

# [Good example of research paper on sustainability reporting: expanding the scope o...](https://assignbuster.com/good-example-of-research-paper-on-sustainability-reporting-expanding-the-scope-of-disclosures/)

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## Introduction

Financial statements are the end product of an organization, in which information of the financials and non financial based things would have been recorded accordingly. Succinctly, it could be said that a financial report is basically a piece of document, in which information pertains to the total expenses and revenues should be recorded for different users of the company. There are certain users of the financial statement, which deems extremely important for the organizations.
Some of the major users of the financial statement of a company are the investors, bank’s officials, governmental officials and other important things. Generally, there are three heads that come under the ambit of financial statement, which predominantly are, Income Statement, Balance Sheet and Cash Flow. All of these heads have all the sufficient information and knowledge related to the financial competitiveness of a company. Different users of the financial statement may get a fair idea regarding the financial competitiveness of a company as a whole (Gibson, 2012).
The main perspective of this assignment is to analyze the importance of sustainability or integrated financial reporting on the position of the company from different standpoints. There are three different subtopics that need to be cover in this particular analysis in total and there is case of a specific company with the name of SASB. The company is hypothetical, but the company is very much eager to disclose all of its financial and non financial information in a documented report, which is Sustainability or Integrated Report.

## Main Body

Integrated reporting (IR) is a process that leads to an organizational communications, the most obvious periodic comprehensive report on the creation of value over time. The integrated report is primarily demonstrate the organization's policy, culture, performance and vision in regard to its external environment, how to lead in the creation of short, medium and long-term value of a concise communication. A comprehensive report should be prepared in accordance with International Integrated Reporting Framework (Brockett, 2012). However, the process of leading an integrated reporting (IR), the communication will be beneficial for a variety of stakeholders; it is considered as the crucial contributor for the execution of financial capital allocation decisions. This means that a company's performance in the financial and other related aspects of the integration of the value of information, said. The report provides a comprehensive performance data in the context of larger, relevant information on how to clarify the value attached to the operation or business, and may contribute to long-term embedded into the company's decision. The communication leading to a comprehensive report will be beneficial for all types of stakeholders, their primary provider for the financial capital allocation decisions.
A comprehensive/integrated report is intended to promote more cohesive and effective way to bring together a full range of corporate reporting a significant impact on the organization and communication of other reporting stocks over time, the ability to create value factors. The goal is to inform the allocation of resources by supporting the creation of long-term financial capital providers, as well as short term and medium period of value. It helps in promoting built-in thinking, making of decision as well as deed, with a focus on long-term value creation, as well as short and medium term. Strengthen broad-based comprehensive report (financial, production, human, copyrights, physical, societal and relationship) accountability and management of such funds, and to encourage awareness of the interdependence among them. The basis for the development of an integrated reporting (IR) on the financial and other reports are to promote the evolution of corporate reporting. The basic purpose of integrated reporting (IR) is to convey the most important factors in creating value over time. Organization will provide additional detailed disclosure, such as financial statements and sustainability reporting, in compliance to purposes which enable to catch out the exclusive information requirements consist of those shareholders except granting financial capital. These additional disclosures may be linked or referenced in a comprehensive report of the organization

