The Potential Impact of Integrated Reporting on American Corporations

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A thesis presented to the Honors College of Middle Tennessee State University in partial fulfillment of the requirements for graduation from the University Honors College

Fall 2016

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Acknowledgements

There are many thanks that are in order. I would like first to thank the loved ones in my life for supporting me, not only during this thesis, but during my undergraduate career. This thesis marks one of the last requirements I must meet before I receive my diploma and fulfill my Buchanan status; where has the time gone? I would like next to thank my wonderful thesis advisor, Dr. Stephen Salter. I could not have asked for a more enthusiastic researcher with whom to work, and he has shown unrelenting patience and understanding during this endeavor. I cannot thank him enough taking up the role as my advisor; he was integral to the thesis that you are, hopefully, about to read. Finally, I would like to thank the Honors College. Because of the Buchanan Scholarship, I was able to start college with a group of like-minded friends, to travel across Italy, and to meet the most remarkably genuine people who reside in the Honors College. I can never thank you all enough for the opportunities and experiences I've had to privilege to enjoy these last few years. You are the reason I will leave this college better than I entered.

Abstract

In accordance with SEC requirements, it is a responsibility of public companies to ensure that they are transparent with the public. This is done by issuing annual financial reports that allow investors and citizens to see just what goes on behind closed doors. These reports provide a window into the operations, debt, and plans a company has made for the future; these factors are easily monetized and have been used for decades. However, there is more to a company than simply the number of sales it makes and how many assets it owns. There are peripheral consequences for the activities that businesses participate in, and these consequences are becoming more and more important to the value of companies. Because of this, businesses across the world have been including these factors in their financial reports. This paper focuses on combatting the issues that arise when this consolidation of information is sought.

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List of Abbreviations

CSR – Corporate Social Responsibility

IR – Integrated Reporting

IIRC – International Integrated Reporting Council

GRI – Global Reporting Initiative

The Potential Impact of Integrated Reporting on American Corporations

I. Introduction

The business world that exists today is markedly different from its predecessors. The history of business is one that places an undue emphasis on revenue generation and a maximization of shareholder wealth. According to Carroll, this methodology of successful business practice changed around the 1950s, however (1999). Recognizing that citizens started to expect a level of corporate responsibility towards the wellbeing of the public, businesses began to focus on their societal impact. This idea of corporate social responsibility (CSR) developed over time, and in the 1980s alternative themes emerged that helped to shape the modern approach with which companies approach CSR reporting (Carroll, 1999). Owens characterizes CSR as a ". . . more effective management of risk, helping companies to reduce avoidable losses, identify new emerging issues and use positions of leadership as a means to gain competitive advantage by influencing new regulation to strengthen competitive advantage" (2005). These characteristics became particularly important after the series of scandals in the early 2000s that included Enron, and the presence of CSR greatly increased in companies worldwide (Owen, 2005). Some of the most used measures in CSR include environmental preservation, corporate governance structure, reduction of emissions, screenings of new suppliers, and level of community and employee involvement (Lynch et al., 2014). While these measures in and of themselves cannot readily be assigned a monetary value, they nonetheless affect the

desire of individuals to invest in a company. Lynch et al. (2014) concluded that SR allows a company to become more desirable by helping managers make better internal decisions and providing greater transparency to external stakeholders to help gauge the true economic performance of the company. In an era when people are becoming more concerned with corporate responsibility (CR), transparency is key to attracting investors (Lynch et. al., 2014)

In its current state, however, sustainability reporting can be burdensome to the companies that elect to include it with their other annual reports. Sustainability reports can be overwhelming to prepare and read. Jeffrey Thompson, President and CEO of IMA, says that ". . . investors also face disclosures that are too short term, complex, long, and financially focused" (Monterio, 2015). This issue of practicality forced business leaders around the globe to search for a comprehensive solution to create a simpler report, and this came in the form of integrated reporting (IR). Developed by the International Integrated Reporting Council, or IIRC, integrated reporting is defined as ". . . the consolidation of both financial and sustainability information into one annual report to allow the public to see the overall value and value creation for a company" (Monterio, 2015). This value creation is key to a successful sustainability and therefore integrated report; it sets the long-term goals of a company that were before missing from normal financial reports (Schooley, English, 2015). Although business owners and accountants have their hands full with this new era of business, integrated reporting provides the framework to guide them down the path to a more complete and relevant business report.

