists and practitioners concerning <IR>, emphasizing precisely how topical this issue is. Accordingly, the most relevant proof for this fact is the increasing number of articles and studies, as well as practitioners’ reports released on this topic (mainly after the year 2009, when the concept acquired clear delineations). The elements of common ground shared by these pieces of literature are the provision arguments and solutions for development and implementation, as well as constructive criticism aimed to improve the reporting system as a whole.

Our inquiry shows that a high number of these articles, studies and reports are mainly focused on the implementation of <IR> in the private sector (as most of the evidence exists for this type of entities). In all fairness, this reporting system has been drafted primarily for private sector organizations, but the implementation perspectives have been extended to the public and not-for-profit sectors. From this point of view, we identify two tracks on

which we might set our argumentative structure. One of these tracks is based on private sector evidence which might present applications in the public sector (drawing arguments from theory and using proxies – like SOEs – to transpose them), whereas the other is to build on existing <IR> theoretical ground set in the public sector by front-runners.

The first track which supports our motivation is based on articles focused on research agendas, future directions, and insights concerning <IR>. These pieces of literature emerged at the dawn of <IR> implementation and, even though they address several issues connected to the private sector, some arguments can be employed and support implementation in the public sector. For instance, *resource and capital allocation* are argued to be influenced by the possible implementation of integrated reporting (and, implicitly, by the amount of information published in the reports) (de Villiers et al., 2016). This offers an important instrument to enhance transparency within public sector entities, which employ and manage public resources and funding within their operational activity.

Furthermore, the relationship with a higher range of *stakeholders* and the myriad of interactions created within the economic environment of a public sector entity provides justification for a prospective implementation process on a large scale. This research direction has also been emphasized in the case of private sector entities (Morros, 2016; de Villiers et al., 2014; Cheng et al., 2014), intending to reveal the status quo of interested parties engaged in the reporting entity's organizational model. Stakeholders are (or should be) highly prioritized by decisional factors within the public sector entities' activity as they include a multitude of actors (including taxpayers and the general public), involved in public accountability relationships (which are to be discharged by higher transparency levels enabled by <IR>).

The *institutional oversight* of this entire implementation process is also a point of interest within the dynamic of <IR> - as a system. The initiatives and the boundaries which encompass the actions of the IIRC, as well as the positioning in relationship with other standard setters, are important in this incipient phase of development and are addressed as primary research directions (Morros, 2016; de Villiers et al., 2014; Cheng et al., 2014). In

this sense, the implementation process in the public sector cannot take place without having proper guidelines, motivating us to pursue the investigation further on the normative layer.

Regarding the second track from the literature, evidence from the literature shows that the number of <IR> high-ranked articles directly connected to the public sector is rather low (Dumay et al., 2016), which drives us to build on the existing theoretical foundation and outlook an argumentative structure in favor of this implementation desiderate. In this respect, we use prerequisites and elements of context which justify the application of <IR> within public sector entities (Katsikas et al., 2017; Cohen & Karatzimas, 2015; Bartocci & Picciaia, 2013), consolidating on the idea that <IR> is a tool for improving transparency and safeguarding accountability. The development of these front-running ideas in the field would allow us to make a contribution in filling the research gaps and construct more arguments on this ground for the implementation process of <IR> in the public sector.

From the **standard setters'** point of view, we noticed in the recent years an increase of interest towards the implementation process of <IR> in public sector entities (a perspective supported by paragraph 1.4 from the IIRC Framework). The IIRC issues guidelines and provides the Framework used for the key delineations of <IR> concepts. However, the inter-institutional collaboration between the IIRC and other significant accounting and reporting standard setters and professional organizations is the primary driver for delivering better guidance for adopters. Our motivation, in this sense, is to provide insights (from a normative point of view) on the extent to which these institutions collaborate and communicate towards a common goal (e.g. Framework improvement), as well as the manner in which public sector implementation perspectives are addressed in the corresponding debates.

