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INTEGRATED REPORTING AS A MANAGEMENT TOOL FOR A COMPANY SUSTAINABLE PERFORMANCE

Abstract

This article reveals the importance of integrated reporting in the context of a company sustainable development. Integrated reporting is an extension of traditional corporate reporting, providing interested users with information about how an organization creates value over time using all types of capital involved. Integrated reporting, which includes all aspects of corporate governance and performance, provides a real reflection of the company's performance and ensures transparency of information disclosure for the users. Thus, integrated reporting is an effective management tool of the company in the contemporary economy.

Key words: integrated reporting, corporate, performance, sustainability

Introduction

International Integrated Reporting, IR Framework was launched in December 2013. This was done in order to make corporate reporting more complete, more reflective of the real challenges organizations face, and therefore, more useful for investors. The IR Framework is now part of the International Financial Reporting Standards, IFRS Foundation.

In early 2022, IFRS Foundation staff conducted a research project to determine where and how the Integrated Reporting Framework is being implemented worldwide. The results of the study showed that more than 2,500 enterprises in more than 70 countries have implemented integrated reporting. Based on the regional classification system used and the available data, it was observed that integrated reporting is practiced widely in Asia Pacific 43.1%; Europe 25.1%; Middle East and Africa 23.1%; North America 3.2%; and Latin America 5.4%. Within the regions there are some countries that are leaders in adopting integrated reporting. For instance, Japanese companies make up a large portion of the sampled reports in the Asia Pacific region. Sector analysis indicated that companies across shows that the majority of the reports came from companies in the infrastructure (16.7%), financials (16.6%) and resource transformation (32%) sectors [1].

The integrated report embodies the natural development of a traditional corporate financial report, the models of which could not adapt to an unstable economy and cannot explain the increasing role of intangible assets in creating the corporate value. Traditional metrics for measuring corporate value and economic progress no longer provide a complete picture and cannot provide a company's comprehensive accountability. A traditional financial report contains historical financial information; this information can be used as a basis for making forecasts. However, it does not disclosure the internal and external factors that create the company's value and are the drivers of its growth. This makes it necessary to prepare an integrated report in the context of digital changes in the economy and society.

Discussion

The basis of the concept of IR is the statement that values are increasingly formed by factors additional to financial indicators, such as interaction with the environment, social reputation, customer relationship, governance, human capital competences, that are, intangible drivers of business development. Integrated reporting is a synthetic tool to present the system of financial and non-financial indicators of a company. Reading integrated report a company's stakeholders can make overview on how strategy, governance and organization create a corporate value using its capital in different period of time.

The key categories of information required to be included in an integrated report under the Framework. They include: Organizational overview and external environment, Governance, Business model, Risks and opportunities, Strategy and resource allocation, Performance (Financial Report), Basis of preparation and presentation. Guiding principles for Integrated Reporting are: strategic focus, future orientation, connectivity of information, responsiveness and stakeholder inclusiveness, conciseness, reliability and materiality [2].

Various terms of integrated reporting can be found in the scientific literature, for example, Value Reporting or Integrated Reporting or Sustainability Reporting. Regardless of the name, the purpose of the integrated report is to provide investors and corporates with a comprehensive corporate reporting across the full range of company value drivers and standards to drive global sustainability performance [3]. Integrated reporting represents a new corporate disclosure philosophy that focuses on providing future value creation information, related to the firm's strategy and business model, and the six types of capitals used (financial, operational, intellectual, human, social and relationship, and natural capital) by the company, to financial stakeholders:

- Natural Capital serves as the basis and glue for the entire economic and social system. It provides resources that often cannot be replaced;
- Social and Relationship capital include ties to the community, government relations, customers and supply chain partners;
- Intellectual capital encompasses the intangible assets associated with brand and reputation that are critical to the company, patents, copyrights, etc.;
- Human capital refers the skills and know-how of a company's professionals as well their commitment and motivation and their ability to lead, cooperate or innovate;
- Financial capital includes resources and funds;
- Manufactured (operational) capital mainly comprises physical infrastructure such as buildings, technologies, equipment, etc.

There is no doubt that there is a real need to prepare reports that briefly and transparently disclose the corporate strategy as well as how the risks associated with it are measured and managed. However, in practice, many questions arise when applying the principles of the IR Framework. Most discussable questions are:

- How do the various capitals contribute to the value creation strategy?
- How to measure the impact of digital adoption, including the use of platform technologies on the value of the six types of capital?
- What is integrated thinking; how to achieve it in an organization and how to measure the value levels of integrated thinking?
- How to reach connectivity of integrated thinking with integrated reporting?

Conclusion

Of course, the answers to these and other questions related to information connectivity and a company's sustainable performance require further scientific and practical researches, that will certainly enrich the theory and practice of accounting and reporting. The integrated reporting, which includes all aspects of corporate governance and performance, attaches particular

importance to accounting theory and practice in the contemporary wave of economic development - in the era of digital transformation.

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INNOVATIONS AS A BASIS FOR MACROECONOMIC STABILITY

ABSTRACT. One of the most pressing problems of developing countries is the consumer model of the economy. Unfortunately, economic development policy usually is directed to the stimulation of consumption, not to the growth of productivity. It is impossible to achieve an economically strong country with stable macroeconomics without a developed real sector. This paper aims to describe and analyze the difficulties, problems, and challenges that occurred in small open developing countries. We will try to focus on issues of macroeconomic stability. The paper describes the current economic situation and its short-term perspectives by using the Global Innovation Index. The Global Innovation Index is an annual ranking of countries by their capacity for, and success in, innovation. Innovation is important for the country's rapid economic growth and competitiveness. Innovation enables a company to gain a competitive advantage, eliminate competitors, create entry barriers, and quickly become a leader. With significant innovation, a company may even gain monopoly power. Innovation is important not only for companies to increase their profits but also for the population. The latter is the driving force of progress. Thus, through the development-focused policy, a state must direct the funds to improve the social and innovative fields (more qualified medical and academic personnel that have been needed so much, particularly in terms of the Pandemic, operable infrastructure, introduction of innovations, availability, etc.) and must stimulate the private structures to do the same. Society needs macroeconomic stability that brings social progress and determines the prospects for future development. Targeted innovation policies can reduce the unemployment rate, macroeconomic instability and improve social security.

Keywords: Innovation, Macroeconomic Stability, Global Innovation Index

Introduction. Low- and average-income small open economies have to make efforts to reach macroeconomic stability. The authorities of such countries need a complex, consistent and logical approach to avoid the destabilization of their domestic economies as a result of significant shocks in the permanently changing environment. As a rule, the small scale of a country may be viewed as an advantage in some cases as it is more flexible and allows certain manoeuvring as well.

Description of the economies of the countries by using various indices in global and local sections is gradually becoming more urgent. In general, the opportunities of the present-day situation and development must be considered in different respects. Social and innovative development in the global environment depends not only on the individual states only, and it is important to consider the issue at a regional level. Therefore, it is interesting to calculate regional indices or provide a region-specific analysis. The unequal development of provinces across the countries is still an unsolved problem. To provide similar living standards, it is necessary to identify so-called “narrow” spots for individual components/different components and to make efforts to eliminate them.

In general, macroeconomic Stability describes a national economy that has minimized vulnerability to external and internal shocks. Macroeconomic stability acts as a buffer against fluctuations in the global and local markets. Inflation and related unemployment can be seen as