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2018

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Attitudes to integrated reporting in small- to medium-sized companies

A research report submitted by

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In partial fulfilment of the degree of

Masters of Commerce in the field of Accounting

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Abstract

The purpose of this research is to explore the attitudes of small- to medium-sized entities (SMEs) towards integrated reporting. This report analyses the motivations to produce an integrated report, the reasons for not preparing one, the isomorphic processes present in the field, and the logics of resistance evident.

The thesis employs an interpretive methodology. Interviews were held with a sample of professionals involved with corporate reporting for SMEs' to establish their attitudes towards preparing integrated reports. These attitudes were then analysed to identify the key themes. The research finds that the respondents perceive the primary benefits of preparing an integrated report to be improved relationships with stakeholders and an enhanced strategy and business model. Cost, lack of resources and no buy-in to the concept are the reasons that were identified for not SMEs to not adopt integrated reporting. The benefits are currently overshadowed by the perceived challenges which results in limited isomorphic pressures present in the field to engender the change. SMEs preparing integrated reports understand them to be best-practice. In contrast, those that do not prepare integrated reports disagree with this claim, as they are unaware of the topic or do not believe it to be applicable in the smaller environment. These attitudes have resulted in logics of resistance. The resistance has taken the form of either not preparing reports or not adhering to the essence of the concept. However, there is also evidence that some SMEs have complied with the requirements of integrated reporting. The research further revealed that the interaction between the isomorphic processes and logics of resistance determines the extent to which an SME prepares an integrated report.

The results of this thesis indicate that the isomorphic pressures within the field need to grow to stimulate further preparation of reports. To achieve this, there needs to be widespread instruction on the topic, as well as an adaptation of the framework to be more relevant for smaller entities. This research shows how a social context impacts isomorphic processes and how the relatively new concept of integrated reporting is applied in an SME environment. The interpretive-style financial reporting research that has been employed addresses a void in the existing literature.

Keywords: Integrated reporting, small- to medium-sized entities (SMEs), isomorphic processes, logics of resistance, benefits, challenges

Declaration

I, Caroline Du Bourg (student number 0101633H), declare that this research report is my own and can, therefore, be submitted in my name. It is submitted in partial fulfilment of the degree of Masters of Commerce in the field of Accounting for the School of Accountancy at the University of the Witwatersrand, Johannesburg. It has not been submitted elsewhere for the purpose of being awarded another degree or for examination purposes at any other university.



Caroline Du Bourg

Signed at Johannesburg

On the 8th day of August 2018

Dedication

I dedicate this report to my family. To Bruce, I would never have made the finish line without your support and encouragement. Thank you for all the insightful conversations that helped shaped my report, for solo-parenting so I could finish it and most importantly for all the encouragement. To Juliet and Jake, you give a purpose to my life. Thank you for being so understanding while I worked on my report. Finally, I dedicate this thesis to my father. Your hard work and determination has always been my inspiration in life. I admire your courage that you are showing as you face your biggest challenge yet.

Acknowledgements

I would like to thank my supervisor Warren Maroun for his support and advice throughout this process. Your knowledge and passion for research is inspiring. Thank you for also being available and for enduring with me to the end. I also like to thank Lelys Maddock for enriching my report with her red pen. Your articulation of English language is remarkable. Finally, thank you to my respondents for providing their time and sharing their views on the topic.

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1: Introduction

1.1: Purpose of the study

The purpose of this research is to explore the attitudes of small- to medium-sized entities (SMEs) to integrated reporting. The thesis explores an array of SMEs. This report, using DiMaggio and Powell's (1983) theory of isomorphic processes, seeks to understand the motivations to produce an integrated report, as well as the reasons for not preparing one. It further analyses the attitudes towards the reports, using a logics of resistance framework.

1.2: Context of the study

An integrated report is a concise account of the links between a company's strategy, governance, performance and external environment which can be used by stakeholders to understand how a company previously created value and what it will do in the future to improve its worth (International Integrated Reporting Council [IIRC], 2013). It is a new methodology for corporate reporting.

According to Hopwood (1987), changes like this within the accounting profession are driven by a social or institutional context. The IIRC (2012) explains that integrated reporting has emerged to address users' expectations for companies to be more transparent, accountable and focused on sustainability. A new form of reporting is necessary as the previous type of corporate reporting failed to include the information required to manage a business efficiently in the twenty first century (Yonkova, 2013). Meyer and Rowan (1977) contend that organisations will change as a result of companies seeking to secure corporate legitimacy. The King Code of Governance for South Africa (King-III) (Institute of Directors [IOD], 2009) says that an integrated report gives legitimacy as it can provide enriched stakeholder confidence and trust in the company.

According to DiMaggio and Powell (1983), coercive, mimetic and normative isomorphism cause companies to accept changes imposed on them in order to achieve corporate legitimacy. This implies that all companies should have adopted this new form of corporate reporting though research performed by the Global Reporting Initiative (GRI) (GRI, 2013) has indicated that SMEs contribute only seven to ten percent of the total prepared integrated reports world-wide and ten percent in South Africa.

Tremblay and Gendron (2011) explain that the implementation of change is a multifaceted and dynamic process. It involves a human element which is determined by who decides

what needs to be altered, how it will be achieved and to what extent. It is this social aspect which can cause resistance to change within organisations.

This research report seeks to understand the attitudes of SMEs towards integrated reporting. The report will also strive to understand the motivations to produce an integrated report and the reasons for not preparing one by looking at the isomorphic pressures: it will also show how the aims to improve transparency and accountability can be met with logics of resistance (Tremblay and Gendron, 2011).

1.3: Significance of the study

Integrated reporting is a relatively new notion and, consequently, there have been calls to conduct further research (Cheng et al., 2014). South Africa is currently the only country which requires listed entities to prepare integrated reports on a "comply and explain" basis with only a few other countries recommending that companies adopt it[1] (Cheng et al., 2014). The majority of previous research in this field has been performed on listed companies with a focus on sustainability reporting (de Klerk and de Villiers, 2012, Adams, 2002, Ackers, 2009). Research into integrated reporting by SMEs is scarce and studies into the topic are only just emerging (Del Baldo, 2017a). Prior research on SMEs has concentrated on showing the processes followed to adopt integrated reporting and the benefits obtained from adoption (Lodhia, 2014, Kaya and TureGun, 2014, Del Baldo, 2017a, Chartered Institute of Management Accountants (CIMA), 2015). Minimal attention has been given to factors that prevent or hinder implementation (Del Baldo, 2017a). There has also been numerous research studies seeking to identify why SMEs do not prepare sustainability reports (Revell and Blackburn, 2007, Collins et al., 2007, Brown et al., 2009) but none has applied this approach to integrated reporting. As Du Toit et al. (2017) explains, integrated reporting is in the developmental phase and it is yet to be universally adopted. Given its current growth path, it is important to frequently review the topic to establish how the practice has been advanced.

The vision of the IIRC is that, over time, integrated reporting will become the norm for corporate reporting, irrespective of the size of the organisation or the nature of its activities

[1] Environmental, social and governance issues are now required on a "report or explain" basis by a number of stock exchanges globally, including Singapore, Sao Paulo, Copenhagen and Kuala Lumpur (Ernst & Young, 2011). France has also passed the Grenelle II Act in 2012 which requires the reporting of environmental and social issues by all companies (Cheng et al., 2014). While the European Commission has recently adopted amendments to the Fourth and Seventh Accounting Directives which require increased disclosure of non-financial and diversity information for to large companies and member states have two years to transpose it into national law (GRI, 2014). The Directive does not specify a framework to be used to achieve the required disclosures but the IIRC's framework can be utilised.

(IIRC, 2013). The focus of the research is on SMEs as, cumulatively, they have a sizeable impact on society. An SME on its own may not have a marked impact on the environment but, due to the total number of global SMEs, they have a substantial combined effect (Kaya and TureGun, 2014, Massa et al., 2015). As proven by the GRI (2008), more than 90 percent of businesses worldwide comprise SMEs and these SMEs produce 50 percent of the GDP while employing approximately 60 percent of the global workforce. SMEs also account for 70 percent of the world's production (Kaya and TureGun, 2014) and are responsible for approximately 70 percent of global pollution and 60 percent of total carbon dioxide emissions (Parker et al., 2009). As acknowledged in Kaya and TureGun (2014), SMEs are vital for the growth and development of a country and play an even greater role in emerging economies than in developed economies. As Savlovschi and Robu (2011) reported, SMEs are the driving force for growth of the economy.

This research adds diversity to South African financial reporting research both from a theoretical and a methodological perspective. This report is in direct response to the suggestion that future research should be conducted to comprehend further how a social context impacts isomorphic pressures (Rodrigues and Craig, 2007, Maroun and van Zijl, 2016) and logics of resistance (Maroun and van Zijl, 2016) when there is a change in the accounting profession. The aim of this research is to fill the gap as it looks at the attitudes of SMEs to integrated reporting in a South African setting. It also looks at the social reasons for the lack of adopting. It uses DiMaggio and Powell's (1983) theory of isomorphic processes to understand why these companies have either applied or have not adopted the new prescription, while analysing the attitudes towards the integrated report using the logics of resistance framework. This research is of interest to both academics and other parties involved with or interested in the Integrated Reporting framework. It highlights the areas which need to be adapted in order to make integrated reporting more accessible to smaller companies and also emphasises the benefits of preparing one.

1.4: Definition of an SME

The denotation of the term "SME" is of vital importance to this thesis. It is a broad term used to describe entitles of various ownership types ranging from micro entities to relatively large ones. An SME can be described in a number of different approaches using an assortment of thresholds. There is no single universal definition. The definition struggles to balance between creating one general standardised definition whilst ensuring that it is relevant for the unique situation in which it will be used (Berisha and Shiroka Pula, 2015). The number of employees is the measure most frequently used to classify SMEs (Berisha and Shiroka Pula, 2015) with 0-250 employees being the common range (Ayyagari et al., 2007). However,

other qualitative norms, like ownership structure and management features, more clearly distinguish SMEs apart from their larger counterparts (Berisha and Shiroka Pula, 2015).

1.4.1: European Union

The European Union (EU) uses headcount and either turnover or balance sheet total for its definition of an SME. According to the European Commission (European Commission, 2015), in Europe SMEs employ two out of three people and comprise 90 percent of all enterprises. A company needs to meet this definition in order to gain funding benefits which are available to smaller entities in the EU. As a consequence, sometimes additional factors like ownership structures, participation in partnerships and linkages to other entities are taken into account to determine if the entity is an SME. This definition is set up to ensure that the advantages of SME support are only given to legitimate SMEs (European Commission, 2015). An SME is an enterprise which has headcount of fewer than 250 people and €50 million turnover or less or else a total balance sheet of €43 million or less (European Commission, 2015). The GRI follows this definition of SME (GRI, 2015). It can be argued that this definition is not appropriate for entities which do not form part of the EU (Berisha and Shiroka Pula, 2015). This is the most frequently used definition within the research domain but it is not often utilised by policymakers and governments (Berisha and Shiroka Pula, 2015).

1.4.2: International Accounting Standards Board

International Accounting Standards Board (IASB) (IASB, 2015a) developed a definition of an SME in order to determine which entities would be eligible to use the IFRS for SMEs standards. IASB did not include size as a limit in the definition as the standards are used in numerous countries, making this metric intricate to quantify (IASB, 2015a). It also does not include type of legal ownership so can include sole proprietors, trusts, non-governmental organisations and partnerships (Van Wyk and Rossouw, 2009). The following is the IABS's definition for an SME per section 1 of *IFRS for SMEs* (IASB, 2015b):

"Small and medium-sized entities are entities which

a) Do not have public accountability and

b) That publish general purpose financial statements for external users

An entity has public accountability if:

a) its debt or equity instruments are traded in a public market or if it is in the process of issuing such instruments for trading on a public market (a domestic or foreign stock exchange or an over the counter market, including local and regional markets) or

b) It holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses. This is typically the case for banks, credits unions, insurance companies, securities brokers/dealers, mutual funds and investment banks."

1.4.3: National Small Business Act

The definition of "SME" per the South African National Small Business Act (26 of 2003) (National Small Business Amendment Act No. 26 of 2003) provides a very narrow definition of an SME. These parameters vary, depending on the industry in which the company operates. The maximum number of employees for all industries, excluding agriculture, is 200, with the latter being 100. The total turnover varies from a limit of R5 million per industry to R64 million with the asset values ranging from R5 million to R19 million. It also includes both formally registered entities (companies and partnerships) and informal entities (street vendors). It is a narrow definition of an SME and there is a risk that these smaller entities may not prepare annual reports.

1.4.4: Companies Act

The Companies Act 2008 (Act no 71 of 2008) uses a public interest score to classify entities. Section 26 of the Act (Companies Act No. 71 of 2008) states that every company should calculate their public interest score at the end of each financial year, taking into account the company's number of employees, third party liabilities, turnover and profit and is calculated per the table below. The Act describes a "medium" sized company as either a public company with latest public interest score less than 500 or any other company, excluding a state owned company, which has a public interest score of 100 or more but less than 500. A "small" entity is any company, excluding public or state owned, the latest public interest score of which is less than 100. King-IV defines an SME using the PI score. According to the

code, an SME is a private, for profit company which has a public interest score of 350 or more (IOD, 2016).

Table 1: Calculation of the public interest score

a)	a number of points equal to the average number of employees of the company during the financial year;
b)	one point for every R 1 million (or portion thereof) in third party liability of the company, at the financial year end;
c)	one point for every R 1 million (or portion thereof) in turnover during the financial year; and
d)	one point for every individual who, at the end of the financial year, is known by the company– (i) in the case of a profit company, to directly or indirectly have a beneficial interest in any of the company's issued securities; or (ii) in the case of a non-profit company, to be a member of the company, or a member of an association that is a member of the company

(Companies Act No. 71 of 2008)

1.4.5: Definition of an SME applicable to this study

This report uses a combination of the IFRS for SMEs and Companies Act definition, as well as elements from the EU one. This ensures that it remains applicable in a South African context while maintaining the essence of an SME. The IASB's (2015b) definition of an SME was used as it excludes all listed entities which in South Africa are bound by the Johannesburg Stock Exchange (JSE) listings requirements to prepare an integrated report (JSE, 2017). As a consequence, the companies which have met this definition and are preparing integrated reports have voluntarily elected to do so. It has also been recommended that IIRC should adapt the integrated reporting framework to take into account the unique circumstances of SMEs as the IASB have achieved with IFRS for SMEs (Kaya and TureGun, 2014). One would assume this adapted framework to be applicable to the same entities. The IFRS for SMEs definition says which an SME is one which prepares financial statements that are used by external parties (IASB, 2015b): this indicates that the entity is preparing a form of corporate reporting and there are external stakeholders. Lastly,

this definition includes a wide set of ownership structures and different sizes and as explained by IIRC, integrated reporting is intended to be applicable to all entities (IIRC, 2012). The Companies Act definition has been employed as this research is based in South Africa and this legislation will be applicable to the SMEs interviewed. The research does not use the definition of SME per the South African National Small Business Act (26 of 2003) as this provides an extremely narrow definition of an SME. The risk is that these smaller entities may not prepare annual reports. The number of employees from the EU definition has been taken into account as this is the most commonly used measure to distinguish an SME (Ayyagari et al., 2007). The turnover and balance sheet limits of this definition have not been applied as this is a South African based thesis and it does not aim to reflect the current variability of the exchange rate. The combination of these definitions has ensured that entities included in the research would be voluntarily producing such a report or would rationally be in a position to prepare one.

1.5: Delimitations of the study

This research examines SMEs per the definition above. This report limits its scope to integrated reporting as defined and does not consider other forms of corporate reporting regardless of their objective. When this report examines companies which prepare integrated reports it is only looking at integrated reports compared to other forms of corporate reporting. This research also only uses DiMaggio and Powell's model of isomorphic pressures, as well as logics of resistance outlined by Tremblay and Gendron (2011) and does not take into account any other theories of organisational change.

2: Literature review

2.1: Integrated reporting

2.1.1: Introduction to integrated reporting

In 2013, the IIRC issued The International <IR> Framework (the framework) for the preparation of an integrated report (IIRC, 2013). It is a principles-based framework providing guidance to companies on preparing an integrated report. The framework includes a description of the contents which should be included in the report and the theories which underlie each item. The aims of the integrated report are to improve the quality of information provided to the users, give the stakeholders the company's value proposition, enhance accountability, and support integrated thinking. It primarily provides information to the financiers of the company but also generates considerable benefit across all other stakeholder groups (IIRC, 2013). In particular, it is a management tool that can facilitate a company's growth strategy (Macias and Farfan-Lievano, 2017). As Lodhia (2014) acknowledges, the preparers of the integrated report can use the framework as a guide. It provides the important philosophies and principles of integrated reporting, rather than seeing it as a tick box exercise which the GRI Index for sustainability reporting has become.

In order to prepare an integrated report, a company needs to embrace the concept of integrated thinking (IIRC, 2013). Integrated thinking is when management looks at the business holistically to determine the connections between the various operations and the available resources (IIRC, 2013). As The South African Institute of Chartered Accountants (SAICA) (2015) explains, it is the engine which compels value creation by integrating all the capitals within an organisation. Integrated thinking leads to unified decision-making which takes into account how value will be generated over time (IIRC, 2013). As the business environment is becoming more complex, decision making needs to take into account a multiplicity of factors, both internal and external, while also considering the independencies and trade-offs of each situation (SAICA, 2015). The aim of the IIRC is that integrated thinking, followed by integrated reporting, will become the norm of doing business in the future. It will ensure that capital is allocated effectively, as well as promote financial stability and sustainability (IIRC, 2013). The implementation of integrated thinking in a company and how it changes the mindset on how the business can run is more valuable than the actual integrated report (Association of Chartered Certified Accountants (ACCA) and The Association of Accountants and Financial Professionals in Business (IRM), 2016).

According to the IIRC (2014, 2016), integrated thinking encourages information to flow within a company which facilitates better business decisions and reporting. It also supports the development of a long term strategy, taking into account the impact it will have on the

company's resources and society (IIRC, 2016). A well-functioning entity can use an integrated report to support their existing sound business approach (Dumay and Dai, 2017). In particular, integrated thinking eliminates silos, decreases repetition of items and drives positive behaviour which could compel long-term success (Deloitte, 2015). An exploratory survey undertaken by SAICA (2015) shows that companies are recognising the benefits of integrated thinking. Seventy percent of respondents have acknowledged that there has been an improvement in the decision making process and that the dialogue with stakeholders has become more advanced. It is also noted that there was an enhancement of risk management and governance processes. The overall consensus is that integrated thinking is a journey. As it evolves within the respective companies, further advantages will be gained. A case study of a company that participated in the IIRC's pilot programme revealed one of the challenges of adopting integrated reporting within an existing company framework. The case study observed for the entity under review that there was a clash between the company's existing culture and the principles of integrated thinking. This severely hampered the development of an integrated way of thinking (Dumay and Dai, 2017).

Integrated thinking is reliant on non-financial information in order to construct informed decisions. In order to implement it into a company successfully, information technology systems will need to be developed to ensure that this information is readily available. The degree of success of integrated reporting is also dependent on the leadership within a company embracing the concept and ensuring that it is filtered throughout the organisation (SAICA, 2015). The process of integrated thinking is the crucial factor – the report itself is only the outcome of ensuring an integrated management system is in place (Lodhia, 2014).