Aside from the academia and 'regulators,' we focus on a third-tier development mean, respectively: **the reporting practice**. Here, we direct our investigation from two points of view. First of all, we focus the 'overseen' implementation of <IR> in public sector entities, through the <IR> *Public Sector Pioneer Network* (a front-running group of public sector entities established in 2014, steered by WBO, CIPFA, and IFAC). Although the network

is gaining traction and organizations acknowledge the opportunity of adoption for disclosure enhancement purposes, advancements are rather slow and evidence scarce (only a limited number of SOEs issuing an integrated report up until this point).

From this reason, we shift towards our second point of view, respectively: *<IR> emergence from practice*. In this respect, the motivation relies on providing proof that <IR> can be refined using existing reporting outputs (in our case, focusing on public universities), as the constituting elements are redrafts of current components (with financial or non-financial traits). This part of the research would provide added value by revealing an existing reporting infrastructure that matches a series of <IR>-specific elements, making it more accessible to draft an integrated report.

Thus, **the importance of our research** derives from the previously mentioned points of motivation. The research output – in its entirety – will have a contribution in covering the gaps in the academic literature regarding <IR> in the public sector (which, at this point, is rather scarce, focused mainly on theoretical insights, contextual placement, and research agendas). Also, our research is relevant because it provides a tri-factor analysis (namely, academia-‘regulators’-practice) on the <IR> implementation perspectives in public sector entities. The alignment with the practical application endeavors (e.g. the Pioneer Network) and the reveal of the overlapping between the <IR> model and elements of the current reporting set are complementary elements which emphasize the importance of the thesis. Furthermore, outlining the <IR> implementation perspectives in public higher education (as a result of our study) builds on an incipient research direction.

Nevertheless, the current status of the research shows that <IR> in the public sector is still an *‘uncharted territory’*, and any contribution we make in this sense is bound to provide additional arguments to the evolution of the implementation process. Whether theoretical, normative or practical, the layers of our investigation will align to the academic research direction and the practical initiatives to enhance and to strengthen the foundation on which <IR> sets out to be applied in public sector entities.

RESEARCH OBJECTIVES AND METHODOLOGY

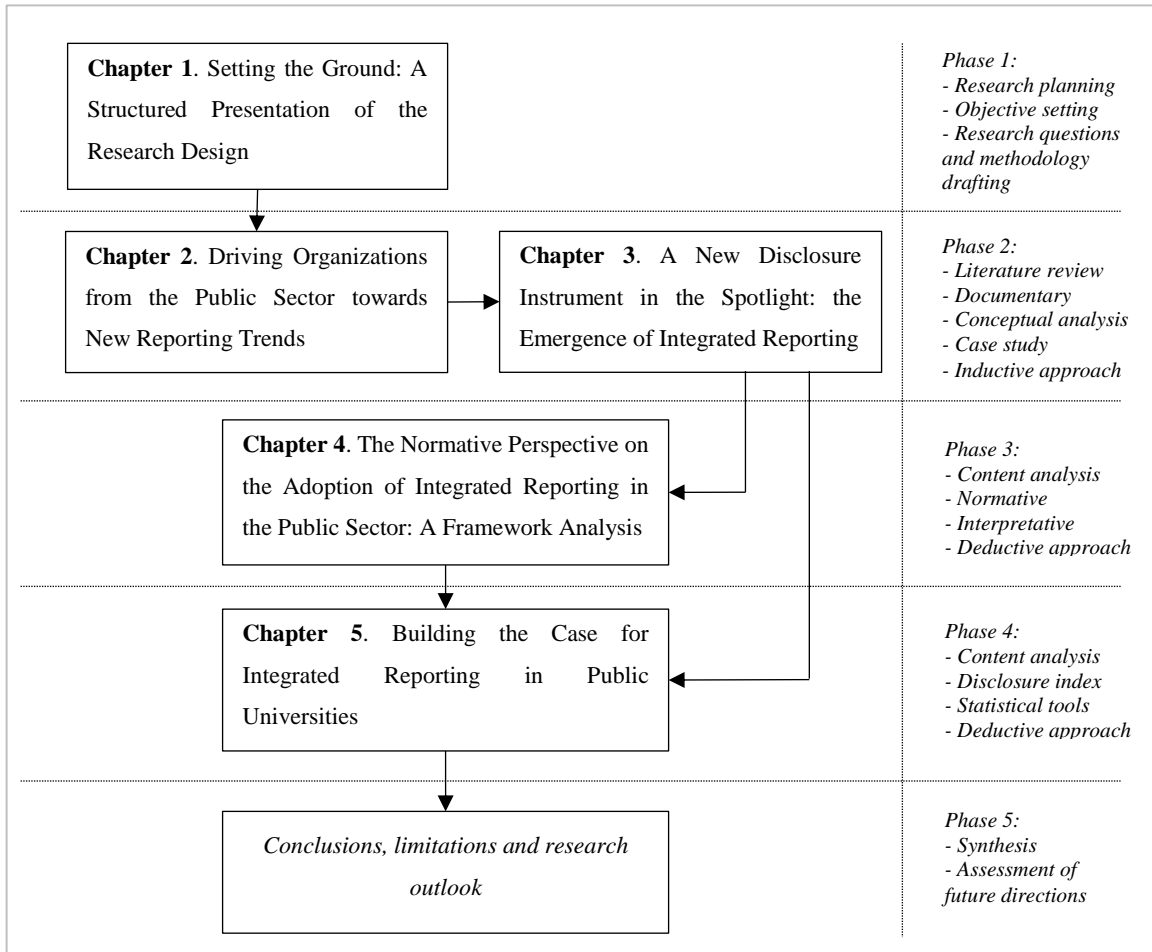
Driving a reporting system which was not initially prioritized within the application extension towards the public sector is a difficult task, but not impossible. Therefore, **our main objective is to build an argumentative structure in favor of implementing integrated reporting in the public sector**. Attaining this objective would allow us to highlight the perspectives of the actual implementation process and to provide ways to overcome slow advancements.