It is at this point that the nature of this paper will be discussed, both in its past and current state. When the idea for this paper was first formulated, it was under the pretenses

of a much different research process. Originally, there were to be surveys and interviews performed with professionals who would either have insight or experience on integrated reporting. However, due to the remote chance that an interview could be conducted with executives, coupled with the unforeseen rigor of the Institutional Review Board to approve the process, other arrangements had to be made. The next option, which is the one presented in this paper, approaches the issue of integrated reporting in the United States by using secondary data and analytical review. This is done by taking seven case studies and analyzing them to determine to pervasive issue discussed within. Then, using pertinent literature, I develop an answer to this issue.

II. Literature Review

Because it is still in its infancy, integrated reporting has been met with much criticism and speculation. Robert Eccles[1], a professor at Harvard Business School and IR expert, believes that four of the largest issues obstacles to IR are ". . . the perception that an integrated report is just another reporting burden . . . lack of awareness . . . mistaken notion that IR will increase litigation risk . . . and general lack of support for IR by large U.S. institutional investors" (Monterio, 2015). The United States has been reluctant to adopt integrated reporting. Only seven of the S&P 500 companies used the reporting method in 2015. In other parts of the world, however, IR has become the norm. The two flagship entities for IR are South Africa and the United Kingdom, which produced The King Report on Corporate Governance for South Africa (King III) and the International

[1] Robert Eccles is a professor at the Harvard Business School and global integrated reporting expert/author who has published three works on this topic

Integrated Reporting Council's (IIRC) guidelines, respectively (Abeysekera, 2012). King III and the IIRC both proposed frameworks for IR, and in South Africa is mandatory that all business use King III as their reporting medium. The hesitation of American companies is due largely to the fact that there is no concrete format with which companies can create the report. The IIRC has created a framework to guide companies towards its creation, but oftentimes companies perceive the costs of this task to outweigh its benefits. Many industries have financial and sustainability factors that are specific to them, and without a prior integrated report for their industry, this can prove unduly burdensome (Kiron, 2012).

Another deterrent to integrated reporting lies in the inability to provide accurate assurance. Companies report many different variables within the sustainability portion of the integrated report, and the way in which these variables are monetized can be quite subjective (Simnett, 2015). This presents a serious issue to auditors; how can you prove the accuracy of an asset valuation such as an endangered species or preserved wetlands (D'Aquila, 2012)? With these seemingly arbitrary valuations, auditors and certified public accountants (CPAs) must use guidelines and personal judgement to ensure that companies are accurately producing their reports. Proponents for integrated reporting argue, however, that an adoption of IR across a larger number of companies would assist in the creation of benchmarks and standards for future reports which would make companies more valuable in the long-run (James, 2015).

There are other issues auditors face in their goal of sustainability audits, however. Most companies view auditors in a negative light and believe that auditors reveal issues within companies that make them less appealing the investors (O'Dwyer et. al.). This

pushback from companies makes it difficult for auditors to effectively develop new auditing practices for sustainability measures. The way this can be overcome, according to O'Dwyer et. al., is by reaching out to stakeholders and communicating the importance of sustainability assurance. With this pressure from investors for accurate audits of sustainability factors, companies would be more likely to welcome new developments in their assurance reports.

