Theoretical Review On Integrated Reporting

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Abstract: Professional accounting bodies, regulatory bodies, academics, and researchers have highlighted the importance of applying the IR practices, and the academic discussion addressing the IR phenomena proliferated. This study analyzes the perspectives of diffusion of innovation theory, institutional theory, legitimacy theory, stakeholder theory, shareholder theory, agency theory,signaling theory, and resource-based theory on the various facets of integrated reporting. This study aims to provide the panoramic theoretical understanding for the research advancement of integrated reporting by giving guidance about choosing the of most suitable theory/ies for different aspects of integrated reporting. The study concludes the theoretical rationale behind the adoption of integrated reporting practice and shows the potential avenues for future research on integrated reporting.

Index Terms: Integrated Reporting, diffusion of innovation theory, institutional theory, legitimacy theory, stakeholder theory, shareholder theory, agency theory, signaling theory, and resource-basedtheory

1. INTRODUCTION

The foreground of any research study is laying down by the theories, and due to the differences in the way of involvement of theories with the corporate reporting aspects and the overlap which exist between the different theories, the researchers seek to establish the context of their research using more than one theory. In Integrated Reporting (IR) research based on the theoretical background, the researchers analyzed different IR facets using different theories. However, there is no coherent theory to explain IR (Camilleri, 2019; Tweedie &Martinov-Bennie, 2015). Hence, it may be worth looking into parallels with the theoriesapplied in other forms of corporate reporting models. Although, thetheories' scope is extensive, this article considers the various aspects of integrated reporting that emerge from multiple theories.

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- *AS investors and other stakeholders concern and aware about the organizations' activities and its effects, the financial and non-financial disclosures provided by the organizations reflected the quiet a lot in terms of transparency and the accountability towards them (Camilleri, 2019) and quality information of financial statements affect to improve the accountability (Dewi, Azam &Yusoff., 2019). Hence, reporting on voluntary disclosures and practicing on different corporate reporting forms such as environmental reporting, triple bottom line reporting, corporate social responsibility reporting and sustainability reporting haveevolved significantly in the past few decades. Despite these corporate reporting forms, a criticism echoed from many constituents including scholars, practitioners and regulatory bodies are the little integration of sustainability concerns into organizational strategy (Setia et al., 2015), little consideration about the performance and decision making reporting (Adams, 2015), capture a decreasing proportion of organization's value creation process (Adams, 2015; Setia et al., 2015) and the impact of changes in business and capital market environment (Healy & Palepu, 2001).Hence, a welcome for a novel corporate reporting form embarked by those constituents to overcome the limitations of other corporate reporting forms. Integrated reporting is the novel approach to corporate reporting (Setia et al., 2015) which gives holistic view of organizational value creation and performance (Eccles &Krzus, 2010; IIRC, 2011)*

The logic to apply those theories in IR studies are explained with the support of previous IR studies and the approaches available in the voluntary disclosure literature, voluntary and mandatory IFRS adoption literature (de Villiers et al., 2017b) and sustainability reporting literature (de Villiers et al., 2017a, Stubbs & Higgins, 2014) which can be used as approaches to the IR research. Thus, the objectives of this article are to identify the antecedents, consequents, and other aspects of IR with the theoretical support. This article offers several intended contributions to IR research involving various theories. Firstly, there is a need for scholarly response in this field, which is rapidly increasing in the interest and importance of IR worldwide. Secondly, this study provides a guide to establishing the relevance of employing a particular theory to provide an insightful explanation of the IR phenomena.Lastly, this study highlights the potential avenues for future IR researchers to analyze the IR's different aspects in more detail, using different theories. The remainder of this study is structured as follows. Section 2 provides the background information on the integrated reporting. Section 3 explains the methodology. Section 4 presents the theoretical review on integrated reporting with the support of nine theories. Section 5 provides the maps to future research, while the final section concludes the article.