The proposed argumentative structure is based on three main pillars, respectively:

- **previous work from the literature** – we use evidence from previous studies which contribute to our argument in favor of <IR> in the public sector, mostly by revealing the prerequisites for implementing such a system, as well as the evolution of organizational reporting in the public sector and the marking which point to <IR> as the next logical step;
- **guidelines and regulations** – we analyze the <IR> Conceptual Framework, the background papers and the feedback received from stakeholders (with emphasis on the contributions from directly involved standard setters and professional organizations) to reveal elements of support for public sector implementation;
- **evidence from practice** – we proceed to analyze prototypes of new reporting trends in the public sector and pioneer reports to check whether they are aligned to an evolutionary phase towards integrated reporting; also, we verify whether the current reporting set of public sector entities is indeed close to <IR> (in terms of constituting elements) and whether the pool of data needed to issue an integrated report is already encompassed and accessible in the current reporting set.

The architecture of the thesis (starting on the three previously mentioned pillars) consists of five major chapters (as we can observe in *Fig. 1*), each with its own subsequent research objective. Aside from the **first chapter**, which has the purpose of laying out the research plan and direct the endeavors towards the primary objective, the following chapters have a higher degree of application concerning <IR>.

Fig. 1. The architecture of the thesis and research phases



(Source: author's projection)

Hence, **the second chapter** of the thesis initiates an evolutionary study on public sector reporting (using documentary research and archival data), with the subsequent objective of **emphasizing the shift in the public sector reporting paradigm and the increasing focus surrounding new reporting trends**. The chapter grounds the argumentative structure on key impact factors on public sector reporting (namely, *public accountability* and *public interest*), with the underlying assumption that they would be naturally enabled by implementing <IR> in the public sector (the next logical development step in the reporting system).

The third chapter also relies on the thorough review of literature and resumes the discussion focusing on <IR> after the issuance of regulatory documents (delineating the fundamental concepts and its constituting elements, but also providing guidance on how it should be practically applied). The chapter's subsequent objective is to **perform a conceptual analysis of the <IR> model, in the format presented by the Framework**, using archival data and evidence of the implementation status from the existing sources (which mainly highlight the private sector examples). Using an inductive approach, we intend to consolidate the postulate concerning the implementation perspectives of <IR> in the public sector using the corresponding literature (supporting this desiderate) and the proxies from a case study which support the practical initiatives (the state-owned enterprises and professional organizations which already issued an integrated report). Furthermore, the results of the conceptual analysis from this chapter will support the unfolding of more practical endeavors in the following chapters.