These arguments aside, some professionals believe that integrated reporting is a necessary step for the future of business reporting standards. During an interview, Robert Eccles said that, "If big names like Marks and Spencer and Microsoft come out with an integrated report in a year or two, then Tesco and Oracle and other competitors in the pilot program will say, 'Oh gosh, I guess we have to do it" (Kiron, 2012). This follow-the-leader effect will be especially important in America, where Eccles says the legislature to bring about IR will take time to pass. With a few important companies leading the way, it would become to norm to use IR in order to stay competitive. The added value creation of businesses coupled with a responsibility for social and environmental health will allow companies to tap into new capitals and resources. Caraiani et. al. (2012) says that companies do not adopt sustainability for altruistic reasons but rather to increase profitability and business expansions. One proposed benefit of integrated reporting is that, along with a more expansive capital base and a better societal image, it actually increases profits of companies by attracting new investors. With so many large corporations in America that are in the maturity stage of their corporate cycle, unlocking these new capitals could be key in ensuring economic

progression. Because of this, it is important to analyze the current state of integrated reporting in order to decide the current risks and benefits of its adoption.

III. Cases

The following cases highlight key issues that companies face concerning integrated reporting and sustainability measures. Each issue is prefaced by a summary of the case and the factors involved, including a statement of the question at hand. I follow this with an analysis of the issue presented and finally a solution.

Fiji Water

Fiji Water is well known as being the elite distributor of bottled water. Consumers are more than willing to pay the high prices for what they believe is a pure, unadulterated form of hydration. With the water bottle industry growing at an unprecedented rate between 2002 and 2007 (McMaster, et. al., 2009), Fiji Water has seized this opportunity to export over 90% of its product to countries around the globe. It quickly gained a foothold in the American and Australian markets, becoming known as a premium product that was endorsed by celebrities and famous hotels alike (McMaster, et. al., 2009). However, upon trying to expand into the U.K., Fiji Water was met with pushback. In 2008 it came under fire from environmentalists for the impact their product had on the Earth. The company was ridiculed for using massive amounts of resources to distribute their product far from their base of operations on the remote island of Fiji, as well as the

excess plastic used in their bottles. Not only this, but the suppliers used by Fiji were also ridiculed for their poor environmental effects. The City of London started a campaign to use only tap water in order to conserve resources, and environmentalists attacked Fiji Water saying that its product did little to help Fijians, contrary to the assertions made by the company. Companies need to be careful when selecting suppliers, choosing what materials to use, etc. (D'Aquila, 2012). Companies are being held accountable for all aspects of their value chain, even those to which they cannot directly make changes.

The real issue in this story and the object of this case study, however, came about when Fiji Water tried to implement "green" measures in their business model. The company began calculating its carbon footprint at every step in the production process and also developed a website where the emissions of each of its products were recorded (McMaster, et. al., 2009). These seem like the changes the public was searching for; yet these measures also backfired on Fiji Water. Conservation groups attacked these new changes, claiming that they were only half-truths that misrepresented the actual environmental effects the products caused. Fiji Water, in other words, was accused of "greenwashing." Greenwashing occurs when a company develops sustainability measures simply for appearances. While there might be some activity going on in the form of conservation, no real progress will be achieved. This then begs the question: does the pressure of CSR and a "green" public lead to fictitious or misconstrued environmental efforts?

Simply put, these pressures can certainly lead to false realities of environmental consciousness. Sustainability measures are becoming almost a necessity for companies to be considered productive, and those who do not make an effort can either be fined or lose

investors. This leads to companies desperately grasping for straws in order to meet the status quo. "Increasingly, there is a suspicion that much present-day social reporting amounts to little more than a smokescreen, diverting attention away from core issues of ethical and moral accountability" (Owen, 2013). In his paper, Owen goes on to discuss how it is competitive advantage that drives corporations as opposed to a sense of morality being the impetus.

How can this issue be solved? Hughen says that, "High-quality CSR reporting that is not backed by meaningful business change will come across as an empty public relations ploy, often referred to as "greenwashing" (2014). It is important to look at the issue through this lens, because it reveals the true complexity of this issue: CSR reporting and business change are two different things. In order for a company to have an effective CSR strategy, it has to include a long-term plan to reduce and possibly eliminate the waste a company produces. Simply releasing information about one's carbon footprint and making slight tweaks is not good enough for CSR to be truly effective.