2. INTEGRATED REPORTING

The quality information of financial statements affects accountability (Dewi, Azam &Yusoff., 2019)and improves the corporate transparency (Camilleri, 2019); organizations moving towards different corporate reporting models to provide more information to investors and other stakeholders. The last development in emerging corporate models is integrated reporting(Bernardi, 2020; Vitolla et al., 2019b). In, 2013, the international integrated reporting council (IIRC) introduced a principle-based reporting framework for integrated reportingto provide an accurate guide to overcome the lack of common understanding of IR and to clear the mix picture of IR practices around the world. The IIRC plays a pivotal role in raising the international awareness of IR, founded in 2010 by the prince's accounting for sustainability projects and the global reporting initiative (GRI). However, integrated reporting goes way beyond 2010, and the Danish biotechnology company Novozymes was the first company who produce an integrated annual report in 2002 (Eccles &Krzus, 2010) Integrated reporting is not just a corporate reporting form used to report financial and non-financial information of an organization. Indeed, it is also an arena that shows the organization's ability to create value over time. One of IR's objective is to promote conciseness by minimizing the turbulences of current corporate reporting (Zhou et al., 2017).Integrated reporting which is not only the reporting tool but also an effective management tool (Setia et al., 2015) emerged benefits to the organization itself and stakeholders. The adoption of integrated reporting improves organizations decision making(Adams, 2015; Ioana & Adriana, 2014), enrich risk management process(Adams, 2015; Steyn, 2014), improve the communication(Adams, 2015; Lodhia, 2015), enrich the material determination process(Adams, 2015), enhance reputation (Ioana & Adriana, 2014; Steyn, 2014), increase profits (Ioana & Adriana, 2014), reduce costs (Steyn, 2014), orientate on future (Ioana & Adriana, 2014), assist to strategy formulation (Adams, 2015), assess organizational value(de Villiers et al., 2017b), improve stakeholder engagement (Ioana & Adriana, 2014; Steyn, 2014), retaining customer and employees (Ioana & Adriana, 2014), increase capital flows from new foreign investors (Macias &Farfan-Lievano, 2017), integration financial and non-financial information (Ioana & Adriana, 2014), enrich resource allocation process (Steyn, 2014; Vitolla et al., 2019b), report information which better aligned with investors (Steyn, 2014), improved trust relationship with stakeholders (Steyn, 2014), greater engagement with investors (Steyn, 2014), reconsideration of the business model and value creation (Steyn, 2014), encourage sustainable product development (Steyn, 2014). The International Integrated Reporting Framework (IIRF), the regulatory guide to adopt IR can be considered as a worldwide accepted guide to the statutory bodies and firms to adopt IR. As per the IIRF, the content and presentation of an integrated report covered by seven guiding principles, namely, strategic focus and future orientation, connectivity of information, stakeholder relationships, materiality, conciseness, reliability and completeness and consistency, and comparability. Apart from that, the IIRF guided that there should be eight content elements, namely, organizational overview and external environment, governance, business model, risks and opportunities, strategy and resource allocation, performance, outlook, basis of preparation, and General reporting guidance. Furthermore, it categorized the capitals of the organization in to six categories as financial capital, manufactured capital, Intellectual capital, Human Capital, social and relationship capital, and natural capital.

3. METHODOLOGY

Variety of international databases and online libraries (Econpapers, Emerald, Inderscience online, Jstor,ProQuest Central, Sage,Science Direct, SemanticScholor, Springer link, SSRN, Taylor & Francis, Wiley online library) and google scholar have been used to identify the relevant research articles, books and, PhD thesis for this analysis. To identify the use of a specific theories in research articles related to integrated reporting, an electronic search of each of the identified theories (diffusion of innovation, institutional, legitimacy, stakeholders, shareholders, agency, signaling and resource based) and integrated reporting was conducted in the above databases and google scholar. This study only considers empirical studies that deal with antecedents and consequences of IR with or without the theoretical background, other aspects of IR with the theoretical background and some of voluntary disclosure, mandatory disclosure and sustainability reporting articles that have theoretical backing.

4.THEORETICAL REVIEW

4.1 Diffusion of Innovation Theory

Diffusion is "the process by which an innovation is communicated through certain channels overtime among the members of a social system" (Rogers, 1983, p.5) and an innovation is an idea, practice, or object perceived as new by an individual or other unit of adoption (Rogers, 1983, p.34). According to (Rogers, 1983), innovation can express not only in terms of new knowledge but also with the decision to adopt or the first persuasion of an idea, practice, or unknown object or a decision to adopt. In the context of accounting, diffusion is the extension of new accounting procedures to organizations they did not previously have (Mellett et al., 2009). Therefore, integrated reporting can be viewed as an innovation, and its adoption can be investigated in accordance with the diffusion of innovation theory. This theory can be used as an appropriate theoretical basis for investigating factors that help or impede the diffusion of integrated reporting within an organization (Robertson &Samy, 2015).Hence, addressing the diffusion of IR, studies (Gunarathne& Senaratne, 2017; Robertson &Samy, 2015) have focused the effects of contextual factors and innovation characteristics: relative advantage, compatibility, complexity, tribality and observability (Robertson &Samy, 2015; Rogers, 1983) on the diffusion of IR. Hence, the advantage of being compared to other reporting practices; its comparability with existing corporate values, past experience and needs, complexity of IR, trialability and observability of t., is the perception of IR that can affect to use or diffuse the IR (Robertson &Samy, 2015). It is often difficult to adopt a new idea in a business even when there are obvious benefits (Rogers, 1983), due to the impediments of the adoption. Hence, the DOI guidesto identify the factors that hinder the likelihood that organizations will turn to integrated reporting which can come from the innovation characteristics and other contextual factors(Robertson &Samy, 2015).

