

INTEGRATED REPORTING <IR>



IAAER

INTERNATIONAL ASSOCIATION FOR ACCOUNTING EDUCATION & RESEARCH

The global
body for
professional
accountants

ACCA

Call for research proposals: Integrated Reporting

Introduction

ACCA (the Association of Chartered Certified Accountants), IAAER (International Association for Accounting Education and Research) and the IIRC (International Integrated Reporting Council) are pleased to invite research proposals to support the further development of Integrated Reporting (<IR>).

This call for research proposals is intended to stimulate fresh research into issues at the heart of the further development of <IR>. Subjects for research include an analysis of users' information needs, the relationship between materiality, completeness and conciseness in reporting, and the impact of factors such as organisation size, ownership structure and source of financial capital on the supply and demand for integrated reports.

Funding for this program is provided by ACCA as part of its ongoing funding for international accounting research, and its support for the work of both IAAER and IIRC. A combined sum of up to GB£50,000 will be awarded for research projects pertaining to the areas specified below. It is anticipated that up to three projects will be funded in total.

The deadline for submission of proposals is 28 February 2014.

Research topics

TOPIC 1: MEETING USERS' INFORMATION NEEDS

In December 2013, the International Integrated Reporting Council (IIRC) released the [International <IR> Framework](#). The Framework clarifies that 'The primary purpose of an integrated report is to explain to providers of financial capital how an organisation creates value over time.' (Paragraph 1.7).

The Framework goes on to say that 'an integrated report benefits all stakeholders interested in an organisation's ability to create value over time, including employees, customers, suppliers, business partners, local communities, legislators, regulators and policy-makers.' (Paragraph 1.8).

RESEARCH OBJECTIVE

The primary focus will be to consider the information needs of the users of integrated reports from large private sector, for-profit companies, focusing on the commonalities and differences between the needs and expectations of:

- Different equity and debt holders and others who provide financial capital, including the ultimate beneficiaries of investments, collective asset owners, and asset or fund managers, and their advisers (eg, analysts, brokers, and rating agencies)
- The wider group of stakeholders likely to be interested in an organisation's ability to create value over time.

This is in order to understand how information needs vary within and between user groups, and the extent to which the existing Framework is capable of meeting those needs.

The initial section of the research will explore and provide a potential framework that categorises the various 'audiences' of <IR>.

Some of the questions this research will aim to address are: Can integrated report users be grouped based on their information needs? How and in what ways?

This research should also assess, based on the above-mentioned groupings, the types of decisions being made to meet their objectives, as well as the strategies each grouping adopts in order to achieve their objectives and the timescales over which they work.

In addition, the analysis will include the types of information that each group requires to base their decisions on – identifying what is and is not currently available. It should also provide an overview of the following, for each group:

- Barriers in accessing the information required (for instance: limited accessibility, comparability, etc.)
- The sources and delivery mechanism that each group relies on for their information
- How the information is specifically being used
- How information needs and sources/delivery mechanisms of various groupings have changed in recent times and postulate how they are likely to change in future.

Crucially the project will consider the extent to which the current Framework meets the needs of these groups, and identify areas for further research and development of the Framework.

It is suggested that this research project be conducted in two parts.

Part 1: Providers of financial capital

This is the primary part of the project and will focus on the information requirements of providers of financial capital, in their various forms, and the ability of <IR> to meet those needs. Questions to be addressed include:

- How can providers of capital and their advisers be most meaningfully categorised, eg, based on debt vs equity, the length of investment holding, position in the investment supply chain, investment strategy/style (eg, quantitative, fundamental, SRI, active, top-down)?
- The extent to which <IR> provides the range, depth and connectivity of information required by different categories of financial capital providers?

Part 2: Beyond the providers of financial capital

This part will analyse the potential value of integrated reports to users beyond the providers of financial capital. Again this will consider their information needs and the extent to which <IR> in its current form meets their requirements, and identify potential areas for further development or research.

TOPIC 2: MATERIALITY vs CONCISENESS IN INTEGRATED REPORTING

The Framework requires an integrated report to be complete (paragraph 3.39). It must therefore include all material matters, ie, those that could substantively affect the organisation's ability to create value in the short, medium or long term.

The Framework also requires an integrated report to be concise (paragraph 3.36). It should therefore include sufficient context to understand the organisation's strategy, governance, performance and prospects without being burdened with less relevant information. In providing guidance on conciseness, the Framework notes that an integrated report may link to more detailed information, information that does not change frequently (eg, a listing of subsidiaries), or external sources (eg, assumptions about future economic conditions on a government website).

Research objective

This research will focus on the theoretical, policy and the practical issues concerning the balance between completeness and conciseness in an integrated report, in particular the role of the materiality determination process (discussed in Section 3D of the Framework) in making decisions about whether information should be:

- included in the integrated report
- linked to but not included in the integrated report
- not referred to at all in the integrated report.

The research will draw on the emerging practice of Integrated Reporting to date, as well as theory, policy and practice with respect to: (a) more established forms of corporate reporting (such as financial reporting and sustainability reporting), and (b) effective communication more generally.

TOPIC 3: ORGANISATIONAL CHARACTERISTICS AND INTEGRATED REPORTING

The Framework states that it 'is written primarily in the context of private sector, for-profit companies of any size but can also be applied, adapted as necessary, by public sector and not-for-profit organisations.' (paragraph 1.4).

