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- motives for implementation, benefits and challenges

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Abstract

Sustainability reporting has increased over the years due to stakeholder demands. Traditional sustainability reports have an isolated approach to sustainability and disclose information regarding social and environmental issues separate from the financial report. Critics mean that isolated sustainability reports are too long and complex for numerous stakeholders, not provided in a way that facilitates stakeholders' understanding of the business and the entire organization. Critics also claim that the reports fail to connect the different dimensions of sustainability, and thus does not create a comprehensive picture of a company's sustainability impact. Integrated reporting has been praised as a solution to the issues, compared to traditional sustainability reporting. Integrated reporting combines social- and environmental information with financial information. Integrated reporting should also result in integrated thinking within the organization. However, the research field of integrated reporting is relatively novel and contains limited knowledge about how integrated reporting is applied and perceived in organizations, which is important for assessing its potential outcome. The aim of this project is to explain how integrated reporting is perceived by organizations applying it, and to clarify what enables and limits its development. This is done by placing integrated reporting in the context of corporate communication, stakeholder theory and the institutional context that shape organizational behavior. This project applies a qualitative, flexible, multiple case-study approach in which integrated reporting in Swedish organizations is the unit of analysis. To collect data, 13 in-depth interviews were conducted with representatives from seven Swedish organizations using integrated reporting, and two consultants serving as integrated reporting-experts. The findings suggest that integrated reporting is applied as annual reports instead of as separate reports, and that many reports are combined even though being referred to as integrated. According to the findings, the motive for implementing integrated reporting is either for the organizations to use it as a communication tool for signaling legitimacy towards stakeholders, or as a management tool. Furthermore, the most prominent perceived benefits of integrated reporting are integrated thinking, organizational changes, integration of sustainability throughout the organization and the breakdown of silos. Perceived challenges of integrated reporting are diffuse guidelines, lack of knowledge and resistance among auditors, a difficulty to combine integrated reporting with GRI-standards for sustainability reporting and, a misunderstanding about what integrated reporting is and how it should be applied.

Sammanfattning

På grund av nya lagar och krav från intressenter har hållbarhetsrapportering ökat under de senaste åren. Traditionell hållbarhetsrapportering presenterar hållbarhetsinformation separerat från finansiell information. Kritiker menar att traditionella hållbarhetsrapporter är för långa och komplicerade och inte heller ger en tydlig bild av företaget och dess hållbarhetspåverkan. Integrerad rapportering har blivit lovordat som en ny lösning till dessa problem, eftersom en integrerad rapport integrerar hållbarhets- och finansiell information. Integrerad rapportering är dock ett nytt fenomen och det finns inte mycket forskning inom ämnet, framförallt inte gällande hur integrerad rapportering uppfattas av de organisationer som tillämpar det, samt dess fördelar och utmaningar. Syftet med denna studie är att förklara hur integrerad rapportering upplevs av dess användare, samt att klargöra vad som möjliggör och begränsar dess utveckling. Detta har gjorts, i det här projektet, genom att analysera integrerad rapportering som en typ av företagskommunikation. Vidare har legitimitetsteori, institutionell teori och intressentteori använts som det konceptuella ramverket för att analysera fenomenet integrerad rapportering. Projektet tillämpar en kvalitativ och flexibel metodik där integrerad rapportering bland svenska organisationer utgör analysenheten. Data har samlats in genom 13 djupintervjuer med representanter från sju organisationer som använder sig av integrerad rapportering, samt två experter inom integrerad rapportering. Enligt resultaten tillämpas integrerad rapportering som en typ av årsredovisning, snarare än som en separat rapport. Många är även ”kombinerade” trots att de kallas integrerade. Enligt resultaten implementeras integrerad rapportering dels som ett kommunikationsverktyg, men också som ett verktyg för ledningen för att integrera hållbarhet inom organisationen. Upplevda fördelar med integrerad rapportering är integrerat tänkande, organisationsförändringar, integrering av hållbarhet bland organisationens avdelningar samt minskade siloeffekter. Upplevda utmaningar är otydliga riktlinjer, kunskapsbrist och motstånd bland revisorer, en upplevd svårighet att kombinera integrerad rapportering och GRI, samt ett missförstånd om vad integrerad rapportering är och hur det bör tillämpas.

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Abbreviations

AR: Annual report
CSR: Corporate social responsibility
FR: Financial reporting
GRI: Global reporting initiative
GT: Grant Thornton
IIRC: International integrated reporting council
IR: Integrated reporting
IT: Integrated thinking
SR: Sustainability reporting
TBL: Triple bottom line

1 Introduction

This chapter presents the introduction to this project. First, the background to the problem is presented, followed by the problem formulation, aim and research questions, and delimitations. The chapter ends with an explanation of the structure of this project report.

1.1 Problem background

Our natural environment is under an ever-increasing pressure - natural resources are being depleted, air and water are being polluted, species are under extinction and global warming is causing droughts and floods that force poor and vulnerable people to leave their homes (Parry, Rosenzweig, Iglesias, Livermore & Fischer, 2004; UN Environment, 2019). Researchers are confident that it is human activities that are to blame for the causes (IPCC, 2013; UN Environment, 2019). Furthermore, the news is constantly presenting alarming reports of human rights violations, unacceptable working conditions and labor rights violations, gender inequalities and discrimination (The New York Times, 2019; UN Global compact, 2019). In the Brundtland report from 1987, sustainable development is described as a way to satisfy today's needs without endangering the possibilities of future generations to satisfy their needs (WCED, 1987). If no changes in today's activities are being made, it seems difficult to ensure that future generations will be able to satisfy their needs. For-profit enterprises and multinational corporations are today as big as, or bigger than, many nation states combined (Global Justice Now, 2016), and have a major impact on society regarding all three dimensions of sustainability; economic, environmental, and social (Elkington, 1997). Therefore, researchers highlight the importance for corporations to take responsibility towards the environment and society at large (Elkington, 1997; Rotter, Airike & Mark-Herbert, 2013). Hence, it is of great importance that businesses are motivated to change towards sustainability (GRI, 2006).

Corporations are becoming increasingly aware of how to inform their stakeholders of their contribution to a sustainable development (Hahn & Kühnen, 2013; Ioana & Adriana, 2014). The way in which companies conduct and report their sustainability efforts have, therefore, received a lot of attention (Ioana & Adriana, 2014). Sustainability reporting (**SR**) has been introduced as a tool for measuring, assessing, and presenting what the company in question has achieved within the area of sustainability, which could also contribute to motivate companies to integrate sustainability into their operations (GRI, 2006; Lozano & Huisingh, 2011). SR has increased over the years due to stakeholder demands (Hahn & Kühnen 2013), but also due to a demand from governments (Borglund, Frostenson & Windell, 2010; Regeringskansliet 2016; SFS 1995:1554). The Swedish government, for example, introduced a law in 2007, obliging all government-owned companies to present a sustainability report, followed by a new law in 2017 obliging all larger[1] companies to provide a sustainability report (*ibid.*). The Swedish government is far from the only one; the 2017 law is based on the EU directive 2014/95/EU, which obliges all EU countries to comply (EU, 2014; Regeringskansliet, 2016).

Furthermore, not only has SR increased, it has also changed and developed in what it accounts for (Hahn & Kühnen, 2013). Previously, the reports had an isolated approach to sustainability and its three dimensions (*ibid.*). Such isolated sustainability reports are also referred to as "Standalone CSR Reports", "Environmental Reports" or "Citizenship Reports" (Mahoney, Thorne, Cecil & LaGore, 2013). These reports disclose information regarding social and

[1] More than 250 employees, more than 175 million SEK worth of assets, or a net turnover exceeding 350 million SEK (SFS 1995:1554, 6 kap. 10 §).

environmental issues, separate from the financial reports (*ibid*.). Critics mean that isolated sustainability reports are too long and complex for numerous stakeholders (de Villiers, Rinaldi & Unerman, 2014), not provided in a way that facilitates the stakeholders' understanding of the business and the entire organization (Cheng, Green, Conradie, Konishi & Romi, 2014), and fail to connect the different dimensions of sustainability, and thus do not create a comprehensive picture of a company's sustainability impact (Lozano & Huisingh, 2011). There is also critique pointed at businesses, that their CSR reports are a form of greenwashing; *i.e.* aimed at providing a misleading impression of the companies' sustainability efforts (Mahoney *et al*., 2013). Additionally, according to Borglund and Frostenson (2010), increased SR mainly contributes to improving the routines of how to report about sustainability, rather than creating major changes in sustainability practices.

According to the International Integrated Reporting Council (**IIRC**) (IIRC, 2013), a solution to these problems is a phenomenon called integrated reporting (**IR**), in which all three dimensions of sustainability are simultaneously included in one report. IR is a rather new reporting trend (Hahn & Kühnen, 2013; Ioana & Adriana, 2014). In South Africa, IR became mandatory for listed companies in 2010 (Cheng *et al*., 2014), and since then there has been a gradual shift from isolated SR towards IR in many other countries as well (Hahn & Kühnen, 2013; Ioana & Adriana, 2014). IR combines social- and environmental information with financial information with the aim to provide a clear linkage between the different types of information (Burke & Clark, 2016; Cheng *et al*., 2014). Furthermore, the integrated report should provide information regarding the company's governance, strategy, and performance, and its short, medium, and long-term prospects (Cheng *et al.,* 2014; IIRC 2013). All elements in the integrated report should be presented in a way which connects financial information and non-financial information (Ioana & Adriana, 2014). IR is therefore considered to reveal a holistic story of an organization and state a better evaluation of its progress (de Villiers *et al*., 2014). According to the IIRC (2013; 2016), the combined features of the integrated report make it a better communication tool than the isolated report, since it provides a more comprehensive and comprehensible picture of the business.

However, IR is considered more than just a way of reporting. By practicing IR, the way of thinking within the organization should also change into "**Integrated thinking**" (IIRC, 2013). According to the IIRC (2013), Integrated thinking (**IT**) is about considering all relationships and assets affected by, or used by, an organization when making decisions, and is claimed to result in a more long-term risk management, strategy, and creation of value (*ibid.*). Experts in IR argue that IT is the most important benefit of IR, since it results in radical changes of businesses' core internal activities and hence also has the possibility to change their sustainability performance (Perego, Kennedy & Whiteman, 2016). IR and IT has therefore been praised as a possible solution to unsustainable business practices. However, the new reporting standard has also been questioned and does not come without challenges (Dumay & Dai, 2017; Feng, Cummings & Tweedie, 2017).

1.2 Problem statement

According to Adams and Frost (2008) and Adams and McNicholas (2007), SR could work as a driver for change towards improved sustainability performance, and hence lead to businesses taking more responsibility for a sustainable future. Facing the global sustainability challenges of today, this is of critical importance (GRI, 2006; Rotter, Airike & Mark-Herbert, 2013; UN Environment, 2019). The traditional isolated sustainability reports have not yet met these expectations (Belkhir, Bernard & Abdelgadir, 2017; Borglund & Frostenson, 2010; Cheng *et al.,* 2014; Lozano & Huisingh, 2011; Mahoney *et al*., 2013; de Villiers, Rinaldi & Unerman, 2014). IR has been praised as a possible solution to these problems, since it should lead to IT - resulting in companies making environmental and social considerations (Cheng *et al*., 2014; IIRC, 2013; Perego, Kennedy & Whiteman, 2016; Steyn, 2014; Stubbs & Higgins, 2014). However, research exploring IR and IT is limited and deficient (Dumay, Bernardi, Guthrie & Demartini, 2016; Hahn and Kühnen, 2013; Oliver, Vesty & Brooks, 2016; Perego, Kennedy & Whiteman, 2016; de Villiers *et al.*, 2014). According to a literature review by Hahn and Kühnen (2013), the absolute majority of research in the area of SR have examined isolated sustainability reports, and not integrated reports. Furthermore, since the research field on IR is relatively novel, it contains limited knowledge about how IR is applied and perceived by organizations, which is important for assessing its potential outcome (Guthrie, Manes-Rossi & Orelli, 2017; Mio, Marco & Pauluzzo, 2016; Perego, Kennedy & Whiteman, 2016; Steyn, 2014; Stubbs & Higgins, 2014). In literature reviews examining the existing studies of IR, Perego, Kennedy and Whiteman (2016) and Dumay, Bernardi, Guthrie and Demartini (2016) call for research investigating how organizations apply and perceive IR and the connection to IT, so it can be investigated whether IR in fact drives IT and thereby sustainability performance within organizations. Additionally, although organizations are receiving increasing demands from a wide range of stakeholders to both implement SR and improve sustainability practices, there is little knowledge regarding practical difficulties, and it is also highly relevant from the organizations' point of view, to consider its peers' experiences and thereby learn how IR, as a possible new standard, can be perceived (Dumay *et al.*, 2016; EU, 2014; Hahn & Kühnen, 2013; Perego, Kennedy & Whiteman, 2016).

1.3 Aim & research questions

The aim of this project is to explain how integrated reporting is perceived by organizations applying it, and to clarify what enables and limits its development. This is done by placing integrated reporting in the context of corporate communication, stakeholder theory and the institutional context that shape organizational behavior. The following research questions serve these needs:

- What are the motives for implementing integrated reporting in Swedish organizations?
- How do Swedish organizations perceive integrated thinking?
- What are the perceived benefits of integrated reporting?
- What are the perceived challenges of integrated reporting?

This study addresses, by reaching its aim and answering its research questions, the gap in current literature regarding the understanding of IR, and the relation between IR, IT and sustainability. The study hence contributes to developing the theoretical knowledge within the area of corporate communication and IR. Furthermore, this study is of empirical relevance since there is an increasing stakeholder demand for sustainability reports (Cheng *et al.*, 2014; Hahn & Kühnen, 2013; Mahoney *et al.*, 2013), and since there has been a shift towards IR (Cheng *et al*., 2014; Hahn and Kühnen, 2013; de Villiers, Rinaldi and Unerman, 2014). It is therefore important for the organizations implementing reporting standards to know what enables and limits the development of IR, as well as how it is perceived by the practitioners. Additionally, governments and institutions, such as the European Union, are increasingly concerned with sustainability issues and try to address them by introducing laws, directives, and guidelines (Borglund, Frostenson & Windell, 2010; EU, 2014; Regeringskansliet, 2016; SFS 1995:1554). It is therefore also important from a policy development point of view to know more about the perceptions of this increasingly implemented standard.

1.4 Delimitations

The focus of this project is IR in Swedish organizations. However, due to the lack of previous Swedish studies, previous research from other countries is presented in the empirical background, and the empirical results will be compared to those in the discussion. Furthermore, this study presents a snapshot of the present situation of IR and is not a longitudinal study that compares data from different points in time. Also, since the aim of the study is about *perceptions*, the focus will be put on the participants' shared experiences, rather than observed practices or numerical analysis of financial results. Regarding the theoretical delimitations, there are various factors affecting organizations and their activities. Following the suggestions from Hahn and Kühnen (2013) and Perego, Kennedy and Whiteman (2016), the theoretical focus has been put on stakeholder, institutional and legitimacy theory. Although several scholars (*e.g.* Al-Htaybat & von Alberti-Alhtaybat (2018), Bebbington & Fraser (2014), Lodhia & Jacobs (2013), Lodhia (2015) have chosen practice theory as the theoretical lens for analyzing IR, this study will not, since the aim focuses on perceptions rather than practices. Furthermore, given the time constraints and the participating organizations, observation of practices has not been an option.

1.5 Structure of the report

This project report has begun with an Introduction (Chapter 1), in which the background, problem and aim has been described. The following chapter (Chapter 2) presents the research approach and this study's methodological choices. Thereafter, the theoretical and conceptual framework is described (Chapter 3). In chapter 4, the empirical background of integrated reporting, consisting of a historical timeline with important milestones and a summary of previous research, are presented. Thereafter, the empirical findings are presented (Chapter 5), followed by analysis (Chapter 6) in which the findings are related to the theoretical and conceptual framework, and discussion (Chapter 7), in which the empirical findings and the analysis are related to previous research. The final chapter (Chapter 8) presents the conclusions from the analysis and the discussion and relates it to the project's aim and research questions. Additionally, suggestions for future research are presented. Figure 1 below illustrates the outline of the report.

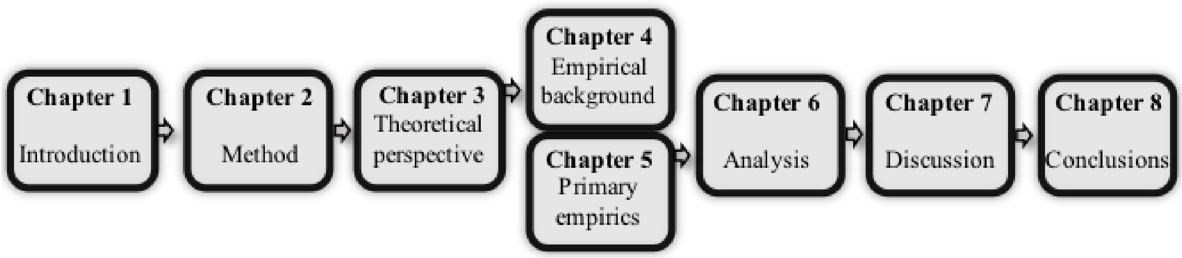

Figure 1. *Illustration of the structure of the report.*

Figure 1 presents the order of the chapters, which ranges from chapter 1 and the introduction, to chapter 8 and the conclusions.

2 Method

This chapter describes the research approach applied to answer the aim of the study. This chapter begins with an explanation of the chosen research design, followed by a description of the conducted literature review. Thereafter, the case study-methodology is presented including information regarding choice of unit of analysis and cases, how the data is collected and the quality assured. Thereafter, how the study has been taking ethical considerations into account is presented, followed by a description of the applied data analysis technique. The chapter ends with a critical reflection of the applied research method.

2.1 Research design

As suggested by Oliver, Vesty and Brooks (2016), this project applies a qualitative research approach. Since integrated reporting (IR) is yet rather unexplored (Dumay *et al.*, 2016; Perego, Kennedy & Whiteman, 2016) and this project aims at explaining that phenomenon, a qualitative approach - which focuses on deep and detailed investigations (Bryman & Bell, 2015) - is superior. According to Robson and McCartan (2016), a qualitative approach is preferable when investigating an unexplored field because it provides a deep understanding of a new phenomenon. Furthermore, this study is not intended to *statistically* generalize a population; instead, it intends to provide meanings and understandings of a phenomenon and its context, since the aim of this study is to explain perceptions. Bryman and Bell (2015) and Robson (2011) suggest a qualitative research approach given such intentions, since it is suitable for providing descriptions, explanations and contextual understandings (Bryman & Bell, 2015).

However, the choice of research approach does not simply depend on the subject, but also on the ontological and epistemological position of the researcher, *i.e.* how the researcher considers the world and knowledge. For this project, the position is that corporate communication, such as IR, is a social construct, and that multiple understandings and perceptions of it exist. Therefore, methodological choices, such as applying a qualitative approach, were made for capturing the nuances of the phenomenon, rather than one "true reality". This standpoint is also the reason for including *perceived* in the wording in the aim and research questions in section 1.3. Given this position, it is also logical to follow what Robson (2011) calls a flexible design of data collection, since it allows for a constant reconsidering of frameworks and tools. According to Robson (2011) a flexible design is preferable when exploring a phenomenon which is under the influence of external conditions. Given that IR is a type of corporate communication and under social influence, it is suitable to apply a flexible design. The flexible approach also enables recent, up-to-date findings (*ibid.*).

Furthermore, to make sure important explanations are not unnoticed and to ensure a high quality of findings and analysis, there has been some degree of moving back and forth between theory, empirics and analysis (Bryman & Bell, 2015). This approach and mode of reasoning is appropriate for matching theories with empirical cases and thereby finding the best explanation to a problem or phenomenon (Bryman & Bell, 2015). The mode of reasoning is suitable because IR is rather unexplored, and the findings thus contribute to a broader understanding of the phenomena into the academic field.

