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The editorial board would like to express their heartfelt appreciation for the contributions made by the authors, co-authors and all who were involved in the publication of this bulletin.

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EDITORIAL BOARD

Table of Contents

RECTOR'S MESSAGE

Congratulations to the Faculty of Accountancy of Universiti Teknologi MARA Kedah Branch (UiTM Kedah) on the success of the publication of the *Accounting Bulletin*. It must be satisfying to see the output of all the hard work in planning and preparing to publish the very first issue of this bulletin. I hope that this bulletin would provide an avenue for accounting staff to produce more academic materials and develop their skills in academic writing.

It is good to see that the university is involved actively in the dissemination of knowledge to the public. This is the spirit and attitude that should be demonstrated as we are all academicians. Furthermore, seeking and sharing of knowledge are vital and more initiatives should be undertaken to support this life-long learning process.

Again, well done to the Faculty of Accountancy of UiTM Kedah and those who were involved directly and indirectly the *Accounting Bulletin*. I wish the Faculty of Accountancy of UiTM Kedah all the best and hope that this bulletin will move forward and extend its wings in the future.

Associate Professor Dr. Shaiful Annuar Khalid

Rector
Universiti Teknologi MARA (UiTM) Kedah Branch

PREFACE

The *Accounting Bulletin* contains a collection of short articles covering various topics on accounting such as financial accounting, management accounting, taxation, accounting education and corporate governance. Some of the articles highlighted the current issues in accounting, current development of the related concept in accounting and its application in Malaysia.

The publication of this on-line bulletin is an effort by the Faculty of Accountancy, Universiti Teknologi MARA Kedah Branch (UiTM Kedah) to encourage the accounting academic staff to be involved in academic writing. The *Accounting Bulletin* provides a platform for the accounting academics to share and disseminate their academic knowledge to a larger audience. The experience gained in writing articles for this bulletin may help the accounting academics to improve their academic writing skill and they will be more confident to produce academic materials in the future.

I would like to express my appreciation to the Editorial Board and contributors of articles to the *Accounting Bulletin* that enabled this bulletin to publish its first volume. Also, on behalf of the Faculty of Accountancy, I would like to express my gratitude to the Management of UiTM Kedah for the endless support and encouragement.

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Integrated Reporting: One Report for a Sustainable Strategy

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Today, news is easily spread through social media networks and the internet. Consequently, stakeholders such as investors and governments as well as society are increasingly demanding for organizations to provide them with transparent reporting about their activities and be accountable to the stakeholders (Abeysekera, 2013). Although organisations have already begun to be accountable and started to provide reports to the stakeholders, such initiatives seem to not truly reflect the organizations' long-term objectives and often provide separate reports like annual reports and sustainability reports which are seen as unconnected activities which the organizations undertake (Abeysekera, 2013). Thus, organizations should provide one report that integrates all the activities which they undertake. "One Report" refers to companies which provide reports that are beyond separate reports for both their financial and non-financial information such as sustainability or corporate social responsibility. Additionally, "One Report" illustrates how integrated reporting can increase the value of the companies and stakeholders as well as contribute to a sustainable society (Eccles & Krzus, 2010).

Integrated reporting is a new stage in corporate reporting development which is a combination of both financial and non-financial information while providing an organization with the ability in creating and maintaining value of the organization in the short, medium and long term. The emergence of integrated reporting is due to the investors' need in having a more complete picture of the value of the company and additional information in financial statements (Kuzina, 2014). Akash and Kamble (2013) define integrated reporting as a process to communicate information about an organization's economic and non-economic activities to its stakeholders besides providing the ability to the organization in discovering the causes of its success and failures in conducting business. Navi (2014) defines integrated reporting as the linkages between strategy, financial performance, economics, governance and the social and environmental contexts in which an organization operates. The International Integrated Reporting Committee (IIRC) states that integrated reporting:

"brings together the material information about an organization's strategy, governance, performance and prospects, reflect the commercial, social and environmental context within which it

operates. It provides a clear and concise representation of how an organization demonstrates stewardship and how it creates value, now and in the future. Integrated reporting combines the most material elements of information currently reported in spate reporting strands (financial, management commentary, governance and remuneration, and sustainability) in a coherent whole, and most importantly: shows the connectivity between them; and explains how they affect the ability of an organization to create and sustain value in the short, medium and long term" (IIRC, 2011, p.6).

Some of the insights generated by IIRC are similar to prior studies in the context of what integrated reporting is meant to achieve. For example, Westerfors and Vesterberg (2011) state that integrated reporting may improve investors' analyses as it allows better access to Environmental, Social and Governance (ESG) information and provides greater transparency of the company activities as well as the impact towards the environment and also society. In a similar manner, Akash and Kamble (2013) suggest that, integrated reporting provides detailed information both financial and non-financial of the organization which shows the overall picture of the organization; shows the direction of the business organization in different business activities as well as determines the right direction for the business; provides opportunity for the organization in improving the interactions between internal and external stakeholders; provides information about economic, environmental and social related aspects of the organization; and provides information about sustainability vision and direction of activities for the company.

In addition, Krzus (2011) has suggested four crucial benefits of integrated reporting, which corrects fundamental problems in current reporting, including greater clarity, better decisions and deeper engagement as well as lower reputational risk. Eccles and Saltzman (2011) also have identified three classes of benefits including internal benefits such as greater engagement with key stakeholders, better internal resource allocation decisions and lower reputational risk; external market benefits such as meeting mainstream investors' needs relating to ESG information, and appearing on sustainability indices as well as ensuring that data vendors were accurately reported in the company's non-financial information; and managing regulatory risks such as responding to requests from stock exchanges and being prepared for global regulation.

Even though integrated reporting has promised a lot of advantages, it has its limitations. Navi (2014) points out several limitations in adopting integrated reporting which include: closing non-financial books on time; lacking the understanding between financial and non-financial performance; getting investors' attention regarding non-financial information; disclosing information that is focused and must be relevant to a company and its business value; and demonstrating the link between business's priorities and the decision making process as set out in the report. In addition to this, Akash and Kamble (2013) also point out several limitations in adopting integrated reporting and these include: resistance to change due to the complaint that integrated reporting imposes burden on existing reporting requirements; ensuring individuals involved in reporting and the governance structures understand what integrated reporting is, how it differs from traditional reporting and what their roles are; lack of adequate regulation in ensuring effective presentation of integrated reporting; no guarantee that integrated reporting is helpful in ensuring proper business decisions; and lack of interest by business communities in changing their existing system. Some companies are hesitant in providing sensitive information and this includes details on their value drivers and strategies (Adams and Simnett, 2011).

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