## Does integrated sustainability reporting make good business sense?

Every business tries to enhance its productivity from different standpoints and angle and every standpoint deems extremely important from the viewpoint of an organization in total. Analysts analyze an organization from different angles and with the help of different methods and tools. All of these tools are essential to analyze and assess the level of financial based initiation from different angles in total.
It is now become vital for a company to value their shareholders in a manner that their level of confidence would increase or enhanced considerably (Previts, 2011). Value of the shareholders could be increased with the help of high financial figures or give them enough confidence about all the latest happenings of the company in total. When it comes to organizations, then there are certain things which deems extremely valuable and important and among them, the name of shareholders is one of them. Shareholders known as the actual owner of a company, and they are the someone due to which not organization could increase their financial and economical belongings
Up till now, it is clear that the essence of shareholders and other corporate users for an organization is important, and the thing which attracts them towards the company is the clarity and transparency of the information they would like to furnish in front of their internal and external shareholders. Integrated Reporting which is like to disclose every single financial or non financial thing in a sort of document to provide insight knowledge regarding a company along with its major operations, major customers, major suppliers and many more major things
The main idea or sense of a business lies in a particular thing that how effectively a business could have been run by taking different things and provisions into consideration and effective and integrating reporting certainly bring an exotic economic change towards the company. Research analyze that shareholders are more lenient towards that company which are able to provide all the latest financial and non financial information in their reports and such reports are commonly known as sustainability reports, and it numerous information which are more than essential to anticipate the financial position of the company along with its share price analysis as well. Obviously, the sense of the business is simple, which is to increase the profitability or residual claim of the company and it is only happen, when a concrete amount of matter or information would have been passed through different users of the financial statement of a company. There are number of users of the financial information of a company and in an integrated sustainability disclosure, every party or user can get certain added advantage, as it has number of financial and non financial heads as well, which are more than enough to represent the financial and non financial information for the shareholders as well as for the management of the company as well. All the new companies have to consider this particular stance accordingly, and among these companies, the name of SASB is one of them, which is relatively a new player in the market, and very much in the phase of research and development, to find out the major advantages and potential of integrated and sustainability reporting. The major benefit found by SASB under the net of integrated and sustainability reporting is that it assists effectively both the company and the shareholder to take effective and timely decisions. Likewise other companies, SASB could also achieved its objective or business goal merely due to the making and implicating the fruitful and effective integrated report in total.

## Can sustainability reporting be standardized across all businesses and industries?

Global environment is rapidly changing; the company reported the need to keep up with the needs of its users. The purpose of the report is to provide a comprehensive remedy. Adopt a principles-based framework to determine the content of the report presents comprehensive information about the business model and strategic objectives, in a concise and transparent manner towards the overall performance and governance. Benefits of sustainability reporting is significantly linked to the sustainable development report suggesting that it did not previously exist performance monitoring, making the subsequent benefit is the fact that feasible . These include operational improvements; enhance trust, brand reputation, and assessment of non-financial risks. Barriers to reporting requirements, including the rapid development frameworks and lack of management support, resources required, and the return on investment in intangible. Awareness of sustainable development on the continuous improvement that is combined with the growing need to understand and comprehensive disclosure, which are not only transparent malfunctions as like Enron in the year 2001 and that of WorldCom, was brought to light in 2002. The trend of publishing sustainability reporting and corporate social responsibility (CSR) has been augmented (Grünewälder, 2009). This sort of behavior indicates that companies are increasingly adopting sustainability reporting as a powerful tool for decision-making, as well as their company policies and strategies. It seems more and more recognize the periodic and genuine sustainable development report any industry business interests. In support of the achievements in sustainable development reporting, companies must estimate the relatively high implementation and maintenance costs, which present another obstacle that companies have to deal with.
Inevitably, every business strives hard for the economic prosperity and economic expansion in total, and it is only possible, if the internal based control system of the company is perfect and momentous. There are lots of people, which are still unaware with the basic definition of the term ‘ organization ‘ or a business. Organization is basically referred to a place where in people belong to different demographic and mindset work together for the achievement of a single and pre-specified goal in total. The main objective of an organization is to increase the residual claim with the help of different operating actions and things in total, and organizations of almost every country is currently doing the same thing for their corporate moves. The essence of productivity of a business analyze with the fact that how effectively, it manages its operations, revenue and direct cost because all of these constitutes are important to come over net income or gross profit of a business.
In all over the world, there are number of industries, under which number of companies lies together, and it is important for all of the companies to apprise the companies to adhere with the financial and non financial regulations. Sustainability or Integrated reporting are essential for every company to apply, however there is no standardized rule associated with the company on which different decisions could have been taken. Sustainability reporting is not at all standardized or even necessary in not for profit and private organizations, because there would be no external auditors or shareholders are there. However, this is not a hard and fast rule, that the companies which not public and don’t have shareholders, could not publish their financial statement in front of different users, but they could also publish and present their sustainability and integrated report in front of the people and different parties which are actual users of their business. It would also help out the private companies to take effective and timely economic decision which would be extremely beneficial for the company as a whole.
SASB is a new company and does not have recognition in the financial market in total, and required to publish their shares in the financial market. Now the company has to publish its sustainability or integrated report for its different users to become proactive in terms of taking different economic decisions. Such type of disclosure would certainly become essential for the company, if they are strategizing to become global or public.