4.2 Institutional Theory

The formal and informal institutional framework is the key to what an organization does for its survival and how they evolve (North, 1990) and organizations' activities and decisions are affected by the institutional forces (Hoskisson et al., 2000; Zucker, 1987)or powerful organizations (Senaweera et al., 2019)which is become isomorphic (DiMaggio & Powell, 1983).Institutional theory, which describes institutional pressures, is rapidly spreading globally, and is the most prominent theory used in organizational analysis (Davis & Marquis, 2005; Lounsbury, 2008) and because of its relevance to accounting research, this theory has been used as a key theory for behavioral accounting studies for the past several decades (Carruthers, 1995; Dagiliene&Nedzinskiene, 2018; Dragu&Tiron-Tudor, 2013; Khan et al., 2018). Furthermore, the institutional theory provides complementary perspectives on legitimacy theory and stakeholder theory (Dagiliene&Nedzinskiene, 2018). As per the old institutional economics theory, individuals and firms' actions are determined by acceptable and socially learned behaviors (Hodgson, 1998) and the foundation to the new institutional sociology were laid down by Meyer & Rowan in 1977. According to the neo-institutional theory, there are three types of isomorphisms: coercive isomorphism; which is occurred due to the formal and informal pressure of other organizations that rely on them, and the cultural expectations of the society in which the organizations operate, mimeticisomorphism; which is stem when the organizations model themselves on other organizations due to the poorly understood organizational technologies, ambiguous goals, symbolic uncertainty which is created by the environment, and normative isomorphism; which is stem from the professionalism (DiMaggio & Powell, 1983).Institutional theory becomes one of the main theory used to develop emerging insights about IR (Camilleri, 2019) and both neo-institutional theory and comprehensive institutional theory give the direction towards to the identification of antecedents(Adhariani& de Villiers, 2019; Dragu&Tiron-Tudor, 2013; Frias-Aceituno et al., 2013a; Girella et al., 2019; Jensen & Berg, 2012; Katsikas et al., 2017; Vaz et al., 2016)and other perspectives of integrated reporting practice(Katsikas et al., 2017; Stubbs & Higgins, 2014). Hence, studies used the institutional theory as a theoretical underpin for the study of institutional pressures affecting the integrated reporting process or other corporate reporting forms, and these studies confirm the institutional theory's explanatory power on various aspects of the integrated reporting concept. In terms of Institutional theory, organizations are intertwined with the broader political, economic, financial, educational, and cultural system that wields institutional pressures on them (Jackson &Apostolakou, 2010; Jensen & Berg, 2012). Campbell, (2006) argues that when there is coercive and normative pressures in the institutional context, a firm operating within it is likely to act responsibility and report their behavior, i.e, if there is a substantial and well-developed legal system, the firms seek to protect all stakeholders, not just in the interests of shareholders. Hence, the organizations use IR which is a coherent summary of the firms' diverse information to show their greater concentration towards the stakeholders, which country's legal system may determine. Furthermore, the firm established in countries where there is a strong control mechanism are likely to resort to IR as a complementally mechanism to ensure the utility of the corporate information (Frias-Aceituno et al., 2013a) and hence, IR practice of the firms in a country is determined by civil law (Dragu&Tiron-Tudor, 2013; Frias-Aceituno et al., 2013a; Jensen & Berg, 2012; Velte&Stawinoga, 2017), legal enforcement mechanism (Frias-Aceituno et al., 2013a), investor protection requirements (Jensen & Berg, 2012), and employee protection laws (Jensen & Berg, 2012).Furthermore, the financial system of the country may influencethe adoption of IR, i.e., in the market-based economies, companies with a high degree of market orientation and the companies from countries with the lower degree of ownership concentration are more likely to publish integrated annual reports (Jensen & Berg, 2012) and found that the education system, labor system and economic system of a country produce the important effect on the adoption of IR.Furthermore, the cultural system of a countrythat create informal pressures affects to companies to show their responsibilities towards the society. Hence, the organizations which operate in similar cultural context are affected by similar cultural pressure, so they resort to similar corporate reporting forms (Gallén&Peraita, 2018; Jensen & Berg, 2012). Different managers responsible for IR are under different institutional pressures (Higgins et al., 2014) activated by the external environment. This pressure may come in the forms of coercive, mimetic or normative (Katsikas et al., 2017). Coercive isomorphism to adopt IR is mainly raised by IIRC, which is the main regulatory body in the adoption of IR and the resource dominant actor on IR. Furthermore, coercive isomorphism may also stem from local regulatory body (Bebbington &Gibassier, 2014) on IR, new regulations on IR (Adhariani& de Villiers, 2019), government pressure(Bhimani et al., 2016; Razak et al., 2020), stakeholder pressure (Bhimani et al., 2016; Sridhar & Jones, 2013). In many countries, regulatory bodies call for the adoption of IR for corporate transparency, thereby creating uncertainty about IR practices. Therefore, as a result of IR practices being perceived as legitimate by investors and regulatory bodies, organizations may mimic other organizations, integrated reporting practices (Adhariani& de Villiers, 2019). Normative pressure to adopt IR practices may stem from the annual report awards(Bebbington &Gibassier, 2014) presented by professional accounting bodies on IR, diffusion of ideas of professional bodies (Bhimani et al., 2016) through training and awareness workshops on IR, influence on professional networking (Razak et al., 2020), influence of auditing firms and consulting firms(Razak et al., 2020) and view IR as the right thing to do (Adhariani& de Villiers, 2019). Furthermore, the institutional theory provides a theoretical basis for demonstrating how early IR users contribute to the process of IR institutionalization (Higgins et al., 2014). Furthermore, to gain a better understanding of how isomorphic and internal corporate dynamics interact in the accounting change process at both the micro and macro levels, Katsikas et al., (2017) used the old institutional economics and new institutional theory as the theoretical framework to explore the phenomenon of accounting change in the use of integrated reporting in public sector entities.

4.3 Legitimacy Theory

Organizational legitimacy is the congruence between the social values associated or implied with the organization's actions and the norms of acceptable behavior in the social constructed system which they are a part and the disparity exist between these two will emerge a threat to organizational legitimacy (Dowling & Pfeffer, 1975). Hence, the organizations take actions to ensure the organization's legitimacy (Dowling & Pfeffer, 1975) and substantive management, which "involves real, material change in organizational goals, structures, and processes or socially institutionalized practices" (Ashforth& Gibbs, 1990, p.178) and symbolic management, which "portray them to as to appear consistent with social values and expectations" (Ashforth& Gibbs, 1990, p.178) are the legitimate strategies which are used by the organizations to diminish the legitimacy gap.