IIRC (2016) believes that integrated reporting and integrated thinking are equally important and the value of the report itself should not be downplayed. There are advantages to exhibiting integrated thinking only but these benefits can be amplified when used together with the reporting aspect. By only implementing integrated thinking, a company will miss opportunities to engage with funders and other stakeholders and to illustrate to them the company's application of integrated thinking (IIRC, 2016). The Deloitte (2015) study identifies that it is possible to have the principles of integrated thinking embedded in the business without producing the report though Black Sun Plc (2015) shows that companies which have published at least one report have stronger evidence of change within the organisation. The IIRC states that 'the journey towards enhanced reporting' (2016 p.5) can start by either focusing on the report or through applying integrated thinking. Integrated thinking both facilitates the integrated report preparation and arises as a consequence of creating one. By implementing integrated thinking in the organisation, information will become more connected and this ensures the preparation for a more perceptive report. In

order to prepare the report, one needs to look again at the business model which results in previously segregated teams now working together. This is the start of integrated thinking (IIRC, 2016). However, to have a report which is connected, one needs to have changed certain aspects of the business (Deloitte, 2015). In the Guthrie et al. (2017) study, it was shown that the mere preparation of an integrated report could improve integrated thinking but that the impact may only be incremental.

According to the framework (IIRC, 2013), an integrated report should illustrate how a company uses the resources available to it to generate value over time. This will provide important information to the users of the report to determine how the capitals, stipulated in the framework, are currently being utilised and how the company plans to use such capitals in the future. The framework defines these resources as "financial, manufactured, intellectual, human, social and relationship, and natural" (IIRC, 2013 p. 4). In addition, the framework (IIRC, 2013) requires the disclosure of the company's business model in the integrated report. Such disclosure will highlight the company's available resources and how the company uses these resources to produce outputs. As Cheng et al. (2014) state, it will enable users to determine how a company's fundamental strategies integrate with its available capitals.

Before the IIRC was formed to develop the international framework, King-III had already issued its guidelines for integrated reporting in South Africa. It defined integrated reporting as a tool to achieve "a holistic and integrated representation of the company's performance in terms of both its finance and its sustainability" (IOD, 2009 p. 54). An integrated report would annually show the users how a company has positively and negatively been impacted by the environmental, social and governance issues it has encountered and how management plans to improve the positive aspects while minimising the negative ones. Since the IIRC's framework has been issued, King-IV has been issued: this uses the framework's definition of an integrated report (IOD, 2016).

The focus of both King-III and King-IV is on good governance and both suggest that one of the ways to achieve this is by preparing an integrated report (IOD, 2009, 2016). King-III and King-IV are principles-based frameworks but contain less detail relating to the structure and content of an integrated report compared to the framework. According to King-III (IOD, 2009), accountability and transparency are the two main principles of an integrated report. The objective of King-IV is to provide "transparent and meaningful reporting to stakeholders" (IOD, 2016, p. 22).

Integrated reporting is not about providing users with more information in addition to the current reports instead it aims to provide all information required in one superior report (CIMA, 2013). It affords open communication to all stakeholders, in contrast with the

disconnected communication channels previously used by companies (Eccles and Armbrester, 2011).

Another aim of an integrated report is to provide a succinct communication to the users (Hanks and Gardiner, 2012). According to Lodhia (2014), by summing up how the business added value in one page, it showed that management truly understood the underlying mechanics of the company. The following table explains the differences between integrated reporting and traditional corporate reporting.

Table 2: Summary of the differences between integrated reporting and traditional reporting

Principle	**Traditional corporate reporting**		**Integrated reporting**
Thinking:	Disconnected	⟶	Integrated
Stewardship:	Financial capital	⟶	All forms of capital
Focus:	Past, financial	⟶	Past and future, connected, strategic
Timeframe:	Short-term	⟶	Short- medium- and long-term
Trust:	Narrow disclosures	⟶	Greater transparency
Adaptive:	Rule bound	⟶	Responsive to individual circumstances
Concise:	Long and complex	⟶	Concise and material
Technology enabled:	Paper based	⟶	Technology enabled

(IIRC, 2012)

In order for a successful implementation of an integrated report, the process needs to be driven by the board of directors and led by the chief executive officer. The chief executive officer needs to be committed to the cause and take ownership of implementing the required changes (Eccles and Armbrester, 2011). This is confirmed in the research performed by Hanks and Gardiner (2012) where the results showed that participants supposed their respective directors needed to be more involved in the process and have a better understanding of the benefits of practising integrated reporting for it to be truly successful. The directors need to understand that it is not merely a process of combining various reports

into one document. Findings of a survey confirm that strong leadership is needed from senior management for the process to be successful (GRI, 2013) but this does not underestimate the importance of the other employees involved in the process. Good leadership is needed from senior management but it is also essential to have commitment from all employees (Lodhia, 2014). The successful implementation of an integrated report at an SME was credited to strong support from the leaders and assistance from external experts (Del Baldo, 2017a).

The framework currently does not have any legal backing but voluntary adoption is encouraged. In South Africa, the listings requirements for the JSE are the application of the King Code. The current version of the code is King-IV which has been applicable since 1 April 2017. Previously King-III was a "comply or explain" framework which meant, if a company did not want to prepare an integrated report, it was only required to explain its reasons for not complying (IOD, 2009). King-III was developed before the IIRC's framework and defined the process of integrated reporting as one where the company's performance in relation to its sustainability and finance are represented in a holistic and integrated manner (IOD, 2009). King-III contained 75 principles which smaller entities found difficult to apply and larger entities followed as rules which meant the application of the code become a tick box exercise. In King-IV the number of principles has been reduced to only 16 with one extra for institutional investors. The code now clearly distinguishes the underlying principle from the explanation of how it can be achieved. The aim of this change is to ensure it is more accessible to every form of entity (IOD, 2015). In addition to this, King-IV is allowed to be applied on a proportionate basis and the code includes a separate section for each type of entity, explaining how it can be applied (IOD, 2016). King-IV is a "comply and explain" framework so companies need to adhere to its principles and explain how it has been achieved. The principle relating to integrated report states (IOD, 2016, p.40):

> "The governing board should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisations performance, and its short, medium and long-term prospects." (IOD, 2016, p.48)

One of the recommended practices to achieve this principle is to prepare an integrated report. The IOD, through both King-III and King-IV (IOD, 2009, 2016), itself recommends that all companies, regardless of size or manner of incorporation, adopt the principles. The International Federation of Accountants (IFAC) (2017) endorse integrated reporting for SMEs and claim that as the framework is principles-based, an SME can adapt it to be suitable for their individual circumstances. According to IFAC, regardless of size or sector, it

can be utilised in a scalable and balanced fashion to all entities. The IIRC's (2017) long-term strategy is to increase the number of SMEs which adopt integrated reporting. To achieve this, they will promote the business case for integrated reporting for SMEs while working with others to conduct additional research and prepare further resources to assist SMEs to prepare such a report. CIMA consider that an integrated report can turn an thriving SME into a global participant (CIMA, 2015).

The IIRC's initial focus when developing the framework was on large companies with the plan to adapt it for other sizes and types of businesses in the long term (IIRC, 2012). Although it was developed with large companies in mind, according to IIRC (2012), the concepts are applicable to all types of businesses. It was illustrated in the analysis of the comments to the IIRC's 2011 discussion paper that the majority of respondents were large entities which means that the "voice" of the SME was not heard when the framework was drafted (Reuter and Messner, 2015). That said, 56 percent of the people responding to the this discussion paper agreed that the concepts of integrated reporting are applicable to SMEs and 16 percent admitted that the framework is relevant but should not be applied equally to all companies (IIRC, 2012).

When Black Sun Plc (2015) did their research to understand the benefits of generating an integrated report, a variety of different organisational types were included to show that companies with different reporting needs can use the framework to prepare integrated reports. In a survey of small- to medium-sized practitioners undertaken by IFAC (2014), nearly half the respondents thought that there is value in an SME creating an integrated report. Also, over 50 percent of small- to medium-sized practitioners recognised that in the next five years, their clients would start seeking assistance from them on how to prepare an integrated report. In recent times there has been more emphasis on promoting integrated reporting for SMEs. CIMA undertook a case study in which four practical examples were presented of SMEs preparing integrated reports (CIMA, 2015). As Del Baldo (2017a) states, policy makers are now acknowledging the importance of integrated reporting for SMEs. A World SME Forum has been established to offer recommendations and provide assistance to SMEs implementing integrated reporting.

IFAC SMP Committee has partnered with GRI to prepare guidance on implementing integrated reporting within an SME environment while IIRC is now including a new section in their example database which will include best-practice illustrations from SMEs. In addition, IIRC and Italian Network Business Reporting are formulating guidelines on how SMEs can implement an integrated report (Del Baldo, 2017a). For these guidelines to be effective, they

need to address how the concept will be explained to SMEs and give details of how the entity will be supported throughout the implementation process. It should also highlight the benefits of preparing an integrated report (Del Baldo, 2017a). In a previous case study, a non-listed entity attributed the completion of their first report to the strength of the partnerships the company had established with practitioners and academics that assisted with the process (Silvestri et al., 2017).

Kaya and TureGun (2014) propose that a separate integrated reporting framework is needed for SMEs, similar to the International Financial Reporting Standards for SMEs which the IASB have prepared. This was confirmed in the survey conducted by IIRC (2017) where respondents acknowledge the relevance to SMEs but suggested a "lighter" form of the framework be developed for smaller organisations. This framework needs to take into account the entrepreneurial culture which exists at an SME, as well as the limited resources and skills available to prepare an integrated report (Del Baldo, 2017a). However, it has been demonstrated that the information requirements of SMEs are not adequately met when reporting requirements are developed for listed entities, then later adapted for SMEs (European Commission, 2011). Yonkova (2013) contends that a bottom-up approach should be used, instead by which a framework is developed, focused on the intricacies of SMEs first, then additional guidelines for larger entities should be added. For him, an SME's integrated report should be prepared using priority focus by which the preparers decide on a few themes which are relevant to stakeholders and these themes are then carried throughout the report. The underlying concepts are the same for SMEs but the way they are applied in reality will be different due to the companies' smaller nature (Yonkova, 2013).

Eccles and Saltzman (2011) suggest that an integrated report ought to be prepared by any company using resources as it is imperative that a sustainable society is formed. They continue by saying that everyone is a citizen of this planet and, no matter the form and nature of the company, as a corporate citizen it needs to take account of its impact on the environment before it is too late. Reuter and Messner (2015) further justify the need for SMEs to prepare integrated reports due to the important function that SMEs fulfil in the supply chain and value creation procedures of larger entities. For the latter to prepare an integrated report, they need to explain the environment in which they operate and their associations to those in their supply chain. In order to achieve this, it is preferable that the larger entity and the SME have similar approaches to accountability and transparency.

Previous research has highlighted that the smaller size of a company is one of the major contributing factors to the successful implementation of formal reporting (American Institute

of CPAs, 2014). The smaller size allows for decision making to happen faster with immediate implementation and greater responsiveness from employees. In the case study completed by Lodhia (2014) it is also illustrated that the smaller size of the organisation means that the company has less trouble breaking down the silos and decisions were made more quickly due to a reduced amount of bureaucracy as there were fewer layers of governance to penetrate.

Because of the smaller nature of an SME there are fewer silos within the business than there are in larger companies (Lodhia, 2014). This should make the process of adopting an integrated report less onerous for an SME. If the concepts are already embedded within the company, the reporting aspect should be simpler than for a larger (and more complex) operation (GRI, 2013). As Del Baldo (2017a) explains, SMEs are more dynamic and adaptable with less complex organisational structures which ensures that concepts like "connectivity" are simpler to mobilise than in larger organisations. As a consequence, integrated thinking is essentially interrelated to the management processes. Advice from an SME which successfully implemented an integrated report is that companies should persevere with the process as it is incredibly daunting in the beginning but there are advantages from preparing one (CIMA, 2015).

2.1.2: Benefits of integrated reporting

There are a number of benefits which any company can derive from adopting integrated reporting. According to Steyn (2014), the benefits of implementing an integrated report outweigh the associated costs. In a case study undertaken by CIMA (2015) which looks at four SMEs which prepared integrated reports, namely, Impahla Clothing, Viasat S.P.A., Monnalisa S.P.A. and Dellas S.P.A., it was illustrated that there are advantages to producing an integrated report. These are detailed in the relevant sections below.

Eccles and Armbrester (2011) believe that the improved stakeholder interactions that are cultivated through integrated reporting will assist in enriching the company's brand and reputation. The increased transparency as a result of implementing integrated reporting was confirmed by companies to have had a positive impact on corporate reputation (IIRC, 2012, Macias and Farfan-Lievano, 2017, Steyn, 2014). An improvement in trust has been confirmed by a majority of respondents in the research performed by Steyn (2014) and Deloitte (2015), with Del Baldo's (2017a) study being able to apply this finding specifically to an SME. However McNally et al. (2017) found the improvements to be limited. Impahla Clothing believed that the increased transparency created by an integrated report was the

key to securing a long-term contract with a major customer (CIMA, 2015). Viastat S.P.A. recognises the enriched transparency of the report as one of their most prized intangible assets. Additionally, through the increased transparency, the report can be applied as a tool to achieve accountability (Silvestri et al., 2017).

All the companies in CIMA's (2015) case study have acknowledged improved communication as a benefit to producing an integrated report. According to the IIRC (2014), integrated thinking results in more open communication which breaks down the silo attitude and provides unified information to management. This enhanced communication with stakeholders has helped to shape one company's future reports and "share voices from the ground in a very qualitative way" (ACCA and IRM, 2016 p. 20).The increased communication for Dellas S.P.A. was embraced by all stakeholders who appreciated that the report gave them a holistic view of the company. The SME in the study completed by Del Baldo (2017b) shows there was an improvement in communication as all information is now consolidated into one document. Not only did this consolidation reduce the disjointedness of previous publications, but also facilitated more comprehensive dialogue through being able to more easily identify where information had been lacking in the past. In contrast, the large entities in the study undertaken by Macias and Farfan-Lievano (2017) expressively noted that the report had not improved communication.

An integrated report improves stakeholder engagement (Steyn, 2014, Deloitte, 2015, Del Baldo, 2017a). The results from the pilot run conducted by the IIRC (2014) show that 91 percent of companies say that the integrated report has had a positive influence on the engagement with external stakeholders however the improvements to stakeholder engagement were considered to be limited in the study performed by McNally et al. (2017). Monalisa S.P.A. has acknowledged that the enhanced communication with all their stakeholders has helped them better understand what stakeholders perceive as value which has assisted them in updating their scorecards and dashboards (CIMA, 2015). The report can be realised as a strategic asset (American Institute of CPAs, 2014) which will result in stakeholder goodwill (James, 2013, ACCA, 2017). As Mertins and Orth (2011) stated, an integrated report will enhance the creditworthiness of a company by bringing together its intangible qualities with its financial results.

Impahla Clothing believes the transparency in their integrated report has improved relationships with employees and has created a motivated team working towards a common objective (CIMA, 2015). One company in the ACCA study says that it has "given employees greater pride in the business" (ACCA, 2017 p. 10). The report can be utilised as a tool to

improve communication with existing and potential employees, as well as with prospective clients (Lai et al., 2017, Burke and Clark, 2016).

For an SME, capital comprises both share capital contributed by investors and borrowings. SMEs may not experience the same benefits of an integrated report as a listed company with respect to its investors, but the impact on SMEs and listed companies may be comparable with respect to borrowings. The report may assist SMEs to obtain additional funding (James, 2013, Solomon and Maroun, 2012). This was confirmed by Macias and Farfan-Lievano (2017) where the large entities in the research quoted the improvement in access to resources and the ability to obtain new investors as benefits to preparing the report. Impahla Clothing feel that their integrated report assisted in them obtaining financing required to fund their growth (CIMA, 2015). Additionally, the integrated report can help a company earn trust from its funders which in turn can lower the cost of capital (Solomon and Maroun, 2012). The privately owned company in the Black Sun Plc (2015) study states that its main reason for preparing an integrated report is to obtain funds. It believes that it has lowered its cost of capital through the change in conversations with funders that has been brought about by the increased transparency of the report. Funders now have a superior understanding of the business and, as a consequence, ask fewer questions. This was confirmed in by the SME in the Del Baldo (2017a) report. As IFAC (2017) state, by communicating a holistic strategy and a well-rounded business plan, lenders will understand how the entity could repay the funds in the future which, in turn, will have a positive impact on the borrowing rate. Viastat S.P.A feel that integrated reporting helped to break down the information asymmetry between the company and its bank which has resulted in greater access to funds and improved pricing (CIMA, 2015).

An integrated report can make a company more marketable for potential future acquisitions by other entities (James, 2013). This was confirmed by Macias and Farfan-Lievano (2017) where the large entities in the research quoted the ability to obtain new investors as benefits to preparing the report. The report will also increase the saleability of an SME as it will provide a base for a valuation (IFAC, 2017). Further it can be a scaffold for SMEs wanting to grow through listing on a stock exchange (Deloitte, 2015).

The more comprehensive dialogue between the entity and its customers allows for a greater understanding of customer requirements. Impahla Clothing claimed that the enriched communication with customers meant that the company was able to identify their exact needs which has enabled the company to better meet them while Viastat S.P.A. noted that the informative feedback from their customers has allowed them to improve their own value

proposition (CIMA, 2015). The report further allows an organisation to create a competitive advantage (Ernst & Young, 2013, Deloitte, 2015, Macias and Farfan-Lievano, 2017) and differentiate itself from its competitors (Lodhia, 2014). Dellas S.P.A.'s suppliers acknowledged that the additional information in their integrated report showed the aptitude of the company to generate value, which set them aside from other companies that only prepare what is required per legislation (CIMA, 2015). The report can also be used as a base for tenders (Deloitte, 2015).

An additional benefit of preparing an integrated report is that it enforces strategic planning. This is one of the key benefits experienced by both SMEs in the two different case studies undertaken by Del Baldo (2017a, 2017b). Similarly, it allows for superior resource allocation (Eccles and Saltzman, 2011, James, 2013, Deloitte, 2015, Del Baldo, 2017b, Burke and Clark, 2016) and improved decision making (Burke and Clark, 2016). The pilot run undertaken by IIRC (2014) show 79 percent declaring that is has positively impacted the decision making process. According to the IIRC (2014), integrated thinking encourages more open communication across an entity which breaks down the silo attitude. The resulting unified information provided to management may improve decision making. In the IIRC pilot programme, it was demonstrated that the revision of the strategy allowed for the development of enhanced key performance indicators which have resulted in more informed decision making (IIRC, 2012). This was confirmed by Monalisa S.P.A. who acknowledged that the process of preparing the report resulted in improved dashboards and scorecards used to manage the business (CIMA, 2015). The practice produces high-quality data which can be used for internal and external decision making (Burke and Clark, 2016). Impahla's integrated report highlighted the key issues within the business and allowed management to develop strategies to control them (CIMA 2015).