Within **the fourth chapter** of the thesis, we pick up the trail from the consultation process regarding the <IR> Conceptual Framework refinement. The point of view of the chapter shifts in the context of the thesis to an institutional perspective and provides an embedment of the public sector implementation perspectives in the fuller collection of responses from the comment letter. In this respect, the subsequent objective in the fourth chapter is **to assess the role and interest shown by institutional actors towards public sector implementation in the guidelines issuance process**. For this desiderate, we shift towards a deductive approach and collect a series of comment letters from the 2013 consultation process. To pinpoint the place of the public sector implementation perspectives in the collection of points of interest, we orient out analysis both vertically (checking all the responses from selected categories of institutional actors – namely, professional organizations, policy makers, regulators and standard setters) and horizontally (checking only the public sector related responses from all types of stakeholders).

The fifth and last major chapter of the thesis presents a highly practical perspective on public sector implementation. Within the chapter, fundamental concepts from the <IR> model play the part of a benchmark while analyzing the current reporting set to establish if

there are traces and sources of data which would benefit in the practical application of integrated reporting. Consequently, the objective of the chapter is **to analyze whether the current reporting set for public sector entities contains traces of <IR> elements in the respective pool of data**. As the public sector – in its entirety – has a very large extension, we refrain to a mere part of its composition to test our assumption and methodology, respectively public higher education. Similar to the case of the previous chapter, we use a deductive approach to unfold our study, using content analysis on selected samples of public universities. The thesis ends with **a section of concluding remarks, limitations and potential future developments** on this research topic.

After establishing the argumentative flow of the thesis and the main subsequent objectives, we proceed to state the main research questions to which we intend to provide answers after we deliver our research findings. Subscribed to each chapter, we draft four major research questions, respectively:

RQ1. Are public accountability and public interest suitable prerequisites for adopting integrated reporting in public sector entities?

RQ2. Is the current architecture of the integrated reporting appropriate for public sector entities?

RQ3. To what extent are the implementation perspectives for public sector entities taken into consideration by institutional actors within the guidelines issuance process?

RQ4. How close is the current reporting set to the integrated reporting model in the case of public sector entities?

From a methodological point of view, in the incipient phase of our research, we construct a literature review, which is set to reflect in a clear and relevant manner the knowledge status on the topic of integrated reporting and to consolidate the research direction concerning the adoption of this system in the public sector. In this respect, documentary research and content analysis are employed by most of the projects and articles from the literature as a way of studying prior work in a certain field and is the most common method of constructing a solid literature review.

Moving forward with our research, we study the architecture of the <IR> Framework and question how the key dimensions could be addressed for the public sector entities. In our assumption, in the case of public sector entities, instances of public accountability exist on every layer of the <IR> model (both on a static view – when addressing resource allocation and on a dynamic view – when discussing value creation). After all, the IIRC clearly states within its Framework that one of their aims is *‘to enhance accountability and stewardship for the broad base of capitals [...] and promote understanding of their interdependencies’* (IIRC, 2013b: p. 2)

Also, we emphasize the existing cases and projects in development for <IR> in the public sector. Although their number is not that high, these cases are the practical manifestations of the (tentative) implementation process started by the IIRC and its collaborators. Research and discussions in this direction are constantly emerging, and we expect to see an intensification of the initiatives leading towards <IR> in the public sector.

The continuous development of reporting models is another point of interest within our research. The precursor models (embedding instances of non-financial information and acting as a preview for integrated reporting) play an important role within our evolutionary analysis. Therefore, we provide an overview of the emergence process of these models and pinpoint key focal point around which the disclosure requirements and practice revolve.

Furthermore, we conduct a presentation of the fundamental concepts connected to the integrated reporting system, grounded on the <IR> Conceptual Framework and supported by the official background documents issued by standard setters, policy makers and professional organizations. We develop the conceptual analysis so that we may perform an overlapping between the key delineations with the main characteristics embedded in the precursor models, consolidating the claim that the pool of data and information sources already exists and it could serve as ground for drafting an ‘integrated report’.

