



Role of Professional Organizations in Improving the Disclosure Performance of Corporate Houses at the Global Level

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Authors' contributions

This work was carried out in collaboration between all authors. All authors read and approved the final manuscript.

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ABSTRACT

Every country has its own economic feature. The economic feature of the country may be private or capitalized, centralized or controlled by the government, mixed it is the combination of both. In the private economy, the major player is private owners who are the central point of market operations and the factor for variations in prices. Individuals of the business organizations who want to involve in the transactions created by the private owner's needs information which influence their behavior in the market. The present paper is conceptual in nature with secondary sources of data collected through websites, journal, and other published reports to analyze the role of international organizations in improving the corporate reporting at the global scenario. And concludes that there is necessity of having co-operation among these organizations in setting standards and the future can be with single competitive standards which encompass the need of all the stakeholders.

Keywords: Corporate reporting; international reporting; uniformity in international reporting scenario.

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1. BACKGROUND

Every country has its own economic feature. The economic feature of the country may be private or capitalized, centralized or controlled by the government, mixed it is the combination of both. In the private economy, the major player is private owners who are the central point of market operations and the factor for variations in prices. Individuals of the business organizations who want to involve in the transactions created by the private owner's needs information which influence their behavior in the market.

The companies are the economic backbone of the country because it creates job opportunities and employs the unemployed human resources of the country and applies them to its production operations and finally creates the products and services. To achieve this firm need other three elements from the society one is resources, second is finance from investors and thirdly created products or services to be delivered to consumers who consume the products or services and creates the goodwill and super profit earning capacity. To deal with all these aspects ultimately they need to have permissions and licenses from institutions who are working as regulators. By analyzing the above process we can be observed that the companies are the central point for all the people who are involved in each and every transaction(i.e., human resource, public, government, investors). These people are most keen on getting information about the company because their decisions totally depend on the communicated information which may be both financial and non-financial information. It is important to note that to get finance a company has to disclose its information efficiently [1,2]. The communicated information by the companies is gathered by various interested parties which are already mentioned above clearly analyze and evaluate the information to know the opportunities and benefits which influence them accordingly they will make proper decisions. There are huge corporations who are communicating information in two sets of reports that is one for financial information and another for non-financial information (sustainability report).

Financial reports mainly issued to meet the needs of investors and regulators. Whereas nonfinancial reports are issued to cater the needs of various counterparties including investors and regulators who are also known as the stakeholders such as employees, consumers, creditors, suppliers, local people and

others (NGO's, Government authorities, etc). financial information is organized in the financial reports based on the mandatory standards applicable to the specific geographic area for instance in India IND-AS which converged with IFRS is mandatory for financial reporting by the companies. Whereas non-financial information is organized in the non-financial or sustainability reports based on voluntary guidelines given by various nonprofit organizations for instance GRI. In recent days sustainability information is also gaining more importance on the three-dimensional aspect that is ESG (economic, social and governance) [3,4,5]. This interest in ESG aspects is important to the investors in two contexts. One is on ethical and moral context and another one is to analyze their investments to a trade-off between risk and return [6].

This indicates investors and other stakeholders are having a dynamic need on ESG aspect of information but the corporates following only one reporting system that is financial and is definitely not in a position to fulfill their sustainability information needs. But another important issue with regard to sustainability information is that of reliability, timeliness, and relevance of data because sustainability reports are not properly audited regularly, so it is difficult to get assurance from non-financial information by the stakeholders. To remove this barrier there is a necessity of having a specified standard for reporting sustainability information which will impose mandatory situation for reporting nonfinancial information. To provide standardised well structured guidelines framework for reporting and communicating non-financial information there are some international organisations working for this purpose. These organizations working with multidimensional unique goals say for example XBRL international is working for bringing uniformity in financial reporting pattern across the world by the corporates, GRI is working for developing the standards for sustainability reporting which definitely meet the UNOs Sustainability Developmental Goals. Like wise other organizations are also working for the improvement of corporate reporting pattern at the global level and which creates the necessity of examining the unique role of each professional organisation so present study is intended to be conducted to analyze the role of professional organizations in improving the corporate reporting pattern at the global level. The next part of the paper is organized as Literature review, Objectives, methodology ,discussions, conclusion and scope for future research.