Host Europe

Host Europe presents a diverse situation that is applicable to any workforce, especially in the United States. This IT company was a medium-sized technology business that was having issues keeping up with the ever-changing IT world. In today's era of technological advances that seem to occur every day, it can be not only expensive, but also wasteful always to desire the latest and greatest. Yet IT companies always are supposed to stay up-to-date in order to remain competitive with other firms, especially

when those firms are larger and possess more capital. Host Europe was faced with the decision to continue this cycle of expensive waste, or seek out another strategy; they chose the latter.

Host Europe developed a new green data center over a period of two years that totaled 11 million dollars. Although this is a sizeable investment, the important aspect of this transaction occurred in the following years: “A whole plethora of measures has led to a server energy-efficiency ratio of 75%, which was unheard of before” (Hahn, 2010). This example is crucial to the question this case poses: do the benefits outweigh the costs to implement CSR activities, and by relation, integrated reporting? The cost-benefit analysis of CSR and integrated reporting is one of the most prominent issues and one of the most highly debated. It does not always come down to a measure of immediate benefit recognition, however. Many employers believe that implementing CSR initiatives will cause company net income to considerably drop for the first few years; Van Zyl, through her analysis of the South African Corporate sector, would vehemently disagree. “It is undeniable that a company’s short-term profitability may be increased through initiatives such as energy efficiency, waste reduction, and improved environmentally-friendly designs” (2013). The money that Host Europe spent on energy efficiency measures was recovered in just two and a half years; that is most certainly short term. Employing these measures can also reduce the cost of capital for companies, meaning that there is a lower cost for companies to invest in themselves and make expansions or large changes (Simnett, et. al., 2015).

Host Europe also focused on ensuring the happiness of its employees. This is an integral part to CSR, and it falls under the human capital section that is laid out in the IR

framework (Steurer, et. al., 2010). The company implemented child care due to the large number employees who were in the age group where family planning is a large issue. Host Europe also focused on outreach to acquire for female employees, even though they do not make up a large portion of the IT field. Simnett says this about the effects of using sustainability measures well:

> Further, with greater comprehension of how a company creates value and the social and environmental impact that its activities have, it is more likely that management will recognize the imperative of integrating non-financial concerns into business strategies. Moreover, these strategies can be communicated to the employees to raise awareness at the operational level, which will likely facilitate a higher degree of collaboration and engagement. (2015)

Although many companies cannot see the immediate benefit, integrated reporting and CSR measures assuredly create benefits for the companies that employ them. This is true not only for large, public companies; family-owned businesses, cooperatives, and companies owned by professional investors participate as well (Lynch, et. al., 2014).

Southwest Airlines

Southwest Airlines goes by the nickname of the “love airline.” This is because Southwest was one of the first companies in the United States to adopt integrated reporting. As such, the company has a strong focus on ensuring that both employees and customers receive excellent, accommodating service. This case walks through the history of Southwest Airlines, from its first annual report the its first integrated report. Southwest, by and large, has been successful because of these changes and the

philosophies that change with it. A large reason why Southwest saw so many benefits after its implementation was because of the desire of management for the changes to take place. Southwest is only one of seven S&P 500 companies to use integrated reporting, however. According to Kiron, this small number is explained by the fact that “for most companies, the question of whether to pursue integrated reporting is optional, and one that they have not yet chosen to pursue” (2012). What leap of faith did Southwest take, then, to be so successful in the shift? These are the questions this case poses: what aspects do you include in an integrated report? How does adopting IR affect your company internally?

First, a company must go about the process of shifting into integrated reporting. Even though a company already may use sustainability reporting, it is not as simple as combining them with their financial reports. Integrated means that a company is not thinking of these changes as separate aspects of the company, but instead deciding how the combination of both reporting measures adds to the value creation of the company (Kiron, 2012). A common measure for companies to place in their report includes “greenhouse gas emissions, industrial process waste, worldwide water consumption, and lost workday and total recordable incident rates” (Schooley, et. al., 2015). Emissions are especially important for Southwest, and the airline industry makes up 2% of the total annual global emissions. Although these emissions are not a direct cost to Southwest, they can only be efficient in their sustainability measures by “understanding that some commonly shared resources are used free of charge or at a discount to expand organizational financial success requires organizations to demonstrate that they have internalized some of these costs voluntarily, either within or outside the value chain of