Passing into the next research phase, we employ the content analysis method on a set of comment letters which serve as feedback provision documents within the consultation

process for the <IR> Conceptual Framework development. This endeavor will aid us in assessing where are the implementation perspectives placed in the context of constructive response provision from the involved stakeholders. Afterwards, we pursue the analysis more in-depth, focused strictly on the responses which tackle specific issues connected to the public sector.

However, the way towards <IR> implementation within public sector entities is not without hindrances. The delineations of the construct (molded for the private sector) and the basis for reporting are the most emphatic causes which determine the reluctance of public sector entities to prepare a report which would be ‘fully integrated’. Otherwise said, there is a preconception that not all elements which are included in the Conceptual Framework are suitable (in the current sense and form of delineation) for application within public sector entities. In this respect, the participants from the Public Sector Pioneer Network are actively trying to determine the way in which the model should be tailored to provide a more proper suitability concerning the reporting requirements within the public sector.

Our following research phase shifts to another point of view and unfolds from the underlying assumption that <IR> is nothing else but a restructured holistic mix of financial and non-financial reporting components already included in the disclosure set. To this point, the respective reporting components caught the attention within the literature, as financial, social, value-related, environmental and other specific types of layers of information are in the spotlight. Starting from this assumption, our postulate is that the pool of data from the existing reporting set contains traces of <IR> specific elements, offering the perspective of refining a model from existing sources.

Furthermore, we test the validity of this postulate by measuring the level of closeness between the current reporting set and the <IR> model, using a disclosure index methodology. The index itself is designed using a checklist with provisions from the Conceptual Framework (the main guidelines reference). The index will be applied on a sample of universities from the public sector, providing the context for creating a benchmark in terms of closeness between the formerly mentioned systems. The advantage

of this methodology is that it may be adjusted and replicated to more fields and domains in the public sector (such as healthcare system or public administration).

CONCLUSIONS, LIMITATIONS AND RESEARCH OUTLOOK

A synthesis of results and concluding remarks

Since its inception, the concept of Integrated Reporting has become a trending topic in the accounting literature and practice. Its novelty in terms of redrafting reporting components, the inherent change in reporting paradigm, and the intense promotion from high-level stakeholders (including standard setters and professional organizations) has led to an increasing momentum for <IR> towards implementation in organizational reporting sets. This trend has not gone unnoticed, as many academics emphasize the popularity of <IR>, as well as the increasing interest manifested by report preparers to adopt <IR>.

Evidence from the literature shows that the evolution of <IR> was sped by the fact that it was set on precursor reporting models and theoretical background (e.g. the triple-bottom line), being grounded on elements which are not necessarily new – but rather encompassed within other reporting sets (such as: social or CSR, sustainability reporting). The fundamental concepts are drafted as extensions of the existing pillars on which reporting is currently based. However, the innovation brought by the <IR> system revolves around the balanced approach towards financial and non-financial elements disclosed by the reporting entities.

As a principle-based reporting system, <IR> follows the provisions embedded in the IIRC Conceptual Framework. Therefore, it is not a strict system, but a flexible reporting set, giving the reporting entity the opportunity to provide an appropriate level of disclosure using the principles, content elements and fundamental concepts. Otherwise said, the Framework – in itself – is ‘a box’, providing the necessary boundaries for report preparers to be able to correctly draft an integrated report which meets its intended purpose: to provide a holistic view of the reporting entity’s activity.

In its initial form, the <IR> system was intended for application predominantly in private sector entities and was perceived as a ‘prodigy’ of corporate reporting. This has been also the point of view of the IIRC, as much of the guidance provided in the implementation process was directed towards the private sector. Evidence from the literature and practice shows that most of the traction gained by this reporting system has been shown by private sector entities, in various contexts (whether voluntary adoption, in most cases; or mandatory adoption – the case of Johannesburg Stock Exchange). However, the Conceptual Framework left ‘a *backdoor*’ open for other sectors, as well (public and not-for-profit). This ‘backdoor’ has been further opened by the public consultation process in 2013, when the phrasing in the Framework has been relaxed, providing better implementation perspectives for the other sectors.