Hence to maintainlegitimacy, the organizations seek to comply and apply the best corporate reporting practices like integrated reporting.It convinces stakeholders that the firm maintains good corporate reporting practices. Consequently, IR can be identified as a tool that communicates the organization's legitimation actions (Velte&Stawinoga, 2017) and IR is a reporting strategy use to manage corporate legitimacy (Lai et al., 2016). In addition, when organization adopts IR, they are inevitably to follow the IIRF that provide a passive path for institutional legitimization (Camilleri, 2019). A substantial number of papers used legitimacy theory to identify the antecedes (Frias-Aceituno et al., 2013b; Lai et al., 2016; Nicolo et al., 2020), the extent of IR practices, and other aspects (Corrado et al., 2019; Dumitru &Guse, 2017; Rivera-Arrubla&Zorio-Grima, 2016; van Bommel, 2014) Corporate size, a factor that affects the dependence of corporate legitimacy (Lai et al., 2016; Patten, 2002; Velte&Stawinoga, 2017) impacts to the level of social exposure of the organization (Lai et al., 2016). Hence, due to the higher public visibility faced by, the larger firms than smaller firms may choose IR as their reporting strategy (Lai et al., 2016). Furthermore, high leveraged firms may look to emerging corporate reporting forms, such as IR, to disclose more information to stakeholders, including lending institutions, to attain legitimacy. Conversely less profitable firms may resort to disclosing more corporate information to achieve legitimacy while avoiding the emphasis on what it entails on firms' profitability. Furthermore, voluntary reporting strategies may be used to manage the legitimacy of companies that receive poor ratings (Deegan, 2002), as companies face legitimacy threats when they receive poor ratings (Chatterji&Toffel, 2010). Moreover, external assurance can enhance the credibility and reliability of the information disclosed, particularly in terms of sustainability issues, by signaling the high quality of the IR and contributing to the organizaions' legitimacy(Kılıç&Kuzey, 2018). Furthermore, firms that belongto particular industries (environmental and socially sensitive) may disclose more information to maintain their legitimacy (Nicolo et al., 2020). Furthermore, the voluntary adoption of an integrated reporting reduces the risk of loss of corporate legitimacy, so a company needs a lower risk premium to calculate its capital cost, resulting in higher firm value (Wahl et al., 2020). Dumitru &Guse, (2017) identified sources of organizational legitimacy for IIRC, legitimacy granted by stakeholders, threats on IIRC's legitimacy within the confines of legitimacy theory, and provided guidance on sources of legitimacy that can be explored in the future. Further, (Rivera-Arrubla&Zorio-Grima, 2016) argues that within the framework of legitimacy theory, the new possibilities that social media brings can be more valuable for IR purposes, which are beneficial for increasing transparency and stakeholder engagement.(van Bommel, 2014) explored the mechanism required to legitimacy compromise of IR, it shows, in practice, legitimate struggles around complex accounting practices in heterogeneous environments. Furthermore, (Corrado et al., 2019) studies IR assurance practices by employing legitimacy theory as the theoretical basis.

4.4 Stakeholders Theory

Stakeholder theory was developed on (Freeman, 1984) conception that apart from shareholders, the company is comprised of various stakeholders and they should be managed with that in mind. Therefore, organizations have begun to strive to develop the relationships and networks with their stakeholders (Pushpakumara et al., 2018). Hence, success in an organization depends on how well the relationship with the stakeholders is managed. Accordingly, the idea that organizations should maximize the wealth of stakeholders as reference to the stakeholder theory is justified by the fact that integrated reports provide more information to stakeholders than traditional financial statements. In addition, the stakeholder theory begins by introducing value as a necessary and explicit part of doing business, thus giving managers a sense of the value they create and the common perception of what their key stakeholders bring together (Freeman et al., 2004). Hence, IR provides information on how the organization creates value and for whom, which become benefited to all stakeholders, and by introducing IR, companies will become more aware of stakeholders that influence their decision-making processes. Based on the stakeholder theory, the studies identify antecedents (Adhariani& de Villiers, 2019; Farneti et al., 2019;Frias-Aceituno et al., 2014; García-Sánchez et al., 2013), outcomes (Pavlopoulos et al., 2019) and, other aspects of IR (Farneti et al., 2019; Rivera-Arrubla&Zorio-Grima, 2016). Donaldson & Preston, (1995) concluded that the stakeholder theory has three distinct facets as descriptive aspect; use the theory to describe and to explain specific characteristics and behavior, instrumental aspect; use the theory to identify the connections, and the achievement of traditional corporate objectives, normative aspect; use the theory to interpret the function of the corporation. Value creation for the organization and for the others (stakeholders and society) is one of the fundamental concepts present in the international integrated reporting framework and integrated report benefited for all stakeholders who are interested about the firm's value creation (IIRC, 2013). Furthermore, the integrated report of the firm includes the extent and the way that the firm understands the stakeholders' relationships, their legitimate needs and interests, and how the firm respond to them as directed by the guiding principles of the international integrated reporting framework. Hence, the IIRC's concept is founded on instrumental stakeholder theory which argues that, the firm can function well is they take proper account of the stakeholders' interest (Flower, 2015). The organizations may adopt IR due to the stakeholder pressure (Farneti et al., 2019), to address the information needs of stakeholders (Farneti et al., 2019) and to satisfy the stakeholders (Adhariani& de Villiers, 2019). The stakeholders'expectation on organization's behavior is partly depend on the cultural system of a nation (García-Sánchez et al., 2013; Planken, 2013) which helps to determine the corporate transparency (García-Sánchez et al., 2013) and companies that are operating in similar cultural system have homogeneous IR patterns (Velte&Stawinoga, 2017). Hence, the national culture reflects the contours of the nature of stakeholders' actions in a context that they act. In terms of instrumental perspectives, the organizations must adopt to wider information disclosure. Furthermore, firm size can be identified as one of the determinant of IR practice, since the larger companies have more stakeholders (Dagiliene&Nedzinskiene, 2018). IR always seeks to present information that highlights stakeholders' relationships, how they add value to the organization, the business model, and the importance of the stakeholders to the organization. Indeed, by practicing in IR, an organization can achieve the best of care of their stakeholders and their interest's management, which is the central premise of the stakeholder theory and ultimately, it helps to have good firm performance for the organization (Donaldson & Preston, 1995; Freeman, 1984; Freeman et al., 2004) Furthermore, the integrated reporting form is supposed to boost the expediency of corporate reporting for stakeholders through its value relevance (Fernando et al., 2018). Furthermore, (Farneti et al., 2019) used stakeholder theory to explain how and to what extent IR has changed the way organizations understand, consider, and address social needs, stakeholders and the information needs of stakeholders. Further, (Rivera-Arrubla&Zorio-Grima, 2016) argues that within the framework of stakeholder theory, the new possibilities that social media brings can be more valuable for IR purposes, which are beneficial for increasing transparency and stakeholder engagement.