production and sales" (Abeysekera, 2012). Abeysekera is saying that companies cannot simply create expenses for others to realize without trying to realize some or all of those costs themselves. If Southwest releases emissions into the air each year, others have to pay for the effects that could have on climate change among other factors. Southwest should then do exactly as it did during the switch to integrated reporting; the company was able to find areas of waste that could be minimized in order to reduce its total effect on the environment. Just as Southwest looks towards its employees and emissions as two areas of focus, other companies should analyze what aspects of their operations have the largest effect on the world. This is why there have been issues developing a universal set of standards for integrated reporting; every industry has different factors that affect its value creation process (Lynch, et. al. 2014).

The second question posed concerns the effects adopting IR has on the company internally. Schooley lists some of the benefits as "improved reputation, better risk management, and increased consumer and employee loyalty" (2015). Southwest has especially epitomized the last of these. The company has created a fun, caring flight experience that causes flyers to choose them over other airlines, even though these competitors may offer more amenities. This customer and employee loyalty is essential for positive growth in a company. When employees are proud of their place work, this attracts highly skilled and talented individuals to join that company, therefore increasing the overall performance of the company at no extra cost; this is only one the peripheral benefits that can be found in integrated reporting.

Another benefit of adopting IR is an increase in company reputation due to increased transparency. When a company displays all of its capital and all of its effects of

nature and society, it creates a sense of honesty that investors and employees find very reassuring. People are more likely to invest in a company that is accountable (Lynch, et. al., 2014). Hughen, in her paper, talks about the most substantial benefits companies realize when switching to integrated reporting:

> Furthermore, the report outlined five major benefits that companies reported following the implementation of integrated reporting. The most widely cited benefit waste connection and cooperation of various business units within an organization, because each one placed a greater emphasis on the company's core strategy rather than on its own specific functional area. Second, as integrated reporters shifted focus to the items most relevant and important tithe company, they noted an improvement in internal processes. Third, integrated reporting requires, and therefore results in, more involvement by senior management in sustainability activities. Fourth, integrated reporting enhances a company's ability to communicate its strategy and business model and to provide more transparency to stakeholders. Finally, integrated reporting helps stakeholders better understand business prospects and value. (2014)

By looking at their company holistically, decision-makers are able to analyze financial and non-financial data to attain a better understanding of how exactly company achieves value, and this in turn helps them to meet their strategic goals.

What Aristotle Can Teach Firms About CSR

This case discusses the lessons of the ancient philosopher, Aristotle. Chun says how companies will often implement CSR strategies incorrectly. Companies will often participate in CSR activities for the appearances and the necessity of looking responsible. Yet even those companies with pure intentions can mishandle the implementation of CSR

and IR. This raises the question for this case: what can companies do to ensure that they are using the right CSR strategy?

Chun says that the primary focus of CSR should be to engage your audience with empathy. Through Aristotle's teachings, she deduced that through empathy, all other strategic goals (differentiation, identification, and satisfaction) can be met (Chun, 2016). Chun goes on to say that "this consideration of stakeholder emotion is what makes virtue ethics distinctive from other CSR approaches" (2016). If a company instead decides to make differentiation, identification, or satisfaction the primary consideration, it is likely that the remaining strategic goals cannot be met. This is because, as Chun deduced from Aristotle, there is a hierarchy to these goals. To ensure that they are focused on empathy, companies must perform self-analysis; this is where integrated thinking comes into play (Kiron, 2012). First, a company must build its sustainability strategy. This is where a company must see if they are focusing on their most pressing sustainability issues. If not, a shift in strategy will be necessary to ensure that all strategic goals are being met, therefore increasing the value of the company. Managers also need to be aware of the return on investment, or ROI, they are getting from each sustainability measure. If a certain strategy doesn't allow for a good ROI for a few decades or longer, it might be better to focus resources elsewhere. For example, if a company's goal is water conservation, then there could exist a way in which to collect rainwater and use it in its production facility. This could be extremely costly to perform and cause the company to incur more losses than the benefits derived from the rainwater collection. It might be better for this company to wait until a more economic method of rainwater collection has been invented before this strategy is pursued.