Thus, we arrived to the main objective of the thesis: ***the arguments for applying <IR> in the public sector***. To construct the argumentative structure, we based our ground on a complex theoretical mix, comprising two main components: the boundaries and the context. The boundaries of this theoretical mix are closely connected to the main actors involved in the reporting set issuance. Thus we have three main categories: the report preparers; the report users (or stakeholders); the institutional actors (involved in regulating and guidelines-issuing processes). On the report preparers’ side, we emphasize the public accountability trait employed by their nature of public servants and their need to account for the use of and effects on publicly available resources (incurring elements from the stewardship theory).

On the opposite side, we placed the report users (stakeholders) which are to be the receivers of any information produced through <IR>. In the case of public sector entities, public interest plays an important role in defining the scale of the reporting information set (mainly due to the fact that public funding – from taxpayers’ money – is employed in most, if not all, of the cases). The pressures inflicted on the public disclosure set creates the opportunity for <IR> to mitigate the clash between the two sides. In other words, <IR> would provide the tool to discharge public accountability through an increase in transparency, which – in addition – would certify if public interest was appropriately served

or not. Overseeing these processes and directing all the efforts for a proper implementation process are the institutional actors, which are directly or indirectly involved in providing guidance for <IR>.

All of these efforts and elements combined could be explained through the constructivist approach of the Actor Network Theory (ANT). Given the architecture and specificity of <IR> (e.g. the range of capitals; the broad interactions disclosed through the reporting set; the network of stakeholders; the exploration of objectives and strategic focus, etc.), ANT provides the appropriate context for describing the theoretical pressure points for public sector implementation.

Starting from this theoretical mix, we unfolded our argumentative structure based on three pillars, respectively: the documentary evidence from the literature; the normative perspective from the institutional actors; the practical implementation perspective. This lead to the development of three main sub-studies.

First of all, we developed an evolutionary study based on the existing studies from academia, as well as reports and documents from practice. The findings show that public accountability and public interest have been previously considered as important facets for precursor reporting frames. Breaking down the two concepts, we notice that they are key enablers for the main components of <IR> (as they manifest themselves on multiple layers of activity; e.g. financial, social, environmental, etc.). Moreover, the development of new reporting trends (embedding and transitioning these concepts, as well) led to the emergence of <IR>. The focus on public accountability is also confirmed by the official documents for <IR> (namely, the Conceptual Framework).

If the traces of public accountability and interest lead towards the components of <IR>, it is fair to consider that – as a whole – the reporting system, as a disclosure tool, provides the opportunity to discharge them. This theoretical assumption allows us to outline further developments and to identify practical implementation perspectives for public sector entities. Preliminary evidence can be observed in front-runner integrated reports from the

Public Sector Pioneer Network, only that the reports are mostly drafted by SOEs (which are at the borderline between the private and public sectors) and the consideration and inclusion of <IR> principles and content elements are not fully consistent to all entities from the sample (although some are included in the IIRC Database). Further developments will be unfolded as more reports are set to appear in the following years, increasing the range of available sampling and leading to the uniform understanding of <IR> in the public sector.

The second sub-study picks up the <IR> architecture, but shifts the point of view from the normative perspective of the institutional actors. We investigated the evidence from the consultation process (the comment letters submitted to the Consultation Draft of the Framework from 2013) and we pinpointed the main points of interest (on which the issuer of the Framework should insist further). The first part of our analysis was undertaken on a ‘vertical’ orientation (the perspective on key issues attributed to institutional actors, namely standard setters and professional organizations). Our evidence shows that there were several major issues addressed (e.g. materiality; assurance of integrated reports; principles-based versus rules-based approach, etc.), among which we found the implementation perspectives for the public sector.

Within the second part of the analysis, we shifted to a ‘horizontal’ approach and we identified all the comment letters addressing this implementation issue (from all types of stakeholders). We note that the count of comment letters was low (less than a tenth from the total number), but more than half from our sample consisted of professional organizations and standard setters. Our findings based on an in-depth content analysis show that specific issues connected to the Framework were brought up by respondents (e.g. phrasing; restrictiveness; public sector versus private sector features; support for implementation), some on a descriptive level, and others with possible solutions. The main conclusion is that the professional organizations play an important role in the guidelines issuance process, providing extensive feedback and being prone to act as a proxy in further refining of the Conceptual Framework. This finding is also a key enabler for further

developments in the case of public sector implementation (where professional organizations are actively involved in the Pioneer Network).