Management is able to better understand how the company adds value, which is another motive to prepare an integrated report. The pilot run conducted by the IIRC (2014) showed that 92 percent of the respondents claimed that integrated reporting helped the company to have a better understanding of how it creates value. The process of preparing a report provides an overall vision of the value creation process (Del Baldo, 2017b, Macias and Farfan-Lievano, 2017).

Sustainability within businesses is becoming more of a focus. In a survey performed by Ernst & Young (2011), it was confirmed that customers are the most significant users of the sustainability report. This sustainability information forms part of the integrated report so in order to ensure long-term success, a company will need to give the customers information

about the company's sustainability projects (James, 2013). As King-IV explains, millennials form the highest proportion of the population, compared to other age group categories, and their focus is on global environmental issues, as opposed to the financial crisis (IOD, 2016). Another benefit of preparing an integrated report is that it will ensure that management develops a sustainable strategy (James, 2013, ACCA and IRM, 2016). For the SME in the Del Baldo study, the main benefit of implementing integrated thinking in the company is the realisation that they would only be able to grow if the company "produces economic, social, ethical and environmental value" (Del Baldo, 2017a, p. 21). As large companies are being put under more pressure to act ethically, they will start requiring that their suppliers are also responsible citizens. This should put pressure on SMEs to prove their commitment to sustainable growth. This proof can be achieved through an integrated report (Voghel, 2011). As James (2013) notes, this will open up various supply chain opportunities to companies which have such reports. An SME can use other entities reports to ensure that their suppliers are providing them with goods and services in a sustainable manner (IFAC, 2017).

The enriched communication provided by an integrated report allows for early identification of risks to the business which would not have previously been recognised. These improvements will strengthen the governance procedures (IIRC, 2014). This was confirmed by the companies participating in the Deloitte (2015) study. According to Solomon and Maroun (2012), the enriched disclosure in an integrated report will improve risk management practices.

Although it has been suggested that adopting an integrated report will incur additional costs, Kaya and TureGun (2014) instead claim that relooking at the strategy as part of the integrated thinking process should result in an improved business model, thereby reducing costs. The panellists in Burke and Clark's (2016) study confirm this sentiment. The company's participating in Steyn's (2014) study have not yet appreciated the consequences of these advantages. One entity claims that the deeper understanding of what drives performance has resulted in improved profit margins by reducing costs (ACCA, 2017).

It is repeatedly mentioned by participants in the ACCA and IRM study that the integrated report aids holistic thinking (ACCA and IRM, 2016). In the ACCA (2017) study, one company acknowledged that the breakdown of silos within the entity could be achieved through connecting the strategy. This was confirmed by the SME in the Del Baldo (2017b) study. For this company, the improved cohesion resulted in a change in processes and enriched decision making. The panellists interviewed by Burke and Clark (2016) noted that the breakdown of silos meant that different departments started communicating with each other

on a regular basis and in some instances these departments had previously never before engaged. Dumay and Dai (2017) argue that breaking down silos is only needed at a strategic management level. It is not required at the day-to-day management level. They contend that a segmented approach fosters independent thinking which is important, especially for risk management. There is no evidence that a silo way of operating has ever adversely affected a company.

2.1.3: Reasons why SMEs are not adopting integrated reporting

SMEs contribute only seven to ten percent of the total prepared reports world-wide and ten percent in South Africa (GRI, 2013). The slow adoption rate of integrating reporting can be attributed to various challenges which are outlined below.

Cost is one of the key arguments used to justify why SMEs do not adopt integrated reporting. Kaya and TureGun (2014) believe that the increased costs to produce the report might affect customer demand as it will result in increased prices, which may negatively impact the SME. In the research performed by Black Sun Plc (2014), participants conceded that the increased resources required to prepare an integrated report has resulted in additional costs, with a number of companies admitting that these costs had increased by as much as 50 percent. Brilius (2010) shows that the lack of a formal report does not mean that the SME is not adhering to the underlying principles but rather that it believes it is too costly to produce such a document.

SMEs may also lack the required resources to adopt integrated reporting. In the survey undertaken by IIRC (2017), respondents agreed that integrated reporting is relevant for SMEs but a lack in resources at SMEs is a barrier to them adopting this form of reporting. The scarcity of resources is noted as one of the reasons for not adopting integrated reporting by the SME in the case study undertaken by Del Baldo (2017b). There is a lack of knowledge of the concept of integrated reporting. This lack of knowledge was shown to be a challenge specifically when implementing sustainability reporting (Brilius, 2010). It was highlighted in the research performed by Adams et al. (2007) that the attitude within the company impacts the quality and extensiveness of corporate reporting. The study finds that the lack of knowledge and experience of employees is a fundamental barrier to the development of a sustainability report. The agreement from interviews with leading academics and practitioners reveals that the majority of companies do not understand what integrated reporting means (Burke and Clark, 2016).

As the IIRC noted, the skill level of the employees at a company may be a challenge to implementing formal reporting (IIRC, 2012, Brilius, 2010). A GRI (2008) study found that SMEs are unable to attract employees with the required skills to prepare a sustainability report and, in addition, SMEs lack the resources necessary to prepare one. The entrepreneurial nature of the owners means that they may lack the skill required to adopt such forms of reporting (Del Baldo, 2017a). An SME described one of its key challenges in preparing the integrated report as managers lacking the capability to clearly define the business model (Silvestri et al., 2017). Revell and Blackburn (2007) showed that managers believe that they lack the competence to implement a sustainability report, so would not voluntarily adopt it. The responses to the discussion paper on the framework against integrated reporting for smaller organisations considered an integrated report to be too much of an administrative burden for an SME to prepare. The respondents contended that the information would not be readily available and there would be a lack of the skills required to prepare it (IIRC, 2012). This idea is confirmed by Macias and Farfan-Lievano (2017) where the large entities in the study cited the preparation of the report as being an onerous task. They claimed that there was limited overlap between the disclosures that were previously provided via the sustainability report and those required for integrated reporting. The listed entities in McNally et al. (2017) report considered the report to be an add-on that had been pushed down from senior management without due consideration for how it should be implemented.

SMEs may also lack employees to dedicate to the process. An integrated report requires collaboration across various business units within a company. Employees previously not involved with financial reporting will now have to dedicate time to the integrated report, allowing less time for their normal responsibilities (Eccles and Armbrester, 2011). According to Impahla Clothing, the lack of resources within the company was a challenge to producing the report as they were not able to have a dedicated team allocated to it and all employees had to find time in their already busy schedules to devote to it (CIMA, 2015).

According to the CIMA (2013), it was confirmed that technology is pivotal to the adoption of an integrated report. Companies will need to adapt their current information systems in order to collect the additional non-financial data required. SMEs may lack the required skills and finances to engender these changes effectively. Developing a supportive information system is listed as a challenge encountered by the SME in the Del Baldo (2017a) research. Technology is also acknowledged as a barrier to entry by an SME which elected not to prepare an integrated report (Del Baldo, 2017b). The listed companies in the McNally et al. (2017) noted system challenges as an impediment to preparing the integrated report. It was

also found that the new report had been superimposed over existing systems, thereby limiting the application of the framework.

SME employees feel that the concept of integrated reporting is based on larger companies and, as a consequence, has not taken into account factors which impact SMEs. As Lodhia (2014) contends, the framework was developed through political intervention and corporate lobbying by larger companies, thereby creating a bias towards larger organisations. This was confirmed by the analysis undertaken by Reuter and Messner (2015) of the responses to the discussion paper issued by the IIRC. It was proven that the majority of the responses were from large entities. This was also proven to be the case with the development of the sustainability guidelines (Brown et al., 2009). The perception, that the framework is controlled by large companies and the accounting profession, has resulted in a slow adoption rate by companies globally (as explained by Flower, 2015, in Dumay et al., 2017). The IIRC developed the framework with a "one-size-fits-all approach" but Dumay and Dai (2017) contend that not all companies are the same and therefore cannot all be catered for under one approach. Research has also established that SMEs are not aware of the impact that they have on society and do not see the need for taking this impact into account when managing their businesses (Parker et al., 2009). As cited by Dillard et al. (2010), Hillary (2000) explains that not only are SMEs unaware of their impact on the environment, they are also ignorant of the significance of managing businesses in a sustainable manner. According to Revell and Blackburn (2007), owner-managers feel that government should be responsible for protecting the environment via regulation.

The Del Baldo (2017a) case study finds that, owing to the lack of a culture to prepare non-financial information, obtaining buy-in from employees, especially around the transparency of governance information, has been a key challenge encountered. This was overcome by a robust and genuine commitment by the board, providing a dedicated manager to the process, working with external consultancy agency, as well as being part of the Italian Network Business Reporting pilot programme. The absence of buy-in can also be attributable to companies not understanding the advantages of generating a report and the lack of regulation requiring one to be prepared (Dumay et al., 2017). This was confirmed in the Du Toit et al. (2017) study that revealed that it will take a long time before all companies fully accept the concept and understand the reasons for integrated reporting. There is also an absence of support for implementing integrated reporting as the IIRC only discusses "why" a company would need an integrated report but it does not explain "how" to implement one and "how" to action integrated thinking (Dumay and Dai, 2017). Companies that are

preparing reports acknowledge that scepticism over the purpose and relevance of an integrated report is a challenge of implementation (McNally et al., 2017)

There is also no external demand for SMEs to prepare integrated reports. This was proven to be the case with sustainability reporting where the lack of external pressures was cited as a reason for SMEs not adopting such reporting (Revell and Blackburn, 2007). The study carried out by Collins et al. (2007) showed that reputational risk, governmental regulations, and concern over shareholder wealth (as well as employee pressures) have a greater impact on whether larger companies adopt sustainability reporting compared to smaller ones. The specific pressure on SMEs to prepare an integrated report may not be sufficient to break down the prevailing silos and create the requisite corporate culture to adopt integrated reporting. Lack of demand for an integrated report was proved to be a global barrier to prepare one by all different types of organisations (IIRC, 2017).

SMEs might also not want the information contained in the report to be publically known. The unlisted entity in the Silvestri et al. (2017) study identified developing the business model as a core challenge, given that its public distribution may lead to the exposure of trade secrets to competitors. Entities in the ACCA study noted that one of the barriers to generating integrated reports was the potential legal implication of the dissemination of the information, as well as not wanting their competitive advantage to be exposed (ACCA, 2017). This was demonstrated in the study undertaken by ACCA in conjunction with IRM where companies in more litigious environments were not convinced about the transparency principle of the integrated report with the fear that competitors may use the information against them (ACCA and IRM, 2016).

An additional challenge encountered by companies preparing integrated reports is the impact of a downturn in the economy or operational issues within entities. The companies in the ACCA and IRM study acknowledge that the integrated reporting process becomes second priority in a financially stressful environment, as resources have to be dedicated to resolving issues rather than focusing on the integrated report (ACCA and IRM, 2016).

Whilst some SMEs are aware of the benefits that producing a report can generate, they do not know how to embark on the journey to prepare one (Burke and Clark, 2016). The integrated report requires additional information to be included which companies previously would not have had to disclose. As described by Steyn (2014), disclosing the necessary forward looking information and finding the balance between providing the obligatory information and not compromising confidentiality are challenges companies experience

(Steyn, 2014). The latter was not highlighted as a concern in the McNally et al. (2017) research as respondents believed that current regulation and strong internal risk management policies protected the companies in this aspect.

Another challenge relates to maintaining the quality of the information included in the report as it is difficult to quantify and verify non-financial metrics (IIRC, 2013). It was illustrated that identifying and refining the metrics to be used, as well as determining what items need to be included in the report from a materiality perspective are other challenges that were faced when implementing the report (Deloitte, 2015, Lodhia, 2014). This can be a major hurdle preventing even large companies from implementing such a form of reporting (Deloitte, 2015). The large companies in the Macias and Farfan-Lievano (2017) study agreed with the sentiments that it was difficult to define materiality, as well as to identify the capitals as defined and operationalise the related reporting. As a consequence the companies did not embrace the entire framework but implemented it to varying levels. These entities further noted that it was challenging to understand the context of the framework especially coming from a sustainability focused background. In the country of study the GRI framework was so ingrained as being the best manner to report that entities were not willing to embrace this new style of reporting. In the research undertaken by Du Toit et al. (2017), it was revealed that in general, additional comprehensive guidelines are required to illustrate the reporting duties of entities (Macias and Farfan-Lievano, 2017). Determining what was required to be reported, finding the balance between quantitative and qualitative disclosures, establishing materiality and practically sourcing the non-financial information were challenges encountered by listed entities preparing integrated reports (McNally et al., 2017).

Dumay et al. (2017) attribute the low adoption rate of global integrated reporting to the vague definitions in the framework. The framework requires professional judgement to be applied but its ambiguity can be a barrier to adopting integrated reporting. One of the SMEs in the Del Baldo (2017b) study confirmed the lack of strategic processes and the perceived difficultly to operationalise the principles of the framework as motives for not adopting. They identified the framework to be overly technical and too difficult to adapt to smaller entities. As with all companies, SMEs will also find it challenging balancing what the company recognises as important with the wishes of the stakeholders. As Silvestri et al. (2017) explains, providing integrated information is difficult irrespective of the size of the organisation.

As has been established, there are benefits to preparing an integrated report and challenges encountered when creating it. The perception of these benefits and challenges by the

employees involved in the process can result in SMEs producing integrated reports with varying degrees of integration or not preparing at all. As a consequence, there is an indication that logics of resistance are impacting SME willingness to fully adopt integrated reporting. This topic will be explored further in section 2.2.2.

2.2: Theoretical framework

2.2.1: Isomorphic processes

According to DiMaggio and Powell (1983) there is more than just bureaucracy and competition causing organisations to change and become similar. Once companies are organised into a field, there are forces which will steer them to harmonise with one another in order to achieve legitimacy. Certain qualities of the companies and the fields will determine the rate at which the field will conform (DiMaggio and Powell, 1983). According to Rodrigues and Craig (2007), companies will struggle to become homogeneous where the environment in which they operate is diverse.

DiMaggio and Powell (1983) define the three isomorphic processes within organisations, explaining what forces may motivate an organisation to change, namely, coercive, mimetic, and normative. Although these three processes can be considered linked, they are derived from dissimilar circumstances which can cause different results which can occur concurrently. The first one is “coercive isomorphism” which is a result of political pressure and legitimacy. Organisations will change because of regulation or best practice imposed on the organisational field (DiMaggio and Powell, 1983). The second is “mimetic isomorphism” which is the outcome of a response to goal ambiguity. If there is uncertainty within an organisation, it will look to what other successful organisations are doing to determine the change required. Organisations also copy the innovations of others in order to improve legitimacy as this shows that they are, at least, willing to improve the working state. This isomorphic process is usually driven by employees and customers as they put pressure on the organisation to provide innovative service (DiMaggio and Powell, 1983). The final process which DiMaggio and Powell (1983) define is “normative isomorphism” which is a consequence of professionalism. Organisations are made up of professionals. These professionals all receive similar education either at a university level or through a professional body which results in them implementing similar processes at different organisations. These same professionals also set up networks over which ideas can be discussed and results in similar changes implemented in a wide range of organisations. DiMaggio and Powell (1983) explain how a filtering process regarding the management of

employees causes organisations to act in a similar nature. This process ensures that similar people are hired for similar positions and because of their similarity, they may stimulate the same business decisions at different organisations.

Even though the change has not resulted in an improvement in operational efficiency, these isomorphic processes will still drive one company to imitate others as it can be observed that companies will be rewarded in other ways for complying. Changing can make it easier to transact with similar companies, to attract like-minded staff, to appear legitimate and trustworthy and well as being considered eligible for various types of grants (DiMaggio and Powell, 1983). These changes will signal to stakeholders that the company is progressive, trustworthy, lawful and technically robust (Carruthers, 1995). As efficiency is not the driving factor for these companies to change (Carruthers, 1995), at times companies can reduce internal control and management in order to be acknowledged as legitimate (Meyer and Rowan, 1977).

Lowe and Maroun (2016) illustrated how an independent reviewing panel can act as a source of isomorphic pressure to ensure that compliance of a regulation is not merely symbolic. The research revealed how a monitoring panel working in conjunction with regulations and stakeholder expectations yielded a critical basis of coercive isomorphism. The existence of a panel did not generate significant mimetic pressures to comply but respondents did acknowledge that the monitoring panel's reports were used to determine what was not considered appropriate. In addition, peers were investigated to help identify areas where they were not completely complying. On the other hand, normative isomorphism did stimulate compliance as there was a fear that not obeying would negatively impact professional reputations (Lowe and Maroun, 2016).

2.2.2: Logics of resistance

A prescription is a law or regulations, as well as best practice, applicable to a particular organisation. As a consequence of isomorphism, there is an expectation that all organisations will adhere to any prescriptions. This is not necessarily true as Tremblay and Gendron (2011) explain that implementing a new system will not necessarily change human behaviour and adopting a prescription is a multifaceted process which is subject to modification. Complete conformance to the adoption of a prescription cannot be assured due to the human element in the implementation and unforeseen results should be expected (Carruthers, 1995). Those involved in adopting the new prescription have significant impacts

on how it is understood and applied (Tremblay and Gendron, 2011). Compliance cannot be assumed (as explained by Akrich et al., 2002, in Tremblay and Gendron, 2011).

As described by Tremblay and Gendron (2011), when there is a new prescription, the targeted actors seek to understand it while determining whether it should be followed and how this should happen which means it can either be adopted, partially adopted or disregarded. The partial adoption is a result of those in the field not interpreting the prescription as was intended by the setters. They further clarify that once a prescription is issued it goes through various tests by the actors: the outcome of this can either strengthen or weaken the implementation of this prescription. In order to claim compliance with the prescription, there needs to have been significant change as a result of it and a cosmetic adherence to prescriptions illustrates a logic of resistance. This resistance does not need to be unanimous and there can also be a concurrent element of compliance. An actor can be both for and against a prescription and is not compelled to a specific standpoint (Tremblay and Gendron, 2011).

Tremblay and Gendron (2011) analysed how prescription to improve corporate governance was received by audit committees and the study showed that there was a logic of resistance in accepting the new prescription. The results illustrated three forms of resistance. The first resistance results when the actors do not agree with the regulation imposing the reform and only a token adoption of the prescription is implemented. The second form of resistance occurs when the actors feel that the new regulation is a result of an isolated event which is not applicable to them. They, therefore, believe the regulation is not required. The final form of resistance is when the prescription is adopted cosmetically with no real underlying change taking place in the organisation. The new prescription is considered a duty which needs to become a custom and as a consequence, a legalistic adoption is followed with the implementation of checklists which are used to substantiate that the prescription is being implemented. The study also identified a level of compliance where substantive changes were made in the organisations. Here the actors in the field agreed with a part of the change the prescription requires.

Maroun and van Zijl (2016) analysed how isomorphic pressures caused organisations to adopt new accounting standards and how resistance strategies impacted the way in which the changes were applied. The results of the study are in line with the three forms of resistances detailed by Tremblay and Gendron (2011) above. The participants in the study thought that the change in regulation would not solve the underlying problem as the standards could not force the actors to be more ethical. The results also showed that there

had been a legalistic interpretation of the changes and that lipservice had been given. Various research projects on resistance strategies in the United Kingdom's medical industry confirm these findings.