2.2 Literature review

To ensure a high-quality analysis and research reliability, a systematic and meticulous literature review has been accomplished in the beginning of the project. According to Robson (2011), a literature review exposes current gaps in knowledge, identifies general patterns as well as discrepancies, and contributes to a suitable terminology and research methodology. The literature review was thus conducted to get an insight into the existing research area of IR, learning what methods and theories that previously have been applied, and therefore also enables research contributions in the area.

The search for literature was made in the databases Primo (SLU's online library), Luleå University online library, Web of Science, Google Scholar and the internet library Legimus. Several databases were used to ensure that relevant literature was found. The key search words used in the literature search, combined in several different combinations, are "integrated reporting", "sustainability reporting", "integrated thinking", "accounting", "corporate reporting", "corporate communication", "institutional theory", "legitimacy theory", "stakeholder theory", and "literature review". No specific time frames were set as constraints, but recent literature was preferred over older. However, since IR is such a novel phenomenon there is hardly any research done in the area before 2013, when the *IR Framework* was released (Hahn & Kühnen, 2013; IIRC, 2013). In that sense, a natural time frame was constructed. The relevant findings mainly consist of peer-reviewed articles to ensure high quality and trustworthiness of the conceptual framework and empirical background. However, books and websites, including websites from the standard-setting organizations IIRC and GRI, and other master theses have also been examined. Previous research that, completely or partially, consists of literature reviews of IR were paid extra attention. From the literature search and review, key articles and books were identified. Some of the most relevant empirical research is also summarized in the empirical background in section 4.2. The first literature review created the foundations for a preliminary conceptual and theoretical framework. Given the applied mode of reasoning, the initial literature review was also supplemented at a later stage after the first empirical findings.

2.3 Case Study

A case study design is used in this project, as recommended by Bryman and Bell (2015) and Robson (2011) for studying unexplored fields and aiming for explaining contemporary problems, such as this project does. Furthermore, case studies are also commonly applied in research with flexible design strategies and enable detailed and intensive knowledge and analysis about a specific phenomenon (Robson, 2011). The case study design, therefore, provides opportunities to explore and explain how Swedish companies perceive IR.

2.3.1 Choice of unit of analysis

In this project, the phenomenon at focus is IR, and the aim is to explain this novel concept by studying Swedish organizations. Therefore, IR in Swedish organizations is the unit of analysis. Furthermore, this project consists of a descriptive, multiple case study. The reason for applying a multiple case study is that this study aims at providing a broader explanation of IR among Swedish organizations; the different cases offer several data sources and inputs of the observed phenomenon. Using multiple sources of information is recommended when following a flexible design strategy and can ensure both credibility and consistency of the research (Robson, 2011). Moreover, Bryman and Bell (2015) and Robson (2011) suggest that a multiple case study often offers better data for theory building and *analytic* or *theoretical* generalization (which however should not be mistaken for statistical generalization), compared to a single case study.

The cases are seven Swedish organizations – six companies and one municipality – that have implemented IR to varying degrees, and two IR experts working for consulting firms. These participating organizations and consultants hence offer nine cases of the phenomenon of IR. Initially, the plan was to only include companies that, in their reports, claim to follow the IR Framework provided by the IIRC since, given the IIRC's (2013) definition of IR, following the framework is a requirement to. However, an initial search revealed that such narrow criteria would offer a too small sample. Forster (pers. com., 2019) confirmed this, claiming that there is probably only one Swedish company – Swedfund – that has a "true" integrated report. Therefore, to ensure a satisfying sample, the criteria for making the selection of organizations were expanded to include those who describe their reports as "inspired" by the IIRC, and those claiming to have an integrated report and referring to the word integrated on several places in the report. Those criteria resulted in six companies and one municipality that were willing to participate in the project. Additionally, to add further inputs and perspectives of the phenomenon, to enable a deeper understanding, the organizations were supplemented with a consultant helping the IIRC with their learning program – permitted to speak on the IIRC's behalf – and a sustainability consultant who lead courses in IR for Swedish organizations. The cases and data sources will be explained further in the following section.

2.3.2 Data collection

To collect data, primarily in-depth interviews were conducted, as recommended by Oliver, Vesty and Brooks (2016) for studying this phenomenon. Interviews are the most commonly used method in qualitative research, and a flexible way to share the interviewee's point of view and to gain rich and detailed answers (Bryman & Bell, 2015), which has clear benefits in this project. The purpose of the interviews was to investigate how the Swedish organizations and the two IR-experts perceive IR and IT, how the concepts are applied in Sweden today, and what they consider are enabling or hampering its development. The interviews were semi-structured, which means that the interviewer uses an interview-guide with open questions prepared beforehand, but also has the possibility to ask additional or follow-up questions and adapt some questions depending on the interviewee's response (Bryman & Bell, 2015; Robson, 2011). Semi-structured interviews are hence a rather flexible data collection technique and enable gaining good explanations. Therefore, the method was chosen for this project. The interview-guides can be found in the appendix.

The interviewee within the seven Swedish organizations is someone who has been working with the integrated report, typically as responsible for the reporting process, the choice of reporting method and standard or framework. This choice of interviewee is hence a sort of key informant technique, since a person in a position with great knowledge and insight into the research subject was deliberately chosen (Payne & Payne, 2011; Robson, 2011). Additionally, in one of the seven organizations – Grant Thornton – four employees in various departments and with different positions within the organization were also interviewed. The reason for these additional interviews was to gain additional inputs and perspectives of IR. The first additional Grant Thornton interviewee is a business advisor in the sustainability team, who is helping other organizations with sustainability issues, as well as with implementing IR. That role offers valuable insights in the field. Due to findings emerging in some interviews, it was also satisfying to include interviews with an auditor and risk manager, a system manager and a business advisor. The choice and combination of different interviewees, and the order of the interviews, were strategic choices with the purpose to gain as much insight and knowledge of IR as possible. The two interviews with IR experts were deliberately separated to one as the first interview, and the other as the final interview. The reason was to begin by hearing one of the expert's point-of-view, and thereby also having the possibility to modify questions for the following interviews with the key-informants in the organizations. The additional four interviews with Grant Thornton employees were deliberately scheduled after the key-informant-interviews, with the purpose to enable modifying those questions after what the key-informants responded and to further investigating some of the key points from those interviews. The interview with the IIRC-representative, the second IR-expert, was scheduled as the final one, with the purpose to enable modifying his questions depending on the findings in the previous interviews, and to confirm or follow up some of the previous findings. This process is a part of the flexible approach and the mode of reasoning described in section 2.1. The data collection; organizations, interviewees, type of interview and date, is summarized in table 1 below.

Table 1. *Information regarding the conducted interviews*

Organization	*Name of interviewee*	*Position*	*Type*	*Validation*	*Date*
Enact	Markus Forster	Project Manager	Face-to-face	Transcript	2019-03-06
Company X	Mr. Andersson & Ms. Andersson	Head of Sustainability & Accounting Manager	Face-to-face	Direct oral	2019-03-13
BillerudKorsnäs AB	Louise Wohrne	Sustainability Manager	Face-to-face	Transcript	2019-03-18
Höörs kommun [Höör Municipality]	Helena Sjöholm	Controller	Telephone	Transcript	2019-03-18
Swedfund International AB	Johanna Raynal & Jenny Järnfeldt Nordh	Head of ESG & ESG Manager	Face-to-face	Transcript	2019-03-25
Svenska spel sport och casino AB	Karin Granath	Sustainability Specialist	Telephone	Transcript	2019-03-26
Vasakronan AB	Anna Denell & Thérèse Gavel	Head of Sustainability & Concern group controller	Face-to-face	Direct oral	2019-04-01
Grant Thornton Sweden AB	Linda Mannerby	Head of Sustainability	Face-to-face	Transcript	2019-04-04
Grant Thornton Sweden AB	Timothy Buckby	Business Advisor	Face-to-face	Transcript	2019-04-12
Grant Thornton Sweden AB	Peter Ek	Risk Manager	Face-to-face	Transcript	2019-04-12
Grant Thornton Sweden AB	Caroline Lilja Brandt	Senior Associate Advisor	Face-to-face	Transcript	2019-04-12
Grant Thornton Sweden AB	Sanna Ljungdahl	System manager	Telephone	Transcript	2019-04-16
Enrique Torres training & coaching (talks on the behalf of the IIRC)	Enrique Torres	Manager of the <IR> Training Program	Telephone	Transcript	2019-04-16

As can be seen in table 1, one organization wished to participate anonymously. That organization is referred to the made-up name *Company X*, and the representatives are called Mr. and Ms. Andersson. Not mentioning the organization by its real name might cause issues regarding the trustworthiness of the research. However, due to the ethical considerations of transparency and honesty, the organization’s wish was respected.

The other participating organizations are: BillerudKorsnäs, Höör municipality, Swedfund international, Svenska Spel, Vasakronan and as previously mentioned, Grant Thornton. The first IR expert works for the consulting firm Enact and the final IR expert works at Enrique Torres Training & Coaching, but has the IIRC as a client and has the IIRC’s permission to talk on their behalf. In total, thirteen interviews were conducted. At three of the interviews, two employees from the organization were present, which enabled a discussion between the respondents. Nine of the interviews were made face-to-face, as recommended by Robson (2011) since it enables gaining contextual information and visual clues. Telephone interviews can however be a cheap and quick alternative, and preferable when there is a distance between the researcher and the interviewee (Robson, 2011). The distances were the reason for having telephone interviews with Höör municipality (positioned in Höör), Svenska spel (Visby), and Enrique Torres Training & Coaching (Amsterdam). Due to sickness and a rescheduling on short notice, one of the Grant Thornton-interviews also had to be made over telephone.

Before the interviews started, informed consent was established, and all interviewees were asked to read and sign a form with information regarding how their data is treated in the project, and by the Swedish University of Agricultural Sciences. The interviewees were also informed that they had the possibility to terminate their participation at any time and withdraw their data. The interviews were recorded, fully transcribed and sent to the respondents for confirmation within a couple of weeks after the interview, except for two organizations that explicitly said that they did not want the transcript and gave oral validation instead. Moreover, oral validation was made continuously during all interviews as answers to questions were confirmed, clarified or elaborated. During the interviews, memos were also applied, which enabled data collection simultaneously as the first step of the analysis process (Van den Hoonaard & Van den Hoonaard, 2008).

Some additional secondary data, primarily the organizations' annual reports and other complementary information regarding their reporting process or sustainability practices provided on their webpages is used in this project as well. The reason for using such secondary data is both to provide background information but also to gain information of how the organizations have applied IR, and to complement and support some statements made in the interviews, or to compare some statements to the reports. By including several data sources such as interviews with representatives from different organizations and employees at different positions, as well as the experts working with IR, and complementary documents such as the annual reports, a triangulation approach was enabled. The advantage of using more than one method or source of data collection is that it allows verifying that both methods lead to similar results (Bryman & Bell, 2015). Triangulation will, therefore, increase the credibility and attain a higher level of trustworthiness of the results (*ibid.*).

2.3.3 Quality assurance

Establishing a high-quality research process is certainly of utter importance. However, since qualitative research differs significantly from quantitative research, it can be problematic to apply the same criteria for quality assessment (Bryman & Bell, 2015). This project applies the alternative quality criteria of trustworthiness as suggested by Bryman and Bell (2015). Trustworthiness can also be combined with the criteria of authenticity, but since that concept has not yet been influential (Bryman & Bell, 2015: 403), this project also omits it. The four aspects of trustworthiness – credibility, transferability, dependability, and confirmability – each parallels the traditional criteria applied in quantitative research and, respectively, aims for establishing believable findings, findings that are applicable to other context, findings that are likely to appear at other times, and objectivity of the researcher (*ibid.*). Table 2 summarizes how the four aspects of trustworthiness can be achieved, and how this project has applied the techniques for establishing a high-quality research process.

***Table 2**. Quality assurance of the research process (based on Bryman & Bell, 2015: 400-403)*

Criteria for trustworthiness	*Techniques for establishing the quality aspect*	*How the techniques are applied in this project*
Credibility	Respondent validation	Interviews are transcribed and sent to the participants for approval or approved by direct oral validation.
	Triangulation	Applied by using several data sources, perspectives and methods, as explained in section 2.3.2.
Transferability	Thick description	Efforts have been made to provide as rich and detailed descriptions of the project as possible, both in this chapter and in chapter 5.
Dependability	Auditing approach	Continuous feedback from peers and supervisor and five seminar sessions, including final opposition.
Confirmability	Acting in good faith	Interview guides are prepared and shared to respondents in advance. Interviews are recorded and discussed afterwards to ensure consistency of the interpretations. Also established in the auditing process with peers.

As can be seen in table 2, several efforts have been made to ensure all aspects of trustworthiness in this project. Transcribed and approved interviews and oral confirmations as a form of respondent validation, in combination with triangulation, has been applied for establishing credibility. Rich and detailed descriptions have been applied for establishing transferability. Continuous feedback from peers and supervisor, as a form of auditing approach, has established dependability, and together with the process of preparing interview guides in advance and ensuring consistency of interpretations afterwards also contributed to confirmability of this project.

2.4 Ethical considerations

Ethical considerations are important to keep in mind throughout the process of the project. Several efforts have been made to ensure an ethical research process, and to make sure the four ethical principles described by Bryman and Bell (2015: 134), consisting of no harm to the participants, informed consent, no invasion of privacy, and no deception, are followed.

To begin with, informed consent has been established with all respondents. Before the interviews, the intentions with the data collection have been explained and it has been a prime concern to ensure that interviewer and interviewee understand each other. All respondents also agreed to be recorded. Additionally, all interviews are transcribed and approved by the respondents, to ensure no data that the organization do not wish to have public, is included in the project. One organization wished to participate anonymously, and that wish has been respected.

2.5 Data analysis

Since qualitative research differs from quantitative research in several ways, also the data analysis differs (Bryman & Bell, 2015). In dealing with words instead of numbers, it aims for finding meanings and understandings through an iterative process that often starts during the data collection (Bryman & Bell, 2015; van den Hoonaard & van den Hoonaard, 2008). As previously mentioned, the memos applied during the interviews enabled a first step of data analysis simultaneously as the collection of data (van den Hoonaard & van den Hoonard, 2008).

The next step in the analysis process is coding. Thirteen one-hour interviews, fully transcribed, in combination with additional documents and reports clearly generate a significant amount of data. As Robson (2011) explains, this amount of data needs to be systematically sorted to enable a meaningful analysis. This project therefore follows Robson's (2011) suggestion and applies thematic coding for sorting the data. The information gathered from the interviews and documents is thereby labeled and categorized according to common themes and patterns (Robson, 2011). Those categories are thereafter utilized in the following analysis process. The labeled categories enable content analysis of the interviewee's answers and documents (*ibid.*). In the final step of the analysis process, the content of the themes and categories are compared to the concepts and theories presented in chapter 3, and to the previous research presented in chapter 4.

2.6 Critical reflections

Although this chapter has provided justifications for the chosen methods, it does not mean that those methods come without flaws, or that the flaws have not been reflected on. To begin with, some claim that just a few cases provide meaningless findings, since the conclusions cannot be generalized (Creswell, 2007). Such claims are partly wrong, and further yet, qualitative research does not typically aim for providing statistically generalizable results (Creswell, 2007; Robson, 2011) – neither does this project. Similar critique could be posed to the purposive sampling method utilized in this project (Robson, 2011). However, since the project does not aim for providing conclusions that are statistically applicable to a whole population, just like typical qualitative research, also this argument is meaningless (Creswell, 2007; Robson, 2011.). Given that this project aims for explaining a rather new - and most likely constantly developing - phenomenon by providing an in-depth image of some practitioners' perceptions of it, a case study methodology is a good fit, and it is possible to draw meaningful conclusions from the findings.

Also, as most social phenomena, surrounded by an ever-changing context, also IR presumably develops over time. This project poses a snapshot of the phenomenon; it is not a longitudinal study that covers how it develops over time. Such studies are definitely interesting but given the preconditions and time constraints for this project, this approach in its current form, is a better option. Furthermore, using interviews as data collection is difficult for an inexperienced researcher (Creswell, 2007). Trying to overcome those difficulties, considerable preparations were made before the interviews. Also, regarding interviews, one can never be certain that the respondents tell the truth and do not provide an improved image of themselves or the organizations. This risk has been considered but given this research topic and the organizations participating in the project, it is assessed as quite small. Furthermore, given that the applied analysis technique utilizes the researchers' own understandings and interpretations of words and not an objective and unprejudiced computer program, might result in subjective findings and implications. However, efforts have been made to minimize that risk, such as a reflective mindset and the auditing approach with peers.

3 Theoretical perspective

This chapter covers the conceptual and theoretical framework needed to explain and analyze integrated reporting and integrated thinking. The chapter is divided into four parts. In the first part, some of the surrounding conditions that shape organizational behavior and communication is explained by putting the company in an institutional context, in which it strives for legitimacy and tries to communicate it. The reasons and motives for corporate communication are explained briefly in terms of stakeholder- and signaling theory. The first part then ends with explaining the concept of standards and standardization. The second part of this chapter covers corporate reporting as it is conceptualized and practiced today. The basis of financial and sustainability reporting is presented, followed by the third part of this chapter, in which integrated reporting and integrated thinking are presented as the IIRC conceptualizes it. The chapter ends with an illustration of the conceptual framework and an explanation of how its parts relate to each other.

3.1 Surrounding conditions shape organizational behavior

There are certainly numerous factors that shape an organization, its activities and its communication. Following Hahn and Kühnen's (2013) and Perego, Kennedy and Whiteman's (2016) suggestions for exploring IR, the focus in this study is put on the institutional context in which organizations strive for legitimacy towards their stakeholders. Given the aim of this project and its focus on perceptions, this theoretical lens is suitable. Institutions and institutionalization are shortly described in 3.1.1, followed by an explanation of stakeholder and signaling theory in 3.1.2. Additionally, since standards affects a wide range of organizational activities (Brunsson & Jacobsson, 2002), standards and standardization are described in section 3.1.3.

3.1.1 Striving for legitimacy in an institutional context

A classic approach to organizational theory is to look at organizations as rationally working to achieve certain goals (DiMaggio & Powell, 1983; Eriksson-Zetterquist, 2009). This approach is grounded in the ontological position of the "the economic man", which means that individuals make choices that will maximize their profits on a short-term basis (Eriksson-Zetterquist, 2009). However, considering organizations as rational excludes important aspects, which are necessary for understanding them (*ibid.*). Organizations exist and act in an institutional context, and their behavior is therefore also shaped by that context and its societal mechanisms, as organizations tend to follow both the formal and informal rules of the society (Bebbington & Fraser, 2014; DiMaggio & Powell, 1983; Higgins & Larrinaga, 2014). Burns and Scapens (2000) consider institutions as complex systems and structures, containing actions or thoughts, embedded in a group with certain habits. Barley and Tolbert (1997) discuss an institution as shared assumptions which are taken-for-granted. This means that the assumptions are socially constructed, made by social actions. For instance, routines and rules become institutionalized in an organization when no one is questioning them (*ibid.*). The rules and routines change behaviors which will be "taken-for-granted" within the social group. Burns and Scapens (2000) consider institutionalization as an ongoing process, which means that institutionalized rules and routines are being replaced by new rules and routines, which could over time be institutionalized and so on.