4.5 Shareholder Theory

Under shareholder theory, shareholders are owners of a firm that has the right to appoint the management of the firm, providing the financial capital to the firm. Accordingly, the firm is bound to act in a way that enhances shareholders' interests. Therefore, the interests of the shareholders of the company should be maintained first and foremost. It is based on the fact that corporations have sacred and inaccessible obligations to shareholders, so corporate action or inaction must address the interests of its shareholders, which is achieved through financial returns (Freeman & Reed, 1983). According to the international integrated reporting framework, one of the fundamental concepts is the value creation to the organization itself (financial return to the financial capital providers) andothers. This fundamental concept is in line with the shareholders' interest highlighted in the shareholders, theory, as shareholders, interest the value that the organization creates for them. The integrated report presents the interactions, activities and relationships which are material to the organization's ability to create value to its shareholders (IIRC, 2013).

4.6 Agency Theory

In the 1960s and 1970s, basic agency philosophy was evolved to determine the optimal level of risk-sharing between different individuals (Frias-Aceituno et al., 2014). According to the agency theory, the owners are principals, the managers are agents, and there is an agency loss which results a fewer return to the claimants, the owners, than if the principals, the owners exercise direct control of the organization (Jensen &Meckling, 1976).Agency theory plaguesthe problem of information asymmetry; a situation where one party has more or better information than the others in a transactionleading to problems such as adverse selection and moral hazard. The separation between management and ownership of an organization and agency and information asymmetry problems force to create three main categories of attributable costs within the organization namely, monitoring cost: the costs incurred by the principal to prevent the actions of agents which may harm him, bonding costs: costs incurred to prevent the actions of agents in contravention of the principal's interest and residual losses: the amount of the reduction in welfare that the principal experience due to the divergent between agent's decision (optimal monitoring and bonding activities) and those decisions which would maximize the principal's welfare(Jensen &Meckling, 1976). Corporate disclosures can be identified as a way to reduce information asymmetry and reduce the agency costs, while harmonizing the interests of shareholders and managers (Cormier et al., 2010; Farvaque et al., 2011; Healy & Palepu, 2001; Verrecchia, 2001). Hence, IR can be identified as a mechanism to reduceinformation asymmetry between the company's insiders and the outsiders. Studies used agency theory as theoretical foundation to identify antecedents (Frias-Aceituno et al., 2013b; Frias-Aceituno et al., 2014; Girella et al., 2019; Raimo et al., 2020; Vitolla et al., 2019), outcomes (Barth et al., 2017)and other aspects (Adhariani& de Villiers, 2019)of IR. Agency theory goes some way to explaining the factors that influence management's motivation for IR practice. Due to the higher agency costsarising with the need for external funds and information asymmetry problems that large firms face(Inchausti, 1997), they intend to use new corporate reporting models such as integrated reporting (Frias-Aceituno et al., 2014), which make them more exposed to information.Managers who act as agent of principles (shareholders) of profitable firms tend to disclose more information to support the continuance of their positions and incentives (Inchausti, 1997; Singhvi& Desai, 1971) and profitable firms disclose more voluntary disclosures to attenuate the agency cost and information asymmetry. Furthermore, agency theory shows that the agency conflict is exacerbated by the inclusion of debt capital in the firms' capital structure (Jensen &Meckling, 1976) and firms with high leverage have higher monitoring costs, and firms are expected to disclose more information to reduce these costs (Meek et al., 1995). Growth opportunities also can be identified as a contributing factor to IR, as firms with high growth opportunities tend to disclose more information to reduce information asymmetry and agency cost (Bushman & Smith, 2001). Furthermore, companies with lower liquidity ratios may seek to disclose more information to meet the needs of shareholders and creditors. The agency philosophy suggests that corporate governance mechanism can be used to minimize information asymmetry between the firm and the financial providers (Shleifer &Vishny, 1997). According to the agency theory, non-executive directors are needed to control and monitor executive directors' activities that arise from opportunistic behavior (Jensen &Meckling, 1976) and if non-executive directors are properly involved in their monitoring role, they expect more corporate disclosures (Haniffa& Cooke, 2002; Htay et al., 2012) and the presence of non-executive directors lead to enhance the disclosure quality with the attenuation of the agency cost(Forker, 1992). Hence, the dominance of non-executive directors may have power to pressure the management to practice IR within their firm. Furthermore, the monitoring quality of the firm also increase on the presence of separate chair and the chief executive officer(Forker, 1992), the smaller board size (Htay et al., 2012), thereby increasing the disclosure quality (Forker, 1992; Htay et al., 2012), the increase board activities will reduce the information asymmetry through disclosing more information(Kanagaretnam et al., 2007).Furthermore, some features of the ownership structure directly affect information asymmetry(Choi et al., 2010) in different business contexts(Raimo et al., 2020). Hence, companies with higher ownership concentrations can lead to lower quality information in the integrated reportsdue to the lower agency conflicts and lower pressures(Raimo et al., 2020), companies with high levels of managerial ownership can lead to provide lower quality information in the integrated reports (Raimo et al., 2020) due to lower level of monitoring and high level of institutional ownership provide highquality integrate reports (Raimo et al., 2020)due to the high level of monitoring exerted by the institutional ownership. Information asymmetry creates adverse selection problem and as a result, investors who have less information become price protectors or exist from the market to reduce possible losses by lowering liquidity in the market (Barth et al., 2017; Leuz& Wysocki, 2016). Hence, IR can increase market liquidity by providing value relevant information to investors in a more concise and useful manner. Furthermore, information asymmetry will lead to higher cost of capital (Carvalho & Murcia, 2016). However, the greater transparency of IR is one of the reasons for reducing information asymmetry in the market, thereby reduces the cost of capital of the company (Carvalho & Murcia, 2016) and lower the cost of equity. Integrated reporting is one of the best avenues to communicate company information to the market in order to optimize the value of the company, thereby reducing agency conflict. With less information asymmetry and improved understanding across IR, analysts 'predictions should be more accurate (Wahl et al., 2020)