The first study showed that the organisations absorbed the change by hiring fewer skilled staff to do the additional work which the prescriptions were now forcing doctors to perform which meant that doctors were still able to continue doing the same work as before. This resistance strategy allowed the organisations to comply with the prescriptions but not in the manner intended by the government (Laughlin, 1991). In the study performed by Broadbent et al. (2001), there was a slight difference from the previous study as the new prescription was adopted by some of the professionals within the industry yet others deemed the changes to be in direct conflict with their ethical beliefs which led them to set up new entities as a form of resistance to the new prescription being imposed on them. This form of resistance was more public than the one utilised in the study undertaken by Laughlin (1991). This study has identified the logics of resistance which have been in play by both the preparers and the non-preparers of integrated reports within an SME environment.

2.3: Integrated reporting, isomorphism and logics of resistance

There is an extremely low adoption rate of integrated reports amongst SMEs. Globally, small- to medium-sized practitioners showed that only 33 percent of clients have expressed interest in such a form of reporting (IFAC, 2014) and in South Africa, only ten percent of companies within the field of SMEs prepare integrated reports (GRI, 2013). According to DiMaggio and Powell (1983), if the isomorphic processes are in place, it should motivate the other companies in the field to prepare such reports as the report gives the company legitimacy. This was confirmed by Steyn (2014) who showed that the primary reason for companies adopting integrated reporting is legitimacy. Integrated reporting gives entities legitimacy (IOD, 2009, Macias and Farfan-Lievano, 2017). There is evidence that in countries with a "comply or explain" regulation, coercive isomorphism does drive companies to prepare integrated reports (Vaz et al., 2016) though it is not yet a form of prescription imposed on the companies is part of this study (IOD, 2009). Coercive isomorphism should also result in these companies preparing integrated reports as it is viewed to be best practice for corporate reporting (CIMA, 2013). However, Dumay and Dai (2017) argue that the benefits of an integrated report are not strong enough to induce companies to adopt integrated reporting. They assert that a successful company does not need an integrated report to improve their way of operating.

Mimetic isomorphic pressure suggests that entities should look to their peers and copying what they are doing. SAICA and South African Institute of Professional Accountants (SAIPA), the two dominant accounting bodies in South Africa, prepare their own integrated reports (SAICA, 2016, SAIPA, 2016) yet there is an especially low adoption rate of only 10 percent of their peers (GRI, 2013). The reason for being an early adopter could be 'to establish reputations for being rational, modern adopters of fashionable business techniques' (Rodrigues and Craig, 2007, p.753) as was the case with the early adopters in International Accounting Standards in the EU. The case study of an Australian bank showed that the report was used to reinforce their standing as a pioneer in the industry (Dumay and Dai, 2017). The large companies in the research performed by Macias and Farfan-Lievano (2017) were established entities that were leaders in their field and they all had elaborate expansion plans. These entities were also very focused on sustainability. This form of isomorphism was not confirmed by Vaz et al. (2016). They claimed that the imitation process is not immediate and that it takes time to develop the process of producing such a report but it may became a driving force in the future. Finally, normative isomorphism says that these organisations will be influenced to comply by professionalism. An accountant plays a pivotal role in the initiation, as well as in the preparation of an integrated report (ACCA and IRM, 2016). In South Africa, the Integrated Reporting Committee of South Africa (2013), includes all the bodies which govern the local accounting profession, has endorsed the use of the framework. As Dumay et al. (2017) uncover, the accounting profession has had a major impact on the development of the IIRC's framework. Vaz et al. (2016) rationalise that this form of isomorphism will drive the adoption of integrated reporting as the professionals' beliefs are that this is the best way to communicate the company's impact on society. Their study shows that companies operating in countries with less individualism and high concern for the good of society are more likely to prepare integrated reports. This was confirmed in the Del Baldo (2017a) report: it was shown that the SME's ingrained family values and its commitment to the local society was a stimulus for the company creating its first integrated report.

All three of the isomorphic pressures indicate that though there are some forces working against these entities, they should be preparing integrated reports. As Carruthers (1995) explains, there is choice on how prescription is interpreted and applied so absolute compliance cannot always be assured. This was highlighted in the study undertaken by Ahmed Haji and Anifowose (2016) who concluded that ceremonial changes have been made to the integrated report to achieve legitimacy through the use of various impression management techniques in order to enhance the company's status as opposed to substantive changes to incorporate integrated thinking into the business. This is known as decoupling where there is a gap between the formal policy of the company (the prepared

integrated report) and the actual practice within the organisation (implementing integrated thinking) (Meyer and Rowan, 1977). The advantage of decoupling is that it allows an organisation to claim that formal structures have been implemented and are working satisfactorily while hiding the discrepancies with it from the public (Rodrigues and Craig, 2007, Carruthers, 1995). One of the aspects examined in the study undertaken by the GRI (2013) was to determine whether the adoption of integrated reporting has changed the structure of the report. The results showed that only 31 percent of these reports have embraced an embedded structure, showing distinct links between financial reporting and sustainability performance. Solomon and Maroun (2012) demonstrated how reports are riddled with generic disclosures and repetition. According to Tremblay and Gendron (2011) acceptance can be paradoxical in nature with organisations complying with the prescription, yet concurrently resisting.

There could be resistance in the adoption or lack of adoption of integrated reporting within the SMEs if the decision makers within the SMEs do not believe that the benefits of producing one exceed the cost to implement it. Their own absence of skills and knowledge of integrated reporting could have also caused them to disagree with the regulation as per the study undertaken by Revell and Blackburn (2007). The study showed that managers, who believed that they lacked the competences to implement a sustainability report, did not voluntarily adopt the form of reporting. Resistance could also occur as SMEs are not aware of the impact they have on society and, as a consequence, do not see the need for taking this impact into account when managing their businesses (Parker et al., 2009). SMEs also believe that the framework was developed as a result of corporate lobbying and as a consequence has not taken into account the unique nature of a smaller company (Lodhia, 2014). As mentioned previously, the study undertaken by the (GRI, 2013) showed that only 31 percent of the reports analysed showed an embedded structure which could indicate legalistic resistance in play. The preparation of an integrated report may be a simple tick box exercise for companies. McNally et al. (2017) identified that the listed companies were preparing the report as a compliance exercise with a checklist mentality while carefully managing the information in the report to convey a predetermined message. Ahmed Haji and Anifowose (2016) revealed that companies are using integrated reports as impression management tools to engender superficial changes rather than fundamental changes through adoption of integrated thinking. Marcon and Mancin (2016) analysed integrated reports which formed part of the IIRC's pilot programme. The study showed there was compliance with the framework but the essence of it was not present. In order to understand if the adoption of integrated reporting has resulted in fundamental changes within the companies to achieve the benefits of integrated thinking this report analyses the attitudes of

the preparers of the integrated reports to determine whether there is are logics of resistance present.

3: Research methodology

3.1: Research methodology

Integrated reporting is a relatively new topic and the impact it has on SMEs which prepare reports is not well understood (Lodhia, 2014). In order to gain an understanding of the attitudes of SMEs to integrated reporting, a qualitative methodology has been employed (Creswell, 2013). This allows the research to gain a more insightful discernment of the topic than would have been achieved using a quantitative approach (O'Dwyer et al., 2011). This was reached by using abductive reasoning in which the data collected was analysed to find the most plausible explanation for it (as explained by Jaccard & Jacoby, 2010 in Leedy and Ormrod, 2013). Studies using a positivist approach consider a phenomenon using empirical methods. This process is objective and the results can be generalised (Leedy and Ormrod, 2013, Ryan et al., 2002). On the contrary, interpretive research is subjective (Creswell, 2013, Leedy and Ormrod, 2013) as it takes into account social and cultural features which are then interpreted using natural language arguments (Ryan et al., 2002).

The approach in this paper is considered to be interpretive. The findings are a narrative communication of the researcher's own reflections and analysis of the data (Leedy and Ormrod, 2013). A weakness of this type of research is that validity is difficult to obtain as the results are a consequence of the researcher's own considerations. Validity in this form of research has been obtained via detailed documentation of the results of interviews (Creswell and Clark, 2011, Maroun, 2012).

This research has used a qualitative methodology through the use of interviews, by means of an interpretative approach to gather and examine information to answer the research question. This thesis aims to gain a clearer understanding of the attitudes of SMEs towards integrated reporting which is a complicated situation (Leedy and Ormrod, 2013). The researcher's principal goal was to collect open-ended data with the intention to understand viewpoints towards the prepared report. In this way, the research is inspired by a grounded approach (Creswell, 2013).

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3.2: Research design

The thesis used semi-structured interviews to understand the attitudes of SMEs towards integrated reporting. This method has ensured that interviewees were able to discuss what they believed pertinent to the topic while the interviewer was able to obtain answers which were insightful and inclusive (Alvesson, 2003). This research is subjective in nature as the results are obtained using interviews and the researcher was actively involved in the data collection and analysis of results. This is not a threat to validity and reliability as it is an intrinsic feature of qualitative research (Creswell and Clark, 2011). This approach to conducting research allows for a range of data sources to be combined to gain a deeper understanding of a phenomenon. This permits the phenomenon to be examined through a variety of different outlooks which result in multiple aspects of exposing and understanding (Baxter and Jack, 2008). This is contrary to using a statistical approach which may oversimplify the social impact of the attitudes of SMEs towards integrated reporting (Rowley, 2012).

In order to ensure focus on the research question, an interview agenda was used (Leedy and Ormrod, 2013). The participants were not expected to have a detailed understanding of logics of resistance strategies. The planned questions have a broad focus which allowed all the developing concepts to be explored. It ensured that the questions were not leading and prevented the researcher's opinion being imposed on the answers (Leedy and Ormrod, 2013).

The interview questions are derived from the literature detailed in section two above. The interviews start with a question to determine if the interview was with the correct person to provide comment on the topic. The next focus was to determine if the interviewee understood the concept of integrated reporting and the requirements of the framework. The literature on integrated reporting was used to determine the key aspects of an integrated report (IIRC, 2013, IIRC, 2012). These questions required the interviewee either to explain a concept relating to integrated reporting or to give details of how the concept had been implemented in the company. The next part of the interview aimed to address the low adoption rate within SMEs which was highlighted in the literature (IIRC, 2012, GRI, 2013). Here the interviewee was questioned on the applicability of integrated reporting in an SME environment and the either benefits and challenges faced with generating one or the reason for not adopting (examples include Revell and Blackburn, 2007, James, 2013, Lodhia, 2014, Kaya and TureGun, 2014). All the questions are aimed at determining the isomorphic processes in play at the company which had led to the adoption of integrated reporting

(DiMaggio and Powell, 1983) and the logics of resistance present in how the company had implemented the change towards integrated reporting (Tremblay and Gendron, 2011). Subject to the interviewees' replies, additional questions were asked which were aligned with the theories previously examined (O'Dwyer et al., 2011). As much as possible, the questions were non-leading (Creswell and Clark, 2011). These questions, detailed in appendix A, were reviewed by University of Witwaterand's Ethics Unit prior to the commencement of the research.

The semi-structured interview agenda also safeguards validity as it ensures that there is a focus on the research question and that all important themes are covered (Rowley, 2012, Leedy and Ormrod, 2013). In line with the recommendation by Rowley (2012), the aim of the research was to conduct sufficient interviews to obtain saturation which *should* be between six to twelve interviews, ranging between 30 minutes to one hour. The longer interviews ensured that there was adequate theoretical saturation of the concepts (O'Dwyer et al., 2011).

3.3: Selection of interviewees

The sample for the research was chosen using purposive sampling (as explained by Silverman, 2010 in Rowley, 2012). This type of sampling may introduce bias into the thesis but it ensures that participants have experience and knowledge to adequately address the research question (Rowley, 2012). The small nature of the sample size is not a limitation of interpretive research (Rowley, 2012) as the aim is to interpret social phenomena (Ryan et al., 2002, Leedy and Ormrod, 2013) rather than achieve a measure of statistical agreement (Creswell and Clark, 2011). In qualitative research, the data collected is more extensive and discerning than it in is a positive study (Leedy and Ormrod, 2013, Maroun, 2012). So in order to obtain greater detail, there is a trade-off with the sample size (Creswell and Clark, 2011). As the research is seeking to understand the attitudes of SMEs towards integrated reporting, it is important that the participants involved are closely involved with SMEs.

A total of 17 respondents were interviewed. Eight are preparers of integrated reports while nine are non-preparers. The preparers can be categorised as follows: one financial director, one head of risk and strategy, one senior specialist for risk and strategy, one auditor, one chief executive officer, one company secretary and one IFRS analyst. The non-preparers can be classified as five accounting practitioners, one business owner, one company secretary, one auditor and one SME accounting expert. Identifying the correct person to interview increases the accuracy of answers while it also limits the risk of misinterpretation

(Grimsholm and Poblete, 2010). Details of these interviews can be found in Section 7 at the end of this study.

3.4: Data collection

The potential participants were contacted either by telephone or e-mail and asked if they would like to participate in the research. They were given a brief overview of the nature and purpose of the research. In order to ensure ethical levels of the research were maintained, each participant was notified that: participation was voluntary; they were guaranteed anonymity; they were able to withdraw at any time and all correspondence would be treated as confidential (Alvesson, 2003).

Once the participant had agreed to participate in the research, a time was scheduled to conduct the interview. It was performed either in person or over the telephone, depending on the circumstance (Leedy and Ormrod, 2013, Creswell and Clark, 2011, O'Dwyer et al., 2011). The interview agenda was provided to the interviewee before the scheduled time. This ensured that the participant was aware of the purpose of the interview and allowed the participant to provide detailed and informed responses (Rowley, 2012, Creswell and Clark, 2011, Leedy and Ormrod, 2013). The risk of rehearsed answers was reduced as the questions were open-ended in nature (Rowley, 2012, O'Dwyer et al., 2011): this adds to the validity and reliability of the research.

Before the commencement of the interview, the participant was asked for consent to record the interview. This enhanced the accuracy of the transcripts and avoided the researcher having to take detailed notes during the interview which may have distracted the participant. This also allowed the researcher to focus on non-verbal communication (O'Dwyer et al., 2011). The interviewee was reminded that any recording or transcription of the interview would be kept safe and that the interviewee was able to request the recording be stopped at any point during the interview (O'Dwyer et al., 2011). Through a subsequent review of the interview responses, the researcher noted a summary of considerations that could be used in subsequent interviews (O'Dwyer et al., 2011). After the interview, the recording was transcribed and these transcriptions were kept in a logical order and physically safeguarded (Alvesson, 2003).

Time was spent at the beginning of each interview, establishing a rapport with the participant, reminding the participant of the nature and purpose of the thesis while iterating

the confidentiality of the answers. The interviews were semi-formal. The participant was advised that there are no correct answers and encouraged to answer generally. During the interview, participants were asked to explain various terms and concepts using different words to ensure that responses were not rehearsed or to avoid ambiguity (Alvesson, 2003). The sequence of questions varied but the interviewer ensured that all questions on the research agenda were addressed (Alvesson, 2003, Rowley, 2012). Each interview lasted between approximately 30 minutes to one hour (O'Dwyer et al., 2011). This allowed necessary time to cover each concept adequately without requiring greater time commitment from the participant. Access risk was minimised as all participants were located within the country (Creswell, 2013).

3.5: Data analysis

The process followed to collect data was iterative as the researcher constantly re-examined the material. Prior literature and further interviews were conducted if the need arose (O'Dwyer et al., 2011). A three-stage process was used to analyse the transcripts and notes. First there was data reduction, then data display, then conclusions were drawn (O'Dwyer et al., 2011). The interviews lasted between 25 minutes and 75 minutes and were recorded digitally. They were carried out from 26 October 2017 until 8 March 2018. Initial notes were prepared subsequent to the interview to summarise responses. The interviews were transcribed using Microsoft Word. The data reduction process then followed with a detailed examination of the transcripts and notes to identify the key themes and sub-themes (Rowley, 2012). These themes and sub-themes were then allocated codes which aided the analyses of the data (Rowley, 2012, Leedy and Ormrod, 2013) and it ensured that the thesis maintained its focus. This resulted in re-coding transcripts as the analyses progressed. Saturation of the data was reached after 75% of all interviews and no further themes were identified (Maroun, 2017). For data display, a summary table was developed in Microsoft Excel, based on these themes (O'Dwyer et al., 2011) and all information from the various interviews was grouped under the relevant codes (Rowley, 2012). A separate tab in Microsoft Excel was created for each theme and the filter process was used to classify information into sub-themes. This assisted the interpretation of the data and allowed the researcher to uncover the insights of the research (Rowley, 2012). The process was iterative and there was additional reading of the transcripts, notes and prior literature until appropriate levels of conceptual saturation were achieved and the researcher was familiar with the details (O'Dwyer et al., 2011). Based on the evaluation of this data, the researcher was able to draw various conclusions and present them as part of the research findings.

In order to obtain a complete picture, particular attention was paid to obvious contradictions and incongruities between the different interviews and within an individual interview. Certain contradictions requiring a follow-up interview were held either via telephone or e-mail (Leedy and Ormrod, 2013). The purpose of the research was to obtain saturation of the subject matter and not to achieve a "result" in the positivist sense (Leedy and Ormrod, 2013, O'Dwyer et al., 2011, Rowley, 2012).

3.6: Limitations

A weakness of this type of research is that the results are a consequence of the researcher's own considerations and cannot be generalised (Leedy and Ormrod, 2013). As the researcher was actively involved in the interview process, she unavoidably becomes part of the data collection instrument. As a consequence, the results are not favourable to generalisation or reproduction though the purpose of a qualitative study is not to produce a positivist type "result" which can be replicated (Creswell and Clark, 2011). There is also a risk that the replies to interviews may have been rehearsed or modified due to social pressures like the need to be politically correct or ensuring that the reply is in line with the participant's employers' beliefs (Alvesson, 2003).

This research considers the attitudes of SMEs towards integrated reporting from the perspectives of only a few interviewees based in South Africa. The viewpoints of integrated reporting for other SMEs have not been addressed. As a consequence, the small sample size of this thesis may not have given a complete picture of all the attitudes of SMEs in general. Additionally, the explanations were only analysed using two theoretical viewpoints. As a result, whilst it has shed light on the isomorphic processes involved and the resistance theories in play in producing integrated reports, it does not give any other insights into how other forms of organisational change have impacted on the process (Alvesson, 2003).

3.7: Validity and reliability

In order for research to provide legitimate results, it must have validity and reliability. A measurement tool has validity if it measures what it is intending to measure. Reliability is the assurance that a measurement tool will yield similar results when there has been no change in the item being assessed (Leedy and Ormrod, 2013). The principal element of interpretive research is the researcher's interpretations of and the connection with the subject matter. As

a consequence, validity and reliability demanded from the evidence in a positivist study is not appropriate in a qualitative one (Ryan et al., 2002).

3.7.1: Reliability

A qualitative thesis should aim to attain procedural reliability. This is achieved by having a sound research design which distinctly speaks to the research question, there should be a comprehensive plan and there must be an accurate recording of the findings. In essence there should be a trail that an independent person performing the research can follow (Ryan et al., 2002). This research has followed procedural reliability. The details can be found in section 3.5 above.