The third and last sub-study shifts the point of view once more and provides the practical perspective of the entire implementation process. It starts from the assumption that the pool of data for <IR> already exists in the current reporting set (given the fact that in itself <IR> is a rebranded synthesis of existing reporting components). In this sense, we state that the hindrances in the public sector implementation process (addressed by the steering committee) are not fully justified and should be overcome by using existing information in the reporting set. We focused our study on public universities, as we could clearly delineate the fundamental concepts from the <IR> system.

Using the information from the Conceptual Framework, we drafted a disclosure checklist and ran it on reporting sets (comprising publicly available online information) from top-ranked public universities worldwide. Our evidence shows that almost three quarters of the basic information required to draft an integrated report already exists. The rest of the information is either not produced (being specific to <IR> and requiring a dedicated drafting process), or it is deliberately not disclosed (being subject to competitive advantage and asymmetry). In a polarized comparison to this benchmark, we selected a second matching sample – consisting of Romanian public universities – which have low positions in the international rankings, and we applied the designed index.

Our results from this comparative analysis shows that there are statistically significant differences between the two samples concerning the degree of closeness between the current reporting set and the <IR> system (opening the door for further regression testing of the disclosure index connected to public university performance indicators, used to attribute the ranking). However, there is still a high value of the disclosure index, which means that facets of <IR> are still present in the current reporting set.

Having considered all the arguments, we acknowledge the opportunity of implementing integrated reporting in the public sector as all the involved actors and the context elements

lead towards this process. Our perspective aligns to the statement that <IR> would suit these types of entities in providing the account for their activity in ‘readable’ holistic outlet. Our findings to this point show that constant efforts are being undertaken to facilitate this process, building on existing ground (the private sector experience) as most of the prerequisites are already set. It remains to be seen how effective will the reporting set be in the context of public sector entities (when we will have a significant number of reports and will attain comparability), as well as how hindrances will be overcome.

Contributions to the field

Integrated reporting is a topic with a lot of focus in the literature in the recent years. Although our research aligns to this direction and picks up many elements which were consolidated by front-runner studies, we benefit from the fact that there is a low number of studies focused strictly on the public sector implementation of <IR>. While many would argue that going into ‘uncharted territory’ is a disadvantage, we managed to emphasize a series of elements which would contribute to the existing literature.

In this sense, we note that our theoretical mix (consisting of three borderline theories and one contextual theory) is an element of novelty, alongside the implications on the argumentative structure. Although public accountability and public interest are already debated in the literature as marking elements in the context of public sector entities, identifying them as pressure points for the <IR> system is a clear plus for our layered argumentative flow. Also on a theoretical level, using ANT as a contextual setup and linking it to the architecture of <IR> represents an element of novelty (contributing to the literature concerning the connections of <IR> with various theories).

The use of content analysis on the comment letters (from the fourth chapter) is a methodology used by other theorists in previous studies. However, filtering the input provided by institutional actors (professional organizations and standard setters) and pinpointing the insights provided concerning public sector implementation are to be noted (in contrast with existing studies provided from official sources, focused on an overall approach).

Last, but not least, the construction of the disclosure index from the fifth chapter is suitable to be used in other studies. The index has already been successfully tested on public universities, but it provides the opportunity to be applied to other types of entities from the public sector. The use of the official Conceptual Framework within the construction process provides validation for the model, and the measurement for the degree of closeness could be an appropriate indicator for justifying the decision to adopt <IR>. Also, the comparative analysis methodology using Mann-Whitney testing could be extended and replicated to other samples.

Limitations

Our research has a series of limitations, as well, manifesting mostly on the practical level. First of all, we make note of the fact that some of the concepts included in this model are highly theoretical and is quite difficult to have a numerical assessment, potentially leading to an empirical study (e.g. public accountability; public interest). For these proxies, our argument resort to theoretical induction and logical analysis (using existing documentary research as ground). This is also the case of the Framework, which – in more than one case – is quite vague and has general phrasing.