Furthermore, Adhariani& de Villiers, (2019) explain the shareholders and potential investors perception on integrated reporting from an agency theory perspectives, with the concepts of information asymmetry, decision usefulness and accountability.

4.7 Signaling Theory

Signaling theoryformulated by (Spence, 1973) is primarily concerned with reducing information asymmetry between the two parties (Spence, 2002). Signaling theory's primarily elements consistsof signaler; insiders who get information about an individual, product, or organization that is not available to outsiders, signal; whether and how to communicate information; and receiver; outsiders who observe and interpret signals(Connelly et al., 2011). Although originally developed to explain the information asymmetry in the labor market (Spence, 1973), the signaling theory is used to explain the voluntary disclosure of corporate reporting (Ross, 1977). IR which, is used to signal the specific information to the stakeholders,can serve as an effective signaling tool for reducing information asymmetry. Signaling theory directs to identify the motivation behind the application of IR. High profitability of the firm is a greater incentive to disclose more information (Frias-Aceituno et al., 2014; Inchausti, 1997) to signal their better performance to the market and firms may use new corporate reporting forms such as integrated reporting to signal the high quality reporting models use compared to their competitors in the industry.If a firm does not apply the corporate reporting strategies that other firms in its industry follow, it could be interpreted by the market as a signal of "bad news" (Inchausti, 1997). Hence, if the firms in the industry adopt IR practices, other organizations will be motivated to apply IR. According to Signaling Theory, companies with high liquidity ratios will disclose more information to distinguish them from other companies (Riahi-Belkaoui& Kahl, 1978). Hence, the companies with high liquidity ratios may resort to integrated reporting and larger firms may also like to signal more information to the market. According to signaling theory, disclosure of information is a signal to the market in terms of reducing information asymmetry, optimizing financial costs and increasing firm value (Baiman&Verrecchia, 1996). This reflects that the firm value can be enhanced by following IR which allow company to disclose a large number of information and IR may be a positive single for potential investors to make their decisions.

4.8 Resource Based Theory

Resource based theory suggests that the organization is a conglomerate of different resources and capabilities such as financial, physical, human, technologies, reputational, organizational and, intangible (Grant, 1991). A resource based approach to strategy analysis consistsof five stages: identifying and classifying resources by appraising strengths and weaknesses and identifying opportunities for better utilization of resources, identifying the capabilities of the firm, appraising the potential for each resource and capability to generate profits, selecting the best strategy, and identifying the resource gap that the organization needs to be filled (Grant, 1991). The above process corresponds with the quintessence of the IR concept.The six capitals (financial, manufacture, intellectual, human, social and relationship and natural), which are the fundamental concept of IR, have created a dialog about the resources and capabilities that the firms use and influence for their betterment and performance. As the IIRF highlights, the success of an organization depends on its various forms of resources, in other words, capitals, which act as inputs of the business model and transform it into outputs through business activities, and these activities and outputs lead to outcomes in terms of the effect on the capitals.