2. LITERATURE REVIEW

To analyze the earlier studies conducted on the present research context following literatures were reviewed to find out the research gap.

Kamlesh Tiwari et al. [7] have analyzed the research opportunities and challenges in the area of sustainability accounting reporting and suggested that the areas like analyzing social, economic, the environmental performance of the organizations and the sustainability reporting impacts on the survival of the business.

Kolk, A., & Perego, P. [8] internationally analyzed the determinants of the adoption of sustainability assurance statements. They studied 212 Fortune Global 250 companies for the years 1999, 2002 and 2005 to examine the factors influenced for the adoption of sustainability assurance statements and found that the companies working in countries are more stakeholder-centric and with less stringent corporate governance laws are keen in adopting a sustainability assurance statement.

Simnett, R., et al. [9] examined the assurance aspects of sustainability standards at the international level and concluded that companies running with the objective of enhancing reliability and credibility of their reports and build their goodwill with super profit earning capacity are makes greater effort to have their sustainability reports get assured, but the assurance giver is not necessarily from audit. And also found that companies working in stakeholder-centric countries are majority gets assurance from the person who is from the auditing profession.

Joanne Wiseman [10] evaluated the environmental disclosure practices made in corporate annual reports and also analyzed the quality and accuracy disclosed sustainable information. For this purpose study collected 26 environmental sensitive industries annual reports and content analysis performed and found that the corporate environmental disclosures are not complete and are unrelated to the companies' actual environmental performance.

James, M. L. [11] analyzed the perceptions of accounting professionals and academicians on sustainability and integrated reporting to know the benefits of the disclosures to various stakeholders. Finds that the accounting professionals are opined that sustainability reporting provides for various economic, social

and governance performance indicators and academicians opined that sustainability reporting is more favorable to the large-scale business organization than small and medium organizations.

Abhishek et al. [12] conducted the study to analyze the social performance disclosure practices in the Indian scenario and concluded that the companies are disclosing sector wise mandatory elements compulsorily in their sustainability reports and other elements are not disclosing properly and suggests that there is a necessity of strict legislation to make sustainability reporting more effective.

3. RESEARCH GAP

The review of the literature found that the majority of studies already conducted are more focused on the general aspects such benefits, limitations, and impact of sustainability reporting on business context and no studies conducted on the role of international organizations on the improvement of corporate disclosures that is both financial and non-financial information so the present study is focusing on the role of international organizations on the improvement of corporate reporting.

4. RESEARCH QUESTIONS

From the literature review, the study identified the following research questions to be answered.

1. Which are the international organizations working for setting the standards for corporate disclosure internationally?
2. How do each international organization play a role in improving the corporate disclosure system by the corporate?

5. OBJECTIVES

1. To analyze the various international organizations working for setting the standards for corporate disclosure internationally.
2. To examine the role of international organizations in improving the corporate disclosure system by the corporate.

6. METHODOLOGY

The present paper is in conceptual and descriptive in nature conducted based on the

secondary sources collected through published research articles, reports of the professional organizations and websites of professional organizations working for the standardization of corporate reporting at the global level. For the purpose of the study, professional organizations are defined as the organizations which are involved in promoting corporate reporting manner, quality and transparency across the globe. The present study is limited to analyze the role of professional organization such as IASB, IIRC, GRI, XBRL, and SASB (see table-01) in promoting the corporate reporting pattern in the multidimensional angle.

7. INTERNATIONAL ORGANISATIONS INVOLVED IN PROMOTING CORPORATE REPORTING ACROSS THE GLOBE

The list of international organizations involved in promoting corporate disclosure system across the globe is indicated Table 1.

7.1 International Accounting Standards Board and its role in Improving the Corporate Reporting

IASB is an international organization which is independently working and provides the framework and standards for financial reporting by the corporate and which are applicable at the international level. IASB issued International accounting standards now it is IFRS (International Financial Reporting Standards) the earlier name of IASB is International Accounting Standards Committee (IASC) and which was individually having the authority and responsibility towards setting and issuing the accounting standards. nowadays IASB is becoming popular throughout the world because it is playing a vital role in bringing uniformity in financial reporting by corporate across the globe by issuing the separate set of principle-based standards that are popularly known as IFRSs (International Financial Reporting Standards).