Hahn and Kühnen (2013) mean that an organization's actions follow the institutionalized expectations of the surrounding environment, rather than business rationale. Higgins and Larrinaga (2014) share this view, saying that organizations and its managers do not chose and plan practices deliberately, based on calculations of future gains. Rather, most organizations adopt new practices because they follow other companies in the business (*ibid.*). Additionally, according to Bebbington and Fraser (2014), organizations are resistant to change and seek stability. However, there are certainly some factors that make organizations change. Higgins and Larrinaga (2014) mean that there are three types of institutional mechanisms, or pillars, which put pressure on organizations and make them change. Those mechanisms are called regulatory, normative, and cognitive (*ibid.*). The regulatory mechanisms consist of rules, monitoring and penalties. The normative mechanisms consist of social norms and values, which organizations also want to act according to. The cognitive mechanisms are for example meanings, roles, and symbols that are taken for granted, and are partly what makes organizations follow their peer organizations' practices, thinking it will make them successful (Higgins & Larrinaga, 2014).

Conforming to the institutional context is explained as essential for obtaining legitimacy (Rimmel, 2018). Deegan (2006) mean that there is a "social contract" between an organization and the society it is operating in. An organization can only survive if its values and norms follow the same values and norms as the society, and therefore, legitimacy is a requirement for doing business successfully (Hahn & Kühnen, 2013; O'Donovan, 2002). Organizations can either obtain or lose legitimacy due to different actions, depending on how society perceives these actions (Hahn & Kühnen, 2013). Therefore, to gain legitimacy, organizations strive to meet society's expectations by operating in a way that society expects them to (Hahn & Kühnen, 2013; O'Donovan, 2002). What is seen as a legitimate organization is *time* and *place* dependent and can therefore vary depending on those two factors (O'Donovan, 2002). Furthermore, society's norms are continuously changing which can result in a "legitimacy gap" (*ibid.*). A legitimacy gap emerges when the organization fail to retain their legitimacy because its actions do not live up to society's expectations (*ibid.*). According to Deegan, Rankin and Tobin (2002), if a legitimacy gap arises, the organization will not survive, because society will revoke the "contract", due to incongruence.

3.1.2 Signaling legitimacy by corporate communication

To gain legitimacy, organizations should not only have activities corresponding to society's expectations, it is also necessary to *communicate* their activities to society (O'Donovan, 2002). Annual reports, sustainability reports, financial disclosure, press-releases and webpages are examples of corporate communication. According to Zerfass and Viertmann (2017), the main purpose of corporate communication is to work as a mean for reaching the company's strategic goals. Corporate communication is usually explained in terms of stakeholders and information asymmetry (Rimmel, 2018).

Stakeholder theory is based on the idea that an organization is surrounded by different stakeholders that are affected by, or have the power to affect, the choices the organization makes (Rimmel, 2018). Shareholders, employees, customers, suppliers or the community are all examples of stakeholders. The relationship between the organization and its various stakeholders are important, since it cannot survive without them (*ibid.*). From an organization's point of view, corporate disclosure is a tool for meeting stakeholders' demands and providing legitimacy for the business (Rimmel, 2018). Different stakeholders such as media, local communities and environmentalist are interested in a company, which explains why there is a demand for different types of corporate reporting (Freeman 2010: 20-21; Laplume, Sonpar & Litz 2008). Furthermore, stakeholders with a sustainability agenda is a group that is growing and increasing in influence, and hence important for companies to consider when making decisions (Hahn & Kühnen 2013). These stakeholders demand – just like shareholders demand financial disclosure by a financial report – sustainability disclosure, and SR is a way for companies to provide relevant information and satisfy that demand (*ibid.*). The fact that an organization knows more about itself than some stakeholders do, is referred to as *information asymmetry* (Connelly, Certo, Ireland & Reutzel 2011; Rimmel, 2018). Signaling theory explains how two actors behave when there is information asymmetry, how communicated information can be interpreted, and the importance of a properly constructed cost for disclosing information (Connelly, Certo, Ireland & Reutzel 2011). According to signaling theory, the reason for an organization to voluntarily disclose information is to meet the needs of the stakeholders and show how it distinguishes from other organizations in the same market (Rimmel, 2018). Furthermore, voluntary disclosure is also beneficial for organizations since it shows greater transparency which attracts investors (*ibid.*). By presenting a sustainability report, an organization sends a signal that it is managed in a reliable way (Hahn & Kühnen, 2013; Rimmel, 2018). Additionally, if organizations have the report externally reviewed, it also signals credibility (Rimmel, 2018).

3.1.3 Organizational behavior & communication is shaped by standards

Today, there are standards for a very diverse mixture of things, procedures and processes, ranging from, for example, telephone designs, education and corporate financial reporting. Standards can be described as voluntary rules and instruments of control, which generate global order and facilitate coordination and cooperation (Brunsson & Jacobsson, 2002). Those creating standards – the standardizers – are usually private sector organizations, but also governments, governmental organizations, international non-governmental organizations (INGOs) and academic researchers create standards (Brunsson & Jacobsson, 2002). Since standards are voluntary, the standardizers must convince others that following the standard is a good idea (*ibid.*). Adopters of standards are organizations or individuals, and the standardizers depend on adopters for the success of the standard. Motives for creating standards can be to make money, or the will to make, what they consider, important and justified changes and reforms. A third motive might be that the standardizers want to adopt the standard themselves but depend on others to also adopt it (*ibid.*). Standards differ from norms in the way that they are explicit and have an evident source (Brunsson & Jacobsson, 2002). They also differ from directives in the way that they are voluntary. However, it might be difficult to distinguish between standards and directives or norms, since they all can include similar content (*ibid.*). For example, financial reporting is regulated by both international standards and national law and behaving "environmentally friendly" can be both a norm and a standard. Furthermore, as time passes, standards can turn into laws or norms (*ibid.*).

According to Brunsson and Jacobsson (2002), the matter of standardization is controversial, and there are people debating for it, as well as against it. Arguing for standards, some claim that they enable information sharing and communication (Brunsson & Jacobsson, 2002). Complying with a standard another that actor also complies to, or knows from before, reduces the need for information sharing between the two actors. Standards can also have a legitimizing effect since others might assume that the process or product must be good – since it follows a standard – even without knowing anything about it (*ibid.*). That assumption also reduces the need for information. However, standardizers usually claim that their standard is the best, and is also an argument for further standardization, arguing to find *the best* solution together, instead of following separate, slightly worse solutions (Brunsson & Jacobsson, 2002). Furthermore, standards can also enable coordination and simplicity; for example, standardized plugs and sockets make life easier (*ibid.*). Summarizing these benefits, the advocates claim that standards are highly beneficial for international trade and prosperity. However, there are also arguments against standards and standardization (Brunsson & Jacobsson, 2002). Some criticize standards for diminishing the freedom of individual actors and others mean that standards are too weak and should be replaced with mandatory rules (*ibid.*). Furthermore, some criticize standards for being undemocratic or hampering innovation, and some argue that standards do not necessarily provide the best solutions (*ibid.*). Examples of bad standards are the QWERTY-keyboard, made for typing slow, and the red-yellow-green traffic light, which is highly inappropriate for color-blind people (Brunsson & Jacobsson, 2002).

Some standards are unclear or abstract and therefore enable different interpretations (Brunsson & Jacobsson, 2002). Such standards might attract more adopters since they are free to modify it for their own needs. However, such standards do not result in the same level of uniformity (*ibid.*). Abstract standards might also result in uniformity regarding what actors claim to be doing, but less uniformity in what they in fact are doing. A solution to this discrepancy might be certification. However, even if certification is used for examining practices, often it is rather just "the talk" that is being investigated, and thus will not solve such a problem anyway (*ibid.*). Additionally, implementing standards might be difficult and usually takes time – at least to actually change the practices needed for following it (Brunsson & Jacobsson, 2002). There is also a risk that people in the same organization interpret a standard differently, which can also hamper its implementation (*ibid.*).

3.2 Corporate reporting

This section describes how organizations can communicate their activities in terms of financial reporting (FR) and sustainability reporting (SR). In section 3.2.1 the concept of FR is presented, and its objective and primary users are accounted for, followed by section 3.2.2 which presents an explanation and definition of SR.

3.2.1 Financial reporting

Financial reports are tools to communicate a company and its activities to investors, shareholders and other stakeholders and enable making informed decisions (Fasan, 2013). According to the Financial Accounting Standards Board (FASB) (2006: ix), the objective of FR is "*to provide information that is useful to present and potential investors and creditors and others in making investment, credit, and similar resource allocation decisions*". Additionally, the board state that FR *"should provide information to help present and potential investors and creditors and others to assess the amounts, timing, and uncertainty of the entity's future cash inflows and outflows*" (*ibid.*). The International Accounting Standards Boards (IASB) (2018) states that financial reports main targets are present and potential investors, or creditors or lenders, even though they also offer a disclaimer that other stakeholders might find the reports useful as well. Financial reports should, according to the IASB (2018), be faithful, relevant, useful, comparable, verifiable, understandable, and timely.

Annually, organizations disclose financial information in its annual report (Stittle, 2003). Baker and Wallage (2000: 176) state that "*the annual accounts shall give a true and fair view of the company's assets, liabilities, financial position and profit or loss*", meaning that the purpose of the report is to truthfully present financially relevant information to external parties, enabling their assessment of the company's financial performances. However, Stittle (2003) explains that annual reports not only are a way to reveal a company's finances in a true and fair view, it is also a way for companies to express their image, identity and key operating information. Furthermore, Stittle (2003: 4) states that: "*within strict boundaries, annual reports allow readers to examine a packaged version of the company's activates over the past year. The directors use annual reports to explain their actions during the past year and how they have looked after the company's assets*", and thereby explaining annual reports as a piece of information relating the company's activities to its value creation. Traditionally, annual reports solely reveal information about an organization's financial activities (Rimmel, 2018). Another report, called sustainability report, reveal information about an organization's social and environmental activities. This type of report is explained further in next section.

3.2.2 Sustainability reporting

Corporate sustainability refers to an organization's voluntary activities regarding environmental and social concerns and the interaction with its stakeholders (van Marrewijk & Werre, 2003). SR is a tool for companies to communicate their corporate sustainability activities and efforts towards its stakeholders (Herzig & Schaltegger, 2006). Unerman, Bebbington and O'Dwyer (2018) explain that sustainability reports reveal information of how organizations meet their corporate sustainability challenges. The reports should include information regarding challenges the organizations are facing and how they strive to reduce them (Daub, 2007). According to the Global Reporting Initiative (**GRI**) (GRI, 2019a), SR has different names such as corporate social responsibility (**CSR**) reporting or triple bottom line (**TBL**) reporting, which all can be considered synonyms. The World Business Council for Sustainable Development (WBCSD) refer to sustainability reports as *sustainability development reports* and define them as "*public reports by companies to provide internal and external stakeholders with a picture of the corporate position and activities on economic, environmental and social dimensions. In short, such reports attempt to describe the company's contribution toward sustainable development"* (WBCSD, 2002, 7). Rimmel (2018) also explain SR as the combination of those three pillars; financial, social, and environmental. The GRI (GRI, 2019a) means that the three pillars should refer to the impacts of an organization's everyday activities. Furthermore, the reports should describe the values, strategy and governance model of the organization, as well as connecting the concepts to a global sustainable development (*ibid.*).

According to Rimmel (2018), SR is considered an important practice for corporate sustainability. Also, there is an increasing demand for sustainability reports (Hahn & Kühnen, 2013; Rimmel, 2018). Therefore, it is important that the reports are trustworthy, reliable, powerful and material (Rimmel, 2018). According to Fasan (2013), a sustainability report has a wider spread of stakeholders than the financial report since additional stakeholders might be interested in the company's social and environmental performances, such as for example NGOs and activist groups. However, according to the GRI (2019a), SR is not only useful for external communication towards stakeholders, but can also be a tool for internal assessment, goal formulation and change management. Rimmel (2018) describes IR as a novel contribution in the area of SR. However, it differs significantly from SR in several aspects. IR is presented further in the following section.

3.3 Integrated reporting

The previous sections explain two types of corporate reporting; FR and SR. This section describes the recent development of integrated reporting (IR); a third type of reporting, in which the two former types of information are combined, or integrated, into one so called integrated report. It begins with section 3.3.1 in which a definition of IR is provided, followed by its content elements and guiding principles. In section 3.3.2, the six capitals IR should follow are presented, followed by a description of how IR relates to value creation over time. The last section 3.3.3 introduces the concept integrated thinking (IT), how it relates to IR and its benefits, expressions of it and critique it has received.

3.3.1 Definition, content elements & guiding principles

By adopting IR, the organization integrates both financial and non-financial aspects into one report (IIRC, 2013). However, an integrated report is more than just those two reports combined and has fundamental differences in how the information is disclosed (IIRC, 2013). The IIRC (2013, 7) defines an integrated report as "*a concise communication about how an organization's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value over the short, medium and long term*" and further states that "*An integrated report should be prepared in accordance with this Framework* [the IR Framework presented by the IIRC]". Given that definition, there can be no integrated report that is not following the IR Framework.

IR is a way for companies to communicate their strategy, performance, and governance, in an external environmental context, in which the company is supposed to deliver value in both, short-, medium-, and long term (Fasan, 2013). In the report, information on how the external environment (referred to as capitals) affects an organization and how the company interacts with it to create value is accounted for (IIRC, 2013). The IIRC (2013) states that the primary intended readers are the providers of financial capital, but the report is of interest for any other interested stakeholder as well, such as customers, employees, business partners, and local communities. The framework has a principle-based approach and does not provide exact requirements such as length, format or which KPIs to include (Soyka, 2013). Instead, the framework is based on eight "content elements" that the report should include and seven "guiding principles" that an integrated report should follow (IIRC, 2013). The content elements that should be covered by the report are: organizational overview and external environment, governance structure, business model, risks and opportunities, strategy and resource allocation, performance, outlook, and basis of preparation and presentation (*ibid.*). Table 3 provides short explanations of the guiding principles that the report should follow.

Table 3*.Guiding principles for an integrated report (based on IIRC, 2013: 16-22)*

Guiding principles	*Explanation*
Strategic focus and future orientation	The report should explain the organization's strategy and connect it to value creation in the short-, medium- and long term. The report should also mention risks and opportunities.
Connectivity of information	It is important that the report provides a comprehensive and holistic view of the company. Hence, the report should explain how different activates and factors connect to each other and interrelate. Especially, how the business model and strategy connect to risks and opportunities such as changes in the external environment.
Stakeholder relationships	The report should explain what an organization's relationship to its stakeholders look like and whether it understands their needs and take them into account.
Materiality	The report should include information about relevant matters that affect the organization.
Conciseness	The report should include only relevant information and be concise to prevent "information overload".
Reliability and completeness	The report should provide all relevant information-both positive and negative- in a truthful way.
Consistency & comparability	The report should be consistent and enable comparison to other organizations.

Table 3 summarizes the eight guiding principles of the IR Framework. According to these principles (IIRC, 2013), as presented in table 3, integrated reports should have a strategic focus and future orientation, relate and connect pieces of information, and explain stakeholder relationships. Furthermore, it should follow the principles of materiality, conciseness, reliability, completeness, consistency and comparability.

Dr. Robert Massie, one of the co-founders of GRI states that "*[IR's] core purpose is to ensure that organizations provide a more accurate account of their creation or destruction of value among the different forms of capital*" (GRI, 2016: 6), and hence expresses the aim of IR, while mentioning the two most important concepts of the framework; capitals and value creation (Soyka, 2013). Besides capitals and value creation, IR also differs from other reporting standards in terms of its dimension of time and IT (IIRC, 2013; Soyka, 2013). In the following sections, these concepts are explained further.

3.3.2 The capitals, value creation & the time dimension

The IIRC (2013: 4) defines capitals as: "*stocks of value that are increased, decreased or transformed through the activities and outputs of the organization*". Given that rather broad definition, capitals can be almost anything that the organization uses or affects. According to the IIRC (2013), capitals are the inputs of a company's business model and will over time lead to an outcome which creates value over time (se figure 2)). An organization can transform, decrease or increase these capitals depending on what the company considers relevant in its decision-making process (*ibid.*). There are six categories in which a capital can be sorted; *Financial*, *Manufactured*, *Intellectual*, *Social & Relationship*, *Human* and *Natural* (IIRC, 2013). Table 4 provides a short explanation and examples of each category.

Table 4*.The six capitals, following the Integrated Reporting (IR) framework (IIRC, 2013: 11-12)*

Capital	*Explanation*	*Examples*
Financial	Monetary funds obtained through financing or generated in operations, available for the organization.	Cash and cash equivalents.
Manufactured	Made processed, physical objects, available for the organization and used for its operations.	Buildings, equipment, infrastructure.
Intellectual	Intangible assets based on knowledge.	Patents, copyrights, software, licenses.
Human	The experiences, competencies, and capabilities of the people in the organization.	Support for the organization's governance, ability to understand its strategy, loyalty, leadership and collaboration skills.
Social & Relationship	Communities and its relationships, both the internal and those to other communities.	Norms, values, behaviors, trust, reputation.
Natural	Environmental recourses and processes, both renewable and non-renewable.	Air, water, minerals, biodiversity.

In table 4, the six capitals, which according to the IIRC (2013) affect the value creation of an organization, is described. These six capitals are financial, manufactured, intellectual, human, social and relationship, and natural. When reporting according to the IR Framework, organizations do not have to include information regarding all six capitals, but they should focus on those that are relevant for their value creation (IIRC, 2013). However, the IIRC (2013) states that most organizations do interact with all capitals.

Value creation is a central concept in the IR Framework, and the purpose of IR is to present to, primarily, the investors, how the organization is creating value (IIRC, 2013; Soyka, 2013). Even though value is not clearly defined in the framework, it is not limited to financial terms but rather to a broader meaning, just like the capitals (Soyka, 2013). Figure 2 show the IIRC: s (2013: 13) illustration of an organization's value creation.

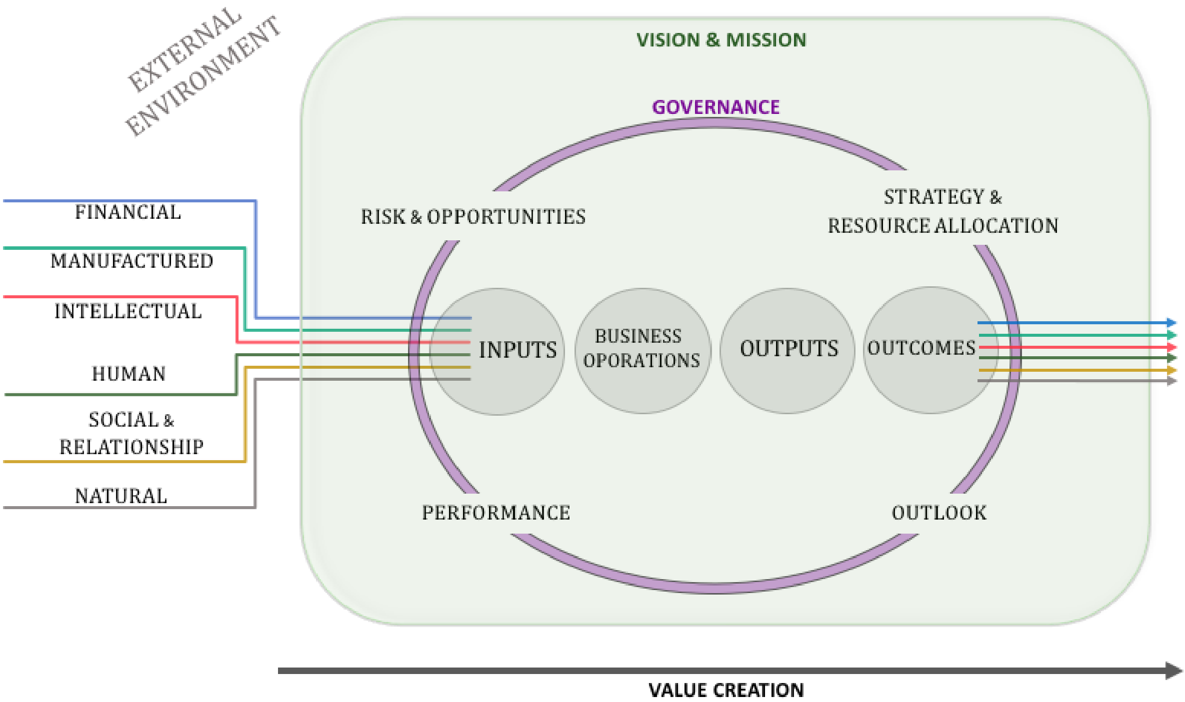

Figure 2. *Illustration of an organization's value creation, inspired by the International Integrated Reporting Council (IIRC) (IIRC, 2013: 13).*

Figure 2 shows how the six capitals come from the external environment into the organization and its business model as inputs. Inside the business model, business activities transform those inputs into outputs and outcomes, which thereafter leave the organization, and can also be put in the six capital categories. Furthermore, figure 2 illustrate how the business model is shaped by its strategy, governance, and the risks and opportunities it is facing.