3.7.2: Validity

Validity is ensuring that the research findings are authentic and explanations are plausible (Lukka and Modell, 2010). In order for an interpretive study to be appreciated as legitimate, the results must have validity (Lukka and Modell, 2010). In quantitative research, content validity, construct validity and criterion validity are essential, whereas validity in a qualitative study comes from the analysis of the procedures utilised by the researcher (Creswell, 2013). In a case study such as this report, it is necessary to obtain contextual validity ensuring the integrity of the evidence and drawn conclusions are denoted (Ryan et al., 2002).

Negative case analysis was utilised to ensure validity. Data was continuously interrogated to identify elements which either did not support or opposed the existing hypotheses (Rowley, 2012, Leedy and Ormrod, 2013, Creswell, 2013). This involved the use of abductive reasoning which required the researcher to remain aware of alternate explanations and to eliminate less plausible descriptions while analysing the data together with the theory (Lukka and Modell, 2010). This is evidenced in the findings where the arguments for and against the logics of resistance have been appraised in order to determine the most likely explanation. This type of analysis allows the reader the chance to draw his/her own conclusions. It also adds to the authenticity of the report as it reveals the multifaceted nature of the topic (Lukka and Modell, 2010).

To enhance the validity, the interviews were of a suitable length in order to obtain sufficient data which allowed the researcher to provide comprehensive results. Due to the detailed nature of these results, readers are able to reach their own conclusions which adds to the

legitimacy of the research (Leedy and Ormrod, 2013). It also allowed the results to be triangulated as there was sufficient evidence collected on each issue (Leedy and Ormrod, 2013, Ryan et al., 2002). This is supported in the results section where there is adequate data to identify reasons for adopting and the various levels of resistance present in the adoption. These “thick” descriptors obtained allow for the results to contain necessary detail to contribute to the field of study (Lukka and Modell, 2010).

Consideration has been given to the many theories evident in the logics of resistance strategies. These were identified as being present in the attitudes to integrated reporting and revealed equally compelling truths (Koro-Ljungberg, 2004, in Lukka and Modell, 2010). This enabled the researcher to have a better understanding of the situation and a deeper investigation of the data in order to construct a more holistic account of the findings (Alvesson, 2003). By giving the expression to the multiple “others”, it enhances the feeling of authenticity of the report as it shows that the researcher has not tried to influence with a singular truth (Lincoln & Guba, 2000, in Lukka and Modell, 2010).

Validity has also been ensured in the nature and manner of the interviews. All interviews were held with people who have the required knowledge and experience (Rowley, 2012; also see Section 3.3). The interview agenda was compiled based an extensive review of the relevant literature (see Section 3.2). Open-ended questions were asked which reduced the risk of rehearsed answers (Rowley, 2012, O’Dwyer et al., 2011, also see Section 3.4). The purpose of the research was iterated at the beginning of each interview and the fact that the results of the interview would only be used for the purpose of the research was emphasised (Vaivio, 2006, in Lukka and Modell, 2010; also see Section 3.4)

Finally, in order to maintain validity within the research, the highest level of ethics was respected. Interviews were held in comfortable environments and interviewees were able to halt the interview at any time (Creswell, 2013). To ensure that all responses were comprehensive and truthful, the researcher emphasised to the interviewee that all responses would remain anonymous (see Section 3.4). If a quoted response was used which could indicate the identity of the interviewee, it was paraphrased or edited and changes were clearly specified. Prior to the interviews, the required ethics clearance was obtained from the University of Witwaterand’s Ethics Unit.

4: Results

4.1: Motivations to prepare an integrated report

4.1.1: Improved relationships with stakeholders

An increase in the company's reputation is commonly cited by non-preparers as a motivation to prepare an integrated report (R1, R4, R5, R8 and R9). It is perceived that the report will earn trust for the SME (R9). As an interviewee identified, what is included in the report does not necessarily have to be true, merely producing the report will enhance a company's reputation. This was justified by referencing to BP who won multiple sustainability awards in the year which the company had the massive oil spill (R4). A preparer agreed that the report had a positive effect on the organisation's reputation and trust as stakeholders now use the entity as first point of reference (R15). This improvement in reputation is also proved to enhance the brand of an entity:

> "Okay. I think, I think, what an integrated report will be. As I just said now, if it's on my coffee table, it's almost an advertisement. It's almost, it's almost to say, here's my company, here's what I do, here's what I've done for community. It's boasting, you know. In a nice way, but it's also getting all the operational sides of what we really do." (R8)

The benefit of producing an integrated report is that it increases a company's transparency (R2) and accountability (R10). This was confirmed by a preparer who noted, "Externally, I think, for us it just demonstrates what we do" (R4). Preparers reported an improvement in connection with stakeholders (R15, R16, R17 and R24) and an increase in stakeholder goodwill (R13 and R15). A presenter (R32) at the conference described how the report had improved communication in three ways. Firstly, as the integrated report is more concise and uses additional graphics, the report now speaks to non-financial individuals. Secondly, presenting the business model and describing exactly what the SME does improves all relationships within the supply chain as all the connected parties are proud to be part of the offering of the SME. Finally, it helps connect with the new generation of stakeholders because "they are smart phones; they want information now that is relevant but only 3 pages." (R32). The enriched communication with stakeholders has allowed one SME to tell the entity's story. Previously, the organisation was isolated from society and the integrated report has been used as a tool to educate stakeholders and to integrate with society (R15).

Two SMEs noted that the document allowed more personal communication with stakeholders (R16 and R17). The superior communication ensured that stakeholders understand the entity's value creation story, as well as the future plans (R17). Another SME agreed that the improvement to communication is a benefit of preparing the report but contended that this had not yet been achieved because of the immaturity of the report (R5). The preparation of the report has enabled a greater understanding of stakeholders' needs (R15 and R17). One preparer explained how there were plans to set up interviews with the external stakeholders to improve future reports (R15).

The integrated report has specifically improved communication with employees. Everyone now appreciates the strategy and is aware of what is currently happening within the organisation (R7 and R15). Non-preparers consider an increase in employee motivation as a reason to have an integrated report. It can be used as a tool to motivate staff when the SME is going through a difficult operating times (R1). The report can be a benchmark to encourage the company as it identifies the targets which have been met and the ones which require further work (R1 and R2). If one gets buy-in from staff for the report and inspires them to drive the process there will be a passionate and engaged work force (R4). A non-preparer explained how the company was struggling with demotivated staff who did not understand the strategy. It was supposed that if there was an integrated report then the team would have a enriched comprehension of the purpose of the company and consequently be more motivated (R2). The report may also be used as a marketing tool to attract future employees who could use it to prepare for their interviews (R3). This was confirmed by a preparer that explained how the entity had initially struggled to attract employees but, since the new brand was communicated in the report, the organisation is now identified as an employer of choice (R15). A presenter representing an accounting training institution described how the integrated report can improve relations with the millennial generation (R30).

> "Then there is also the new generation. They are not just happy receiving a salary anymore or just working it out; they want to see how this is impacting. IR will show you the bigger picture and how it will influence the organisation." (R30)

Another reason to adopting integrated reporting is the view that it assists companies to obtain funding. This was confirmed by an academic presenter (R23). This benefit was only discussed by one preparer who noted that banks like the reports as they can used to show that the bank is funding companies which are focused on more than only the bottom line (R13). A respondent argued that the funding at SMEs is obtained, based on the financial

status of the owner which would not be included in the integrated report thus funding would not be a benefit of the report (R11). None of the preparers interviewed cited a lower cost of capital or an increase of borrowings as a result of the report. There was also no mention of banks asking fewer questions because of the additional disclosures in the document.

The integrated report can also aid SMEs when looking to sell the business or to list on a stock exchange (R13 and R29). An audience member at the conference suggested that a forum be set up to assist SMEs to prepare integrated reports. The rationale was that the adoption of an integrated report would "position SMEs for the future" (R29), given that they may grow over time and one day need to list. Growth in the company was cited as a reason for adopting an integrated report by an unlisted entity (Silvestri et al., 2017).

An integrated report also enhances relationships with suppliers and customers. As one respondent claimed, its advantage is that "it actually informs [them] that we are not fly-by-night bookies" (R9). As larger entities are under pressure to be more sustainable, they are going to want to transact only with customers who are also managing their business in a similar fashion. In the future it could become the cost of doing business with a bigger company (R5). Two respondents confirmed that this would stimulate preparation of an integrated report. It was suggested that the report may aid in procuring bigger clients (R2 and R6). There was no mention that customers' and suppliers' reports could be used to ensure that the company was only transacting with other entities acting in a sustainable fashion. Another benefit of generating an integrated report is that it gives a company a competitive advantage (R24). A non-preparer acknowledged that this should be a cause for adopting such a form of reporting (R3). A presenter explained how the integrated report assisted gaining an understanding of the needs of the members which had resulted in an improved value proposition (R32). Further, in the tender environment it could be considered as a disadvantage if one is not prepared (R6) though a respondent has never observed it as a prerequisite for a tender (R3).

4.1.2: Enhanced strategy and improved business model

An important benefit of an integrated report is that the process requires a company to ensure there is a strategy in place. A preparer described the report as a "catalyst" to stimulate greater strategic focus (R7). In this circumstance, the process of producing the report results in a clearer understanding of the company's strategy. The company has also managed to embed the strategy thoughout the organisation.

> “There's been a complete elevation of our performance measures in terms of how we know whether we are achieving our strategy or not. Because it’s, we no longer are necessarily measuring our strategic success based on what we do. But, actually, and it goes down all the way from the CEO’s score card to everybody’s score card that we actually measure our success based on the value we’ve created or destroyed. So that has been a big elevation that you know. So we don’t actually really care what people do on a daily basis. As long as what they do is creating the value that has been articulated in terms of what our strategy needs to achieve.” (R7)

Another preparer describes how the strategy was revised before the report was prepared but the report has ensured that the entity focuses on the strategy. The report is used as a tool to communicate the strategy to the stakeholders (R15). The report has raised awareness (R15 and R16) and it has ensured the company is more conscious of taking the strategy into account during daily activities (R15 and R17). The revised strategy was engrained at the organisation as all employees spoke the same language (R15 and R17).

Developing a strategy can facilitate the more effective management of resources in order to ensure continued success in the future (R3 and R7). This can also translate into superior relations with clients as they now understand where the company is and what the planned outlook is (R1 and R15). The advantage of the report is that it is no longer giving a history lesson as it is forward thinking (R32). This future focused view should help to ensure the sustainability of a company (R3). The integrated report gives a holistic view of the business which is more of a balanced and true reflection of reality (R15 and R30). This overall perspective allows for superior resource allocation (R11). The report assists with ensuring that all decisions are taken in line with the six capitals (R5) and the company’s strategy (R5, R15 and R17). One SME achieves this by insisting that the strategy is repeated in every meeting (R15). The process enables one to understand how the company creates value and the report itself allows the communication of the value creation process to all stakeholders (R4, R7, R15, R16, R17 and R31). In addition, it provides the sense check to ensure value is being created (R15).

> “Yes, it has aided to the creation of value, the fact that, you know, from a strategic perspective we elevate the discussions all the way to a board level. We, you know, even at management meetings, we’re talking capitals and you know, stakeholder issues. Even though we’re not necessarily using that terminology, but it has definitely elevated the discussion.” (R7)

An integrated report shows stakeholders that value is being created in a sustainable manner (R10). At one SME, the report has resulted in an increased focus on implementing green initiatives to aid protection of the planet and its resources. The aim was to compel the business to be more sustainable. It also assists in managing the business more effectively as the entire environment is now taken into account (R12). Another SME found the benefit of preparing the report is that is highlights the environmental impact of the company (R10).

> "Yes, as well, as you write that number, of course, then you have to pause and say, if that's really what I am, you know, that's my waste. You know what I mean? For example, when you have, then you get to be aware that I'm overdoing this thing, you know. Doing more and I'm getting very little out of it. You know, so, I think it, yes it, it makes us more conscious of that, of, ja. We become more conscious of what we're doing and what the impact of what you're doing is. Because, reporting itself alert[s] you to the potential of a hump that you are creating." (R10)

The improvement to risk management and corporate governance is also considered as motivators for SMEs to adopt integrated reporting (R2, R3, R6 and R13.)

> "So, obviously, if you're going to put in the effort in to integrated reporting, this allows you to have like, a holistic view of the company and to actually dedicate time and people to understanding really how the company gets its money or its interaction with suppliers, customers. In that whole process, that's how you then identify your risks. Then, obviously, going forward you'll be able to manage those risks, and come up with, maybe strategies to counter or at least minimise the risk." (R6)

In order to prepare an integrated report there needs to either develop a business plan or look again at the current one. Doing the latter helped an SME to think differently. It highlighted its strengths and weaknesses which drove the vital changes necessary in the business (R5). A business practitioner describes how a client managed to turn the business around after implementing a business plan (R11). The plan assists companies to gain enriched knowledge of the operations, to understand how profit is generated and determine the essential element which ensures the company is unique (R11). The business model facilitates the company to understand how it uses the six capitals: this gives it a greater awareness of the operations. A business model assists the decision making processes which, in turn, result in improved business decisions (R11). If an SME does not have an active business plan, it probably means the company is "just moving as the wind pushes"

(R11). None of the preparers interviewed claimed that looking again at the business model resulted in a decrease in costs which is claimed by Kaya and TureGun (2014).

A further motivation to prepare an integrated report is that the process stimulates integrated thinking (R7). It encourages companies to think holistically (R3, R15, R16 and R17). The report can be used as a check to ensure that integrated thinking is functioning effectively (R15)

> "That is my favourite part of it but also most difficult because what is integrated thinking? Trying to pull it together: where you got silos realistically, you got traditional departments which are set in their ways and focused on specific areas and to make it integrated, to get that integrated thinking is actually changing your whole process about management porting, how you think about things. It is not just a case of pull information, put it into a report. It is changing the way we think in our mindset as an organisation, that is the most difficult part that we are still going through." (R5).

It improves accountability as there is now a wider focus in the report with more functions around the company involved in collecting the required data (R10). Producing the report breaks down silos within an entity as everyone is involved in the preparation and sharing of information (R15, R16 and R17). There is now a greater understanding in the organisation of how everyone contributes to the value creation process (R16). A preparer stated that buy-in was achieved from the different business units by explaining the importance of the information that was been collected and the value it had to ensuring sustainable outlook for the entity (R7).

Finally, there is a benefit from preparing the report and not merely adhering to the principles. A respondent described the report as a "sense check" to ensure that the strategy and the business model are complete and functioning effectively. The report should highlight areas that are lacking (R5). Another interviewee said it can be used as a "hymn book for every employee" to improve motivation and ensure that the plan is pursued (R2). A company can have a plan but this plan can get overlooked or neglected thus it needs to be written down to remind everyone of what the company is about and what needs to happen (R2).

4.2: Reasons why SMEs have not adopted integrated reporting

The majority of the non-preparers interviewed cited cost as the fundamental reason for SMEs not producing integrated reports. For example:

> "It's going to require more skill. It's going to require more time. Then, obviously, that translates to them having to pay more. So, unfortunately that's where the biggest problem comes. Where, you know, you require a client to then pay more, and then they're just like, no we just rather stick to just the audit. There's no need for an integrated report." (R6)

Certain interviewees acknowledged that because it was not compulsory it meant there was not a substantial incentive to spend the additional money on the report (R11, R25, R27). According to one accounting practitioner, in order for the accounting practice to prepare an integrated report either an additional employee would need to be engaged to be responsible for it or current resources would have to dedicate time to it which "also is translated to money because the less work I do, the less I can bill. Hence I said it is a bit expensive for smaller companies to do" (R2). This was confirmed by another non-preparer who considered clients in the service industry to be too busy trying to generate a profit so they would not have time to step back and spend time on strategy as this would result in lost billing time (R3). A preparer explained how the cost of outsourcing the report is material which she thought SMEs would not be able to afford (R16).

The cost of the report is an extremely important factor to smaller entities. When one respondent tried to sell the concept to clients by telling them that their company inherently had all the concepts of a good corporate citizen, the first question was "What will it cost me?" (R9). One interviewee started implementing the processes at a client with the aim of the end result being an integrated report. The report was never completed as the costs kept escalating. The owner eventually did a cost benefit analysis and decided to halt the process. The costs "just [keep] escalating. It doesn't stop. The requirements are just too much but you don't realise the benefit immediately but you just have to keep on spending." (R2).

Lack of resources was mentioned as another main reason for SMEs not adopting integrated reporting and it was confirmed by the majority of the preparers as the core challenge. The fundamental resource deficient at SMEs is knowledge. Firstly, SMEs are not even aware of the concept of "integrated reporting" (R1, R3, R6, R8 and R9). "They don't know about it.

They never heard the term, they've never been exposed to it. I mean the first they came across it is when I mentioned it." (R3). As explained by an accounting practitioner, some SMEs are not even interested in financial statements and do not use them for their intended purpose (R12). Others comprehend integrated reporting to be "something that JSE listed companies do. It's a glossy magazine. Something that SAIPA does. It's, yes, it's for big companies, don't belong to us." (R9). Additionally, SMEs do not even want to educate themselves on the topic as it is not yet compulsory and will only start investigating it if it becomes a statutory requirement (R12). An interviewee contended that educating SMEs with the knowledge of integrated reporting would compel SMEs to be more open to approach the concept (R9). An SME does not appreciate the objective of presenting financial information that is only backward-looking. Therefore, to get SMEs to engage with the topic, the reporting needs to align to their specific needs (R12).

The second shortness of knowledge relates to the perception of the concept. This was evident when interviewees either incorrectly explained the concept of integrated reporting (R1, R2, R9 and R14) or how to use the framework (R14). This was identified by one interviewee who claimed clients are unaware of what has to go into the document and the amount of time required to prepare it (R8). One attendee at the integrated reporting conference could not understand how the environmental impacts of the company would have any influence on the ratio analysis (R34).

A lack of skills was also identified as a basis for not producing an integrated report. As one respondent acknowledged, the owners have a core understanding of the business and what is required to operate and is effectively using integrated thinking but they lack the resources to articulate this in a written format (R7). Another preparer contended that owners of SMEs do not have the ability to read graphs so would not be able to interpret the content within an integrated report (R11). This was confirmed by Du Toit (2017). The study identified that integrated reports are aimed at educated users, with complex language impacting the readability of reports. A preparer of an integrated report suspected SMEs would not have the skills to determine all the measurement aspects of the report, especially in relation to the environmental considerations.

> "Yes, your normal economic stuff, that's easy. You got numbers. But when it comes to more your environmental damage, and how much water you are using, and what electricity consumption is going on, you are going to find a lot of them won't have tools, or the ability to actually measure it and then quantify it and see what that does to their

business and how they can better it. And, I mean, if I'm finding that in listed entities, I doubt SMEs are going to be closer to achieving that." (R13).

There is also the human capital element of not possessing the resources to dedicate a team to the preparation which impacts an SMEs ability to prepare an integrated report, as well as posing a challenge to SMEs which are generating one (R2, R3, R4, R5, R6, R11 and R12).