While much of the experience with Integrated Reporting to date has been with respect to listed companies, some experimentation and considerable interest has also been shown in application of the Framework by organisations of different sizes, with different ownership structures, in different sectors, etc.

Research objective

This research will focus on the theoretical, policy and the practical issues concerning application of the Framework to different types of organisations in different jurisdictions and under different circumstances. In particular, the effect of the following characteristics should be explored with respect to: (a) the supply (both quantity and quality) of integrated reports; (b) the demand for integrated reports; and (c) what adaptations might be necessary for the Framework to be applied by an organisation:

- size
- country/region/jurisdiction
- industry
- sector (private, public, not-for-profit, hybrid)
- predominant source of financial capital (eg, debt funded versus equity funded)
- ownership structure (eg, listed companies, mutuals and co-operatives, for-profit public-benefit corporations, privately held businesses)
- stage of business life cycle (start-up, expansion, etc).

PROJECT METHODOLOGY

ACCA, IAAER and the IIRC are global bodies, and as such each project will need to address the research question from a global perspective. Proposals are to be explicit in providing a rigorous description of the research methodology and define clear outputs for each stage of the project.

All research approaches and paradigms are welcome, although each project is expected to include a thorough review and analysis of extant literature relevant to the research topic.

Timing and deliverables

Prior to 15 March 2014, contracts will be signed by research teams. Each contract will specify interim milestones, deliverables, and expected delivery dates. Key dates to be agreed to in the contract include:

OCTOBER/NOVEMBER 2014

Preliminary findings will be received from the research teams ahead of the IAAER World Congress of Accounting Educators and Researchers (WCOAER). Teams will be required to submit interim results, an executive summary of interim results, and presentation slides to the program coordinator by 15 October 2014. The first grant instalment will be dispersed upon completion of the first research phase, including timely submission of required deliverables. The Program Advisory Committee will supply each team with feedback and recommendations within 30 days of receipt of the interim report. Tentative plans are for the teams to present their project and interim findings at the WCOAER to be held in Florence on 13–15 November 2014.

FEBRUARY/MARCH 2015

The final deliverables will focus on highlighting the significance of the research findings to IIRC and the accountancy profession. Teams will be required to submit final results, an executive summary of the final results (suitable for posting on the websites of the ACCA, IAAER and the IIRC), presentation slides, and a summary of how the team responded to the recommendations of the Program Advisory Committee to the program coordinator on 31 March 2015. Adequately addressing recommendations of the Program Advisory Committee is a pre-requisite for presentation. The second grant instalment will be dispersed upon completion of the final research phase, including timely submission of required deliverables and presentation at an ACCA, IAAER or IIRC event.

Research proposal format

Up to three research grants, up to a combined total of GB£50,000 equivalent will be awarded under this program. The grants will be paid in two instalments and may be applied to cover direct costs associated with the research. ACCA does not pay overhead.

Proposals are welcome from research teams domiciled anywhere in the world. Additionally, proposals are encouraged from teams whose members are from different regions of the world. Preference will be given to proposals submitted by teams consisting of at least one academic and one practitioner.

Proposals should be concise, not exceeding 10 pages (excluding references at 1.5 line spacing and 12 point font). All proposals should be in English.

Proposals should contain the following information:

- Clear and concise definitions and description of the:
 - research question
 - research objectives
 - research method to be employed
- Description of the proposed research activities
- References to leading studies on the topic (including a reference list not exceeding two pages).

Each proposal should additionally:

- designate a principal investigator who will have primary contractual responsibility for the research project
- include a curriculum vitae for each member of the research team.

All proposals are to be submitted electronically to the program co-ordinator, at researchcalls@accaglobal.com

Funding decisions will be based on the potential of the research to provide valuable input to the further development of the International <IR> Framework and its practical application.

Members of the Program Advisory Committee will review proposals and make final funding decisions. The Program Advisory Committee may initially select a set of finalists, who may be asked to submit revised proposals for final consideration.

Program Advisory Committee

Members of the Program Advisory Committee include:

ACCA

Ewan Willars, director of policy
Richard Martin, head of corporate reporting

ABOUT ACCA

ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants. ACCA aims to offer business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management. For more information about ACCA, please visit www.accaglobal.com

IIRC

Lisa French, technical director – guidance and practice
Michael Nugent, technical director – framework development

ABOUT IIRC

IIRC (International Integrated Reporting Council) is a global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs. Together, this coalition shares the view that communication about value creation should be the next step in the evolution of corporate reporting.

The IIRC is the global authority on <IR>. Its long-term vision is a world in which integrated thinking is embedded within mainstream business practice in the public and private sectors, facilitated by <IR> as the corporate reporting norm. The cycle of integrated thinking and reporting, resulting in efficient and productive capital allocation, will act as a force for financial stability and sustainability. For more information about IIRC, please visit www.theiirc.org

IAAER

Professor Donna Street, IAAER director of research and educational activities, University of Dayton
Sidney Gray, University of Sydney and chair of the IAAER Advisory

ABOUT IAAER

IAAER (International Association for Accounting Education and Research) is the global organisation for accounting academics. IAAER's mission is to promote excellence in accounting education and research on a worldwide basis and to maximise the contribution of accounting academics to the development and maintenance of high quality, globally recognised standards of accounting practice. For more information about IAAER, please visit www.iaaer.org

CONTACT

All proposals, and questions about the program or proposal processes, should be directed to the program co-ordinator, at researchcalls@accaglobal.com

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