Finally, companies must be prepared to make significant changes to their business models and processes (Hughen, et. al., 2014). This last facet is essential to the successful implementation of CSR measures, and it is the one where companies usually fall short. Decision-makers shy away from these big changes for fear that the company will go upside-down should they fail. If the strategic and sustainability analyses have been performed accurately and honestly, however, the chances of this happening is slim. Integration of a sustainability report is more than just making new systems and making donations: to be truly beneficial, a cultural change must be pervasively enacted, and the moral and ethical standards must be changed with it.

SGFE Cambodia

In Cambodia, the deforestation rate is one of the highest in the world. A majority of the population lives in poverty, and money is a precious resource. Eighty percent of Cambodian households rely on wood or charcoal for domestic use. Because of this, SGFE, a subsidiary of a French environmental company, focused on replacing the wood and charcoal of Cambodian households with briquettes made from cleaner burning materials. This would cause emissions to decline, less energy to be used, and less pollution to the air around the country. The only caveat was that the cost was slightly more than charcoal and wood. Despite this cost barrier, SGFE was able to gain trust in its product by giving free samples to Cambodians. The briquettes became popular, and many restaurants also adopted the cleaner source of energy that also burned longer, savings costs in the long run. However, the intended purpose of the briquettes was not achieved.

Although many trees were saved and emissions were reduced, this only made up a negligible part of the serious deforestation that takes place. It seemed like SGFE took all the right steps to help the environment, so what went wrong? This presents the question for this case: what are common issues with CSR efforts?

Kiron says that, “Trying to create reporting standards that integrate environmental, social and governance performance along with financial information is “fraught with conflict” and an “almost political adjudication process” (2012). Putting this perspective with the Cambodia case, this is exactly what happened. No matter what efforts an outside company took to fix the deforestation issue, there is no way that they would be able to significantly affect the destruction of the forests. Another portion of companies see the process and too complex and costly, and surveys show that these corporations think that they do not have the resources to afford an integrated report. This is a misguided view, however. From the prior case studies, the benefits of IR and CSR are evident. So why aren’t more companies adopting these measures? One explanation is that companies and their decision-makers are simply ignorant of integrated reporting (Monterio, 2015). Another issue is that there does not currently exist a framework for sustainability reports. Even though some assurance measures are in place, they are no used often and can differ between firms (Lynch et. al., 2014). This lack of framework and uncertain auditing standards are a deterrent for companies in countries where integrated reporting is not common. Some companies do not have the expertise or the manpower to develop a custom sustainability report for themselves, and instead they decide to continue with business as usual. Brown states that the proposals of the IIRC “fail to accommodate

perspectives beyond the business case, and are unlikely to open up outputs to a wider governance" (2014).

One suggestion might be to make it a requirement for companies to create an integrated report; however, this does not seem a plausible answer either. While the benefits of IR are can be seen, forcing companies to develop their plan by law would cause confusion and lead to the production of reports that are sloppy or misinformed. IR takes a while to develop, as companies must truly analyze all of their ideas and goals and then perform simulations to determine which of these are viable. Forcing companies to do this simply does not provide them enough time to achieve the benefits intended.

The Economics of CSR

This case discusses how CSR should be implemented. Should social responsibility be left up to the government to legislate, or should it let companies decide when to contribute to the preservation of nature and society? This question boils down to the motives companies have for making these changes, and sometimes even these motives can appear blurred. If a company is run by executives who genuinely care about the preservation of our planet, CSR objectives will assuredly make their way into the companies reporting (O'Dwyer, et. al.). However, other companies participate in CSR for self-fulfilling reasons. If a company is under fire from the public for environmentally unsafe practices or for lack of humanitarianism, they may be forced to issue a CSR report or an integrated report. For example, if a natural disaster strikes a part of a country, and a company donates money for the relief effort, is this an act of charity? If the company has

no history of charitable donations in the past and management hasn't changed, it could be a singular act to increase company reputation. Another example of "greenwashing" is when a company cuts back on production to save resources, but it only does so because the resource is running low, and it must wait for it to replenish.