Furthermore, compared to traditional corporate disclosure, IR is aiming for an extended time horizon (Soyka, 2013). Rather than only looking back on the past, IR covers the organization's future prospects (IIRC, 2013). The report should therefore cover value creation and factors that are relevant in a short, medium, and long-term perspective (*ibid.*). In doing so, IR aims at changing the short-sightedness many companies have today, into a more sustainable and holistic strategy and business model (Soyka, 2013). Changing companies' time horizon encourages different ways of capital allocation, decision-making, trade-offs, and thinking within the company. The IIRC (2013) calls this organizational mindset integrated thinking (IT). The following section explains this concept further.

3.3.3 Integrated thinking

Several scholars (Feng, Cummings & Tweedie, 2017; Oliver, Vesty & Brooks, 2016) mean that Integrated thinking (**IT**) is not a new concept that the IIRC has invented. Oliver, Vesty and Brooks, (2016) connect IT to a "systems thinking perspective" which has been present in accounting research since the 1970s, with the purpose to solve difficult problems such as sustainability. According to Feng, Cummings and Tweedie (2017), IT is related to "integrative thinking" which is a concept introduced in 1999, with the purpose to help managers make decisions and solve problems when the choice is between profit maximization and sustainability. IT has previously been defined as "*embedding sustainability into decision-making and strategy*" (*ibid.*). Oliver, Vesty and Brooks (2016) also make a clear connection between IT and sustainability. The IIRC, however, does not specifically connect IT with sustainability, but emphasizes the connection between the different capitals and long-term value creation. The IIRC (2013: 2) defines IT as:

> "*The active consideration by an organization of the relationships between its various operating and functional units and the capitals that the organization uses or affects. Integrated thinking leads to integrated decision-making and actions that consider the creation of value over the short, medium and long term*".

The IIRC (2013) further explains IT as the ability of an organization to account for - not only the affected capitals - but also the organization's capacity to respond to the needs of key stakeholders, adapting its strategy and business model for the external environment and its opportunities and risks, and its performance and activities as well as its outcomes. IT is about having a broader view of how the organization creates value, the factors affecting that ability and how these factors connect to each other. IT is also about having a longer time perspective, aiming to consider value creation over time (IIRC, 2016). Considering these capitals and factors simultaneously is connected to "breaking down silos", which is a central concept in IT (Dumay *et al.*, 2016; Feng, Cummings & Tweedie, 2017; Perego, Kennedy & Whiteman, 2016).

The IIRC (2013) describes the relationship between IR and IT as a cyclical process; IT is facilitated by IR, but IR is also facilitated by the process of IT. Both concepts depend on each other, and it is by combining the two of them that organizations will achieve great, transformational results, according to the IIRC (2016). IT is applied when making the integrated report and connecting different types of information in it. However, the information also flows in the opposite direction; the information in the report also affects the thinking (IIRC, 2013). The IIRC (2013) explains that an integrated report connects previously separated information in new ways, and when organizations review the report, it also changes the management practices and thinking. Simultaneously, it is IT that enables connecting the information and preparing the report (IIRC, 2016).

The IIRC (2013; 2016) claim that IT, in combination with IR, is connected to several benefits for organizations and ultimately optimal resource allocation, financial stability, sustainability, and long-term success. The IIRC (2013) explains that breaking down internal silos leads to a common understanding of an organization's value creation. This improves management and board-level decision-making, which in turn leads to success. Improving IT and embedding it into the activities will, according to the IIRC (2013), improve the integrated report, but also improve information flow, decision-making, and management analysis. Furthermore, if IT is present in the organization, there is a higher probability that key stakeholders' needs are considered and incorporated in the business activities (*ibid.*). IT is supposed to help management with resource allocation and making strategic decisions and trade-offs between resource usage, which should also increase the trust inside the organization, as well as with stakeholders. Considering value creation over time will also lead to accounting for an organization's impacts on the environment and society (IIRC, 2013). The GRI (2016) also promises great results of IT, such as a complete integration of societal issues into decision-making and business strategy, a better understanding of the creation of value, greater level of diversity among the stakeholders in the board, enhanced transparency, more active stakeholder engagement, and improved board- and management decisions.

According to Feng, Cummings and Tweedie (2017), there are some common features and expressions of IT. IT should reflect in involvement from senior and middle management, as well as divisional management. Furthermore, Feng, Cummings and Tweedie (2017), mean that

IT is expressed by individual responsibility and engagement among employees, continuous education and training, and performance evaluation related to IR. According to Oliver, Vesty and Brooks (2016), there is no real consensus of how IT should be identified in organizations since the slim existing literature offers very different examples of the concept. However, Oliver, Vesty and Brooks (2016) describe IT as a continuum, ranging from hard to soft IT. Hard IT is described as narrow and linear, siloed and segregated, "either-or" thinking and causal modeling, which leads to a formal commitment to sustainability and financially related KPIs (*ibid.*). Soft IT is described as a more holistic approach where irrationality and interrelationships are considered, opposing models are creatively leveraged and the reasoning is generative (*ibid.*). Such thinking leads to a holistic approach to incorporating sustainability in the organization's activities, a focus on interaction and relationships, utilizing both financial and non-financial data for assessing sustainability performance, and continuous improvement and collaboration within the organization (Oliver, Vesty & Brooks, 2016).

However, there are also some scholars that are more critical towards IR and IT. Dumay and Dai (2017) question whether IT is something desirable for all parts of all organizations or if thinking in silos sometimes is preferable since it fosters independent thinking, and if IT might clash with existing organizational culture, or even is counterproductive for necessary changes. Furthermore, the authors think that the IR Framework has a problematic "one size fits all"-approach and argue that it is naïve to think that IR can solve problems for all organizations, since most successful organizations already are "well managed and transparent" (Dumay & Dai, 2017: 596). Feng, Cummings and Tweedie (2017) also take a critical view, calling the IR Framework confusing and inconsistent, and discuss whether IT always is a good thing or if thinking in silos is necessary in some cases.

3.4 Illustration of conceptual framework

The conceptual framework provides the basis for the empirical chapter of this research paper. Figure 3 illustrates how the presented concepts and theories are utilized and relate to each other within this project.

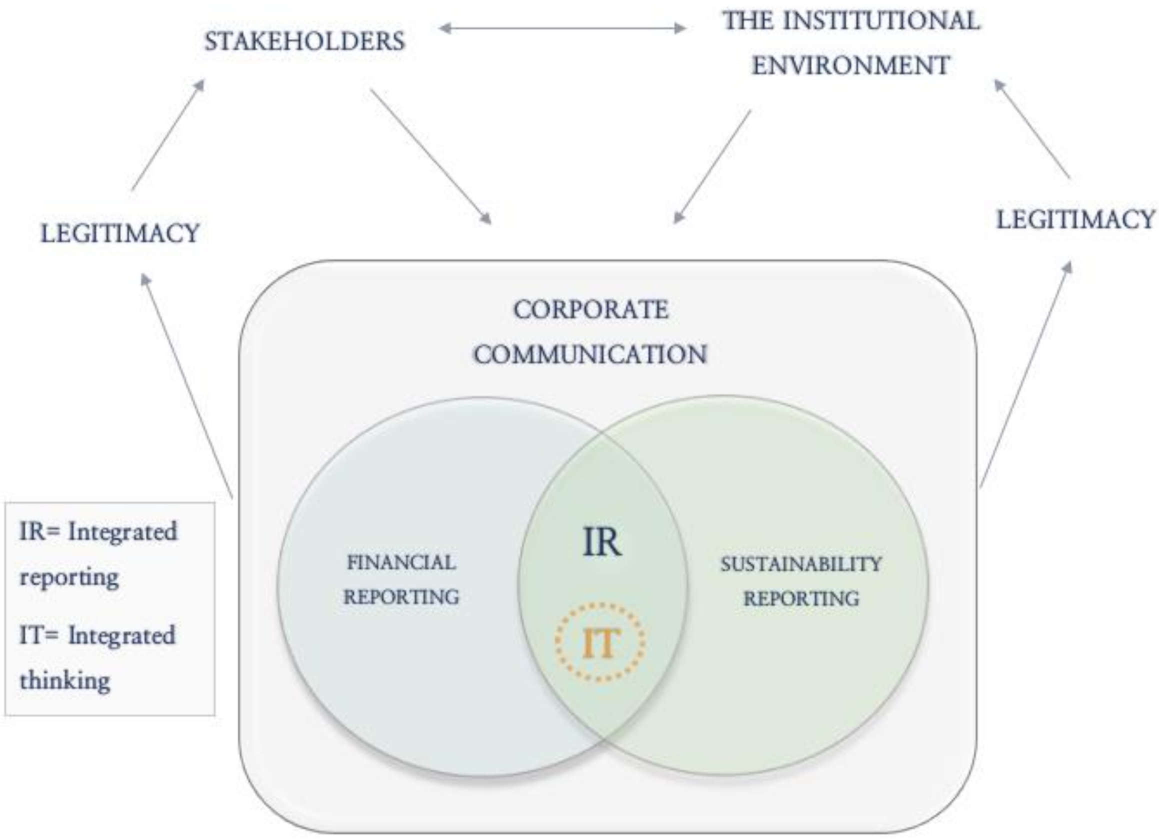

Figure 3*.Illustration of the conceptual framework.*

Organizations exist and act in a social and institutional context embedded with rules, norms and expectations (Bebbington & Fraser, 2014; DiMaggio & Powell, 1983; Higgins & Larrinaga, 2014). Organizations tend to follow institutionalized expectations of the surrounding environment in order to gain legitimacy (Hahn & Kühnen, 2013). The social context is explained in figure 3 as stakeholders and the institutional environment, which organizations affect and are affected by. Also, standards, as explained in section 3.1.3, are an important part of the institutional context in which organizations act (Brunsson & Jacobsson, 2002). Corporate reporting is seen as a tool for organizations to use when communicating both financial- and non-financial information. Typically, the aim of corporate reporting is to gain legitimacy, which both relates to stakeholders and the institutional environment. Additionally, standards also shape corporate reporting. In figure 3, IR is expressed as the intersection between financial and sustainability reporting, since it contains and connects both types of information. IT is presented as a part of IR, as it is explained in section 3.3.3.

4 Empirical background

The empirical background provides an introduction of how corporate reporting has developed over the years. Thereafter, the chapter gives a description of how integrated reporting has been applied and studied within the academic field.

4.1 Corporate reporting – historical development

Dumay and Dai (2017) express discontent about the way some scholars seem unaware of previous research and recommend future studies to consider IR within the overall area of corporate reporting, rather than as a totally new concept. This study strives to follow this call by putting IR in a larger context in the history of financial- and non-financial reporting. This following section therefore presents the historical development of corporate reporting. It begins with 4.1.1 which provides a description of the historical development of financial reporting (FR), followed by 4.1.2 that explains the development of sustainability reporting (SR). In 4.1.3, the development of integrated reporting (IR) is described. Additionally, the historical development of corporate reporting is illustrated in a timeline in figure 4.

4.1.1 Financial reporting

The journey of corporate reporting has developed when looking historically (Schaltegger, Bennett & Burritt, 2006). For centuries, accountants have been trying to describe companies' economic situation by developing reporting practices (Rimmel, 2018). However, it is only for the last hundred years that standards for FR have existed (*ibid.*). The traditional model for corporate reporting originates from the beginning of the 1930s, and at that time, annual reports focused solely on financial information (Soyka, 2013). Since then, FR has developed further and is now standardized and regulated worldwide (Fasan, 2013; Rimmel, 2018). According to EU regulations, limited liability companies must prepare financial statements, and listed companies must follow the *International Financial Reporting Standards* (IFRS) when preparing consolidated financial statements (*ibid.*). Financial statements are also required to be reviewed by a statutory audit (European Commission, 2019b). Furthermore, the EU has requirements for smaller and non-listed companies (European Commission, 2019a).

In line with a changing society and environment, FR has come across limitations (Fasan, 2013). Traditionally, FR omits non-financial information and has therefore been questioned whether it can provide stakeholders with a company's "true and fair view" when leaving out important aspects of non-financial information (Esch, Schnellbächer & Wald, 2019). According to Fasan (2013), the reliability and credibility of FR, in delivering a "true and fair view", has decreased. FR only reveals information for a short-term perspective, which includes information concerning the economic performance from previous year (Unerman, Bebbington & O'dwyer 2018). This means that information about the future cannot be found in these reports. Therefore, FR does not have the ability to reveal how the organization creates value over time (Fasan, 2013).

4.1.2 Sustainability reporting

SR has existed since the 1950s, but it has not been commonly known until the last couple of decades (Rimmel, 2018). Due to an increased public awareness of environmental and social issues such as pollution and inequalities in the 1960s, the modern concept of sustainability started to develop. An important step for the development of SR was the Brundtland report *Our Common Future* from 1987 (Rimmel, 2018). Another important step was when Elkington (1997) coined the concept *Triple Bottom Line* (TBL) in 1994 (Rimmel, 2018). The purpose of TBL was for organizations to provide a more holistic picture of their value creation and sustainability, since businesses would report their performances according to three dimensions; the economic dimension, and the social and the environmental dimension (*ibid*.). TBL has been considered a marketing tool for corporations to mediate their sustainable responsibility towards its stakeholders (Elkington, 1997). However, critics have pointed at TBL, arguing that companies using the TBL approach present themselves as sustainable in the report, even though values and beliefs within the company are not (Milne & Gray, 2012).

Around the turn of the millennium, standards and guidelines for SR started to appear, and were to begin with voluntary and presented by private organizations (Rimmel, 2018: 26). Rather lately however, some standards have become regulated by law. In 2014, the EU presented directive 2014/95/EU (EU, 2014) which obliges larger, public-interest organizations with more than 500 employees to disclose non-financial and diversity information in their annual reports from 2018 onwards. The law came into force during calendar year 2017 in Sweden (PWC, 2016). This means that the first mandatory reports were published in spring 2018. The law requires companies to disclose information related to their environmental protection, social responsibility such as how employees are treated and how the company respects human rights, and how the company handles anti-corruption, bribery and diversity in the board (EU, 2014). The purpose of the directive is to make it easier for stakeholders to evaluate organizations' non-financial performance, as well as encourage organizations to become more responsible (European Commission, 2019c). However, the directive does not require companies to follow a certain specific framework (*ibid*.). When the Swedish government transposed the directive to national law, it meant an amendment to the law presented in 2007, obliging all government-owned companies to present a sustainability report in accordance with the GRI Framework (Borglund, Frostenson & Windell, 2010). The GRI has been described as "*undoubtedly the most common standard for disclosure of comprehensive non-financial information*" (Fasan, 2013: 47). GRI is an international, non-profit organization, and the creator of frameworks intended to help corporations to report their sustainability performances (GRI, 2019b).

4.1.3 Integrated reporting

Over the last decades, corporate reporting has been criticized for not providing a truthful and satisfying image of the company and its surrounding environment (Rimmel, 2018: 166). Stakeholders have increasingly been demanding complementary reports that enable good performance forecasts and that show how the companies take social and environmental responsibility (*ibid.*). When organizations started to complement the financial reports with non-financial information in sustainability reports, it received mixed reactions; some were positive whereas others complained that the sustainability reports were too long and complex, just "window dressing", and lacked transparency (Cheng *et al.*, 2014; Lozano & Huisingh, 2011; Mahoney *et al*., 2013; de Villiers, Rinaldi & Unerman, 2014). Furthermore, some claimed that the information was irrelevant for shareholders and investors since it failed to connect to the company's prospects but rather described the corporate responsibility separately and decoupled (Rimmel, 2018). Trying to address these issues, IR was developed as a new standard for corporate reporting (Rimmel, 2018; Soyka, 2013).

IR has its roots in South Africa and the release of the *King Code of Corporate Governance Principles*, also referred to as King I, in 1994 (Rimmel, 2018: 166-168). It was followed by King II in 2002, which was the first to use the concept *integrated sustainability reporting*, and King III in 2009, which has several important similarities to the IR Framework (*ibid*.). In 2010, South Africa became the first country to make IR mandatory for listed companies (Cheng *et al.*, 2014). The creators of the King reports in South Africa and the GRI collaborated, and together participated in the creation of the International Integrated reporting Council (IIRC) in 2010 (Rimmel 166-168).

Today, the IIRC is an international coalition of companies, regulators and standard setters, investors, NGOs, and the accounting profession (IIRC, 2013). Organizations such as the International Accounting Standards Board (IASB), chairs of the "Big 4" accounting firms, the World Bank, World Business Council for Sustainable Development (WBCSD), and the United Nations Global Compact are represented in the council (Cheng *et al.*, 2014). The IIRC is providing the International IR Framework (IIRC, 2013; Salvioni & Bosetti, 2014). The complete framework was released in 2013, following a consultation draft from earlier that year and a discussion paper in 2011, both with the purpose to receive feedback from stakeholders as well as the public (Cheng *et al.*, 2014). The IIRC (2013: 7) state that the purpose of the IR Framework is "*to establish Guiding Principles and content elements that govern the overall content of an integrated report, and to explain the fundamental concepts that underpin them*". The intended users of the framework are for-profit organizations in the private sector of any size, but the IIRC (2013) claims that virtually any organization can use it. The GRI and the IIRC are still working closely together, calling themselves "strategic partners" (GRI, 2019c) Also, GRI still takes part in the governance of the IIRC (*ibid.*). The GRI and the IIRC argue that their respective frameworks complement each other, since the GRI's latest framework (G4) provide, amongst other things, sustainability metrics that could be included in an integrated report (*ibid.*).

IR has undoubtedly been praised (Cheng *et al.,* 2014; Rimmel, 2018), but not exclusively. Scholars are concerned that it is complicated to produce an integrated report and to follow the IR Framework due to the limited guidelines (Soyka, 2013; Steyn, 2014). Rimmel (2018) also means that the lack of specific guidelines such as generic KPIs that enable comparability between organizations is the greatest challenge for IR. Furthermore, Steyn (2014) means that the IR process has challenges related to costs, information systems and the financial forecasts. Milne and Gray (2013) have also criticized the IIRC for focusing only on investors and not enough on responsibility or sustainability. Fasan (2013) has done a comparative study of annual reports, sustainability reports, and integrated reports. The findings suggest that annual reports are characterized by high comparability and assurance level, while isolated sustainability reports have medium comparability and low assurance level. According to Fasan (2013), integrated reports have low comparability and low assurance level, and are also characterized by high industry customization.

The historical background in part 4.1 provides a description of how corporate reporting has developed over the years, which is summarized below in figure 4. Figure 4 presents a timeline, starting the historical development in the 1930s when the traditional model of FR was introduced (Soyka, 2013) and ending in 2018 when the first mandatory sustainability reports were published in Sweden (SFS 1995:1554, 6 kap. 10 §).

