

Integrated Financial Reporting as a New Approach to Corporate Reporting

Doç.Dr.Mustafa ÇAM

Hatay MKÜ.İİBF.İşletme Bölümü

ORCID:0000-0002-4520-3413

0 533 3650256

Abstract: Since the information presented in the financial statements only shows the past operating performance of the enterprises, it was insufficient to meet demands of current and potential investors. However, current and potential investors need not only financial statements containing information that integrates financial data and sustainability data, but also a reporting system that includes environmental, economic and social impacts. In other words, investors need an integrated financial statement that includes information on social, environmental and economic fields as well as financial information. The reasons for the emergence of this integrated reporting, the definition and purpose of integrated reporting, the reasons for the emergence of integrated reporting, the advantages and disadvantages of the historical development of integrated reporting in Turkey are given

Keywords: *Integrated Reporting, Financial Reporting, Sustainability Reporting, Sustainability.*

JEL Codes: M40, M41.

I. INTRODUCTION

In the 21st century, with the globalization, the economic activities of the enterprises exceeding the borders of their own countries and spread all over the world have increased the need of the enterprises for sufficient and reliable information. Information on the economic activities of an enterprise, securities investors, credit institutions, customers who demand the goods and services offered, suppliers, which have important functions in meeting the fund needs of the enterprises, use the information about the enterprise in various decisions. The fact that the said segments know every economic detail related to financial issues contributes to the effective use of funds, the investor or lender focuses on the financial situation of the enterprise, and this provides a positive contribution to the decision process

Financial reporting can only provide financial information about the assets and resources of the enterprises and the results of their activities, non-financial information is not included in the presented tables, the reports in question are insufficient to meet the needs of today's world, institutionalization is important and corporate governance principles are dominant in the non-financial elements. also highlighted the need to periodically share information with the public. For this purpose, the need to publish responsibility reports together with sustainability reports, as well as financial statements, has arisen by businesses that realize this need.

One of the most important resources used in the evaluation of business performance, earning power, financial situation and cash flows is financial reports. However, since the information in the financial reports is retrospective, based on this information, The evaluations made, the decisions taken and the plans made for the future are now discussed by all stakeholders.

Financial reporting can only provide financial information about the assets and resources of the enterprises and the results of their activities, non-financial information is not included in the presented tables, the reports in question are insufficient to meet the needs of today's world, institutionalization is important and corporate governance principles are dominant in the non-financial elements. also highlighted the need to periodically share information with the public. For this purpose, the need to publish responsibility reports together with sustainability reports, as well as financial statements, has arisen by businesses that realize this need. Based on the perspective of globalization and corporate governance in today's business world.

Integrated Financial Reporting as a New Approach to Corporate Reporting

Information needs of stakeholders have gradually increased, and innovative corporate reporting approaches have emerged within the framework of sustainability (Holder-Webb et al. 2008; Holder Webb et al. 2009; Frias-Aceituno et al. 2014).

Looking at the corporate reporting process, it is possible to say that the first step of the financial reporting process is the financial reporting process, the second step is responsibility reports, and the third step is sustainability reports. In the financial reporting process, information about the assets and resources and operational results of the enterprise, the economic, environmental and social activities of the enterprises in the social responsibility reports, and the performance of the enterprises in many social and managerial areas such as energy efficiency, green environment and education are shared in the sustainability reports

Within the scope of integrated reporting, in addition to the practices related to social, environmental and economic fields, the past operating process of the enterprise is discussed, as well as future targets. In addition, with integrated reporting, it provides institutions with the opportunity to analyze financial and financial opportunities and risks that may occur during the formation of the supply chain. Other advantages that it provides more competently than the classical reporting system for businesses are determining strategies, developing business models, estimating possible risks and evaluating risks correctly. Integrated reporting offers its users the convenience of providing a high level of interaction between stakeholders and individuals using business-related information. In addition to these advantages, the general aim to be achieved is to ensure the success of enterprises in a sustainable manner (Aras and Sarıoğlu, 2015: 43).