"Maybe with your bigger entities, they have got big departments and they do have the muscle to recruit or to employ the services of people that will be able to do that for them, and do all the sophisticated assessments. But, for a medium sized entity, it all has to be done amongst themselves, and obviously the accountant that they bring in." (R12)

This was refuted at one SME where the preparer explained that the organisation had successfully prepared an integrated report without a dedicated team. All those involved in the process worked on the report in addition to their usual duties (R17).

An SME will not have the funds to hire a team dedicated to generating the report and consequently, would have to outsource the process (R2, R3, R4, R5, R6 and R11). As noted in one interview "They'll always need someone because you must remember 90% of SMEs owners are specialists in their particular field." (R11). One preparer observed that SMEs may not be able to afford to outsource the process. The entity had initially investigated hiring a company to assist with the preparation of the report until the cost of this service was established. As it is a relatively new concept, the scarcity of companies which offer such a service has driven up the cost (R16). Outsourcing also has its drawbacks as it can reduce managerial involvement, limiting the potential for deriving integration benefits from the reporting process (McNally et al., 2017). An SME's primary focus is usually on survival (R5, R20) so the current employees would not have the capacity to take on the additional work (R4). That said, a respondent believes that if an SME could take a step back and look at what it is currently doing, the time taken away from survival might result in improved processes which can save the SME time in the future (R5).

"He was busy chopping away and his friend comes up to him and says how long does it take you to cut down this tree and he says about 8 hours. He says, 'Well you know if you spent 2 hours, if you go sharpen your axe, it is only going to take you 2 hours to chop it down'. He says 'No, I don't have time to sharpen my axe.' "

Shortage of time to dedicate to the report is also a rationale for SMEs not to prepare integrated reports. Firstly, SMEs spend too much time ensuring compliance with the current statutory requirements so do not have capacity to perform any value added initiatives (R8). One presenter spoke of a workshop which she had given where she had a brainstorming session with a room full of accounting practitioners to understand the services which are provided to clients better. The list of statutory requirements was three pages long while there were only five value added services (R24). The country would need to become a self-regulating environment before SMEs will have the time to prepare an integrated report (R9). Secondly, SMEs focus is on survival (R5) so they will not be able to take time out to dedicate to the report (R2). This was highlighted by one of the audience members. He noted that as accounting practitioners, they cannot even dedicate 100% of their time to attending a conference as they were needing to take work calls during the proceedings so how will they have time to actually prepare such a report (R35).

> "It sounds like we are just reinventing the wheel [with integrated reporting], all this information has been there and business has most of the time this information whether it is used or not is something else. We are not saying it should not be applied but the biggest problem is time out of these things. Even if you had to apply it to your business so to speak, half the people around here have pressed one or two keys on their cell phones answering a business call for whatever reason so we are pressed for time so I doubt that most businesses, regardless of costs would have the time to run this exercise." (R35)

The majority of non-preparers have acknowledged no buy-in to the concept of integrated reporting as an key motive for not producing a report (R1, R2, R3, R6, R8, R9, R12 and R14). One respondent emphasised that accounting requirements are designed for bigger entities as a top-down approach was used when compiling the them. A bottom-up approach is needed as SMEs comprise 90 to 95% of businesses (R1). He suggested that lobbying by larger organisations which can pay for it impacts on how accounting developments are established.

> "What happens is, who spends the money calls the tune to the piper. So big brother drills downwards. Is big brother going to drill back up again? The issue is, what is going to happen to small brother? Will it stop them like the rest or it has been little brother, the runts of the little piglet, then and nobody wants to listen to them. Is it relevant for SME's? No." (R1)

There is no buy-in as it is perceived that preparing an integrated report is a hassle (R2) that would only be undertaken if it became compulsory (R13). Service industry SME's judge the time spent to strategise as productive hours lost (R3). Reporting is not a priority at an SME level (R13). Two preparers indicated that generating support from the various divisions of the business to create the reports was a significant challenge (R7, R10). Another preparer claimed that explaining the purpose of the report to fellow employees resulted in complete buy-in to the process (R16). The smaller nature of an SME made obtaining buy-in easier at one SME. The integrated reporting preparation team could go to any department and ask for information and people were willing to help as they personally knew the team members (R15).

Not understanding the benefits of integrated reporting also contributes to the absence of support. This is a result of SMEs not comprehending what is integrated reporting (R1, R3 and R8) or the advantages which it can create for a company (R1, R9, R12, R13 and R14). SMEs contend that there would only be a benefit from producing one if there is an intention to list on a stock exchange (R8). It is challenging to get SMEs to engage with the concept as the value of it is usually delayed and typically a large outlay of resources is required before those advantages materialise (R2). In order to get SMEs to recognise the theory, the value of the report will first need to be sold (R3 and R12). A respondent recommended that more case studies on the advantages of generating integrated reports be undertaken because witnessing what others have achieved will educate SMEs and possibly improve the adoption rate (R12). The generation differential also impacts an SME's ability to appreciate the benefits. One interviewee explained that the older generation would merely interpret it as an administration burden but the younger generation would be more open to acknowledging the advantages (R3).

A further rationale for little buy-in is that SMEs do not appreciate the impact that they have on the environment (R10 and R12). Also, SMEs do not care as the focus of the business is to generate a profit and looking after the environment is an unnecessary cost (R6, R11 and R12).

> "Otherwise, if you're talking carbon footprint, they actually are thinking about, oh no, it's the big companies, it's your, it's your big petroleum companies. They don't see their small service station as also a part of that big petroleum company that might have an effect on them." (R12)

An SME is indifferent on the topic. There is no interest even to be made aware of their negative impact on the environment (R12). A respondent mentioned that out of all the SMEs she had audited, only one client was focused on more than just the bottom line (R6). One SME prepares a Green Report for a customer but only as it is a requirement to do business (R14). This was confirmed by an accounting practitioner whose clients only undertook what is required by law so will comply with all health and safety requirements but nothing further regarding the environment (R3). Another respondent commented on how SMEs do not contribute to charities so would have nothing to convey in the integrated report (R12). Though one respondent described how initially she perceived environmental reporting to be applicable to larger companies only due to the sizeable adverse impact the have on the planet, there was a realisation after studying the framework that it is applicable to all entities, large and small, and all need to be responsible for the environment (R3). There was a suggestion that SMEs are indirectly making a positive contribution to the society by investing in their local communities, but aware that it is transpiring (R8).

Another cause for SMEs not preparing integrated reports is the absence of demand for it (R1, R2, R3, R4, R5, R6, R10, R11, R13, R14, and R15). SMEs are in a niche market with small groups of shareholders so do not have the pressure to provide additional disclosures (R13). Additional information is only prepared if required by a supplier in order to secure a transaction (R14). Preparers admitted that the stakeholders had not exerted any pressure to deliver a report; instead the task was undertaken as it was believed to be best practice (R10 and R15). One interviewee described how there had been no pressure from any stakeholders, except the main shareholder who required the information for their integrated report (R13). Banks and the Receiver of Revenue are noted as the main users of SMEs financial statements and it is not a requirement by either of the two entities (R1, R2, R6, and R8). Banks do not even understand the information included in an integrated report (R8 and R9). One respondent, who performs considerable work for clients assisting with tenders both locally and globally, has never observed a requirement for any sustainability information, let alone an integrated report (R3). The majority of business in an SME domain is obtained through referrals so there is no use for the report (R6). A supplier only requests financial information from an SME if looking to offer the SME a credit line and, in that instance, the only interest is in the SME's financial strength and not if the report includes "good, points, bad points or green points" (R1). In addition to no pressure from stakeholders, there is also no indication that an SME has been put at a competitive disadvantage for not generating an integrated report (R1, R12 and R14). There is no pressure from internal stakeholders to prepare an integrated report as SMEs do not require the level of detailed information to manage their businesses (R12). This is confirmed by a couple of respondents who questioned if board members even read the report (R5 and R12). One interviewee admitted

that the company no external pressure to prepare an integrated report but deemed that the internal force to do it as it is best practice would prompt adoption (R4).

External pressure to prepare integrated reports may increase in the future if more companies start adopting the concept (R4). SMEs are aware that these outside forces are likely to intensify in the future (R1). If it became a requirement to transact with certain suppliers, especially governments and municipalities, this would stimulate preparation (R3). It may be a future reality as investors are becoming more reliant on non-financial information (R7). An interviewee supposed that an integrated report might give a company a competitive advantage when tendering as it would reveal to the tender board that there is concern for more than just the bottom line (R6). It may also become the cost of doing business with larger entities in the future.

> "The talk there is that the bigger companies, much like they push BEE [Broad-Based Black Economic Empowerment Act] down the supply chain are going to start pushing integrated reporting in terms of saying natural capital, we have to show that we are doing this but how do we know that the guys down the line are doing this? Show us something. They are going to start almost annulling reports. I think it is still going to be a few years. There are a few people that I have spoken to in that space where they are saying they really think it is coming sooner than we think. If that is the case then they are not going to have a choice, it is going to be a case of you need to be this and you are going to need some sort of integrated report and that is going to be your cost of doing business with a bigger company." (R5)

In addition, SMEs do not want the information contained in an integrated report to be available to general stakeholders for the fear of losing their competitive advantage (R10 and R23). There is a concern that the report may expose their "business secret" (R8 and R11). This is highlighted by the fact that at an SME, the annual financial statements are only made available to stakeholders in limited situations (R1). One interviewee stated that it is not a public document and is only for funders and that, once the information is available in the public domain, it is difficult to control (R10). As a consequence, one SME no longer publishes its integrated report on their website.

> "[The company] had an integrated report available for the public, I think 2014 is the latest one from then, nothing else so they are now withholding that information so the public does not pry into that information and ask questions." (R13)

It has been mentioned previously that SMEs tend to operate in survival mode. There may be strategies in place but when a problem arises, all resources are dedicated to solving it rather than planning for the future (R6).

> "I know that staff is critical. But then like, we lose a big client, then suddenly all my focus is on; we need to secure a new client. So now I'm like not worried about people for a bit." (R4)

Also, when a company goes through a difficult period there is resistance to spending money on non-operational expenses (R1). A preparer described how further developments with the integrated report have been halted after the chief operational officer resigned as everyone was being overworked while trying to find a replacement (R5). SMEs need to stop making decisions with a "survival mindset" and start thinking for the long-term and an integrated report can provide assistance in this (R21).

The perceived difficulty to operationalise an integrated report is also suggested to defend the low adoption rate. Firstly, the framework is not written in a language which SMEs understand (R11 and R12). The concept of the six capitals is abstract and difficult to comprehend (R5 and R12) which makes it extremely daunting to implement (R4). An interviewee discussed how ensuring the golden thread is present in the report and pitching it at the correct level is a challenge for the various stakeholders (R17). Below a preparer who has successfully implemented integrated reports with SME clients, explains how he breaks down the jargon so the clients can identify what is required.

> "So part of my human capital is to say how I make sure as a plan, when I'm not there, someone else will take responsibility. Now they understand okay I need to get people. I don't say human capital, I say which person is going to take over when you not here. Because they don't know human capital, they just say I need a person." (R11)

A preparer told how she was initially hesitant to get involved with the report but after researching the topic, she realised it is the best way of reporting and that it is not difficult to effect (R16). There is a steep learning curve when the report is first produced but once the structures have been established the subsequent reports are easier to effect (R17).

The absence of guidance on how to employ the framework is a justification for SMEs not embracing integrated reporting (R2 and R6). A non-preparer explained that if one looks at

the companies producing reports, to get guidance on what is required, no report looks the same. It is difficult to understand what is expected (R2). A framework in the form of a detailed checklist can potentially make it easier for SMEs to implement (R2). A non-preparer believes that the six capitals concept needs to be explained in more detail. In addition, she considers that SMEs will first need to have the idea of corporate governance explained before the concept of integrated reporting can be approached. Training is needed to educate an SME (R3).

Two preparers note that the material challenge encountered when creating integrated reports is measuring the non-financial information. Both express concern about whether an SME will be able to implement the measurements tools required for a report (R7 and R13). As the preparer explains:

> "Yes, your normal economic stuff, that's easy. You got numbers. But when it comes to more your environmental damage, and how much water you are using, and what electricity consumption is going on, you are going to find a lot of them won't have tools, or the ability to actually measure it and then quantify it and see what that does to their business and how they can better it. And I mean if I'm finding that in listed entities, I doubt SMEs are going to be closer to achieving that." (R13)

In addition to not being able to measure the non-financial information, integrated reports use more graphics which is a challenge for preparers who are not accustomed to graphics that are more sophisticated than simple tables and graphs (R32). Preparers also struggle with the time delay in receiving the information from the various parties involved in the process (R5 and R10). Ensuring the accuracy and validity of the information provided are added challenges experienced (R10). The concern around information reliability was previously highlighted by listed companies preparing reports (McNally et al., 2017). A further challenge is to ensure that there was a "golden tread" throughout the report that illustrates the integration between parties (R5).

> "Finding the people to pull it together, it is one thing to get all the information but then to structure it in a way that makes sense, firstly, and then to also put it in a format that it sounds like one report and not just a whole bunch of different people writing it, is difficult." (R5)

A few respondents argued that in general integrated reports are not difficult to operationalise (R22 and R23) and the nature of an SME means that they should find it easier to implement

than a larger entity (R4). Due to the larger size, these companies have the following problems implementing integrated reports which would not impact an SME (R4). Firstly, there are too many layers of governance for any drastic change. There are also too many people involved in the decision making process so it is difficult to get sign off on the report and to ensure that it is concise. As different departments are responsible for different sections, similarly integration is problematic. Finally, listed companies have to be concerned about shareholders which results in a risk adverse approach to the report. These companies are unable to take chances and do something distinctive. (R4). One respondent has worked on an integrated report for a small listed entity and attributes the success of this report to the small management team allowing the company to be responsive to changes and fast on decision making (R4).

Summary

Table 3: Motivations to produce an integrated report and the reasons for not preparing one

Benefits and reasons for preparing integrated reports	Challenges and motives for not preparing integrated reports
Enhanced relationships with stakeholders positively impacts • Reputation and brand • Transparency, trust and accountability • Communication • Stakeholder engagement • Understanding stakeholder's needs • Stakeholder goodwill • Creditworthiness • Content of future reports • Employee relationships and motivation Ability to raise funds [2] • Cost of capital [2] • Information asymmetry with funders [2] • Understanding of the business by funders [2] • Supplier relationships • Marketability of company for future acquisitions • Saleability of company as it is a base for valuations • Ability to transact with larger organisations [3] • Understanding of customers' requirements • Competitive advantage • Service offering to customers • Ability to tender Re-examine the strategy and developing/improving business model positively impacts • Strategic planning • Resource allocation • Understanding of how company adds value • Value creation vision • Sustainability focus • Corporate governance • Risk management • Efficiency • Understanding of how the six capitals are utilised [3] • Holistic thinking • Breaking down silos • Overall functioning as it is a sense check [3]	Costs Lack of resources • Knowledge • Skills • No dedicated team • Information systems [2] • Time [3] No buy-in • Framework developed for larger entities • No understanding of the benefits • Unaware of the impact environment No external demand Sensitivity of information Impact of the economy Difficulty to operationalise

[2] Per the literature review but not identified in the results.

[3] Per the results but not identified in the literature review.

4.3: Isomorphic processes

Five of the preparers contended that the motive to prepare an integrated report was to obtain legitimacy (R5, R7, R10, R13 and R15). Four of these did so based on the belief that their business is based on providing legitimacy to the public thus the reporting needed to align to the product offering (R5, R7, R10 and R15). Non-preparers that expressed an interest in adopting integrated reporting in the future would do so in order to obtain legitimacy (R1, R4, R6 and R9). As suggested by one "I think it will do a lot to actually give you, or give the public greater confidence and trust in who you are." (R9)

4.3.1: Coercive isomorphism

There is no regulation imposed on any of the SMEs in the thesis to prepare integrated reports. SMEs are not generating integrated reports as it is not compulsory (R2, R3, R8, R11, R12, R13, R14, R24, R27). One non-preparer who performed research into integrated reporting suggests that the only SMEs which prepare integrated reports are ones on which the industry imposes strict environmental regulation. The report is compiled as the majority of the content is accumulated for regulation purposes (R3). An accounting practitioner at the conference asked if there was a likelihood of making these reports compulsory for SMEs as it is a struggle to sell the concept to clients who cannot understand why they have to spend so much money on something which is not obligatory (R27). Humans are sceptical and will leave something to the last minute when it can no longer be avoided (R12). They are also lazy so will only do something if it is a requirement (R13). An interviewee noted that clients only want services to ensure that they comply with the current regulations and the legal requirement of financials is the only persuader to prepare financial statements (R8). An interviewee described it as "an unnecessary hassle" (R2) which will only be complied with if forced by legislation (R2, R3 and R8).

> "I think at this point as it is not compulsory, it is just a voluntary situation. There has not been any particular decision not to, [adopt integrated reporting] it has not evolved to that point where an integrated report would not be utilised." (R14)

Integrated reporting should not be made compulsory for SMEs as there is already too much bureaucracy in the country (R1). In order to get these entities to prepare reports, the benefits need to be marketed to them and the accounting bodies need to do more training to educate them (R12). Another respondent agreed with the education as “you can’t just throw it on the table and tell people to do it” (R1). One interviewee questioned if SMEs would comply if it was legislated. She had witnessed SMEs which do not even prepare simple financial statements which is a basic requirement for SMEs (R3). Other respondents disagree with this sentiment. As SMEs are not market controlled, there should be another form of regulation to ensure correct compliance (R10). Unless the framework is regulated, the only companies that will adopt it are the ones that will use it to promote their own agenda (Dumay and Dai, 2017). Two respondents stated that it should be regulated as no-one is voluntarily going to undertake the extra work (R9 and R13). This was confirmed by another respondent who said that SMEs should be required to prepare a report as they need to start focusing on more than just the bottom line (R6). Finally, non-preparer explained how making it legislation could prevent it becoming a tick box approach by comparing it to the BEE (R9).

> “Initially, what I saw out of my plans at the WSPs [Workplace Skills Plan] and employment equity plans, was it was just a tick box approach. They were, they were just doing it on paper, would not be implementing it. Then when the BEE Act came out and said, you will do because this is changed and now you’re going to be measured, there’s now credence being given to those plans.” (R9)

Five respondents indicated that the assumption that integrated reporting is best practice was the reason for its preparation (R5, R7, R10, R15 and R16). As one preparer noted, if it is recommended by the King Code then it must be best practice (R15). Various non-preparers supposed that they would look into the process of integrated reporting or believed it to be applicable to SMEs as it is appreciated as best manner to report (R1, R2, R3, R4 and R12). One respondent supposed that his company would look into preparing an integrated report as he knows the value that it can provide (R1). Another maintained that it is a “way of life for anybody who is in business” (R2).

There is then the argument that integrated reporting is not best practice yet. Two presenters at the conference both mentioned that the framework is not perfect as it has not been around long enough but each year it slowly improves and gets better (R22 and R23). A preparer described it as being a “grudge thing for management” which means it is not comprehended it as the best way to report (R10).