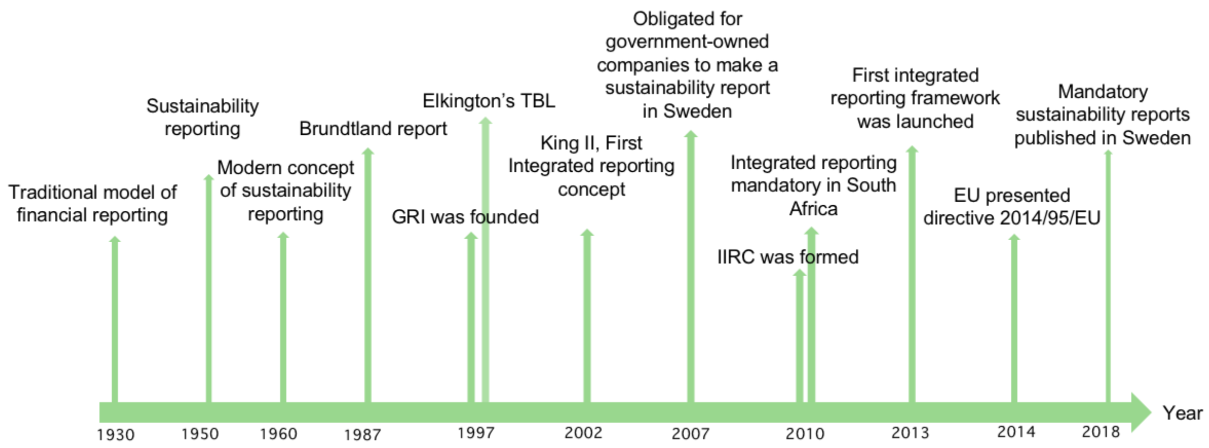

Figure 4*. Timeline for the development of corporate reporting*

Figure 4 illustrates milestones in the development of corporate reporting, such as the establishment of the traditional model for FR in the 1930's (Soyka, 2013), the establishment of SR in the 1950's, the presentation of the Brundtland report in 1987, the foundations of TBL, GRI and King II around the turn of the century, and finally the introduction of laws for SR, and the development of the IIRC and IR in 2007-2018 (Rimmel, 2018). The milestones are parts of the contribution of what corporate reporting is today (Dumay & Dai, 2017; Rimmel, 2018).

4.2 Previous studies on integrated reporting & integrated thinking

IR is a relatively new phenomenon and the academic field is still quite unexplored (Perego, Kennedy & Whiteman, 2016). Table 5 summarizes, in alphabetical order, the empirical findings of studies exploring motives for implementing IR and challenges and benefits related to IR.

Table 5*. Summary of studies exploring motives, challenges and benefits of integrated reporting*

References	*Study object*	*Findings*
Bratu (2017)	Study object: European companies adopting the IR Framework. Aim: Assess the level of companies' ability to adopt the guiding principles.	Companies have a high level of compliance with the principles. However, much remains to be done to correspond to the principles and some integrated reports are rather combined than integrated.
Pistoni, Songini & Bavagnoli (2018)	Study object: 116 integrated reports issued in 2013-2014 from all over the world. Aim: Asses quality of organizations' integrated reports.	Even though the quality in reports improved from 2013-2014, the study revealed that the quality is still low, and the implementation of IR is difficult. To communicate value creation and strategy is problematic for organizations.
Robertson & Samy (2015)	Study object: Senior managers in UK. Aim: Investigate perceptions and identify factors that can lead to a diffusion of IR.	How the IR Framework fits into other standards need to develop. Organizations tend to work in silos, therefore, practices need to change, to enable cross-functional communication. Also, measuring the capitals is complex.
Steyn (2014)	Study object: CFOs and CEOs of South African listed companies Aim: Investigate motives, challenges and benefits of IR implementation.	The legitimizing effect, reputation and stakeholders' demands are motives and benefits for implementing IR. IR requires other types of data collection which is associated with costs. Limited guidelines are considered a challenge for implementing IR.

In table 5, studies exploring motives, challenges and benefits of IR are summarized. As can be seen in table 5, Bratu's (2017) findings indicate that some integrated reports are rather combined than integrated. Pistoni, Songini and Bavagnoli's (2018) findings indicate a development in reporting quality from one year to another, but also that the IR Framework is still difficult to adopt. Roberson and Samy (2015) identify deficiencies of the framework as how to combine IR with other standards is unclear. Steyn (2014) identifies stakeholder engagement as a benefit and a motive for implementing IR. Steyn (2014) states that IIRC should reconsider the main audience (investors) of integrated reports, since the findings indicate a broader audience of stakeholders. Limited guidelines are identified as a challenge (*ibid.*).

According to Perego, Kennedy and Whiteman (2016), IR has, besides the reporting function, also a transformative function. The transformative function relates to most of the benefits promised by the IIRC (2013), such as improved management decision-making and resource allocation. Table 6 summarizes the findings of previous studies exploring the transformative function of IR.

Table 6. *Summary of studies exploring the transformative function of integrated reporting*

References	*Study object and aim*	*Findings*
Maniora (2015)	Study object: Companies applying IR are compared with companies making no environmental, social, and governance (ESG) reporting, companies making stand-alone ESG reporting and companies ESG reporting in the annual report. Aim: Investigate if IR is superior mechanism for integrating ethics into the core business model.	IR is a superior mechanism for integrating ESG issues into the core business model, compared to companies with no ESG reporting and companies ESG reporting in their annual reports, but not compared to stand-alone ESG reporting.
McNally & Maroun (2018)	Study object: Case study of an eco-tourism company in South Africa. Aim: Investigate which internal mechanisms and processes the organization are using.	Implementing IR, despite being met with resistance within the company, leads to organizational changes such as integrated conception of value creation. IR does have a transformative potential.
Stubbs & Higgins (2014)	Study object: Early IR adopters in Australia. Aim: Investigate which internal mechanisms and processes the organizations are using.	Organizations are partly changing their structures and processes after the implementation of IR.

In table 6, studies exploring the transformative function of IR is summarized. Stubbs and Higgins (2014) and McNally and Maroun (2018) suggest that IR does have a transformative potential and that organizations can change after the implementation. Maniora (2015), on the other hand, suggest that stand-alone SR are superior for integrating sustainability into the core business model, compared to IR.

The transformative function of IR is strongly connected to IT (Perego, Kennedy & Whiteman, 2016). However, only a few studies have tried to explain IT and the connection between IR and IT (Dumay *et al.*, 2016; Perego, Kennedy & Whiteman, 2016). Table 7 summarizes previous research of IT.

Table 7. *Summary of previous studies on integrated thinking*

References	*Study object and aim*	*Findings*
Al-Htaybat & Von Alberti-Alhtaybat (2018)	Study object: Case study of a middle-eastern organization. Aim: Examine IR and IT within the organization. Uses Bourdieu's theory of practice to explain IT.	IT drives IR-not the other way around. In the case company, IT was present before IR and was the reason for the implementation. The handling of disruption and uncertainty drives IR in the company.
Dumay and Dai (2017)	Study object: An Australian bank. Aim: Explore and analyze IR, and examine if IT develops as a result of IR.	In the case organization, other factors such as banking culture are stronger cultural controls than IR and even clashes with IT.
Esch, Schnellbächer & Wald (2019)	Scenario-based experiment, asking the question "Does IR-information influence internal decision-making?" (p.1)	Integrated information can affect decision-making, resulting in higher sustainable value creation. Suggest that IR can drive IT.
Feng, Cummings and Tweedie (2017)	Study object: IR pilot organizations in Australia. Aim: Investigate how IT is applied and how practitioners and investors, interpret the concept.	IR is poorly defined and there is a lack of consensus about how the concept should be interpreted and applied. Neither IR nor IT affects the day to day work for employees.
Guthrie, Manes-Rossi & Orelli (2017)	Investigate the connection between IR, internal processes and IT in organizations.	Implementing IR can progressively lead to further organizational changes and might also lead to IT.
Lodhia (2014)	Study object: A customer owned bank in Australia. Aim: investigate the IR implementation and the drivers behind it. Practice theory is used for analysing the case company's transition.	IR is a complicated process but can enable IT. It was the already existing goals, ethical values and organizational structure that enabled the transition as well as IT for the case company.
Prego, Kennedy & Whiteman (2016)	A study of IR in two parts; First, a literature review of embryonic academic literature in IR-field. Second, exploring IR and IT by in-depth interviews with experts.	The subject is fragmented, and companies do not understand the value of IR. IT is argued as the greatest benefit of IR. The study is dividing the fired into the two purposes of IR; *the information function* and the *transformation function* (includes IT)

Table 7 summarizes the findings of previous research exploring IT. As can be seen in table 7, IT is, according to Feng, Cummings and Tweedie (2017), poorly defined and there is a lack of consensus about how the concept should be interpreted and applied. Further, table 7 presents that Lodhia (2014), Al-Htaybat and von Alberti-Alhtaybat (2018), Guthrie, Manes-Rossi and Orelli (2017), and Esch, Schnellbächer and Wald (2019) explore the connection between IR and IT. According to Lodhia (2014), IR is a complicated process but can enable IT. However, in the specific case company, Lodhia (2014) suggests that other factors enabled IT. Guthrie, Manes-Rossi and Orelli (2017) also suggest that IR might lead to IT due to an internalization process, which is also supported by Esch, Schnellbächer and Wald (2019). The findings of Al-Htaybat and von Alberti-Alhtaybat (2018) on the other hand, indicate that IT drives IR and not the other way around. Despite the differences and sometimes contradicting findings of the aforementioned studies presented in table 5, 6 and 7, all of them express the importance of further research within the new and so far, rather unexplored subject.

5 Primary empirics

In this chapter, the primary empirics are presented. The empirics are not presented per organization. Instead, it is presented according to common themes and according to the research questions and aim of this project. Therefore, the chapter has six parts. In the first part, how the participating organizations have applied integrated reporting is presented. In the second part, the motives for implementation are explained. Thereafter, how the organizations perceive the connection between integrated reporting and sustainability practices is described. In part four, a description of how the organizations perceive integrated thinking is provided. In part five, the perceived benefits are presented and ends with part six, in which the perceived challenges are presented.

5.1 Integrated reporting in the organizations

The seven organizations all refer to their annual report as integrated, but all do not mention the IR Framework or the IIRC. Some of them refer to the report as “inspired by the IR Framework”. According to Forster (pers. com., 2019), IR is not yet very common in Sweden, compared to for example South Africa, the Netherlands or Japan. Forster mentions Swedfund as probably the only Swedish company that has a fully integrated report, and says that other companies claim to follow IR, but rather have combined reports. Torres (pers. com., 2019) has noticed the same thing in other countries, and says that many reports are called integrated, but are rather combined and not in accordance with the IR Framework. He says this is especially noticeable for annual reports that are called IR, in which the financial and non-financial information often are separated into different chapters which is against the IR Framework. Torres further explains that this can be the first part in a process; first the organization presents a combined report, but then as the organization starts to think integrated and understand how it creates value, the report becomes increasingly integrated. Buckby (pers. com., 2019) thinks Sweden has been quite slow in adopting IR compared to other countries, considering how mature SR is for such a small market, but he says that lately, more and more companies have been starting to slowly implement IR or at least parts of it. Furthermore, Buckby says that many refer to the reports as inspired by the framework, even GT, but he thinks that the most important elements of the framework are included if it is called inspired. Mannerby (pers. com., 2019) explains that GT refers to the report as inspired since it is difficult to say that they follow the framework down to every detail, and also because GT uses GRI in combination with IR - partly because of the materiality analysis and the GRI index for KPIs.

Swedfund claims to follow the IR Framework in their annual report for 2017 (pers. com., Raynal, 2019). However, in the annual report for 2018, they use the words “inspired by the IIRC”. Raynal (pers. com., 2019) says that the 2017 report had the key parts of the IR Framework but did not follow it in detail. In some ways the 2018 report is following the framework even more, she says. Järnfeldt Nordh (pers. com., 2019) explains that since Swedfund is following several frameworks - five to be exact, one of them GRI - they decided they needed some freedom to design their own report, based on their own prerequisites, and that they would be allowed some more creativity if they only referred to the report as “inspired”. Also, a reason for calling it inspired was the auditing process. By calling it inspired, they hoped it would make the auditing process easier. The representatives of Company X talk about similar experiences. Mr. Andersson explains that the organization called their annual report inspired last year (the 2017 report) but removed mentioning IIRC all together in the latest annual report, because they wanted more freedom to design their own report, and since they wanted to follow GRI in some parts. He says that it was not easy to combine the two frameworks, since they are so different. Hence, to include GRI they chose not to call the report inspired by the IIRC anymore. However, he says that the report still follows most principles of the IR Framework. Table 6 summarizes in what way the participating organizations' annual reports are integrated and if they follow the GRI standards.

Table 8. *How the participating organizations have applied integrated reporting*

Organizations	*Report year*	*Type of integration*	*GRI*
BillerudKorsnäs	2017	AR* referred to as "integrated", SR** provided in a separate chapter	x
	2018	AR referred to as "integrated", SR provided in a separate chapter	x
Company X	2017	Following the IR Framework	x
	2018	Sustainability information is integrated throughout the AR	x
Grant Thornton	2016/2017	No integration	
	2017/2018	Inspired by the IR Framework	x
Höör Municipality	2017	Following the IR Framework	
	2018	Following the IR Framework	
Svenska Spel	2017	AR referred to as "integrated", SR provided in a separate chapter	x
	2018	AR referred to as "integrated", SR provided in a separate chapter	x
Swedfund	2017	Following the IR Framework	x
	2018	Inspired by the IR Framework	x
Vasakronan	2017	AR referred to as "integrated", SR provided in a separate chapter	x
	2018	AR referred to as "integrated", SR provided in a separate chapter	x

* AR = Annual report
** SR = Sustainability report

Table 6 presents in what way the organizations' annual reports are integrated for the last two years; 2017 and 2018 (2016/2017 and 2017/2018 for Grant Thornton). Table 6 shows that Höör municipality is the only organization that follows the IR Framework in their annual report for both previous years. Furthermore, table 6 shows that BillerudKorsnäs, Vasakronan and Svenska Spel applies IR in a similar manner.

Wohrne (pers. com., 2019) explains that BillerudKorsnäs' report is called integrated because it is only one report, but it does not follow the IR Framework. The report has a specific sustainability part, which follows the GRI standards. Wohrne explains that BillerudKorsnäs has been reporting according to GRI for many years and are satisfied with that standard. She clarifies that their report should be called combined if they were to use the exact definition. Wohrne says BillerudKorsnäs considered following the IR Framework, but decided it was not a good fit for the organization. However, they were inspired by the IIRC and included some parts of the framework, for example the part about value creation. Vasakronan also considered following the framework but decided only to follow some parts of it (pers. com., Gavel, 2019). Gavel explains that the IIRC has very concrete requirements for what to include in an IR, and that the framework did not match their organization. Denell (pers. com., 2019) explains that Vasakronan wanted to follow the GRI Framework, and therefore had to include a separate part of the annual report with only sustainability issues. Thus, they thought it would be difficult to have a fully integrated report, and that it would be difficult for the reader to follow such a report and find the sustainability information, since it would be scattered throughout the report. Denell also says that Vasakronan used the value creation model from the IR Framework in 2017 but decided to exclude it in the report of 2018 since they thought it did not reflect their business. Svenska Spel refers to their sustainability report as "an integrated part of the annual report", but does not follow the IR Framework, or claims to be inspired by it in the report (pers. com., Granath, 2019). Instead, the report mentions that it follows GRI. The sustainability report is also a separate chapter in the annual report (*ibid*.).

5.2 Motives for implementation

The respondents provide different motives for implementing IR. Sjöholm (pers. com., 2019) was the one suggesting that Höör municipality should try it. She does not work full-time for the municipality; she also works with corporate governance and gives support and management advice to company boards. It was in that role she came in touch with the IR Framework, she explains. At the same time the management of the municipality, the council, was discussing reporting matters. The council wanted to show its citizens all the different values created in the municipality, and what differences it made, even though all values could not be defined by a monetary value. When Sjöholm read the framework, she thought that it would be a perfect fit for the municipality, since it enabled presenting all the different values created by using different assets. Sjöholm also describes the mission the municipality has from the government; to care for all assets and being responsible for clean air and biodiversity within that geographical area. Because of that rather special mission, compared to a for-profit company, she considered the IR Framework perfect for presenting how the municipality creates value.

Raynal (pers. com., 2019) explains that Swedfund already was working in an integrated way, before they implemented IR. Swedfund's mission is to eradicate poverty and does that by making investments. According to Raynal that investment process is integrated, since it takes both financial viability, social sustainability and environmental sustainability into account in only one process. Due to that integrated process, it would be difficult for them to separate the sustainability- and financial disclosures into two separate reports. Järnfeldt Nordh (pers. com., 2019) says it was an employee that persistently wanted the organization to try IR. Because of him, the organization decided to try it and thereafter it felt natural to use that style of reporting. Besides following IR, Swedfund is also reporting according to several different types of framework, which in total takes much time and includes nearly every one of the 40 people in the organization. Even though it is a government-owned organization, it is not the government that is demanding all that disclosure. Järnfeldt Nordh says that the organization is characterized by its will for making a difference in the world, and therefore it also decided to put so much resources into the reporting process. Furthermore, since the money they use for making the investments are originally taxes, it is important to explain to the public and the owner – the government – what has happened to the money (pers. com., Raynal, 2019). Company X is also a government-owned company. They made their first sustainability report in 2007, due to the new regulation, Mr. Andersson explains. However, the organization had a vision to become more integrated, and around the same time, the organization also started working towards that goal. The organization implemented the IR Framework as a tool for reaching that vision. Mr. Andersson says that he thought it would be useful for structuring their story and strategy, and as a second step to make that story and strategy into reality by restructuring the organization.

GT made big changes in 2017, when it decided to implement a new sustainability strategy as well as a new business plan (pers. com., Mannerby, 2019). It was in that process the organization also made their first sustainability report. Mannerby (pers. com., 2019) explains that the organization wanted to integrate sustainability into its business plan. However, initially the plan was to make a separate sustainability report and wait until the following year to make an integrated report. It was the management that challenged her to make their very first sustainability report as an integrated report, and she considered it an exciting challenge. Another reason for implementing IR, according to Mannerby, was the that their business plan was already integrated. She also thought it would be more efficient with IR, since otherwise they would have to make two reports with overlapping content. Also, after she had studied the IR Framework she liked it and thought it would be beneficial for the organization. Mannerby also says that since GT is a global company, she wants to present this report to the other branches and inspire them. Since IR is already made mandatory in South Africa, maybe it will be mandatory for other countries as well and then it is good to be prepared - "*We think it is the future's way of reporting*", she says. Mannerby further explains that the annual report is not usually read by so many stakeholders, and an additional purpose with the new report was to reach out to other stakeholders, such as present and potential clients, students, and potential and present employees. Additionally, the report has been a way for inspiring clients to also try IR. Buckby (pers. com., 2019) also talks about the importance of showing the practices to the clients "*you can't really be the expert as an organization on sustainability unless you're doing the practices so there was a huge push*", he says. The new law for sustainability disclosure did affect GT, but also indirectly since their clients needed to implement it, and therefore, GT also needed to know it.