An integrated report on determining the effect of financial and non-financial capital elements on the value creation process in the short, medium and long term, measuring the contribution of non-financial capital elements to the value creation process by integrating them into the value creation process, in determining the real market value of the enterprises, together with the reasons for the value created. It is very important in providing reliable, transparent and information to the stakeholders of the enterprises

The integrated report is also called "One Report" because the financial reports and sustainability reports of the business's activities are presented as a single report. Integrated reporting has both sustainability (non-financial) and financial aspects

II. REASONS FOR INTEGRATED REPORTING

Until recently, the issue of climate change, which was only considered from an environmental point of view, has now become one of the most critical and increasing risk factors in the business world. Many studies, especially the "Global Risks Report" published by the World Economic Forum every year, reveal that climate change in recent years is one of the most important risks we face as humanity. In the "IPCC Climate Change 2021" report published in 2021, it took its place on the world's agenda with the emphasis on the scale and urgency of the climate crisis

Environmental and social disasters, the effects of businesses on the environment and society, financial crises and business scandals have created differentiation in the purpose, content and types of corporate reporting. Businesses are now preparing reports by adding information about not only financial reports but also non-financial activities. Today, businesses prepare non-financial annual reports such as management reports, environmental reports, corporate social responsibility reports, sustainability reports as well as their financial reports in an integrated manner and present them to the use of information users.

According to Aruwa (2010), these events occurring in the external environment of the enterprise have led to fundamental changes in corporate reporting practices (Aruwa, 2010). The corporate reporting agency Black Sun Plc analyzed the FTSE-100 annual reports published for December 2005 compared to the previous year; While 75% of enterprises included their corporate strategies in their annual reports in 2004, this rate increased to 95% in 2005; While only 16% of businesses stated their goals and targets in 2004, 40% of businesses stated that in 2005, the percentage of businesses discussing values and principles increased from 30% to 66% and their Key Performance Indicators (KPIs) almost doubled from 19%. (36%) provided substantial evidence of its occurrence (Aruwa, 2010).

People using the financial statements could only have information about the past data of the company, and they were deprived of information about the opportunities and opportunities that the company would have in the future. This situation has brought to light the need for integrated financial statements

Today, tangible and financial assets cannot explain the market value of a business, since market value is formed by intangible assets such as intellectual, social and relational and human capital. Economics is information-oriented and

Integrated Financial Reporting as a New Approach to Corporate Reporting

financial statements cannot show the value of a business as a whole, as it generally focuses on past performance and does not provide information about a business's potential to create broader value in the It is possible to summarize the reasons for the emergence of integrated reporting as follows (Kaya 2015, 116).

- Those who need information do not want to evaluate a business unilaterally, taking into account only the financial aspects or the sensitivity of the business to social problems,
- The current reporting does not respond to the needs of information users due to reasons such as inconsistencies between departments and reports containing incomplete information,
- Financial reports only reveal past performance and do not provide sufficient interest for the targets to be determined,
- The information in the sustainability reports includes mostly future projections and the financial statement information is not included in the said reports at a sufficient level,
- Information users want to obtain all the information they need about the business from a single report,
- Demonstrating the future value and sustainability of the business with financial data will be more reliable and meaningful for information users long run (Gibassier et al., 2016:10).

III. HISTORICAL PROCESS IN THE TRANSITION FROM TRADITIONAL REPORTING TO INTEGRATED REPORTING

Financial records began with the recording of agricultural trading activities. It published the US Generally Accepted Accounting Standards (USGAAP) and established the US Securities and Exchange Commission (SEC). In 1973, "International Accounting Standards" (IAS) was established by the International Accounting Standards Committee (IASC). These standards were brought up to date in 2001 and named "International Financial Reporting Standards (IFRS)", which is accepted as the common reporting language in most countries (Büdeyri and Kisa:2016:24). With the globalization, the expansion of economic activities on a global basis, social factors, and the increase in environmental awareness have resulted in the fact that more financial information is necessary for information users, and this has started the process leading to integrated reporting.