Based on these examples, it is easy to see how a company's intentions can be questionable. The only people who truly have the answers to a company's CSR activities are the ones who initiated them (O'Dwyer, et. al.). That being said, companies impact every aspect of society is great ways. With the level of influence, companies should not wait for the slow wheels of government to mandate helping society and the environment. Companies should have the freedom to make their own CSR activities, regardless of their intention. I believe that even a misguided donation to charity is better than no charity at all. The impetus for voluntary CSR and integrated reporting among corporations will be leading by example. If a large company were to issue an integrated report successfully, its competitors would need to follow suit in order to stay in the same playing field (Kiron, 2012).

Apple and Its Suppliers: CSR

Apple found itself in a difficult situation a few years ago. It was discovered that not one, but two of Apple's transnational suppliers were engaging in inhumane treatment of factory workers. While Apple did not directly control these conditions, it is still its responsibility to ensure that they are conducting business with ethical companies. Apple was not entirely blameless in this situation, however. Apple was notorious for pressing

suppliers to produce products for cheaper and cheaper costs; Apple was more focused on increasing profit than taking the time to affirm positive CSR practices. Even after one supplier changed and adhered to better labor conditions, Apple went to the other supplier simply because it could make more money with them. The question for this case is this: are very large, profitable corporations affected at all by CSR, either positively or negatively?

CSR and integrated reports can almost always provide benefits to those who adhere to them. In a survey conducted by EY and Greenbiz, 74% of large companies reported that they had cut costs after introducing sustainability measures and reporting (James, 2015). By using CSR to tap into undiscovered capitals, large corporations can attain growth, even at the maturity stage of their company lifecycle (Kiron, 2012). The opposite is not always true; if a large company fails to implement CSR activities, this will not necessarily damage their reputation or growth. Sustainability practices can provide little to no consequence for the company involved. After news of Apple's supplier's factory conditions was made public, Apple did not lose any profit. It has developed such a large fan base that a little hiccup such as inhumane conditions hardly stops Apple from getting consumers' money. Kiron explains how easy it is for behaviors to spread through corporations, and that "if Pepsi produced an integrated report, and it got a lot of accolades, Coca-Cola would say, "Well, geez, I guess I'd better do it, and I wish I'd done it first" (2012). What if the opposite of this is true as well? If Apple can get away with poor labor conditions, what's to stop Samsung, Sony, and Microsoft from doing the same? These companies have also reportedly had similar instances happen, coincidentally. If there are not more serious ramifications to companies for this type of

behavior, soon companies will be able to pick and choose when and where they decide to be humane and just. Owens says about the CSR environment, "a powerful combination of external financial hegemony and internal bureaucratic control conspire to prevent them being socially responsible in anything but an instrumental sense," (2013). This is exactly the situation in which Apple found itself. Even though Apple put into play labor requirements in the contract with suppliers, the company still chose the less humane facility simply to cut costs. With a better framework for CSR integrated reporting, actions like this from Apple could foreseeably have consequences that are not in play in today's United States economy. If a company like Apple decided to carry the torch with integrated reporting, many other companies would surely follow.

Conclusion

Integrated reporting is still in its very early stage in the United States of America. Through these case studies, we have been able to see common questions, benefits, and flaws of the integrated reporting system given possible solutions. "American Exceptionalism" is partially at fault here. For decades, America has been considered the global superpower, and much of the population associates this with an assumption that our methods are the best, and that will hinder the spread of IR. There are two ways in which IR will become the reporting standard:

1. Either legislation will be passed that requires it, or
2. Companies will recognize the potentials of these capital markets and voluntarily participate.

Unfortunately, until more companies in the United States provide evidence that IR can benefit corporations, we are stuck with only the handful of businesses that have decided to use it. As time passes, more research can be done with the few companies, and hopefully others will follow suit if the results are conclusively positive. Future research opportunities exist in many areas, and cultural, legislative, and economic factors need to be more thoroughly examined to decide upon a framework for IR and subsets of industry information.

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