## Can sustainability reporting be successfully incorporated into a more traditional financial reporting framework?

Financial Report is presented as the company's results of operations, accounting operations and cash flow during the financial data. Along the relevant information / documents to the financial statements may contain primarily used for external personnel in a variety of forms, such as in the annual fiscal report (Greuning, 2011). Most specifically, financial reports are " financial communication and information which are taken into account for making investment, credit and other decisions for business." This communication includes such income statement, balance sheet, asset statements, cash flow statements and notes to the financial statements of these generic statements. In addition, documents filed with the U. S. Securities and Exchange Commission, press releases, meeting minutes, as well as items such as the auditor's report is also included in the financial statements. Most of the financial reports are corresponded to accounts and data while it is liable to adhere with set of laws and values of entities. In a broad sense, said long-term financial reporting that everyone uses! We have received a receipt from the store when we make the purchase, we receive a bill. In a sense, these are conveyed to us by our account or personal affairs of state both financial reporting.
A financial statement is a set of document in which there is certain information related to the financials of a company. There are number of things which come under the ambit of a financial statement, which predominantly are cash flow, income statement and balance sheet. The set of information found in each constitute of the financial statement is different and it has number of information for different users of an organization’s financial statement.
Information regarding the company’s revenue, operating expenses and its net income could be found specifically under the head of income statement, while the entire financial position of the company could be found in the balance sheet of a company along with the cash flow information. Companies have to make and present their financial statements in front of the users in a manner that it would become easy for them to take effective and timely decisions accordingly. Financial reporting framework depends upon number of traditional approaches and works altogether, as there are number of laws and regulations, pertains to accounting and finance which have to be considered by an organization to become economically active and competitive as well. There are International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), which introduced by International Financial Standard Board (IASB) which have to be complied by the organizations in order to treat their assets, expense and other things according to the given framework. Anything which is not adhering with the financial based principles or prevailing laws would not be considered acceptable under the net of finance. If it is asked that, is sustainability or integrated approach of reporting could become a part of the traditional approach, then it may be acceptable up to some extent because integrated approach usually has all financial or non financial information in it, and financial or accounting standards have nothing to deal with the non financial matters. This particular framework may increase a sort of conflict among the companies to what to report or what to not? It is better not to include the sustainability or integrating reporting as a part of the standard financial reporting framework in total, but it may use to apprise and inform different users of the financial statement regarding different financial based treatments and all such things. SASB which is a new company has to consider this particular thing, while disclosing all of their financial and non financial information in their corporate or financial report, as sanctions may be created against the company in non compliance with the IASB standards.

## Conclusion

Investors have number of options and methods to analyze the potential and worth of a company in total and with the help of different methods, investors would become able to take effective and timely economic decisions. Most of the school of thoughts regarded finance and accounting as similar things, however the applicability as well as utilization of both of these provisions are totally change to each other.
Accounting at one hand is the name of recording the financial transaction of a company, while finance is the name of utilizing the money or funds of a company at a place from where the likelihood of earning would be on a higher scale. There are number of a concept that specifically counts under the name of financial management and every concept has its own recognition and importance lies in a broad nutshell. With the help of the financial statement, investors may or may not take effective and timely decisions. The main perspective of this assignment is to analyze the importance of sustainability or integrated financial reporting on the position of the company from different standpoints. From the entire analysis, it is found that the utilization of sustainability or integrated reporting is extremely important but it should not be made a regular part of the standard financial reporting, because of some of its major limitations.

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