Wohrne (pers. com., 2019) says that the reason for combining BillerudKorsnäs' reports into one was their mission to be a sustainable business. Since sustainability is an important part of the brand, it felt logical to include it in the annual report. Also, by including the sustainability report in the annual report, BillerudKorsnäs hoped it would reach out to more readers. Denell and Gavel (pers. com., 2019) explains that the reason for including sustainability into Vasakronan's annual report was that it is such an important part of their business strategy, and it would therefore be strange to have it in a separate sustainability report. Gavel says that it is very natural to weave in sustainability into the annual report, since that is how the business works; sustainability is already integrated into the business activities. Similarly, Granath (pers. com., 2019) says that it is logical to have an integrated report since sustainability is so integrated into Svenska Spel's business practices. Also, she says that it has been a good tool for putting sustainability on the agenda within the organization, getting everyone "on board". Granath further explains that the reporting process can be rather frustrating, since the organization does so much related to sustainability but cannot include it all in the report. She would like to extend the sustainability part, so they can show all stakeholders how much they really do.

5.3 Integrated reporting & sustainability

All respondents talk passionately about sustainability. The representatives of Company X, Svenska Spel, Swedfund, and Höör municipality, all talk about a special responsibility for a sustainable future, rather than something they do for profit. Mr. Andersson explains that the organization wanted to integrate sustainability into the business activities and saw IR as a useful tool. He explains that the sustainability vision is based on a long-term plan for the survival of the organization; partly because the world will change, but also because the market is increasingly demanding "greener" products. However, as it is now, much of their sustainability work has not yet paid off, but those costs are still legitimate because they are government-owned and should act in a certain way and take responsibility for the nation and society at large, and should be a role model for other organizations, Mr. Andersson explains. Svenska Spel also works with sustainability throughout the organization. Granath (pers. com., 2019) explains that sustainability is the greatest challenge of today, and Svenska Spel wants to take their responsibility, but adds that even if they would not want it, they are still government-owned and should therefore be exemplary. She further explains that they have seen a clear connection between profit and being environmentally friendly, and that it is essential to be sustainable if they want to survive as a company in the long run. Granath says that one of the benefits of integrating sustainability into the annual report was that it put sustainability on the agenda internally and helped making it a part of the whole organization. Before, it was only one isolated department that worked with sustainability, but that has now changed.

The representatives of Swedfund and Höör municipality both talk about their organizations' "special mission", in which sustainability is important (pers. com., Järnfeldt Nordh, 2019; pers. com., Sjöholm, 2019). They further state that IR was implemented because it suits how the organizations work. Raynal (pers. com., 2019) at Swedfund says "*it is in our DNA to look at all these pillars*". They do not think the reporting has changed their sustainability practices but says that it helps them to communicate a complex process to their stakeholders (*ibid*.). However, both Raynal and Järnfeldt Nordh (pers. com., 2019) say that working with the report sometimes give rise to new ideas. For example, if they see some data in the report that needs improvement, they discuss how to solve that. According to Sjöholm (pers. com., 2019) at Höör, IR has helped to change peoples' mindset. One of the changes since the implementation of IR is that all managers meet once a year to discuss how the capitals should be utilized to create value for the municipality. However, Sjöholm does not think that IR has facilitated their sustainability work, at least not yet, but she hopes that it will be useful in the future, and adds that changes takes time. She thinks that IR gives the prerequisites for working in a structured way and increases the awareness of sustainability issues. However, she thinks that the municipality would work with sustainability issues anyway, independent of the reporting.

GT implemented IR simultaneously as sustainability was implemented into the business model (pers. com., Mannerby, 2019). The organization wanted to make changes to its sustainability practices, and some changes had already been made, but IR was partly integrated as a tool for enabling further changes. During the year of 2018, the employees have noticed a lot of changes in the organization. For example, the employees are encouraged to take the train instead of flying, and both Ek, Ljungdahl, and Brandt Lilja (pers. com., 2019) talks about a conference for the whole organization, at which sustainability was a prominent theme throughout the trip. According to Mannerby (pers. com., 2019), it was the combination of the changed business model and the new reporting that enabled the changes in the sustainability practices. She says it would have been difficult to implement IR without changing the business model. Buckby (pers. com., 2019) thinks that the change in reporting process has been a big piece in the change in sustainability practices in the organization, but that there is a lot of pieces that needs to come into play. One of those pieces is the right leadership, Buckby says.

The representatives of Vasakronan and BillerudKorsnäs both refer to sustainability as a part of the business strategy. Denell (pers. com., 2019) explains that Vasakronan has discovered a clear connection between financial profits and being a sustainable business. A big reason for that is that the real estate business is resource intensive. Furthermore, sustainability has been a strategy for ensuring the long-term survival of the company; some investments are costly on short term, but they believe that it will pay off in the long-term. Gavel (pers. com., 2019) says that mostly, the report is a tool for explaining what the company does, but the regulatory changes demanding SR might have inspired the company to deal with certain issues. Denell (pers. com., 2019) agrees and says that GRI and G4 "opened their eyes" and made them change some practices. Wohrne (pers. com., 2019) at BillerudKorsnäs does not consider the report a management tool, and she has not noticed any changes due to the change in reporting, "*the reporting is the result of what we do, and not something that controls the business*" she says. Furthermore, she says that the paper industry has a dirty past. That changed because of changes in laws and regulation, but lately, the industry has also understood that sustainability can be a business strategy (*ibid.*).

According to Forster (pers. com., 2019) and Buckby (pers. com., 2019), IR is not explicitly connected to sustainability and sustainability practices, but it should result in organizations' understanding how the capitals relate to each other and over time contributes to value creation. When asked if IR and IT results in a sustainable business, Forster says that, if applied correctly, IR and IT provide the tools for becoming more sustainable. He explains that the purpose with IT is to make companies more sustainable, but he is not sure if that actually has happened. Forster thinks IR gives companies incentives to become more sustainable, but he also thinks that there can be big differences depending on the industry or business. How IT is perceived by the respondents will be presented in the next section.

5.4 The perception of integrated thinking

Forster (pers. com., 2019) states that without IT, companies cannot make integrated decisions. IT is based on the analysis of the different capitals and a company's environment with a future-oriented focus, Forster says. It is important to think in terms of how companies affect, and are affected by their surroundings, in a long-term perspective. According to Torres (pers. com., 2019), IT needs to be broken down into practical activities because it is such a difficult term. He says that "*it means in the end of the day breaking it down into a concrete set of activities, for example, having a workshop that involves key persons from each division to discuss how the organization's business model looks like. That could be an activity that is the first step towards promoting integrated thinking*". Mannerby (pers. com., 2019) at GT agrees with this argument. GT began last year to integrate "*for real"* as Mannerby expresses it. They set up goals, and arranged activities within the organization, she says. She expresses the importance of sustainability to be established in all their divisions and businesses. GT has had 23 workshops for the employees, the board, region leaders, office managers *etc*. The workshops are supposed to lead to a deeper understanding of what sustainability is for GT and enable integration of sustainability into all departments and divisions of the organization. Mannerby considers the workshops a way for bringing sustainability to a broader level within the organization. However, change develops over time, she adds.

According to Mannerby "*sustainability is about the choices that a person makes, and integrated thinking is where one acts*". IT will trickle down in all parts of the organization and be placed on the strategic agenda and in the business model. Mannerby explains further that IT is about thinking in a long-term perspective and looking beyond short-term profits. Mannerby continues to explain IT as the values the organization creates, as opposed to its short-term profits. IT is rather about what value activities create in a longer perspective, and not only values beneficial for the company but also for the society, she says. Furthermore, Mannerby says that GT is still struggling with their IT since their previous reporting process had a historical perspective, and IT is about future orientation. However, Mannerby thinks that the reporting process is cyclical, and that implementing IR will result in new strategies and new ideas. The reporting process begins with an inspiration, that will over time becomes more detailed and easier which results in more and more integration. Forster (pers. com., 2019) also considers IR and IT a cyclical process that develops over time. However, he says that IR provides the prerequisites for IT, but that companies also have to work actively to reach it. Forster explains further that a company must look back on previous years to see the gaps visualized by the IR and contemplate how these can be closed and how the process can be improved.

The representatives of BillerudKorsnäs, Svenska Spel, and Höör municipality all connect IT to sustainability. Wohrne (pers. com., 2019) states that IT for BillerudKorsnäs is about to integrating sustainability into all business operations and taking BillerudKorsnäs' environmental and social impact into account. Granath (pers. com., 2019) says that IT is about including everyone at Svenska Spel in their sustainability work and agenda 2030. Sjöholm (pers. com., 2019) also connects IT to the global sustainability goals. She further thinks that IR provides the prerequisites for IT, but that some organizations have IT before they implement IR. However, Sjöholm says that she does not like the word IT. Instead, she prefers to call it modern leadership. She explains modern leadership as having a long-term perspective and making decisions that leads to increased value in assets or capital. Furthermore, Sjöholm explains that modern leadership is about analyzing the surrounding environment and develop goals and activities, and to follow up and report on those. Mr. Andersson is also rather skeptical to the word IT and considers IT a peculiar concept, since "organizations do not think, they act". Hence, Mr. Andersson mean, IT is expressed through the organization's activities. It is also important that IT is adopted into all key activities in an organization, he says. Furthermore, Mr. Andersson refers to IT in Company X as how they make trade-offs and assess sustainability risks, which they look at in every decision they make. The representatives of Vasakronan are not familiar with the concept IT but refer to "working integrated". According to Denell (pers. com., 2019) "working integrated" is about managing Vasakronan sustainably, because that is the only way to deliver high returns to their owners in the long term. She further explains that Vasakronan continuously investigates their business model and their business activities to assess their environmental and social impacts and how to make sustainability improvements throughout the organization. Vasakronan does not have a sustainability department, instead, all their employees take responsibility for sustainability within their own area.

According to Raynal (pers. com., 2019), the board at Swedfund did already have an integrated mindset due to their mission, which is to prevent poverty with sustainable investments. She says that IT was already established in their mission from the beginning and, therefore, IT settled in the entire organization. Raynal further explains that Swedfund do not have a sustainability process and a separate financial process. Instead, they have *one* investment process for all their investments, in which financial viability and environmental- and social sustainability is assessed. Therefore, Raynal explains, IT was present at Swedfund before they implemented IR. Forster (pers. com., 2019) explains the correlation between IR and IT as an important benefit. There are several identified benefits of IR, perceived by the respondents, which will be presented further in the next section.

5.5 Benefits

According to Forster (pers. com., 2019) and Torres (pers. com., 2019), IR helps to prevent silo effects, where departments only mind their own business instead of taking the entire organization into account. This is something that the companies applying IR also sees as a distinct benefit. Sjöholm (pers. com., 2019) at Höör municipality believes that IR both makes silo effects visible and can reduce them. Even though Höör municipality are not quite there yet, she says. The silo effects are now visible, and they are working actively on getting rid of them. Granath (pers. com., 2019) states that Svenska Spel is more integrated now. Before IR, Svenska Spel had a sustainability department, handling sustainability issues as a separate part of the organization, but after they implemented IR, sustainability issues have become a part of all departments within the organization; everyone are now concerned about sustainability issues which was not the case before, she says. Mannerby (pers. com., 2019) at GT has the same experience. She states that the employees talk much more about sustainability now. Also, Mannerby says that the reactions from employees have been positive, with feedback saying that they got a clearer understanding of the entire company.

Buckby (pers. com., 2019) share this opinion as he says that "*IR really helps the understanding of the company. That's what integrated reporting does rather than creating an understanding of a sustainability framework."*. Buckby also considers IR a good management tool, as it clarifies for the CEO and the board how the company works. This is also confirmed by Ek (pers. com., 2019) and Brandt Lilja (pers. com., 2019) at GT. Brandt Lilja says that she has noticed the sustainability board's work throughout the organization, and how GT implements sustainability across the entire organization. Ek (pers. com., 2019) believes that the awareness of sustainability issues has increased within the organization, since they changed to IR. He explains further that when traditional reporting was merged together with sustainability, he got a deeper understanding of how everything is connected, which he finds interesting. Buckby (pers. com., 2019) states that a lot has already happened since the implementation of IR. He is a part of a sustainability team which now cooperates with all departments; advisory services, corporate finance, audit, and tax. He says that they in that way are a lot more integrated into other business services now, which was not the case before. Mr. Andersson expresses similar benefits; that IR helps to prevent silo effects. The IR Framework was a good tool for Company X to restructure their organization to become more integrated. Mr. Andersson considers the organization much more integrated today since they do not have a sustainability department handling sustainability issues anymore. Instead, the sustainability expertise is spread out over every department. Mr. Andersson further explains that integrating sustainability into every department enhances the collaboration, and says that previously, Company X had three rather confused departments with different functions and opinions, and today they have constructive meetings that results in good changes for the organization. The reason was that all departments had to collaborate for them to write the report. To solve some issues, they decided to make sustainability a risk type, which all departments had to take into consideration, Mr. Andersson explains.

Torres (pers. com., 2019) identifies external benefits with IR. He believes that IR leads to an improvement in stakeholder relationships, especially with providers of financial capital. He also mentions internal benefits, such as the improvement in data quality and risk management. Ljungdahl (pers. com., 2019), system manager at GT, also talks about data quality as a benefit of IR. She explains that their process of how to originate ratios had to change in line with the new reporting process. However, this is a process they are still struggling with to improve, but they have made improvements in the last two years and Ljungdahl also believes that the quality in data collection will continue to improve. Raynal (pers. com., 2019) also explain that Swedfund has experienced improvements in their data quality due to the implementation of IR. Swedfund puts a lot of effort in their data collection, and Raynal says that Swedfund, from what she knows, is the only Swedish company that audits non-financial data. Their auditors put rather high demands on their data quality which results in better quality and a completeness in the data. The improved risk management due to the IR process, as Torres (pers. com., 2019) mentions, is also something that Ek (pers. com., 2019), risk manager at GT, has noticed. He is a part of the sustainability team, which discusses risk management and how to work more preventative and more focused at the company's risks from a larger perspective. The discussion also involves risk management in both a shorter and a longer term. Ek clarifies that the sustainability team is not an outcome of IR, but since Mannerby entered the group, the focus on risk management connected to sustainability has increased.

Sjöholm (pers. com., 2019) considers the short-, medium- and long-term perspective a benefit of IR. She explains that since Höör municipality has a mission to support sustainable development, IR is a good tool due to the long-term perspective. Forster (pers. com., 2019) also believes that it is beneficial to provide a long-term perspective in a corporate report since stakeholders are interested in the long-term development of non-financial aspects. However, the respondents also explain that IR does not come without challenges. In the next section, these perceived challenges will be presented.

5.6 Challenges

According to Forster (pers. com., 2019) and Torres (pers. com., 2019), the IR Framework is principle based and does not provide specific guidelines. Torres says that the framework is relatively short and a quite conceptual document, and hard to use as a checklist. Forster (pers. com., 2019) says that the framework has no indicators, KPIs or guidelines for measurement and control. Buckby (pers. com., 2019) provides a similar description and says that since IR is not rules based, organizations can put in any disclosures they want and therefore might lack good disclosures. Raynal (pers. com., 2019) says that the IR Framework is rather vague, which in some ways is challenging, since it makes it debatable whether an organization follows the framework or not. Furthermore, Raynal says that the framework lacks KPIs, which means that it is necessary to have an additional framework that includes those elements, such as GRI. Another challenge Raynal has experienced with IR is the auditing process, and the lack of knowledge of IR auditors in general have. Raynal explains that it has been an issue for Swedfund. Every year since the implementation, Swedfund has had to discuss, and argue for their choices, with the auditors. She adds that even after they changed auditors, the same discussion occurred. Raynal thinks this is a problem since auditors have to follow strict rules and templates that do not have any room for creativity, and are not adapted for IR. According to Forster (pers. com., 2019), auditors are immature when it comes to the knowledge of IR. FR is well established which IR is not; it is a totally new way of reporting that measures other types of values than FR. Buckby (pers. com., 2019) share this opinion. The auditors at GT did not have much experience in IR before the implementation, so this process was a learning experience for them. Buckby further states that auditors, in general, do not have an integrated perspective on disclosures. GRI, on the other hand, has specific rules for each disclosure which IR does not, and this can make it complicated for auditors.

Furthermore, Buckby believes that one of the biggest challenges, at this moment, is a common misunderstanding of what IR is. Companies that have been working with well-established frameworks such as GRI, see IR as another framework. "*The biggest challenge is that [companies] see integrated reporting as another framework, as opposed to the framework that they have now – which it isn't. You know it's not like you do the GRI or IR*", Buckby says. He explains that organizations think IR is a different type of SR framework, and that they do not understand why they should implement it when they already work with another framework, such as GRI, and are content with that framework. He says that IR is rather an "umbrella-structure" that should connect all different reports into a shorter report, and present how the parts relate to each other. IR is also different from a sustainability report in the way that the main audience of an integrated report is either upper management or board, or investors, whereas for GRI, it is stakeholders in general. That is why, Buckby explains, it is good to have both a GRI and an IR; to communicate to different stakeholders. Furthermore, the main purpose of doing an IR is that it gives an understanding about how the organization works, he says. IR creates an understanding, not a sustainability report, Buckby says. He further explains that this misunderstanding has been discussed at an IR-conference he recently attended, and even there, among the IIRC's council members, everyone did not agree if IR is a framework or an umbrella-framework for other frameworks. Forster (pers. com., 2019) also explains the IR Framework as an umbrella for both SR and FR. Torres (pers. com., 2019) also thinks that there is a misunderstanding in the marketplace about what IR is - that people consider it a replacement for a sustainability report, which it is not. He says that people think that if they do IR, they do not have to do a separate SR, and that many thinks there is an "either-or" choice between GRI and IR. Torres explains that IR and SR are different both regarding the intended audience and the objective of the report. Torres refers to corporate reporting as an octopus: "*IR is the head and other reports (e.g. financial report, sustainability report, management reports, governance and remuneration report) should be seen as the tentacles/legs that feed in to the IR. In that way, integrated reports ideally should be a concise and summarized communication of how the organization creates value. And the detail fits in the other corporate reports*".

Mannerby (pers. com., 2019) says that it is not always that the management and the board accept an integration of sustainability into the company and it is first when they want to integrate, that the actual change will happen. That was the case for GT, she explains. Mannerby (pers. com., 2019) says that GT had a sustainability council that arranged workshops for the board with sustainability on the agenda. The deputy CEO of GT was the one that primarily saw their strategy connected to sustainability after these workshops (*ibid*.). Mannerby (pers. com., 2019) further explains that thereafter, GT could change their business model which made it much easier for them to integrate sustainability into their business activities. Mannerby believes that the management must understand the value of sustainability as a part of the business model; that is the key for success. Forster (pers. com., 2019) is in line with this argument. He believes that IR needs to be anchored from the top management in an organization and that they need to start thinking "*about the big questions*" as he expresses it. Forster thinks this is one of the challenges for IR; IR cannot just be an "*add-on-thing*" from a sustainability team. Furthermore, Forster says that IR is quite complex, which is another challenge. A company must think of what purpose it has and what integration means for the company, he says. Also, a company needs to think of its value creation, Forster (pers. com., 2019) continues. A company cannot just write a report, IR is bigger than that (*ibid.*). Forster (pers. com., 2019) also talks about thresholds for IR. He says that the threshold for applying IR, and how well an organization can implement it, depends on how far the organization have come in their sustainability practices. A company which not yet has established a sustainability report, has a higher threshold than companies that actively are working with sustainability, Forster says. He mentions Swedfund as an example and says that it is a company which is clearly oriented towards value creation in both a financial- and a sustainability perspective, and therefore applies IR easier than, for instance, manufacturing companies producing industrial products, that might never have had sustainability on their agenda. Torres (pers. com., 2019) and Buckby (pers. com., 2019), on the other hand, believe that IR is something that all companies can adopt, both smaller and larger and manufacturing companies as well as service companies. Moreover, Buckby considers the IR Framework rather flexible and explains that organizations therefore can modify it, so it suits their needs.