The world is changing due to the economic changes that have emerged with globalization and the dependency in supply chains, developing technology, rapidly growing population and increasing global consumption. Rapidly changing economic, social and environmental dynamics require more information about businesses. Because change also affects the structures of businesses. As presented in Figure 1, while businesses were mostly physical assets (83%) in the 1970s, this ratio dropped below 20% in 2009. While it is possible to see the tangible assets of the enterprises in the financial statements, it is possible to see only some of the intangible assets. However, in the 2000s, the share of intangible assets increased and it became necessary to know them (IIRC 2012, 4).

One of the important steps taken for integrated reporting in 2009 was the meeting and forum held within the scope of the A4S Project. According to Eccles and Krzus (2010), at the meeting held in London on 11 September 2009 with the participation of many stakeholders, it was agreed that an international organization should lead the process that will integrate the sustainability and financial reporting framework as an important step in the transition to a sustainable economy. After this decision, IFAC and GRI were invited to cooperate for the establishment of the International Integrated Reporting Council (IIRC) in the forum held within the scope of A4S. The IIRC was established in 2010 as a result of the work done by IFAC and GRI. IRCSA, another important organization on integrated reporting, opened the discussion paper on integrated reporting to the public in 2011. As a result of the studies carried out, the International Integrated Reporting Framework (Framework) was published by the IIRC in 2013. These developments, which were considered important in the establishment of integrated reporting and IIRC, are given in Table 1. (Yüksel.F, Kayali.C, 2020:4)

Integrated Financial Reporting as a New Approach to Corporate Reporting

Table 1. Important Steps in the Establishment of Integrated Reporting and IIRC

Yıl	Related Organization	Development
2004	A4S	Accounting Project for Sustainability Establishment of the working group
2007	A4S	Publishing the Connected Reporting Framework
2009	IoDSA	King III - Publication of Corporate Governance Codes Chapter 9: Integrated Reporting and Disclosure
	A4S	September 11, 2009- Meeting held in London 17 December 2009 - "Governance&Collaboration: Establishing moment International Integrated Reporting Committee" forum
2010	IRC of SA	Establishment of Integrated Reporting Committee of South Africa
2011	IRC of SA	Publication of discussion paper "Framework for Integrated Reporting and Integrated Report-Discussion Paper" by IRC of SA
2013	GRI ve IFAC	Establishment of the International Integrated Reporting Council (IIRC) as a result of the cooperation of GRI and IFAC
	IIRC	Publishing of Integrated Reporting Framework

Today, businesses operate, provide information and share information with a more transparent approach in order to protect the interests of their stakeholders and to maximize their income, as well as to protect the interests of all stakeholders in economic, environmental and social issues in order to ensure their sustainability. In addition, businesses are trying to benefit both the business and the stakeholders in the long run by integrating their sustainability and strategies and creating effective risk management systems. With the developments experienced, differentiation has been observed in the purpose, content and types of corporate reporting, which was created to meet the information needs of the enterprise, stakeholders and all information users. Businesses prepare reports by adding information about their non-financial performance to the financial reports. Today, besides their financial reports, businesses prepare management reports, environmental reports, corporate social responsibility reports, sustainability reports both in the literature and in the newly implemented integrated reports as a part of their annual reports or as a separate report integrated with the annual reports, on their websites. , they make available to information users on public disclosure platforms. (Kızıltan, B. Doğan.U.D. 2021:65)

IV. DEFINITION, PURPOSE AND BENEFITS OF INTEGRATED REPORTING

4.1. Definition of Integrated Reporting:

An integrated report is a concise communication of how an organization's strategy, management, performance and future expectations create value in the short, medium and long term in the context of the external environment in which it is located (<http://www.integreraporlamatr.org/tr/>). Accessed 02.02.2022).

IIRC defines integrated (together) thinking as an effective evaluation of the capitals an organization uses and the relationships between the organization's various business units. Integrated thinking according to IIRC;

- The capitals that the organization uses or has an influence on and the critical interdependencies between them,
- The organization's capacity to respond to the legitimate needs and wishes of its key stakeholders,
- How the organization adapts its business model and strategy to respond to the external environment in which it operates and the risks and opportunities it faces,
- It takes into account the past, present and future activities of the institution in terms of capital, the financial performance of the institution and its performance in other aspects and their results. According to another definition, an Integrated report is defined as a short communication of the organization's strategy, management, performance and

Integrated Financial Reporting as a New Approach to Corporate Reporting

expectations in the context of the external environment that causes value creation in the short, medium and long term (Stefanescu et.all, 2016:548).