5. MAPS TO FUTURE RESEARCH

This study identifies the antecedents, outcomes, and other aspects of IR by analyzing IR and other corporate reporting related research and on the arguments made by the researcher. It, therefore,opens the possibility for future researchers to rationalize further the various aspects of IR in a theoretical setting. Researchers can investigate institutional determinants of IR, in a comparative institutional analysis among developed and developing countries understand how institutional differences between countries affect the way in which IR interact and stakeholders' role in IRMost of the empirical studies have been identified internal and external antecedents of IR which are from secondary data like size, leverage, growth, profitability, economic development, ESG ratings etc which are provided by the companies themselves or easy to obtain. Some of the qualitative studies haveidentified some internal antecedents and external antecedents which are human aspectslike integrated thinking, isomorphic influence and stakeholder pressure based on primary data gathered through the interviews. Hence, future studies can investigate the internal and external antecedents of IR such as integrated thinking, isomorphic influence, disclosure position, stakeholder pressure, managerial attitudes and perceptions based on quantitative methods based on primary data by conducting surveys with the theoretical support as this is still lacking in the IR field.

6. CONCLUSION

This paper continued the IR literature dialogue, which gives greater insight into IR practice through the theories of diffusion of innovation, institutional, legitimacy, stakeholders, shareholder, agency, signaling and resource based. None of the above-discussed theories can individually explain IR in its totality, but together they would explain and predict a fair amount of the different aspects of IR. Hence, understanding the antecedents, consequences and other aspects of IR can be enhanced by looking at different IR aspects from a multi-theoretical perspective and the selection, and application of the specific theory/iesdepend on the study focus area of IR. Such a broad conceptual lens may provide a more comprehensive understanding of IR by allowing for the reconciliation of various empirical findings related to IR, which may inconsistent or disjointed, and by analyzing the undiscovered areas of IR. Some research has identified the antecedents, outcomes, and different IR aspects with a theoretical justification, while others have identified those without grounding their work on theories. However, this study analyzed IR researches and related corporate reporting researches and developed rationales to apply the various theories to identify the antecedents (summarized in table 1) and the outcomes of IR. To summarize, each theory complements one another from its perspective and contributes to it. Thus, different theories can be incorporated to gain a more complete understanding of the organization's relationship with IR and emphasize the value of research on IR from different theoretical perspectives.

TABLE 1
ANTECEDENTS OF INTEGRATED REPORTING

	Antecedent	Supported theories from IR research and rationale developed by this article	Methodological Approach/es used in IR research	Supported IR Articles to the antecedent
Firm Specific Factors	Firm Size	Legitimacy Theory Agency Theory Stakeholder Theory Shareholder Theory Signaling Theory	Quantitative Secondary data	(Frias-Aceituno et al., 2014; García-Sánchez &Noguera-Gámez, 2018; Girella et al., 2019; Lai et al., 2016; Nicolo et al., 2020; Vaz et al., 2016; Velte&Stawinoga, 2017; Vitolla, Raimo, et al., 2020)
	Industry/ Business Sector	Signaling theory Legitimacy Theory	Quantitative Secondary data	(Frias-Aceituno et al., 2014; Girella et al., 2019; Lai et al., 2016; Nicolo et al., 2020; Vaz et al., 2016)
	Profitability	Agency theory Signaling theory Legitimacy theory	Quantitative Secondary data	(Frias-Aceituno et al., 2014; García-Sánchez &Noguera-Gámez, 2018; Girella et al., 2019; Lai et al., 2016; Vitolla, Raimo, et al., 2020)
	Industry concentration/ Industry competitiveness	Signaling theory	Quantitative Secondary data	(Frias-Aceituno et al., 2014; García-Sánchez &Noguera-Gámez, 2018)
	Growth Opportunities/ Market to Book ratio	Agency theory	Quantitative Secondary data	(Frias-Aceituno et al., 2014; García-Sánchez &Noguera-Gámez, 2018; Girella et al., 2019)
	Leverage	Legitimacy Theory Agency Theory	Quantitative Secondary data	(Girella et al., 2019; Lai et al., 2016; Vitolla et al., 2020a)
	Market Orientation	Institutional Theory	Quantitative Secondary data	(Jensen & Berg, 2012)
	External Assurance	Legitimacy Theory	Quantitative Secondary Data	(Nicolo et al., 2020)
Isomorphic Influence	Coercive Influence (Pressure from IIRC, local IR council, stakeholder, government and regulations on IR)	Institutional Theory	Qualitative Primary data (Case study, interviews)	(Adhariani& de Villiers, 2019; Bananuka et al., 2019; Katsikas et al., 2017; Macias &Farfan-Lievano, 2017)
	Normative Influence (IR awards, training and workshops on IR, audit firm influence, consulting firm influence and view IR as the right thing to do)	Institutional Theory	Qualitative Primary Data (Case study, interviews)	(Adhariani& de Villiers, 2019; Bananuka et al., 2019; Gunarathne& Senaratne, 2017; Katsikas et al., 2017; Macias &Farfan-Lievano, 2017)