> "You see, the other thing is that, if owners of businesses don't demand it then it hardly can happen. That's why, if it is not a JSE requirement, why do it, for who, who wants it? That's why the question you would get, when you're trying to do it. Who wants this thing? Why must I give you this, why must I tell you more than what I'm telling you?" (R10)

Another preparer conjectured that the board of directors did not even read the entire report (R5). This lack of pressure from stakeholders to force SMEs to prepare reports illustrates that these members of society do not realise it to be the best manner of reporting (R1, R4, R6, R11, R12, R13 and R14.) It will start becoming best practice as more stakeholders start demanding the report. A non-listed entity noted demand for additional information as a motive for adopting integrated reporting (Silvestri et al., 2017). A preparer suspects that this increased pressure is imminent (R15). One respondent argued that as municipalities start implementing King-IV, an integrated report will become a requirement to do business with them (R3). Creating a concise and visual document will entice users to read the report which will assist in compelling it become best practice (R5). An accounting practitioner described how one client started implementing integrated reporting due to the perception that it would assist with obtaining business with larger companies who suppose it to be the most suitable way to report (R2).

A further reason for SMEs not considering integrated reporting as a best practice is that the benefits of adopting integrated reporting are not established (R1, R9, R12, R13 and R14). SMEs only prepare financial statements as it is a requirement for SARS (R8). There is no regard for the concept (R9).

> "I said to him, this is something that could fit on your boardroom table. It doesn't need to be a glossy thing. It could even be an electronic version. You could send it out to stakeholders. You could send it to, on your tender jobs, you know. So, he kind of like, uhmm, ja, it's a nice to have that. Do we really need to have it this year? No, it costs a lot of money." (R9)

A preparer explained how there was initially resistance to the preparation but after educating herself on the topic and explaining to providers of information the benefits of it, she was able to get buy-in (R16). She now conceives it to be the best manner to report.

4.3.2: Mimetic isomorphism

Two preparers identified ambiguity as a motivation to adopt integrated reporting (R7 and R15). Both entities were aware of the concept and wanted to adopt early it so they could lead from the front. As an interviewee affirms "We wanted to be one step ahead and set an example for other entities that do it voluntarily that does not have to prepare one" (R15). Additional ambiguity was noted when a preparer mentioned that the Nkonki Maturity Index was utlised as a tool to assist with the interpretation of the framework (R5). There is minimal ambiguity among SMEs who either do not believe it was developed for them (R1, R2, R3, R6, R8, R9, R12 and R14) or they do know that it exists (R1, R3, R6, R8 and R9). A preparer suggested a database with reports which SMEs could utilise when trying to implement a report is required. This would highlight to SMEs that their peers are producing reports, as well as give them guidance on how to execute the process (R10). A non-preparer agreed with the need for a database as it would illustrate the advantages of developing a report (R12).

Mimetic isomorphism results as a consequence of organisations looking at what either successful companies or their peers are doing and then trying to copy. Two non-preparers appreciated that SAIPA and The Independent Regulatory Board for Auditors were generating integrated reports for their own businesses as it demonstrated their personal commitment to the concept (R4 and R12). Several respondents acknowledged that as accounting practitioners, they would need to prepare their own report before they would be able to get their client's buy-in (R8, R9, R24 and R32).

Change will also transpire if there is pressure to be innovative and grow. An integrated report indicates the level of maturity of the company (R4). The concern is that SMEs are too focused on surviving to initiate change (R3, R5, R12 and R20). A respondent alleged it was these companies which most need to take time to think about sustainability (R5). A progressive SME will already have inherent integrated thinking in the company as it would be looking beyond living day-to-day (R12). Non-preparers which expressed interest in adopting integrated reporting justified it as it could be applied to stimulate growth (R2 and R6). As one respondent stated:

> "It is probably when you have a client that wants to really expand and move out, and spread their wings, and look for finances. That's where they're going to have to tell the story of their business." (R8)

The modern thinkers are more likely to accept a change and adopt integrated reporting. Accounting practitioners describe their clients interested in creating a report as ones that have a progressive approach to managing their business (R1, R2, R3, R8 and R9). This approach is impacted by the nature of employee composition at the company. The baby boomers and the X-generation are not going to voluntarily accept the new manner of reporting as they are adverse to change but the younger generation should be considering implementation as they are more focused on the triple bottom line (R3). When a new generation of family takes over the management of an SME, this may drive a move towards integrated reporting, where the new generation is more socially responsible than the former (Silvestri et al., 2017). The new generation will also be the ones demanding it (R21). This is confirmed by one respondent who says the recycling programme in the company was set up by a millennial (R4).

4.3.3: Normative isomorphism

The accounting profession will also have an impact on the decision to embrace the concept. Three of the preparers commented on the influence which the accountant has on the choice to prepare a report (R5, R7 and R11). The owners of SMEs are usually specialists in their own field so may not have any exposure to integrated reporting (R6 and R11) and may not be knowledgeable on the topic (R9). SMEs would be too small to have the skills or the capacity in-house to formulate the report (R4, R11 and R12). It is up to the accountant to educate these owners about the concept and its benefits (R6, R8, R12, R20 and R24). Professionals (R9 and R12) and professional bodies (R12) should take charge and lead from the front. As one accounting practitioner says, “We are quite, as accountants, placed quite well to actually advise on that” (R9). As the concept gains momentum, more people will accept it as common knowledge and will embrace the principles which it implies (Rodrigues and Craig, 2007).

The small size of the company should not be a reason not to start the process. If one trains people on the benefits of integrated reporting while the company is still emerging, those concepts will develop as the company expands (R6). An accounting practitioner believes that the process should happen gradually, first introducing SMEs to integrated thinking before mentioning the report. She managed to convert clients to applying management accounting by following the process (R3).

> “A simple idea was offer your clients or tell your clients I will prepare management accounts for you free for 3 months to show you the value and then you can charge. I

mean, I did it in my own practice and I converted so many SMEs to realise the value of management accounts. You know ratios and the whole story?"

The focus at the integrated reporting conference was on developing the accounting practitioner's knowledge on integrated reporting so that they could market the concept to their clients. SAICA explained that they are concentrating their education of accountants into two focus groups, namely, those accountants still in training and the broader finance community. Training of the first group is accomplished by ensuring the topic is included as part of their coursework. SAICA has a few programmes and lobbying groups aimed at teaching the latter (R31). SAIPA described how they are trying to improve the cognitive ability of accountants in order for them to be able to think holistically (R25). ACCA affirmed that the framework is embedded in all of the required modules (R30). An interviewee indicated that two clients, after attending the conference, expressed interest in producing an integrated report (R1).

Accountants are in the position to assist with the implementation of the report as they have the required skills (R8). The concepts of integrated thinking are aspects already being practised at accounting practices (R2). The accounting practitioner also has a holistic view of the client's company (R9) and the accountant has the abilities to convey the integrated thinking mentality to the entity (R12). The facilitator at the conference suggests an integrated report as a way for accountants to make a difference again and break away from merely providing a service based on compliance (R20). It is a way for the profession to evolve and to maintain its relevance in the ever-changing world (R22).

Before the accountant can sell the concept to SMEs the concept first needs to be fully comprehend (R31). As noted by one interviewee, most senior accountants would have trained around 15 years ago so their knowledge will not be up-to-date (R6). Another respondent proposed that accountants are not as educated on the topic as required and before education happens at an SME, training needs to happen at the accountant level. She contends that if she had not taken a corporate governance course at a university, she would not have been exposed to the subject (R3). Another interviewee accredits her understanding of the topic and its relevance to SMEs to a master's degree she undertook (R2).

Two of the preparers mentioned that concern for society was a motivator to prepare an integrated report (R7 and R10). Only companies which understand their impacts on humanity will be driven to do such reporting (R10). This was verified in the Silvestri et al. (2017) study that described the non-listed entity's concern for the environment as an important stimulus

for the preparation of the report. SMEs in general are in business to provide employment for themselves or to generate money: they are not concerned about the environment. There needs to be more incentive than doing it as it is good for society in order to induce SMEs to prepare integrated reports (R11).

Summary

Legitimacy is a motive for SMEs to adopt integrated reporting. There is evidence that the isomorphic pressures are present in the field of SMEs but not yet strong enough to engender widespread change. The table below summarises the main drivers of each isomorphic process. It details evidence that either indicates if these pressures are present in a group of preparers of integrated reports or explains the motives for why they are not present in the non-preparers that have no interest in adopting. Finally, it provides evidence where these pressures are emerging amongst non-preparers that in the future could result in adoption of the change.

Table 4: Summary of isomorphic processes

	Preparers	Non-preparers	
	Prepare integrated reports	**Interest in preparing integrated reports**	**No interest in preparing reports**
Coercive isomorphism			
Regulation			Will only adopt the concept if it becomes regulated
Best-practice	Motivation for a few respondents	Minority non-preparers believe it to be the optimal manner to report	Majority do not consider it to be best practice as • The framework is still in infancy stage • There is no pressure from stakeholders • Lack in knowledge of the topic
Mimetic isomorphism			
Ambiguity	Motivated two SMEs who wanted to be market leaders in the field		No ambiguity • Unaware of the concept • Do not consider it to be applicable to SMEs
Peer pressure	Motivated two SMEs who wanted to be market leaders in the field	Accounting profession is preparing reports but little evidence of others following suit	
Innovate and grow	Motivated two SMEs who wanted to be market leaders in the field	Progressive SMEs expressed interest in the concept	SMEs too focused on survival
Normative isomorphism			
Profession	In three SMEs the accountant impacted the decision to adopt and majority of the SMEs, the accountant was involved in the preparation of the reports	Accounting bodies are leading the way in education	Accountants still unaware of the topic
Concern for environment and/or society	Two SMEs acknowledged concern as a reason to prepare reports	Progressive SMEs expressed concern for environment	No concern for environment or society

4.4: Logics of resistance

An entity can be preparing or partially preparing an integrated report or else disregarding the concept entirely. Below is discussion on the logics of resistance inherent in SME's actions and evidence of how these logics are impacting the preparation of the report.

4.4.1: Isolated event

SMEs are not producing integrated reports as these are perceived as an isolated event which is not relevant. In certain situations SMEs are not even aware that these exists (R3, R6, R8 and R9). As mentioned in section 4.2, reasons why SMEs have not adopted integrated reporting, the framework was developed with larger entities in mind and as a consequence of corporate lobbying (R1). It is for companies listed on the JSE (R9). There are SMEs which do not even appreciate the purpose of generating financial statements (R1 and R3) so an integrated report is not a necessary (R6). The older generation sense it to be an additional burden that can be ignored (R3). In a smaller company, the need for a formalised strategy is not essential as the owner oversees the vision for the entity (R9). It is identified as a tool only pertinent if there is an intention to list on the JSE (R8). One respondent argued that the King Code is not applicable to all entities. It assumes that requirements apply equally to all types of entities without due consideration of the unique nature of SMEs. He contended that the framework should be broken down into different categories and more guidance should be provided on how to apply it in a smaller environment (R1). Also, determining the definition of an SME, it should take into account various factors which impact on the company and not only turnover (R1). In addition, stakeholders do not see the applicability to smaller entities which is evidenced by their lack of pressure on SMEs to prepare a report (R1, R2, R3, R4, R5, R6, R10, R11, R13, and R14).

SMEs do not think it is applicable to them as it is not regulated (R2, R3, R8, R11, R12, R13, R14, R24, R27) which has been explained in detail in the section 4.3.1 under coercive isomorphism. This has been accredited to humans being lazy (R12 and R13) and only doing what is required (R8). The lack of time (R8) and the cost aspect (R11) were also mentioned as reasons why it is considered to be irrelevant. One company had not even investigated it as it was not legislation (14). There is the concern that, if it was compulsory, it would become a tick box exercise for SMEs with no underlying change (R2). Interviewees stated that they would only consider it if it became regulated (R2 and R3).

SMEs are not preparing integrated reports as they are unaware of the impact they have on the environment and society. There is the conviction that only large companies influence it (R12) and the focus is on profits and caring for nature is an unnecessary cost (R6, R11 and R12). The only time SMEs concentrate on it is if there is a legal requirement to do so or if it is a cost to do business (R3, R13 and R14). Smaller entities do not even like to be told that they are negatively impacting the environment as they do not understand it to be their responsibility (R12).

Further evidence that SMEs do not deem the concept applicable is evidenced by the absence of knowledge of it. This highlights that the concept has been rejected even before it has been thoroughly investigated. This is evidenced by the following incorrect definitions of integrated reporting. It is another way to describe and define a SWOT analysis (R1) with the focus on the triple bottom line (R1, R8, R9 and R14). An audience member at the conference alleged that the report is merely an expansion of going concern reporting (R26). It was portrayed as a way to apply the King Code as the emphasis of the report is corporate governance (R2, R9 and R14). There was a misjudging of what comprises an integrated report. Respondents thought the business plan is separate from the report (R2, R8 and R26). An interviewee assumed it was for external use only (R12) while it was frequently described as a marketing tool (R1, R6, R8 and R8). Integrated thinking was also inadequately explained (R6, R8, R9, R12 and R14). One interviewee rationalised that there was integrated thinking at a company as employees had been granted an incentive (R6).

> "Because, integrated thinking is really about why are you doing what you are doing and how can you obviously do it a different way. If you were to change what you are doing in all those six capitals. If you were to change the manner in which you are doing or you have been doing things, is it going to have a benefit for your organisation." (R12)

There is also evidence that SMEs are not interested in gaining any familiarity with the concept: their only concern is the financial statements (R12). There is a culture within SMEs of not to accept change readily (R3). SMEs may have rejected the concept due to their unknowing of what is integrated reporting (R1, R3 and R8) or the benefits it can generate for a company (R1, R9, R12, R13 and R14).

4.4.2: Token adoption and cosmetic changes

SMEs are producing integrated reports but there is evidence of either token adoption or of only making cosmetic changes to existing reports. This form of resistance is characterised by

SMEs either disagreeing with the concepts in the framework or lacking the resources to fully adopt the requirements. One preparer justified not using the framework by claiming that SME owners are not able to interpret the graphs presented in the integrated reports (R11). Another preparer defended the limited disclosure in the report as a consequence of SMEs not possessing the required skills to determine the non-financial metrics (R13). SMEs primary focus being on survival further reduces their priority to improve reporting and was further explanation given for not fully integrating (R13) or not applying all concepts (R5). An interviewee commented that it would take at least three cycles of reporting to get the integrated report to reflect the essence of the framework but for this to happen there would need to be a constant workforce (R10). Limited human resources available at the respective SMEs were used as a justification for piecemeal integration (R5, R10 and R11).

> "I mean resources to put it together is a challenge. We are trying to allocate our internal project manager which will hopefully help if we get him on board this year. We lost our CEO, it is a bit up and a bit down. Finding the people to pull it together and then, it is one thing to get all the information but then to structure it in a way that makes sense, firstly, and then to put it in a format that it sounds like one report and not just a whole bunch of different people writing it, is difficult." (R5)

SMEs also disagree with the principles in the framework as it is deemed to not take into account certain unique qualities of an SME. The remainder of this paragraph summarises the adjustments that one preparer considers should be effected to the framework to make it relevant to SMEs (R11). He believes that the definition of intellectual capital should also include the owner as he is the person with all the business relationships. Furthermore, these business relationships should be incorporated under manufacturing capital as they are the cornerstone of an SME's business. The financial stability of the owner should also be incorporated under financial capital definition, as the owner is the person who will obtain the funding for the company. In addition, he contended that the six capitals neglected to take into account an SME's competitive advantage, as well as its management reporting which he deemed vitally important for smaller entities. The report should also take into account the lineage of the owner and the value of accounts receivable as these are two important concepts that are relevant to an SME (R11).

Preparers do not consider that an integrated report will resolve the problem. Firstly it was assumed that there is limited readership of the report. One preparer suspected that not even the board members read the report (R5). One interviewee explained how the report did not give a balanced view of the performance of the company as there was still a culture of

punishment at the SME and no one wanted to disclose information which would incriminate them as this might negatively impact remuneration (R10). It was argued that only larger entities would be able to afford to have the information audited, there is no guarantee of the accuracy of the information (R10). Smaller companies do not have a material impact on the environment so the increased focus on the environment by smaller entities will not improve sustainability of the earth (R10). Regulating the reporting would similarly not guarantee compliance as SMEs do not want that information known as “companies thrive on sharing little information” (R10). An argument against the concept is that banks are the main stakeholders for SMEs and they do not necessarily require the information in the report. It would be more beneficial to tailor a document specifically addressing their wishes (R10). Majority of SMEs are only in business to provide employment for themselves or their families. Their only concern is the cash flows (R11). Finally an interview contends that the nature of the environment means that the issue can never be resolved (R5).

> “The reality is so much changes all the time now. Technology is changing, expectations are changing, social activism, there are all these things. I don't think any company or business will ever really be there. It will always be evolving.” (R5)

SMEs would also resist integrated reporting as they do not understand the concept which is evidenced by incorrect explanations for certain terms employed in the framework or lack of understanding of the purpose of the concept. According to one preparer, integrated thinking happens more in SMEs than corporates because “they don’t judge by their profits, they judge by their level of activities” (R11). The concept is only related to how the business tells its story and is not connected to the principles of the six capitals (R11). The framework is aimed at making an integrated report a historic process and it does not link to the financial statements (R11). He also displayed a lack of understanding of the capitals. Finally, he described how an outsourced process should be included in manufacturing capital (R11). Another preparer believed that the SMEs should not be preparing an integrated report as the business was too simplistic for the report to add value (R13).

> “And as I said for them I don’t think it’s necessary because their business is refining gold. So there is not much that they can do in terms of business, even like taking into account the social, economic and the environment. We have integrated all three of those [concepts, then] they still need to produce the gold. So it is just going to be refining.” (R13)

The only reason for the preparation of the report is the listed shareholder requiring certain disclosures from the subsidiary. The report is only used in audit committee meetings (R13). The limited use of the report is accredited to the SME not understanding the concept. Further, the SME no longer publishes the report on the website as the SME does not want the information to become public knowledge (R13). A lengthy report which lacked graphics was justified by claiming a picture does not covey a message and reports with lots of visuals are merely tools used for marketing (R16). Finally, when a panelist at the conference was asked to explain what SAIPA was doing to educate its members about integrated reporting, the framework was never mentioned. The panelist rather spoke about how SAIPA is trying to develop higher order thinking (R25).

There are various resistance techniques employed by SMEs who are preparing integrated reports. First there is evidence that checklists and lip servicing have been utilised. This was highlighted as a tactic at one SME where the interviewee identified that lip servicing had been applied (R13). He termed it “financial statements rebranded” with no underlying change other than its appearance. The report also contained boilerplate disclosures replicated each year. A checklist was applied for the sustainability disclosure as the only information included in the report was the relevant industry disclosures required by the government. Another preparer described the report as only containing a little more flair than an annual report with only a few more people involved in the collection of the information (R13).

Partial adoption can also take the form of the entities not complying with all the principles. Two entities openly discussed how a slow approach to adoption has been utilised (R5 and R10). One SME is using the Nkonki Maturity Index to implement it gradually it with the plan to be fully integrated by 2020 (R5). At four entities it was evident that the progress is not ongoing and that certain times of the year are dedicated to working on the report (R5, R10, R11 and R15). This could an indication that integrated thinking is not yet entrenched in the company and the core concepts are not being considered. As one preparer testified, the report should be balanced and it ought to be evident that it was not the output of a marketing team (R7). There was evidence that there was a minimal participation from senior management (R5, R10 and R13) and disproportionate involvement of the marketing team at two SMEs (R5 and R10). According to one preparer, the lack of participation from senior management is a result of them perceiving reporting to be a grudge purchase (R13). Finally, one preparer candidly acknowledged that he discards the framework and the outcome of the process is not a formal report but rather a presentation which SME owners will be able to understand (R11).