This standard definitely removes the diversity in financial reporting among the countries of the world because IFRS is one and only the tool for harmonizing the accounting standards across the countries of the globe. This standard can be directly adopted by the countries as its own accounting standards i.e., adoption of IFRS or by using the principles of IFRS the countries of the globe can develop their own accounting standards i.e., the convergence of IFRS. This clears that the role of IASB in promoting corporate reporting in international arena is prominent because it mainly emphasis on financial information reporting and unifies the financial reporting system across the world and enables the firm and its stakeholders for easy comparison of financial results of companies which are operating in different countries and also helps the companies to attract the international investors.

7.2 Global Reporting Initiatives and its Role in Improving Corporate Reporting

Nowadays stakeholders of business are keen in various multidimensional information of business operation so it creates equal importance for financial and non-financial information as well. For financial information there are standardized, well-defined, unified frameworks around the world and it is necessary to have standardized, well-defined, unified guidelines and framework for reporting and disclosures of non-financial information. Today there is one such standard is freely available that can be voluntarily utilized by the companies around the world that is Global Reporting Initiative Sustainability Reporting Standards (GRI SRs). GRI is the international framework for reporting and communicating the non-financial information at the international standard and also it is the tool for implementing the integrated reporting in the particular economy across the globe and enables the company's which are following this standards to recognize themselves by the international communities.

Table 1. Corporate Disclosure Promoting Organizations

Sl. No.	International organizations	Nature of Operation
01.	International Accounting Standards Board	Private sector body
02.	Global Reporting Initiatives	Non-profit Organization
03.	XBRL International	Non-profit Organization
04.	Sustainability Accounting Standards Board	Non-profit Organization
05.	Transparency International	Non-profit organization

Source: secondary data

The international framework for non-financial reporting helps the company to report the general, economic, environment and social performance aspects along with its financial reporting. For reporting of non-financial information by the company GRI is followed which enables the company to comply with Indian's SEBs BRR requirements automatically and the firm can gain the identity at the global level.

7.3 Role XBRL International in Improving Corporate Reporting

XBRL International is a non-profit organization with the membership of more than 600 professional organizations around the world set up for providing the freely licensed global standard for reporting of business, financial, risk and other related information by the organizations. And it has developed a digital language for business and financial information reporting that is popularly known by XBRL the full-form of the same is extensible business reporting language. This organization is having more than 90 branches around the world and it is playing the vital role in standardizing the business reporting across the globe. This digital reporting language helps in defining the financial and business terms without vogue, enables the firms to report both financial and non-financial information to cater the needs of various regulatory authorities and stakeholders group at large and also allows the firm to include special information in the reports by making specific extensions to the reporting language. Along with this reporting firm can get wider benefit in multiple angles such as efficiency in reporting, reusability without re-keying, reduction of report creation cost and finally it enhances the quality of information with consistent disclosure and makes the reports which can easily comparable. Recently XBRL International agreed to support the firms to report the Environmental, Social and Governance (ESG) information along with financial information this confirms that XBRL International is putting greater effort for promoting Integrated Reporting at the global level.

7.4 Role of Sustainability Accounting Standards Board in Improving the Corporate Reporting

The Sustainability Accounting Standards Board is an independent standard setting board and which involves in developing the standards, framework and guidelines for reporting the

financial aspects in relation to the sustainability issues pertaining to the business organisations which are situated across the globe. For the purpose of setting up of sustainability standards this board operates in different sector committee structure. The committee comprises minimum three board members from each sector for carrying detailed discussions, reviews with the staff who are involves with SASSB.

SASB provides basic conceptual framework which consists of fundamental assumptions, principles, definitions, objectives, goals, scope to developing the sustainability accounting standards. This framework is most essential to give the idea about sustainability accounting, its objectives and importance and the target group of stakeholders to whom information has to be communicated. This board plays a vital role in connecting business houses and its investors on the matter of financial impacts of sustainability. At present there are 77 sustainability accounting standards issued by the SASB which in industry specific in nature.

