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INTEGRATED REPORTING: ITS PROBLEMS AND OPPORTUNITIES

Integrated reports allow companies to address non-financial elements that affect their long-term business value. An organization's integrated report must communicate its strategy, governance, performance – both financial and non-financial – and outlook to showcase how it is creating, financial, social, environmental, and commercial value for its stakeholders.

As defined by the leadership of the Global Reporting Initiative business ethics program, "an integrated report is, first of all, a strategic analysis, i.e. practically management reporting, platform for company management". Representatives of the company "Ernst&Young" provide more general definition, considering integrated reporting as a concept that was created to better articulate a broad set of metrics designed to measuring long-term value and the role that organization plays a role in society [1, p. 98]

The main criteria of integrated reporting are considered to have a balance between flexibility and standards; focusing on information related to value creation rather than target productivity markets; availability of analytical data about the external environment. And the main indicators that should be displayed by the integrated reporting, there are costs, opportunities and risks. Integrated reporting, as a rule, includes next elements:

– Organizational overview and external environment (includes stating the company's culture, ethics, values, and position in the value chain).

– Governance (leadership structure, specific processes that it may have implemented, the relationships it holds with its stakeholders, and its governance policies).

– Business model (explains the business model of the company in depth – including its inputs, activities, outputs, and outcomes).

– Risks and opportunities (risks and opportunities that affect the company can be internal or external or a mix of both).

– Strategy and resource allocation (This element entails the company's short, medium, and long-term strategies, existing strategies, resource allocation plan, and the method it will use to measure its overall performance.

– Performance (enterprise's progress with the use of quantitative and qualitative information).

– Outlook (anticipated changes in the company's external environment and the manner in which the company plans to address the change).

– Basis of presentation (a summary of the company's materiality determination process, a description of its reporting boundary, and the frameworks and methods used to quantify material information) [3].

Issuing integrated reports, the company increases the trust and confidence of its employees, interested parties as well as the legality of their operations. This can increase the company's business opportunities and improve its risk management system. Releasing internal integrated reports, the company assesses its ethics, fundamental value, the level of management and external improvements and confidence in which they are interested stakeholders [2, p. 174].

Table 1

Comparison criteria	**Integrated Reporting**	**Financial Reporting**
Adaptability	Possibility of consideration	Limited by rules
Object of study	All types of capital	Financial capital
Time limits	Short-term, medium- and long-term	Short-term
Structure	System	Fragmentary
Management	Control over financial, industrial, personnel, intellectual, natural and social resources	Management only financial resources
Approach	Process	Functional
Application of modern automation approaches	Available in electronic form in online form	Available on paper bearers of a typical form
Orientation	Orientation to the future with taking into account strategic goals of the enterprise	Orientation to the past result indicator activity and financial risks

Thus, integrated reports can be issued purely for internal users, or may be made public to all interested parties who need similar information to make decisions (internal and external). As a result, there is a significant number of differences between integrated and financial reporting (Table 1) [4, p. 145].

However, due to its complexity and informativeness, integrated reporting has a certain number of problems, which are primarily related to its implementation and preparation. Integrated reporting being voluntary is not adopted by many companies. Considering organization as a part of the society and not apart from the society integrated reporting should be made mandatory. Investors are seeking for Integrated Reporting but there are many challenges and draw backs due to which an organization is not encouraged to adopt Integrated Report: lack of standardization, reluctant in disclosing sensitive information, lack of importance of non-financial information, associated cost of reporting, difficulties with measuring and linking sustainability performance. Also, resources, time, technology, systems, process these things are required for IR, the amount spent for these things are not justified by the benefits – myth (ideology) of the Organizations.

Integrated reporting allows enterprises to reflect the relationship between organizational strategy, management, financial results and social, environmental and economic context of activity. The company's integrated reporting provides a comprehensive overview of the strategy, management system, risks of impact on value generation and potential growth sustainable development of the enterprise.

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