> "One is I do a business model first, and then I do an enterprise resource plan for them…That is showing you what resources you need to ensure that your business model works. And how you allocate your resources to those various components. Because from that you can then say now I have my financial statements because my resources and how I use it, will drive my financial information. And then I can speak about my resource plan in terms of my integrated report." (R11)

The counter to this agreement is that the framework is a guideline to the preparation of the report so an SME should be able to apply only the principles are relevant in its environment (R31). It was identified that there are certain sections which if applied, will be beneficial for an SME. The process of integrated reporting is a journey and the report can be gradually adopted and improved (R17 and R31). An SME will get value from implementing either risk management practices (R6) or corporate governance (R3). The report can be a short and simple narrative about what the company does and how it impacts the environment (R3) which could be used to formulate a strategy which can be used as a management tool (R3). A SME can benefit from considering the company's strengths, weaknesses, opportunities or threats (R1). The report can be applied as an internal document to guide the implementation of integrated thinking (R22). An interviewee concluded that the process is not a tick box exercise and SMEs should follow the spirit of the framework and the principles which underlie it (R17). Accordingly, the length of the report is not important. It is only required to tell the company's story and allow the entity to go through the process of understanding value creation, devising a strategy, implementing a business plan and initiating integrated thinking (R17). Lastly, SMEs should remember that the focus should not be on the report but on thinking differently (R24). This is confirmed by a preparer who established that if there is no demand for the report then an SME should not have to prepare one but it should ensure integrated thinking is applied (R5). An interviewee testified that a "loose framework" would ensure implementing a report less of an onerous task (R14). However, Flower (2015) (as explained in de Villiers et al., 2017) contends that the discretion given to management via the framework potentially means that there will be little change to the manner of reporting when converting to integrated reporting.

4.4.3: Levels of compliance

In addition to the resistance tactics SMS have employed to rationalise not adopting or excuse partial adoption, there is evidence of compliance. At one SME the person responsible for the report was head of the strategy and risk department which indicates the close relationship with the report and the company's strategy (R7). The entity has embedded the value creation

notion from bottom all the way up to board and at management meetings the capitals and any stakeholder issues are discussed. This ensures the process is ongoing as it is part of the daily management decisions (R7). The value creation concept is engrained in the performance measurement system with all employees, including the CEO, being measured based on key performance indicators linked to the strategy. This results in a holistic management of the SME's resources. The interviewee ascertains that the report is a consequence of integrated thinking. The greatest advantage of having the report is that it highlights the areas in which improvement is required to enhance integrated thinking (R7). This has been made possible due to senior management driving the process:

> "We were also very fortunate that it has been driven by our board and our CEO. You know, the principles and, and the fact that we want to be a leader in this space. That message has been driven very hard by all, by our board and our CEO and senior management. Ja, you cannot discount the impact of senior leadership driving this, ja." (R7)

A second SME has had immense success with the integrated report using it as a tool to communicate the strategy to all stakeholders (R15). The strategy is discussed at all levels relating to general operations to the extent that all employees speak the same language. The entity aims to ensure a robust and succinct communication of the strategy with all stakeholders. As a consequence, the entity is now established as an employer of choice and is the first point of reference relating to any questions in its field of business (R15). Another preparer accredits the success of their report to the buy-in from all staff members which arose due to the process being led from the top down (R16). Finally, an interviewee explained how integrated thinking has become embedded in the business (R17).

> "Integrated thinking is, I do not think we can say that we are not at integrated thinking necessarily because it is not whatever information that is going to be in next year's report, none of us have all heard of it before because we have constant communication internally. We understand what is going on with the stakeholders, the CEO communicates what has happened at MANCO and the decisions that have been taken and direction etcetera so when the next report will be prepared, every staff member here will automatically think those are the material issues. Everything I have heard in the past year makes sense." (R17)

There is further debate that integrated reporting is happening in smaller entities but not in a formal report. SMEs inherently practice integrated thinking (R2, R9. R12 and R14) and the owner will be overseeing the strategy of the company (R7).

> "Integrated thinking is, in my view, a lot of what we are talking about in integrated reporting, the SMEs are doing it. So, it's just that they don't know it as integrated reporting....But, if you are talking about those that are quite progressive and taking what they are doing very seriously, they should obviously be already looking into beyond just buying and selling. But looking at what is, what, why am I doing what I am doing in this field. What is the impact if I were to stop doing what I'm doing. Why will that impact my stakeholders, my customers, my suppliers?" (R12)

Summary

Table 5: Summary of logics of resistance

Reason to resist – isolated event		**Method of resistance**
Not applicable to SMEs Designed for large entities Only relevant if plan to list on JSE No pressure from stakeholders Absence of knowledge of the framework	→	Not preparing integrated reports
Not relevant As it is not regulated		
Do not understand the impact on the environment and society Only large entities influence it		

Reason to resist – token adoption and cosmetic changes		**Method of resistance**
Disagree with the concepts of the framework Shortage of skills to prepare or interpret the report, as well as human capital to produce it Deemed to not take into account certain unique qualities of an SME Lack of understanding the application of the framework	→	Checklists and lip servicing Not complying with all the principles • Gradual implementation • Not ongoing • Minimal participation from senior management • Disproportionate involvement from marketing division • Ignoring the framework
Believe it will not resolve the problem Limited readership of the report Culture of punishment inhibits a balanced view No guarantee of accuracy of report due to SMEs unable to afford assurance SMEs have immaterial impact on the environment SMEs will not disclose sensitive information Does not contain information required by banks SMEs only focused on cash flows		
Lack of understanding of the concept Incorrect explanations for certain terms employed in the framework Lack of understanding of the purpose of the concept		

Evidence of compliance		**Result**
Complied with the spirit of the framework Process ongoing Lead by the board of directors Not merely a marketing tool Ingrained strategy Underlying integrated thinking	→	Preparing integrated reports

4.5: Integrated reporting, isomorphism and logics of resistance

The table below summarises how isomorphic processes and logics of resistance interact to determine the extent of an SMEs preparation of an integrated report. Depending on the strength of these forces the SME may either prepare a report per the essence of the framework, token or cosmetically prepare a report, not prepare a report but may adopt in the future or not prepare a report with never having the intention to adopt. Each block describes the primary factors that drive the relevant entities' preparation mindset.

Table 6: Impact of the interaction between isomorphism and logics of resistance on the preparation of integrated reports

Isomorphic processes	High	**Prepare – per the essence of the framework** • Best-practice • Market leaders • Innovate and grow • Process driven by accountant • Concern for society	**Do not prepare – may adopt in future** • Believe optimal manner to report • Progressive SMEs which want to innovate and grow • Progressive SMEs which have a concern for environment
	Low	**Prepare - token or cosmetic adoption** • Disagree with concepts • Believe it will not resolve the problem • Deficiency of understanding the concept	**Do not prepare – will never adopt** • Not applicable to SMEs • Not relevant as it is not regulated • Do not understand the impact on environment and society
		Low	High
		Logics of resistance	

5: Conclusion and recommendations

5.1: Main findings and concluding remarks

The improvement in relationships with stakeholders and the benefits from employing a strategy and business plan are the key motivations for SMEs to adopt integrated reporting. The established and/or perceived advantages of the report are viewed as stimuli for an SME accepting the task. The improvement to the company's reputation got the greatest consideration from the respondents. It is also understood to improve transparency and, consequently, trust with stakeholders. This positively impacts the company's brand. It provides accountability for the SME which, in turn, improves stakeholder goodwill. The report improves communication and stakeholder engagement which increases the understanding of stakeholder's needs. The report can be used to inspire the workforce and to attract future employees. The literature describes how the report can lower the cost of capital while improving the ability to access funds. This was only confirmed by one respondent. The report also reduces information asymmetry with funders. There is a rationale to prepare a report if the company is looking to sell the business or list on the JSE. Another purpose for adopting is the benefit of improved relationships with suppliers and customers and its apparent ability to create business opportunities with larger entities. The report provides a competitive advantage and it can be used when tendering as it provides valuable information about the company.

The principles enhance strategic focus, that encourage operating in a sustainable manner, it provides a balanced view of the company, it aids superior resource allocation and encourages integrated thinking. This results in more reliable decision making. Additional reasons for the report are the improvement to the business model and how it facilitates gaining a deeper understanding of how the company adds value. All these enhancements have the potential to improve operating efficiency and reduce costs. It also assists in embedding sound risk management and corporate governance processes.

There were various motivations for SMEs not generating integrated reports. Cost was mentioned by all respondents but it is not the only concern. A significant impact on the decision relates to the inadequacy of certain resources at SMEs. The skills required to bring together an integrated report, as well as the capacity to prepare are often missing. There is also a lack of knowledge. SMEs are either not aware of integrated reporting or do not understand what it is. There is also a lack of buy-in from SMEs who contend that it was

developed for larger companies, is perceived as an administration burden, the benefits are not understood and their impact on the environment is misconstrued. Furthermore, there is no pressure from stakeholders to prepare an integrated report nor do SMEs want their information public for the fear of losing their competitive advantage. Finally, SMES perceive the framework as challenging to operationalise.

There are motivations for SMEs to prepare integrated reports but these are overshadowed by the perceived challenges. This gives evidence to the isomorphic pressures in play in the field. Legitimacy provided from preparing an integrated report is an incentive to adopt the concept. There is evidence that coercive isomorphism has had an impact on the decision as a few preparers noted the decision to adopt was due to it being best practice and some non-preparers acknowledging that it is the optimal way to report. Overall, it is not yet seen as best practice. The framework is still in its infancy stage. The lack of pressure from stakeholders and the shortage of knowledge on the topic illustrate how it has not yet been accepted. There is also no regulation requiring these entities to prepare reports. The threat of legislation was stated as a sole incentive to change but there was much debate if regulating it would be advantageous.

Mimetic isomorphism has had minimal impact on this field. The forces are starting to emerge but are not yet strong enough to engender change. Ambiguity as it is a new concept and wanting to lead the way was cited by two preparers as a reason for transition to integrated reporting. Otherwise there is no ambiguity as SMEs are either not aware the concept exists or do not believe it is applicable to them. The accounting professions are producing reports but there is minimal evidence of others following suit. Innovation and growth are not the main concern for SMEs who are more focused on survival. The has been minimal interest in the concept from the more progressive type SMEs. This pressure should build as the effects of the millennial generation start to emerge at these entities.

There is a presence of normative isomorphism in the field as the accountant at all the SMEs has had an impact on the preparation of reports. This pressure needs to be coupled with additional education of the accountant, currently being undertaken by the professional bodies. There is evidence that in general, accountants are unaware of the topic. The concern for society was only noted by two preparers as a reason to prepare integrated reports: overall this force is not strong enough inducement for SMEs. It is evident that these isomorphic forces are present in the field but not yet compelling enough to stimulate change.

There is evidence that logics of resistance are in play. Token or cosmetic adoption has been applied as a consequence of SMEs not concurring with the framework, not believing that such reporting will resolve the problems and not understanding the concept. This has results in entities preparing reports using checklists and lip servicing. There was also evidence of this form of resistance where SMEs were not complying with all the principles.

There is resistance to the concept as SMEs perceive it as a special process, not applicable in the smaller environment. It is assumed relevant only for larger entities or if the company plans to list on an exchange. This is confirmed by the absence of pressure to prepare from stakeholders. The absence of regulation is viewed as a confirmation of its irrelevance. SMEs also have minimal concern for their impact on society or the environment. The concept had been rejected before due consideration was highlighted when either the concept was explained incorrectly or knowledge of the benefits were unidentified. Integrated reporting is seen as an isolated event and method used to resist is the lack of preparation of a report.

There is an indication of compliance. In this situation the process is ongoing. The development is compelled by the board of directors, the strategy ingrained throughout the entity and integrated thinking drives the report. It is also noted that due to the smaller nature of an SME, usually integrated thinking is inherent within the company. The low adoption rate of integrated reporting in a smaller environment has been spearheaded by logics of resistance, even though there is evidence that it is being performed effectively in limited situations.

It is clear that there are benefits from preparing an integrated report. It is considered a way to achieve legitimacy. The limited isomorphic pressures in the SME field explain the measured adoption rate of SMEs by the IIRC (2013). The participants in this area do not yet comprehend the advantages of producing a report as a sufficient incentive to overcome the challenges of adopting. This is confirmed by the logics of resistance present.

5.2: Recommendations

This research has found that SMEs are not generating integrated reports as the topic is relatively unknown and there is little knowledge about the meaning of the term. In order to empower these SMEs to start creating reports, there needs to be widespread instruction on the topic. Firstly, there should be overall training on the concept exposing SMEs to the general concept and the benefits of it. There is also a perceived difficulty in applying the

framework to the smaller entity. The second part of training should concentrate on explaining the six capitals, demonstrating how to adapt the framework to the specific company's requirements while breaking down the framework into a language that an SME owner would be able to understand.

IIRC should also be looking to adapt the framework to make it more relevant for an SME in line with the IFRS for SMEs issued by the IASB. This framework needs to be more straightforward, focusing on the relevant issues for an SME while written in a language understood by a business person. It should also highlight the fact that it is a guideline.

As more SMEs start preparing integrated reports, the isomorphic pressures in the field will grow, putting pressure on other entities to adopt. It is important to start encouraging SMEs to create reports in order to stimulate the interest within the field.

5.3: Area for further research

The field of SMEs is a wide term which includes a variety of different types of entities. The thesis has identified that the isomorphic pressures are not yet strong enough to engender change in the whole field. Future research should aim at breaking down the field into smaller parts to identify if there are different motivators within smaller sections of the field. This will ensure that future plans to convert SMEs can be modified to the different types of SME, and this should improve the adoption rate.

The perceived difficulty to operationlise is a material basis in the decision not adopt integrated reporting. This is evident by the lack of mimetic pressure to prepare reports as SMEs are not aware of others preparing integrated reports. Case studies with examples of companies which successfully adapted the framework to the smaller environment are required to show SMEs how to apply the framework. These studies will also highlight the benefits of producing a report.

Integrated reporting is a journey which develops each year. Studies should be undertaken showing how an SME has slowly adapted the report over time to encourage and inform SMEs. This should encourage SMEs to start the process and aim to improving it slowly.

This research analysed the reasons for not adopting and highlighted the benefits of preparing a report. As recommended by de Villiers et al. (2017), future studies could focus on the

motives to adopt and how this impacts the benefits that are consequently achieved from the report. Studies could also examine how the determinants relate to each other while simultaneously influencing the integrated report and the associated users (de Villiers et al., 2017).

The integrated reporting framework is principle-based, which gives users the freedom to choose the extent of their adoption. Using a pure interview-based research technique, it is not possible to evaluate whether an entity's chosen disclosures are appropriately comprehensive for that entity. To achieve this objective, a complementary content analysis research approach would assist in assessing whether each entity has applied its disclosures appropriately and in validating whether the claims made by the interview respondents are consistent with their reporting outputs.

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7: Appendices

7.1: Interview questions

1. What do you understand by the term integrated reporting?
2. Does your company prepare an integrated report? Why or why not?
3. If you prepare an integrated report,
   3.1. Who is involved in compiling it? How long does it take to prepare the report?
   3.2. What was the reason for the transition to integrated reporting?
   3.3. Have the stakeholders put any pressure on the company to prepare an integrated report or to refrain from doing so?
   3.4. What are the benefits achieved from having an integrated report?
   3.5. What challenges have been experienced in preparing an integrated report? Have you been able to overcome these challenges or are they ongoing?
   3.6. How do you ensure that the integrated report is supported by integrated thinking?
4. If you do not prepare an integrated report:
   4.1. What are the main reasons for not preparing an integrated report?
   4.2. Have you experienced any pressure from stakeholders to prepare an integrated report?
   4.3. Do you think that not preparing the report may put the company at a competitive disadvantage?
   4.4. Do you think that the principle of integrated thinking is relevant to your organisation?
5. What impact do you think your company has on the environment?
6. Overall, do you think integrated reporting is applicable to SMEs?
7. Are there any other points that you would like to raise?

7.2: List of interviewees

Respondent number	Background	Role	Affiliation	Length of interview (approx.)
Respondent 1	Non-preparer	Accounting practitioner	SAIPA	30 minutes
Respondent 2	Non-preparer	Accounting practitioner	SAIPA	75 minutes
Respondent 3	Non-preparer	Accounting practitioner	SAIPA	30 minutes
Respondent 4	Non-preparer	Business owner	SAICA	75 minutes
Respondent 5	Preparer	Financial director	SAICA	60 minutes
Respondent 6	Non-preparer	Auditor	SAICA	50 minutes
Respondent 7	Preparer	Head: Risk and strategy	SAICA	35 minutes
Respondent 8	Non-preparer	Accounting practitioner	SAIPA	35 minutes
Respondent 9	Non-preparer	Accounting practitioner	SAIPA	35 minutes
Respondent 10	Preparer	Senior specialist for strategy and reporting	Economist	60 minutes
Respondent 11	Preparer	Accounting practitioner	SAIPA	35 minutes
Respondent 12	Non-preparer	SME accounting expert	SAIPA	45 minutes
Respondent 13	Preparer	Auditor	SAICA	25 minutes
Respondent 14	Non-preparer	Company Secretary	Law Society of South Africa	60 minutes
Respondent 15	Preparer	Chief Executive Officer	SAICA	60 minutes
Respondent 16	Preparer	Company Secretary	Law Society of South Africa	60 minutes
Respondent 17	Preparer	IFRS analyst	SAICA	60 minutes

7.3: SAIPA National Conference 2017, Integrated Reporting Workshop

Session 1: Company experiences in implementing integrated reporting[1]

Session 2: The role of the Professional Accountancy Organisations in Integrated Reporting[2]

Respondent number	Background	Affiliation	Session
Respondent 20	Presenter	SAICA	Session 1
Respondent 21	Presenter	SAICA	Session 1
Respondent 22	Presenter	SAICA	Session 1
Respondent 23	Presenter	SAICA	Session 1
Respondent 24	Presenter	SAIPA	Session 1
Respondent 25	Presenter	SAIPA	Session 1
Respondent 26	Attendee	SAIPA	Session 1
Respondent 27	Attendee	SAIPA	Session 1
Respondent 28	Attendee	Unknown	Session 1
Respondent 29	Attendee	Unknown	Session 1
Respondent 30	Presenter	ACCA	Session 2
Respondent 31	Presenter	SAICA	Session 2
Respondent 32	Presenter	Institute of Chartered Accountants of Namibia	Session 2
Respondent 33	Attendee	Unknown	Session 2
Respondent 34	Attendee	Unknown	Session 2
Respondent 35	Attendee	Unknown	Session 2
Respondent 36	Presenter	Institute of Chartered Accountants of Nigeria	Session 2

[1] Session duration approximately 70 minutes.

[2] Session duration approximately 60 minutes.