Integrated reporting brings together the most important information from a business's current reports and links them together to show how it impacts the business's value creation today and in the future. Integrated reporting provides not only the result of an organization's past performances, but also the long-term perspectives of its operations by establishing economic, social and environmental links. In addition, Integrated reporting analyzes the significant financial and non-financial opportunities, risks and performance of organizations throughout the supply chain, explains the organization's strategy and business model, as well as the anticipated risks and how they are addressed. Thus, organizations gain the opportunity to achieve sustainable success by establishing a more effective communication with their shareholders and other stakeholders thanks to integrated reporting (Aras and Sarıoğlu, 2015: 44-45).

4.2. Purpose Of Integrated Reporting

Integrated reporting brings together the most important information from a business's current reports and links them together to show how it impacts the business's value creation today and in the future. Integrated reporting provides not only the result of an organization's past performances, but also the long-term perspectives of its operations by establishing economic, social and environmental links. In addition, Integrated reporting analyzes the significant financial and non-financial opportunities, risks and performance of organizations throughout the supply chain, explains the organization's strategy and business model, as well as the anticipated risks and how they are addressed. Thus, organizations gain the opportunity to achieve sustainable success by establishing a more effective communication with their shareholders and other stakeholders thanks to integrated reporting (Aras and Sarıoğlu, 2015:44-45).

The main reason for the need for integrated reporting is that the information in the reports of the enterprises is insufficient compared to the information that investors need to make a decision about the enterprise. Businesses using the integrated report system can have the opportunity to present the information needed by the investors to the investors. Among the purposes of integrated financial reporting are the fact that the majority of businesses provide information only about the results of their retrospective activities with the current financial statements they have used, failing to provide sufficient information about the assets, resources and relations that are affected or affected, and failing to provide the shareholders with the sufficient information they need.

The main purpose of the integrated report is to explain to the parties providing financial capital how the business will create value over time (Gençoğlu and Aytaç, 2016:55; Kaya et al., 2016:88). The purpose of integrated reporting is to combine an enterprise's strategy with corporate governance, business model and capital elements and to convey the value it creates to stakeholders (Tianyuan et al., 2017: 331). Another purpose of corporate reporting is to provide information users with up-to-date information on how successful the business is in creating value and obtaining financial returns, and to give them the opportunity to evaluate their future value and return expectations (Yüksel, 2017). It is expected to achieve the following objectives with integrated reporting (Yılmaz et al, 2017:98):

- To provide capital providers with financial information and better quality information,
- Providing a holistic view to corporate reporting by reflecting all the factors affecting the value creation processes of the enterprise,
- To explain all relationships that will increase accountability and intelligibility,
- To be able to combine all information based on value creation in the short, medium and long term at the point of decision making.

4.3. Benefits Of Integrated Financial Reporting For Businesses

Not reflected in reports in traditional financial reporting; Intangible factors such as brand value, sustainability management, intellectual property rights, ability to create value, evaluation of non-financial performance are presented to the information of investors in integrated financial reporting, in this case, it enables investors to make healthier management decisions and ensures that their costs are minimized.

In line with these aims of the integrated reporting system, there are many innovations and benefits that it will provide to businesses that implement integrated reporting. These can be listed as follows (Doğan and Merdane, 2020: 38).