	Mimetic Influence (Imitate other organizations i.e, successful IR adopters)	Institutional Theory	Qualitative Primary Data Case study	(Adhariani& de Villiers, 2019; Gunarathne& Senaratne, 2017; Katsikas et al., 2017)
Innovation characteristics/ Perceived attributes of IR as an innovation	Relative advantage of IR/ Perceived benefits of IR (image, reputation, competitive advantage)	Diffusion of Innovation Theory	Qualitative Primary Data (semi structured interviews, self-administrated questionnaire)	(Bananuka et al., 2019; Gunarathne& Senaratne, 2017; Lodhia, 2015; Macias &Farfan-Lievano, 2017; Robertson &Samy, 2015; Steyn, 2014)
	Compatibility – degree to which IR is perceived as being consistent with the existing values, past experiences and needs		Qualitative Primary Data (semi structured interviews)	(Robertson &Samy, 2015)
	Complexity – Degree to which IR is perceived as difficult to understand and use		Qualitative Primary Data (semi structured interviews)	(Robertson &Samy, 2015)
	Trialability – Degree to which IR may be experimented on a limited basis		Qualitative Primary Data (semi structured interviews)	(Robertson &Samy, 2015)
	Observability – Degree to which results of IR is visible to others		Qualitative Primary Data (semi structured interviews)	(Robertson &Samy, 2015)
Stakeholder perspective	Stakeholder pressure	Stakeholder Theory	Qualitative Primary Data (semi structured interviews)	(Farneti et al., 2019)
	To address information needs of stakeholders		Qualitative Primary Data (semi structured interviews)	(Farneti et al., 2019)
	To satisfy stakeholders		Qualitative Primary Data (semi structured interviews)	(Adhariani& de Villiers, 2019)
Internal corporate governance factors	Board diversity	Agency Theory	Quantitative Secondary data	(Frias-Aceituno et al., 2013b; García-Sánchez &Noguera-Gámez, 2018; Girella et al., 2019; Velte&Stawinoga, 2017; Vitolla et al., 2019)
	Board Size	Agency Theory	Quantitative Secondary data	(Frias-Aceituno et al., 2013b; García-Sánchez &Noguera-Gámez, 2018; Girella et al., 2019; Vitolla et al., 2019)
	Independence of the board directors	Agency Theory	Quantitative Secondary data	(Frias-Aceituno et al., 2013b; Girella et al., 2019; Vitolla et al., 2019)
	Activity of the board	Agency Theory	Quantitative Secondary data	(Frias-Aceituno et al., 2013b; Vitolla et al., 2019)

Ownership Structure	Ownership Concentration	Agency Theory	Quantitative Secondary data	(Raimo et al., 2020)
	Managerial Ownership	Agency Theory	Quantitative Secondary data	(Raimo et al., 2020)
	Institutional Ownership	Agency Theory	Quantitative Secondary data	(Raimo et al., 2020)
Economic Factors	Economic development	Institutional Theory	Quantitative Secondary data	(Jensen & Berg, 2012; Vaz et al., 2016; Velte&Stawinoga, 2017)
	ESG rating	Legitimacy Theory	Quantitative Secondary data	(Lai et al., 2016)
External corporate governance factors	Country's civil law	Institutional Theory	Quantitative Secondary data	(Dragu&Tiron-Tudor, 2013; Frias-Aceituno et al., 2013a; Jensen & Berg, 2012; Vaz et al., 2016; Velte&Stawinoga, 2017; Vitolla, Raimo, et al., 2020)
	Country's Legal enforcement mechanism	Institutional theory	Quantitative Secondary data	(Frias-Aceituno et al., 2013a)
	Investor protection requirement	Institutional Theory	Quantitative Secondary data	(García-Sánchez &Noguera-Gámez, 2018; J. C. Jensen & Berg, 2012; Vaz et al., 2016)
	Employee Protection Laws	Institutional Theory	Quantitative Secondary data	(Jensen & Berg, 2012)
	Market Orientation	Institutional Theory	Quantitative Secondary data	(Jensen & Berg, 2012)
	Ownership Concentration	Institutional Theory	Quantitative Secondary data	(Jensen & Berg, 2012)
Educational Factors	Share of private expenditure on tertiary education	Institutional Theory	Quantitative Secondary data	(Jensen & Berg, 2012)
Labor relations factors	Density of trade unions	Institutional Theory	Quantitative Secondary data	(Jensen & Berg, 2012)
Cultural Factors	National corporate responsibility	Institutional Theory Stakeholder Theory	Quantitative Secondary data	(Jensen & Berg, 2012)
	Value of human concern	Institutional Theory Stakeholder Theory	Quantitative Secondary data	(Jensen & Berg, 2012)
	Individualism/collectivism	Institutional Theory Stakeholder Theory	Quantitative Secondary Data	(García-Sánchez et al., 2013; Girella et al., 2019; Vaz et al., 2016; Vitolla et al., 2019c)
	Masculinity/femininity	Institutional Theory Stakeholder Theory	Quantitative Secondary Data	(García-Sánchez et al., 2013; Girella et al., 2019; Vaz et al., 2016; Vitolla et al., 2019c)
	Uncertainty avoidance	Institutional Theory Stakeholder Theory	Quantitative Secondary Data	(García-Sánchez et al., 2013; Vitolla et al., 2019c)
	Power distance	Institutional Theory Stakeholder Theory	Quantitative Secondary Data	(García-Sánchez et al., 2013; Vitolla et al., 2019a)
	Long-term orientation	Institutional Theory Stakeholder Theory	Quantitative Secondary Data	(García-Sánchez et al., 2013; Girella et al., 2019; Vitolla et al., 2019c)
	Indulgence	Institutional Theory Stakeholder Theory	Quantitative Secondary Data	(Vitolla et al., 2019c)

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