7.5 Importance of Sustainability Accounting Standards

SASB is got its own importance because of the following:

- It is having the mission to favor the business houses in reporting on the sustainability matters to majorly cater the needs of investors.
- The sustainability accounting standards developed by SASB is purely based on the feedback from companies, investors and others with a transparent manner.
- SASB provides industry specific standards which helps both companies and investors to compare the sustainable financial impact one with others.
- At present this standard is using in more than 120 countries across the globe and more than 160000 users using SASB standards and it's receiving support from 26 trillion dollar investors group.
- It also helps to investors to analyze the risk and opportunities created from the sustainable financial impacts of the business.

7.6 Role of Transparency International in Improving Corporate Reporting

Transparency International is one of the civil services organizations which involves in

eradicating the business and political corruption at the global level. This organization was established in 1993 as NGO and it is popularly developed as an international NGO. The major role-playing by this institution is calculating and disclosing annual Global Corruption Barometer and Corruption Perceptions Index in relation to countries of the world. And also calculates and publishes the Corruption Index for corporate reporting also. TI is headquartered at Berlin, Germany. At present, it has more than 100 chapters around the world. It not only works on eradicating the corruption in the government context but also focuses on the corporate prospects. In India also there is one chapter of TI that is Transparency International India. Transparency International is playing a vital role in improving corporate reporting by providing principle guidelines to maintain the transparency in reported information and also investigates whether the company is transacting in a transparent manner or not. In the Indian context, TI established a Corporate Support System (CSF) to get the involvement of corporates in eradicating the corruption by giving the free training tools of good governance, corporate reporting, and ethical corporate governance. Along with this TI publishing a survey results timely since 2008 in relation to ANTI-CORRUPTION PROGRAMMES undertaken, ORGANISATIONAL Transparency matters and Country-By-Country REPORTING and disclosures made in their annual reports in this respect on companies around the world and ranks the company by corruption index this would impact greatly on the company's future prospects. If a corporate identified as good in the point of Corruption index which means the company is in transparency operation and also in disclosing the information to the end users and attracts various stakeholders.

8. FINDINGS AND CONCLUSION

Following are the findings with respect to the objectives of the study:

- With respect to first objectives the study found that IASB, GRI, XBRL International, SASB and Transparency International are the organizations which are working on the multidimensional aspects in promoting the quality, pattern of the business and financial reporting which can be acceptable at the international scenario because these organizations not only gives guidelines, framework and standard to report financial

information but they also gives the framework in relation to non-financial aspects such as environmental, social and other factors to cater the changing need of various stakeholders.

- With respect to second objective study found that IASB provides strong base for financial reporting, GRI, SASB provides guidelines for reporting and communicating the sustainable or non-financial information, Transparency International works for promoting the corporate transparency but the XBRL international is uniquely playing the vital role because it provides the standardized rule-based reporting language to reporting the business and financial information and thereby it helps to the goals of rest of the organizations at large.

There are several international organizations working for the improvement of corporate reporting as per the changing requirements of the environment but the present paper focused and evaluated the role of important international organizations in improving the corporate reporting pattern and to harmonize the consistent disclosure pattern across the globe. If the companies follows the guidelines prescribed by these standards for multidimensional information reporting that is both financial and non-financial information and definitely minimizes the diversity in reporting pattern and brings uniformity which enables the firm to and investors to easy comparison sustainable financial performance and to get the competitive advantage the global scenario. Finally we conclude that if we get the co-operation among these organizations in setting standards and the future can be with single competitive standards which encompass the need of all the stakeholders.

9. LIMITATIONS

The study is not exception from limitations it also faced some limitations such as it is in the conceptual nature, only based on secondary sources and not analyzed the technical aspects of these organization.

FUTURE RESEARCH AVENUES

From the limitations of the study we identified the following aspects which can become the future research avenue that is analyzing the role of individual organizations and studying their guidelines with companies reports, comparatively

analyzing the guidelines of these organizations with companies reporting.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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