

GRI COMPLIANCE AND PREREQUISITES OF INTEGRATED REPORTING FOR ASIAN-PACIFIC COMPANIES

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ABSTRACT: Corporate reporting in recent times faces a series of challenges as companies are expected to reassess their strategy for information disclosure. Within a global economic environment that is continuously evolving, there is a strong need for an internationally coordinated action as the financial and non-financial information disclosed by a company influences its strategic decisions. The topic of the current paper outlines the issue of integrated reporting as the interconnection between financial, social and environmental information. We intend to investigate the influence of financial performance on social and environmental disclosure and measure the integration level of corporations that claim to publish integrated reports. The main stages of the research involve the determination of financial ratios and disclosure index levels for environmental and social information. For the purpose of establishing the disclosure index we consider the referential of GRI G3 international standards, while compliance with the standard would be the prerequisite for integrated reports, by contributing to an increase in non-financial disclosure, in addition to the mandatory financial one. Our sample comprises 16 Asian-Pacific companies that participate in the pilot program initiated by the International Integrated Reporting Committee according to which organizations are encouraged to integrate their non-financial information - social and environmental disclosure - within annual reports, along with financial data. The research methodology assumes computation of a disclosure index for social and environmental information, and determination of financial ratios for establishing the influence of financial performance on socio-environmental disclosure and the actual level of integration in specific integrated reports. Our findings suggest the financial ratios can be directly, indirectly, and non-correlated with non-financial information, while the integration process is attained at high, medium, or low levels, according to the aggregation of financial, social, and environmental information.

Keywords: integrated reporting, GRI compliance, social, environmental, and financial information, disclosure index.

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