The scarcity of data (lack of public sector integrated reports), the slow advancements and the delays of the Public Sector Pioneer Network create a research hindrance in developing a solid empirical study using actual integrated reports in the public sector. To this point, we use the available front-runner reports (most of them, from SOEs), but the size of the sample is considerably small (helpful merely for a preliminary testing of the methodology). This limitation will be inherently overcome in future studies, as more public sector integrated reports are due to appear.

Concerning the comment letters, the main limitations are the low response rate related to the public sector implementation perspectives (less than a tenth from the total number of respondents), as well as the low number of respondents with an overall approach (which provide good context for their feedback). Most of the respondents (e.g. report preparers

from the private sector) have a more targeted approach, dismissing issues connected to those which do not affect their focus. Also, content analysis (as a research method), as well as the categorizing process of the responses from the comment letters into predefined templates generate an exposure to a certain degree of subjectivity from the researcher's part.

For the study we developed on public universities, we acknowledge that there are several limitations. The first one is represented by the low complexity and number of items from the disclosure checklist (mainly due to the scarcity of officially verified and accepted guidelines documents regarding <IR>; therefore, our focus remains on the IIRC and its partners). Although the marker system is intended to be as thorough as possible (with objective provisions to be checked within the reporting set), the ultimate decision in the encoding process is the researchers'; thus, we confine to a certain degree of subjectivity.

Also, to some extent, we obtained a level of collinearity between certain items from the disclosure checklist (case and point, between externalities and outcomes). One way to address this is to merge the two elements within one aggregate item. This would, however, lead to a further reduction of the number of items (enhancing the previous limitation). Another way would be to obtain extensive delineations and more markers. Furthermore, critics may debate the fact that the <IR> principles are not included within the disclosure checklist. The exclusion of the principles is justified by the much more complex set of metrics required by the principles (to measure compliance), increasing the difficulty of the assessment model. Ultimately, we have a language barrier acting as a limitation within our benchmark sample, as we include only reporting sets in English. One way to overcome this limitation is to extend our sample to the following interval in the ranking (for example, 100-150), thus including more public universities (which would be subject to sample filtering). However, we do not expect significant differences in findings to occur due to sample enhancement.

Future research directions

The topic of Integrated Reporting, as it has a high degree of novelty, is prone to a constant dynamic. In this sense, we are continuously pursuing research endeavors in order to develop the argumentative structure in favor of public sector implementation.

We are observing the new emerging literature and theoretical developments. We consider public accountability and public interest two key enablers for <IR> in the public sector; thus, we will analyze more in-depth the implications of these elements on <IR>. Also, we will keep under observation the dynamic of the Conceptual Framework and the emergence of new background papers.

In terms of comment letters, a new consultation process is set for 2017, and a new round of feedback is due to be gathered. This creates the perspective of developing a comparative study with our current findings and check how the interest points (in the responses) have shifted (if this actually occurs), as well as the dynamic of points of view respondent-wise. Also, new integrated reports from the Public Sector Pioneer Network are due to appear later in 2017, giving the opportunity to expand the sample and provide a more extensive set of case studies.

Expanding on the study on public universities, we have the perspective of shifting the study to a different type of public sector entities (e.g. public hospitals), to test the methodology for the degree of closeness to <IR>. Also, we could further expand the samples in the comparative study to verify whether the difference remains statistically significant. Another possible research direction is to construct and test a regression model which would link the disclosure index to independent variables (e.g. performance-oriented), following a preliminary confirmation from the Mann-Whitney test that ranking does have a connection with the degree of closeness between the current reporting set and <IR>.

Ultimately, the main point is that any research which would lead to appropriate ‘charting’ <IR> in the public sector is constructive and brings added value to the literature. The trend towards the public sector for <IR> is rather clear and supported by the major actors. Thus,

the actual implementation process – although is a road full of obstacles – can be eased by any contribution from theory and practice. In George Bernard Shaw's words, '*progress is impossible without change*'. The change in reporting paradigm is evident, but it requires a change in mindset. This is the path which would lead to the successful implementation of <IR> in the public sector.