Torres (pers. com., 2019) explains that organizations that have combined reports or call the report inspired by the IR Framework is at an early stage because it is not easy for organizations to think in an integrated manner and over time organizations develop that ability. It is a learning process for organizations, he says. Mr. Andersson also thinks that IR and the integration is an organizational journey that takes time. "*It is not that one can, just like that, be integrated in one or two years*" Mr. Andersson says. The organization needs to be fully integrated which will take several years. This statement is in alignment with all interviewees; they all say that IR and the mindset it brings, is a process that takes time to develop.

6 Analysis

In this chapter, the empirics are related to the concepts and theories presented in chapter 3. The chapter has four parts. In the first part, the motives for the implementation is related to theory. Thereafter, the empirics regarding the perceptions of integrated thinking and sustainability is analyzed. In part three and four, the benefits and challenges are analyzed respectively.

6.1 Motives for implementation

Sjöholm explains that IR was implemented at Höör municipality because the council wanted to show the citizens how they created additional values besides monetary value. That motive relates to stakeholder- and signaling theory, which says that corporate disclosure is a communication tool for meeting stakeholders' demands and gaining legitimacy (Rimmel, 2018). The representatives of Swedfund describe a similar motive for the implementation; that IR is suitable for communicating what the organization does to and for their stakeholders. The representatives say that the organization wants to explain how the taxes they receive are being used, which matches what Rimmel (2018) describes as gaining legitimacy by stakeholder communication. IR can hence be considered a communication tool, implemented for the purpose to signal activities to society and thereby gain legitimacy. The findings from Höör municipality and Swedfund indicate that IR is a good communication tool for them due to their business model, since it already includes more than monetary value. The primary (intended) readers of an IR are according to the IIRC (2013) providers of financial capital. A sustainability report, on the other hand, aims at a wider spread of stakeholders (Fasan, 2013). Swedfund's and Höör municipality's integrated reports aims to be read by (amongst others) citizens, taxpayers and the government. Those stakeholders are indirectly providers of financial capital, but not directly investors. However, both organizations differ from typical for-profit companies.

The representatives of BillerudKorsnäs and Vasakronan, which can be considered for profit companies, provide similar motives as those of Swedfund and Höör municipality. Wohrne explains BillerudKorsnäs choice as a good way to communicate its brand and to reach out to additional readers. According to Denell and Gavel, Vasakronan considered the way of reporting suitable for explaining the organization's strategy and activities. Those motives indicate that IR is applied as a communication tool, as explained by stakeholder theory (Rimmel, 2018). Mr. Andersson, however, did not express motives that can as easily be explained by stakeholder or signaling theory. Instead, Company X implemented IR as a management tool with the purpose of integrating sustainability into the organization. Mannerby provides similar motives for GT as Mr. Andersson did for Company X; the plan was to implement IR partly as a management tool for reaching organizational change. However, Mannerby also explains GT's decision to implement IR as a way to reach out to additional stakeholders than those reading a traditional AR, and to its clients since GT provides services in that area. Those motives support the explanation provided by stakeholder theory – that IR is implemented as a communication tool for gaining legitimacy (Rimmel, 2018). Svenska Spel, like GT, decided to integrate its sustainability report in the annual report, both to present its sustainability practice to all stakeholders – which matches stakeholder theory – but also as a management tool to integrate the organization and getting everybody "on board". However, stakeholder theory also explains employees as a stakeholder group (Rimmel, 2018), and implementing IR as a way of communicating with employees can therefore also partly be explained with stakeholder theory. Moreover, improved stakeholder engagement is described by the GRI (2016) as a benefit of IR.

The theory of institutionalization says that organizations tend to be resistant to change, and that either regulatory, normative, or cognitive mechanisms make them change (Bebbington & Fraser, 2014). Both GT and Company X changed their reporting in conjunction with the new laws introduced in 2007 and 2017 respectively, which might indicate that a regulatory mechanism changed institutionalized practices. Furthermore, Mannerby considers IR as the future and thinks that it might be mandatory in more countries than South Africa in the future, which also served as a motive for GT to implement IR. The theory of standards can partly explain that motive, given that adopting a standard is dependent of others also adopting it (Brunsson & Jacobsson, 2002). That motive can also partly be explained with the theory of institutionalization which says that organizations adopt new practices because they tend to follow its peers (Higgins & Larrinaga, 2014). However, the literature on institutionalization says that organizations and its managers follow their peers rather than choosing and planning practices deliberately (Higgins & Larrinaga, 2014). However, all representatives have provided well-grounded arguments for their choice of reporting format. Connecting the motives to the institutionalization concept is therefore difficult. On the other hand, thinking that any manager would express anything else than a rational motive might be naive. Furthermore, IR is not the norm yet in Sweden (pers. com., Forster, 2019) and those adopting it already are hence early adopters which might make it more complicated to analyze from an institutionalization point-of-view.

6.2 Integrated reporting, integrated thinking & sustainability

IR is claimed to result in several benefits (IIRC, 2013). According to Perego, Kennedy and Whiteman (2016), the most important benefit of IR might be IT. The IIRC (2013) describes the relationship between IR and IT as a cyclical process, in which both concepts depend on, and facilitate, one another. Moreover, the IIRC (2016) claim that organizations achieve great results such as optimal resource allocation, financial stability, sustainability, and long-term success by combining IR and IT. Therefore, it is difficult to distinguish between IR's benefits and IT's benefits in theory. Furthermore, the so-called cyclical process is also difficult to recognize, and the participating organizations provide varying perceptions of IT and its relationship to IR. None of the respondents provide the same definition or explanation of IT as the IIRC, and there is no clear consensus among the respondents of what IT is, but all think it is connected to sustainability. Perhaps Mannerby and Buckby at GT provide the perception of IT that matches IIRC's the most; referring to long term value creation – but also to involving sustainability throughout the organization's departments. Sjöholm at Höör municipality has a similar perception but prefer to use the words "modern leadership" over IT. She says that it is about increasing the value of capitals in a long-term perspective, and especially considering the environment.

Sjöholm at Höör municipality thinks that IR provides the prerequisites for IT, but that some organizations have IT before they implement IR. Wohrne at BillerudKorsnäs on the other hand do not think that changing reporting standard would lead to any changes in the company's activities since the reporting is about the past and not the future. That perception does not match the IIRC's idea of a cyclical process between IR and IT. Mr. Andersson however, says that Company X has become increasingly integrated (in that sense that they work continually with sustainability questions within all departments, which also are connected to each other) after they adopted IR, which also was a reason for the implementation. GT's representatives think IR and IT is a cyclical process, as described by the IIRC (2013). Furthermore, even though GT are still in the beginning of their IR process since they adopted IR in 2017, Mannerby's perception matches Mr. Andersson's, and she thinks that the company has already become more integrated, and therefore also has adopted IT, to some degree. The empirical results also indicate that IT is about taking action, as both Mr. Andersson and Mannerby mentions. The empirics might therefore indicate that IT is not something that just develop over time without any sacrifices; to reach IT, companies must work actively with these questions, such as strategies, looking backward and search for improvements, as Company X and GT have done.

However, existing literature does not offer any clear consensus of how IT should be identified in organizations, and offers different examples of the concept (Oliver, Vesty and Brooks, 2016). It is therefore difficult to compare the findings and the participants' perceptions to the literature, since IT is such a complex concept. The empirics indicate that IT is perceived differently in different organizations, and that the perception not necessarily matches the IIRC's (2013). Furthermore, Feng, Cummings and Tweedie, (2017) and Oliver, Vesty and Brooks (2016) mean that the concept of IT existed before the IIRC, and according to the earlier definitions was more clearly related to sustainability – as the participating organizations also perceive the concept. Moreover, the cyclical process is also difficult to identify or dispute due to a causality problem; how can one be sure that it was the change in reporting process that led to IT and not something else? For example, at GT, several changes occurred simultaneously in the organization, and it is plausible that they also resulted in some of IT's features.

Even though the IIRC (2013) not explicitly use sustainability as a part of the definition of IT, sustainability is claimed to be one of the benefits of IT (if applied in combination with IR) (Cheng *et al.*, 2014; GRI, 2016; IIRC, 2016). What becomes clear when interviewing the organizations is that all consider sustainability very important and want to take responsibility for the future. According to the IIRC (2013), it is the cyclical process of IR and IT that results in a better understanding of value creation and connectedness of capitals and therefore results in sustainability. None of the participants seems to have obtained a different understanding of sustainability due to the reporting process. However, most interviewees are sustainability managers, and it would be peculiar to have that position without understanding how sustainability relates to the organization and its value creation. Furthermore, the participating companies are successful and prominent in the area of sustainability, and several of them refer to sustainability as an important part of their brand, business model, or every-day activities. For example, the representatives of Swedfund explained that IR was implemented because it matched their business model. Hence, these early adopters might not be representative for organizations in general. If IR was adopted by organizations that did not already consider sustainability important for their survival, the reporting process might provide important insights. Also, as Dumay and Dai (2017) discuss, it might be naïve to think that IR can solve problems for already successful organizations. On the other hand, the representatives of Company X, Svenska Spel and GT expressed the perception that IR is a useful management tool for increasing the awareness in the organization, and to "integrate sustainability into the business activities". Sjöholm at Höör municipality explained that IR and the related workshops helped the managers to reflect on value creation and interconnectedness of capital. However, she also thinks that even though IR provides prerequisites for working with sustainability, the municipality would do it anyway. Buckby expressed a similar perception; that IR is one of the pieces for changing sustainability practices within the organization, but not the only one. Thus, these findings further indicate that the participating organizations perceive a connection between IR and sustainability practices. As previously mentioned, IR and IT are supposed to result in several benefits, besides sustainability (IIRC, 2013). In the following section, these benefits are compared to the benefits that the participating organizations have experienced.

6.3 Benefits

Some of the respondents expressed that they have noticed changes since the implementation of IR. The three departments at Company X are, after the implementation, working more closely together and everything that happens within the organization needs to fulfill a sustainability risk type. According to Buckby, GT's sustainability team now works with all departments, as opposed to before the implementation. At Höör municipality, all managers meet once a year to discuss how the capitals should be utilized to create value for the municipality, which they did not do before. These changes that Mr. Andersson, Buckby, and Sjöholm have experienced can be argued as future-oriented since they are about making decisions that contribute to the long-term viability and sustainability of the organization. This is coherent with what Soyka (2013) states; that IR is aiming for an extended time horizon that encourages different ways of capital allocation, decision-making, trade-offs and thinking in a company.

Mr. Andersson, Sjöholm, Mannerby and Buckby share the perception that IR contributes to breaking down internal silos in their organization, which they claim to be a clear benefit of IR. Thereby, the empirics matches the claims of the IIRC (2013); that IR (if applied together with IT) results in breaking down silos. According to the IIRC (2013), breaking down silos leads to a common understanding of the organization's value creation which improves management and board level decision-making. The guiding principles in the IR Framework focus on the importance of delivering a holistic understanding of the organization (IIRC, 2013). The principles highlight that the report shall explain strategies, risk, opportunities, stakeholders and how activities are connected to each other (IIRC, 2013). The employees at GT expressed an improved holistic understanding of the organization and how it is connected to sustainability since the implementation of IR. The employees hence perceived a positive outcome of the report since it provided a clearer understanding of the organization and its operations. Additionally, the IR Framework highlights taking risk into account, and two of the respondents expressed beneficial outcomes from the implementation of IR regarding risk management. Today, Company X has a sustainability risk type, which is included in all their decisions. At GT, Ek works in the sustainability team and discusses risk management; how to work in a more preventive manner, and how to focus on the company's risk from a larger perspective. The sustainability team is not an outcome of IR, but Ek says that, since Mannerby entered the group, the focus on risk management connected to sustainability has increased. According to the IIRC (2013) IT results in a more long-term risk management. The change in risk management at GT and Company X might thereby also indicate the presence of IT in the organization. However, since the IIRC (2013; 2016) claims that the benefits from implementing the framework originates from a combination of IT and IR, it is difficult to separate the two concepts.

6.4 Challenges

According to the IIRC's (2013) definition of IR, it must follow the IR Framework. What becomes clear from the empirics, as is presented in table 6 (p. 27), is that several Swedish organizations refer to their reports as integrated, without following the entire framework. Furthermore, according to the IIRC's (2013) definition of IR, which also matches Torres' (pers. com., 2019) description, the report should be a *concise* communication. Torres describes the report as an octopus and clarifies that it is not a sustainability report. Yet all participating organizations has provided their version of an "IR" as an annual report, and not as a concise "octopus-report". Moreover, according to the GRI (2016), the GRI standard and the IR Framework are easily combined and complement each other. Buckby provides a similar opinion. However, some of the findings indicate that it might not be as easy to combine the two frameworks, since Company X for example chose to not mention the IR in their 2018 annual report because it was hard to combine with the GRI's KPIs. However, if the organizations had applied IR as an "octopus", and not as an annual report, it might have been easier to combine with the GRI standards.

The empirical results indicate that stakeholders' opinions affect the development of IR. Mannerby and Forster both describe board and top management involvement as important for a successful implementation of IR. Forster says that the implementation of IR depends on the board and top management, and whether they are well informed of what integration means for the organization. Mannerby says that it is not always that the management and board accept the integration of a company. What is also visualized by the empirics is the resistance from auditors. The representatives of Swedfund and Vasakronan expressed that they had experienced some resistance from auditors towards applying the IR Framework, as well as a lack of knowledge. The auditing process therefore inhibited the organizations' adoption of IR. Buckby had also experienced a lack of knowledge of IR among auditors. Raynal says that Swedfund must discuss their report with their auditors every year. Her explanation is that auditors are formal and follow strict templates and that there are not any IR-templates for auditors to follow. Auditing some disclosures is demanded by law (European Commission, 2019b), but having the corporate reports reviewed by auditors can also be beneficial as it signals credibility (Rimmel, 2018). To listen to auditors is, therefore, important. Furthermore, the board and top management, as well as the auditors, are stakeholders, which means that the board involvement and the resistance from auditors can be explained by stakeholder theory (*ibid.*). Stakeholder theory describes stakeholders as those affecting, or being affected by, the organization and the choices it makes (Rimmel, 2018). Also, stakeholders are important for organizations since they cannot survive without them (*ibid.*). IR and its development therefore clearly depend on various stakeholder groups and their opinions.

The empirics presented rather contradicting opinions of whether the IR Framework suits all types of organizations or not. Not all participants thought that the IR Framework was useful for their organization. Denell at Vasakronan says that they used the value-creation model the previous year (2017) but decided not to include the model this year (2018) since it did not reflect their business. BillerudKorsnäs considered following the principles in the IR Framework but concluded that it did not reflect them as a company, Wohrne said. Dumay and Dai (2017) have criticized what they describe as the IR Framework's "one size fits all" approach. Further, they discussed that IR probably cannot solve problems for all organizations since most successful organizations already are "well manage and transparent" (Dumay & Dai, 2017: 596). The findings might therefore indicate that the IIRC tries to communicate a "one size fits all" type of framework, that actually - at least as a whole - does not fit all organizations. Forster believes that there may be "thresholds" for organizations that have never done a sustainability report before and that adopting IR requires some maturity in an organization's sustainability work. Vasakronan and BillerudKorsnäs are certainly mature in their sustainability work and have done sustainability reports for several years. Thereby, a high "threshold" simply cannot explain the representatives experience that the whole IR Framework does not match their organization. Torres and Buckby, on the other hand, believe that IR is something that all types of companies can adopt, both smaller and larger organizations, and both manufacturing companies and service companies.

Most of the respondents describes IR as a process, which develops over time. Torres says that organizations who combine reports or call the report inspired by the IR Framework is at an early stage because it is not easy for organizations to think in an integrated manner, and over time organizations develop this ability. Torres also says that IR is a learning process for organizations. This challenge can be analyzed in the lens of standards. Implementing standards might be difficult and usually takes time (Brunsson & Jacobsson, 2002). All participating organizations, except Höör municipality, uses the already well established standard GRI. The representatives of Vasakronan and BillerudKorsnäs expressed some resistance towards the IR Framework, and that they rather wanted to follow the GRI standards. This developing process can be linked to institutional theory, in that sense that organizations are resistant to change and seek stability (Bebbington & Fraser, 2014). Moreover, Mr. Andersson at Company X explained that it was difficult to follow both frameworks. On the other hand, Torres and Buckby express a sense of misunderstanding when it comes to IR, as IR and GRI is not an “either-or question”. IR is supposed to work as an umbrella-structure; summarizing all different reports and presenting how they relate to each other.

According to Brunsson and Jacobsson (2002), some criticize standards and claim that they hamper innovation. Relating to the findings, the representatives from Swedfund and Company X experienced the IR Framework as too strict and expressed that they wanted more freedom which resulted in the organizations moving away from the framework in the annual report of 2018. However, Buckby describes IR as a flexible framework and that organizations are free to modify it for their own needs. Firstly, those perceptions do not match. Secondly, according to Brunsson and Jacobsson (2002), abstract or unclear standards might attract more adopters, but are problematic since they do not result in the same level of uniformity or hampers the implementation since part of the organization interpret the standard differently. Hence, if the IR Framework is too flexible, that might become a challenge.

7 Discussion

In this chapter, the empirics and analysis are discussed and related to the previous research presented in chapter 4, followed by a discussion of further implications. This chapter has five parts. In the first part, the findings and analysis relating to the motives for implementing IR as well as its benefits are discussed. In the second part, the findings related to integrated thinking is discussed. Thereafter, in the third part, the findings are related to previous research regarding integrated reporting's connection to sustainability. In the fourth part of this chapter, the challenges of integrated reporting are discussed. In the last part a discussion about integrated reporting's further development is presented.

7.1 Motives for implementation & benefits

This project differentiates between motives and benefits. Steyn (2014), however, uses the words in a combined manner; almost not differentiating between motives and benefits. Certainly, that can be the case in some organizations, even though it is possible that the perceptions differ. According to Steyn's (2014) findings, the motive to implement IR is the positive reputation IR brings and further the perception of improved stakeholder relations and engagement. Steyn (2014) draw the conclusion that IIRC should reconsider IR's main audience since the result showed a broader scope of stakeholders' interest in the report. This project's findings support that stakeholder relations are a motive to implement IR. Given that the findings indicate stakeholders as an important driver to implement IR, Steyn's (2014) questioning of whether IR primarily shall satisfy investors needs seems justified. Further, this study indicates that motives to implement IR can both be to improve the connection to the external environment and stakeholders, as a communication tool for gaining legitimacy, and to improve internal processes and organizational structure. These motives do not completely match the perceived benefits expressed by the participants. Although several representatives explained the implementation as a mean to communicate to (primarily) external stakeholders, improved (external) stakeholder relations was not mentioned as a perceived benefit. However, that relationship might be difficult for the respondents to assess, and it might also be too early to notice any changes. The motives relating to improving internal processes and organizational change do, however, match perceived benefits.

According to the findings of Stubbs and Higgins (2014), organizations are partly changing their structures and processes after the implementation of IR. McNally and Maroun (2018) and Guthrie, Manes-Rossi and Orelli (2017) also present findings suggesting that implementing IR can lead to organizational changes. To some extent, this seems to be true for Company X, GT and Höör municipality, whose representatives have experienced departments working more closely together, increased influence from the sustainability team, and yearly meetings with managers discussing value creation related to capitals. These respondents perceive this as a benefit of IR. Furthermore, Buckby, Mannerby and Mr. Andersson explain IR as a management tool, which was also one of the motives for implementing it in their organizations. However, since this project applies interviewing as the data collection technique and thereby also focuses on perceptions, the findings is also focused on *perceived* changes. Furthermore, the representatives of Swedfund did not experience any changes to structures and processes due to the implementation of IR, since they already worked in an integrated manner. Hence, it is difficult to apply Stubbs and Higgins' (2014), McNally and Maroun's (2018), and Guthrie, Manes-Rossi and Orelli's (2017) findings on all participating organizations, even though the findings suggest that IR has the possibility to lead to changes for some organizations.

7.2 Integrated reporting & integrated thinking

According to Feng, Cummings and Tweedie (2017), IT is poorly defined and there is a lack of consensus of how the concept should be interpreted and applied in practice. These findings are supported by the empirics of this project, in which it becomes clear that the participating organizations interpret and apply IT differently. The IIRC (2013) states that IT leads to breaking down silos. The findings in this study is in line with that idea, as the representatives consider the prevention of silo effects as beneficial. This contradicts the findings from Dumay and Dai (2017) and Feng, Cummings and Tweedie (2017) saying that thinking in silos might be necessary or preferable in some parts of an organization since it fosters independent thinking and necessary changes. Robertson and Samy (2015) state that organizations often work in silos rather than embracing IT, and to implement IR, organizations need to change their practices. However, Feng, Cummings and Tweedie (2017) suggest that neither IR nor IT is affecting the day to day work of individual employees. Given that this project not applies a longitudinal methodology in which the practices of employees are continuously monitored, it is hard to contradict or support the findings. However, according to the representatives of Company X, perceived changes in their practices was identified after the implementation of IR, which resulted in a more integrated way of thinking. Further, the interviewed employees at GT did express a perceived change in some of their activities, such as activities relating to data collection or risk management, which on the other hand are difficult to relate only to IR or IT and not the other changes occurring simultaneously. Furthermore, it does seem rather strange that all activities of all employees would drastically change due to a change in reporting style.

Lodhia (2014), Al-Htaybat and von Alberti-Alhtaybat (2018), Guthrie, Manes-Rossi and Orelli (2017), and Esch, Schnellbächer and Wald (2019) explore the connection between IR and IT. According to Lodhia's (2014) findings, IR is a complicated process but can enable IT. However, in the specific case company, Lodhia (2014) suggests that other factors enabled IT. Guthrie, Manes-Rossi and Orelli (2017) also suggest that IR might lead to IT due to an internalization process, which is also supported by Esch, Schnellbächer and Wald (2019). The findings of Al-Htaybat and von Alberti-Alhtaybat (2018) on the other hand, says that IT drives IR and not the other way around. Comparing to the findings of this project, IT surely is a complex concept, and identifying its relationship to IR is difficult. Some respondents might have IT in their organizations, and in some, those might have been a result of IR. However, it is difficult to analyze the causality since IT might be a result of other changes occurring simultaneously as the implementation of IR, as was the case for GT. Furthermore, implementing IR and IT is a process that is said to take time. Given that IR is such a new phenomenon and that the participating organizations only have applied it for a few years – or are not applying the framework, rather just being inspired of it – it might be too early to come to any conclusions. On the other hand, the findings do not contradict the idea that IR has the possibility to enable IT. However, the representatives of Swedfund expressed IT as present in their organization before IR, and as one of the reasons for using IR. Those findings hence match those of Al-Htaybat and von Alberti-Alhtaybat (2018).

7.3 The connection to sustainability

All participants talk passionately about sustainability, and relate it to IR and IT. According to Esch, Schnellbächer and Wald (2019), IR can affect decision-making and can therefore also result in a higher sustainable value creation. These findings are supported by those of GT, Company X and Höör municipality. In those organizations, the respondents explain that IR, in combination with other factors, resulted in decisions – the sustainability team at GT, the sustainability risk at Company X and the yearly meetings at Höör – that in turn put sustainability on the agenda. However, just like it is difficult to draw any conclusions regarding whether IR drives IT or the other way around, it is also difficult to determine any causal relationship between IR, IT, and sustainability. Although the representatives of GT and Company X explain that they implemented IR partly because they wanted to integrate sustainability into the business, Swedfund's representatives explain that the organization already had the sustainability practices and therefore thought IR suited them. Moreover, the representative of Höör municipality believes that IR might have resulted in some sustainability changes, but on the other hand thinks those would have occurred any way. Perhaps these findings suggest that IR is an attractive standard for organizations that either have sustainability as a part of the business model or want to include it. According to Maniora (2015), IR is a superior mechanism for integrating sustainability into the business model compared to no sustainability report, but not compared to stand-alone sustainability reports. Comparing these findings is not easy; some organizations already had sustainability integrated in the core business model when IR was implemented whereas others had not. Furthermore, some organizations did stand-alone SR before the implementation of IR, whereas others, like GT, started with IR. Given that it takes time to change a business model, it is hard to say what the reason was. Moreover, if IR was applied like Torres explained – as an "octopus-report" and organizations still did a separate SR, Maniora's (2015) research would not be relevant. Maniora's (2015) research rather indicates the misunderstanding of IR described by Torres and Buckby; that IR is just a different type of SR - which it, according to them, is not.

7.4 Challenges

Although Steyn (2014) argues that IR requires developed information systems and is associated with costs and limited guidelines, this study could only identify one of those challenges; the unclear guidelines. The representatives perceive the IR Framework as vague since it is principle-based without any direction of how to measure or control. That the guidelines are unclear is also being suggested by Pistoni, Songini and Bavagnoli (2018), saying that companies experience difficulties delivering a high quality in line with the framework and that the application of IR needs to develop. The vague guidelines can be argued as a reason to why most of the companies in this study use the word "inspired by IIRC" or only use few elements rather than following the framework fully. The representatives in this study expressed that following some parts of the framework gave them more freedom to form their own report, by including the parts that fit the organization instead of using all principles. The principle-based framework can also be connected to another challenge that this study identifies; the resistance from auditors due to their lack of knowledge and due to that auditors do not have a clear template for IR to follow during the auditing process. However, this challenge has not been identified as a significant challenge by previous research with similar scope.

According to the findings presented by Perego, Kennedy and Whiteman (2016), the knowledge of IR is fragmented, and organizations do not understand its potential value. Furthermore, according to Perego, Kennedy and Whiteman (2016), many reports claiming to be integrated are just a financial report and a stand-alone sustainability report put together and not a true IR. This relates to the misunderstanding of IR experienced by Buckby and Torres; that organizations tend to understand and apply the IR Framework as another sustainability report, and not implementing it as a management tool, or not implementing it as an "umbrella"-report but as an annual report. Moreover, Robertson and Samy's (2015) findings express a need for the IR Framework to establish how IR should fit together with other standards, such as GRI. The findings in this study strengthen this as the participating organizations found it hard to combine GRI and IR. Also, the findings suggest that there might be a misunderstanding of whether and how IR should be applied in combination to other standards.

7.5 The future development of integrated reporting

The findings indicate that the organizations applying IR perceive benefits as well as challenges related to the style of reporting. Most likely, some of the challenges, such as a resistance from auditors, will hamper the development of IR. However, the findings also indicate that organizations perceive a connection between IR and sustainability and that IR provides a better structure, compared to traditional reporting, for explaining how the organization works with sustainability. Given that sustainability is high on the agenda at many organizations nowadays, perhaps this perceived connection will enable IR's development. Furthermore, the findings indicate that there is a misunderstanding of what IR is and how it should be applied; is it a management tool or a communication tool? This misunderstanding is also reflected in previous research, as most previous studies (*e.g* Hahn & Kühnen (2013) and Maniora (2015)) describe IR as a type of SR and analyze it with traditional communication theories. Discovering this misunderstanding also give rise to further questions, such as whether organizations would be more or less interested in implementing IR if they knew the experts' point of view. Perhaps organizations do not understand the full potential of IR, or perhaps, as Dumay and Dai (2017) express it, organizations do not need another management tool since they are successful anyway. Also, how IR should be applied – as a shorter separate report or as an AR as Swedish organizations apply it today – raises the question of how big burden of reporting organizations can handle. Is it realistic to think that most organizations have the resources to create yet another report, besides the traditional financial- and sustainability report? Certainly, the associated extra benefits affect whether making one more report is worth it or not. These findings hence indicate that more research, analyzing IR as a management tool and not only as a type of corporate communication, is needed.

Due to new laws for sustainability disclosure (EU, 2014), increasing stakeholder demands (Hahn & Kühnen, 2013; Rimmel, 2018), as well as these findings which explain the participating organizations' desire to present their sustainability efforts, it might be safe to assume that SR is here to stay. As it is today, GRI and IR are two frameworks that either are used together, separately, or only to some extent; some parts of the frameworks are combined, and others are left out. The findings indicate that the frameworks, as well as its separate parts have benefits, as well as challenges. Since SR – and IR especially – is still in its infancy (Rimmel, 2018) it will likely develop further in the coming years to better fit organizations' and stakeholders' needs. Perhaps, the reporting standard of the future will be a combination of GRI and IR, in which both frameworks' benefits has been combined to overcome the challenges. Whatever the standard of the future will look like, it will probably be shaped by stakeholders and their needs and preferences, institutions and the process of institutionalization, and future laws and regulations.

8 Conclusions

This chapter provides answers to the aim and research questions. Thereafter, the contributions of this project are reflected upon. Finally, suggestions for future research are presented.

8.1 General conclusions

The aim of this project is to explain how integrated reporting is perceived by organizations applying it, and to clarify what enables and limits its development. The research questions formulated to address the aim are: *What are the motives for implementing integrated reporting in Swedish organizations?*, *How do Swedish organizations perceive integrated thinking?*, *What are the perceived benefits of integrated reporting?* and *What are the perceived challenges of integrated reporting?*.

The findings indicate that integrated reporting (IR) in Swedish organizations is applied as a form of annual report. This is not in accordance with the IR Framework, which instead explain IR as a separate "concise communication" (IIRC, 2013: 7), and as experts also clarifies, should not be a substitute for an annual report or a sustainability report. The findings further indicate that most Swedish organizations do not follow the whole IR Framework, but rather chose to include certain parts that they consider fits their organization. Also, some reports are rather "combined" than integrated, even though they are referred to as integrated, which means that there is a miscommunication regarding the reporting style. Regarding the motives for implementing IR, the findings indicate that most organizations consider IR as a communication tool, used for gaining legitimacy among stakeholders. However, the findings also suggest that some organizations apply IR as a management tool, with the purpose of bringing beneficial changes to the organizations such as integrating sustainability throughout the departments and breaking silos.

The findings indicate that IR practitioner perceive integrated thinking (IT) rather differently, and not always in accordance with the definition provided by the IIRC. Furthermore, the findings suggest that the relation between IR and IT, and whether one leads to the other or if it is a cyclical process, might be organization-specific. However, because of the rather disperse understanding of the concept, any causal relationship is difficult to establish. However, the findings indicate that IT is perceived as beneficial, which is in contrast with Dumay and Dai (2017) and Feng, Cummings and Tweedie (2017). Moreover, IT is perceived strongly connected to sustainability and sustainability practices, although the IIRC not explicitly draws that connection.

The study indicates that IR leads to several benefits. The benefits of IR that emerged in this report are firstly, perceived organizational changes. IR is perceived to change how organizations operate, resulting in a working environment where the organization are more closely connected. Secondly, IR is perceived to break down companies' internal silos, which is considered beneficial by IR practitioners, in contrast to the critique by Feng, Cummings and Tweedie (2017). Thirdly, IR is perceived to provide opportunities to integrate sustainability in organizations. IR is further perceived to provide a holistic understanding of how an organization is structured and how departments are connected to each other.

The findings also indicate that IR is connected to several perceived challenges. The perceived challenges that were identified in this study are firstly, the IR Framework's guidelines which are perceived as diffuse. Secondly, the findings suggest that the development of IR is affected by the organization's stakeholders and their perception of the concept. It is perceived that the organization's top management needs to be on board with IR and what IR means for the organization. Furthermore, the resistance from auditors is perceived to be a challenge that organizations implementing IR face. Practitioners sense a lack of knowledge regarding IR among auditors, and a resistance which inhabits the development of IR. Thirdly, combining IR with GRI is perceived as a difficulty, which is in line with the findings presented by Robertson and Samy (2015). This study indicates further that IR is a process that develops over time and that organizations need to work actively with it to become integrated. Furthermore, the misunderstanding of what IR is and how it should be applied is considered a big challenge. This misunderstanding is in line with Perego, Kennedy and Whiteman (2016), which describe the knowledge of IR as fragmented and its potential benefits not understood by organizations. However, this misunderstanding is also reflected in other previous literature, such as Maniora (2015) and Hahn and Kühnen (2013), in which IR is portrayed as a type of sustainability reporting (SR), which it according to experts, it not.

8.2 Contributions

By building onto the scarce literature of IR and IT and following the calls from previous research (Dumay, Bernardi, Guthrie & Demartini, 2016; Hahn and Kühnen, 2013; Oliver, Vesty & Brooks, 2016; Perego, Kennedy & Whiteman, 2016; de Villiers *et al.*, 2014), this study contributes with theoretical knowledge in the subject of corporate communication. Since there is an increasing demand for SR (Cheng *et al.*, 2014; Hahn & Kühnen, 2013; Mahoney *et al.*, 2013) and since there has been a gradual shift in many countries from separate to integrated reports (Cheng *et al.*, 2014; Hahn & Kühnen, 2013; Rimmel, 2018), this study is of both theoretical and empirical relevance. By presenting findings that indicate that IR perhaps should be analyzed as a management tool for internal organizational change, and not only as a communication tool for signaling legitimacy towards stakeholders, this project provides theoretical implications for other researchers. Additionally, by presenting practitioners' perceived benefits and challenges related to IR, this project presents empirical implications for organizations, auditors and standard-setters.

8.3 Suggestions for further research

The findings indicate that IR is not yet very common in Sweden, and that there is a misunderstanding of how to apply it. Therefore, IR is a phenomenon that needs further research. Furthermore, practitioners understand and interpret IT differently, which also indicate that IT needs further research. This project applies a methodology that presents a snapshot in time. A suggestion for future research is therefore to use a longitudinal approach of organizations implementing IR. This would contribute with knowledge of how IR is implemented in organizations. Since this study suggests that IR, IT, and its benefits develop over time, a longitudinal approach is also beneficial when investigating how IR and the perceptions of it change over time. Moreover, this study investigates IR through legitimacy theory, institutional theory and stakeholder theory, as is common for analyzing corporate communication such as SR and IR (Hahn & Kühnen, 2013; Rimmel, 2018). However, the findings indicate that for some practitioners, IR is not applied as a communication tool, but rather as a management tool. Therefore, suggested future research would be to investigate IR in the theoretical lenses more suitable for management tools. Furthermore, this study presents the perceptions of organizations applying IR as an annual report. Given that experts (pers. com., Torres, 2019) suggests that IR rather should be applied as a separate report, it would be interesting to study organizations applying IR as the experts and the IIRC suggest. Also, since the findings indicate that practitioners perceive a lack of knowledge and resistance among auditors, it would be interesting to investigate this further from the auditors' perspective.

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Appendix

Interview guide for sustainability managers

Intro
- Is it ok if we record the interview?

Background
- Would you like to tell us about the organization?
- What is your position and what do you work with?

The report
- What was the reason for the organization to start to write an integrated report from the beginning?
- How did the stakeholders react?
- What does it mean for the organization to ”work integrated”?
- How do you interpret integrated reporting and how does it differ from sustainability reporting?
- Do you follow the IR Framework? Why/why not?
- What are the biggest benefits with integrated reporting?
- What has been the most challenging in the IR implementation process?
- Have you experienced any disadvantages with IR?
- What does the reporting process look like? Is it one or several processes?
- Who are involved in the creation of the report? Is it the board, senior managers, several departments, etc. involved?

- What has happened in the organization since the decision to implement an integrated report? Are there any clear differences?
- Would you say that you focus a lot on how things connect and integrate to each other?
- Would you say IR leads to higher transparency?
- Do you think the work with IR has resulted in a better understanding of how the organization create value? Have you managed to identify capitals that create values, which you did not know you had before the IR?

Decision-making
- How does the IR affect the decision-making in the organization?
- how do you take the future into account, in your decision-making process?
- Would you say that social problems are integrated into your organization's decision making and strategy? If yes, how?
- Do you use both financial and non-financial data when you make decisions and evaluate your sustainability work?

Business model
- How have you worked with your business model? Has the business model changed since IR? Would you say that both senior managers and other stakeholders have been involved in how the model looks like?
- How have you worked with defining your "value creation" and your strategy and linking them to each other as well as to the business model and capital?

Employees

- How would you say that your accounting (the integrated one) affects individual employees' daily tasks, responsibilities and commitment?
- Would you say that the work with IR has led to a different engagement among the employees?
- How do you evaluate employee performance? Are you evaluating the work with IR in any particular way? How? Monitoring / comparison etc.
- How do you work with education and courses etc. linked to IR? Do you have that?

Sustainability

- Do you think the IR has promoted your sustainability work, if so why?
- Do you have any ratio linked to your sustainability work? How does it work? Are these linked to financial terms or are they measured in other ways?
- How do you work with / solve sustainability problems? Are you discussing values in relation with the sustainability work?

  Have you heard of Integrated thinking?
  What does integrated thinking means to you/the organization?
- Do you think your organization is characterized by integrated thinking? How have you worked to develop your thinking? Have you seen any changes?
- What would you say are the benefits of integrated thinking?
- Do you experience any disadvantages of integrated thinking?
- Do you experience hat IR has led to integrated thinking in your organization? Or would you say that integrated thinking was the reason that you stated with IR? (What came first? Is it a cyclic process?)

- How does the future look like (regarding your accounting)? Will you make any changes? Will you continue with IR?
- Is there anything that we have missed to ask you?

Interview guide for integrated reporting experts

The reports

- Can we record this interview?
- To begin with, could you explain your background and your working role?
- Can you tell us about the company you are working at?
- What do you think are the most important differences between IR and isolated sustainability reporting?
- What do you think are the most important benefits of IR?
- Are there any costs or disadvantages related to IR?
- What kind of difficulties would you say are the most common for companies to encounter, when they try to implement the IR Framework?
- What do you think are the motives for implementing IR?
- Do you think it is easier for certain organizations to implement IR than for others?
- How would you describe the connection between IR and sustainability practices?
- How would you describe the connection between IR and integrated thinking?
- Do you think integrated reporting leads to integrated thinking, or is integrated reporting a result of integrated thinking? Or is it a cyclical process?
- Do you think it is difficult for organizations to understand what integrated thinking is?

- What do you think are the biggest challenges for companies to achieve integrated thinking? What are the key success factors for achieving it?
- How do you view the connection IR - integrated thinking - sustainability? Is IR a successful concept to reach a sustainable business?

IR in Sweden

- IR has developed differently in different countries, for instance, if you look at South Africa where it is mandatory. What do you think is the reason for that?
- How do you think South Africa managed to make it mandatory, what was the key success factors?
- Sweden has not come as far as other countries, such as South Africa in IR development, what do you think is the reason for that?
- In Sweden companies often use the term “inspired by the IIRC framework” instead of “following the framework”. Is this common in other countries and what do you think is the reason for that?
- In Sweden companies also often use the term “integrated reporting” but the reports are rather “combined” meaning, putting the financial- and the sustainability report in one document. Why do you think they do that and is that common in other countries as well?
- Can you tell us how you think IR will develop in the future, both for Sweden and for other countries?

Interview guide for employees at Grant Thornton

- Would you like to tell us about GT?
- What is your position?
- In 2017, GT’s annual report changed, is it something you noticed and if so how?
- Has your daily work changed during the past year? If yes, how?
- Have you noticed the reporting process? Are you involved in it? If yes, how?
- How do you notice the GT's sustainability work? Does it affect your working tasks?
- Have you attended to internal courses linked to IR and / or sustainability? If yes, what courses and have the content of the courses affected your work? How?
- Do you experience any benefits of GT's sustainability work?
- Do you experience any challenges with the GT's sustainability work?
- How do you work with risk when it comes to the future? Has that approach changed slightly during the past year / years?