Integrated Financial Reporting as a New Approach to Corporate Reporting

- It helps businesses to reduce report preparation costs by enabling them to combine all reports they have prepared under different names in a single report.
- It enables businesses to strengthen their internal processes.
- It strengthens the communication of enterprises with information users.
- By activating the internal and external communication environment, business strategies created in line with the demands of the society reduce the risk of damaging the reputation of the business.
- It enables businesses to take the right steps in decision-making and contributes to the effective and efficient use of resources.
- It provides a better understanding of the connection between financial performance and non-financial performance.
- It reduces the capital cost of the enterprise.
- It contributes to the increase of the loyalty of the employees towards the company. • Managers' risks; opportunities, while increasing their ability to detect and manage; It helps them make the right decisions by enabling them to evaluate better.
- Contributes to the development of internal control systems in order to produce non-financial information in a timely and reliable manner.
- It does not only focus on financial issues, but also contributes to the stability of the business as it takes into account important factors such as the environment and society.
- It helps the business to find resources under more favorable conditions.
- It contributes to the increase of the brand value of the business(s).
- It increases the coordination and cooperation between different units and paves the way for transparency.
- It ensures that the internal and external reports to be prepared are consistent with each other.
- It enables the business/businesses to communicate effectively with their stakeholders.
- It facilitates the making of local regulations based on transnational integration.
- It contributes to the creation of sustainable value.
- It provides the information needed by analysts and information users by establishing the relationship of sustainability reports, which are not sufficient on their own, with financial information.
- It reveals that corporate sustainability performance is not only related to the department it is affiliated with.
- The possibility of revealing the relationship between business value and sustainability may also affect the decisions to be taken by the senior management.
- Effectively implemented integrated reporting contributes to financial and sustainability performance.

4.4. Problems Encountered In Integrated Financial Reporting

Integrated reporting, despite the many benefits mentioned above, is also criticized by some academics and managers for the complex nature of Integrated Financial reporting, the lack of a standard structure, the inability to determine the accuracy of the information presented, and the lack of clarity of its scope.

The problems faced by the enterprises preparing and publishing integrated reports in Turkey can be summarized as follows (Yüksel, 2017:51; Dogan and Acar, 2019:38-47);

- Existing audit applications need regulations in parallel with integrated thinking,
- The increase in the duties and responsibilities of managers, the problems that businesses may face in the integrated report preparation process
 - Inadequate regulations on integrated reporting throughout the country,
 - Problems that may be caused by differences in inter-country legislation,
 - The possibility that successful enterprises may consider the integrated report application unnecessary,
 - Employees' reluctance to participate in the integrated reporting process,

Integrated Financial Reporting as a New Approach to Corporate Reporting

- Inadequate vocational training and competence in the preparation, presentation and supervision of the integrated report,
- The possibility of not meeting the short-term expectations of shareholders by the enterprises,
- The possibility that the enterprises will not meet the expectations of shareholders and other stakeholders at the same rate,
- Stakeholders' inability to analyze the integrated thought-based integrated report,
- Independent Accountant Financial Advisors may experience technological problems such as integrated report preparation in integrated report preparation and use of information technologies during the presentation phase,
- Turkish Accounting Standards, sustainability concept/sustainability reports, ability to establish the connection between past, current and future performance of the enterprise, integrated thinking, value creation concept, creation of internal control system, risk management, opportunities evaluation, knowledge about capital elements within the framework of Integrated Reporting and capital elements required during the integrated report preparation and presentation phase of accounting professionals lack of competence in certain subjects such as being able to establish the connection, establishing the connection between financial and non-financial performance indicators,
- Failure to determine the important issues to be included in the report,
- It is not clear how the opportunities will be measured,
- Failure to determine the probability of risk realization,
- Failure to clearly determine the scope and content of the report,
- Difficulties in collecting non-financial data,
- Failure to create predictions for the future consistently and reliably,
- Having reservations about information sharing,
- Lack of internationally accepted standards in the assurance phase of integrated reports,
- Failure to obtain the support of senior management in the process of preparing integrated reports,
- Failure to determine the appropriate content, strategic objectives and key performance indicators for strategic focus,
- Lack of information systems and processes needed for reporting in enterprises,
- Determining which specific elements should be measured and determining opportunities for each source of capital,
- How to measure the inputs and outputs of non-financial capital items,
- Structural challenges related to the creation of information systems to support reporting principles in enterprises,
- The main challenges in the process of measuring and preparing costs and opportunities,
- Data reliability issue

V. ADAPTATION OF INTEGRATED REPORTING TO TURKEY

The integrated thinking and reporting system, which became widespread with the establishment of IIRC under the leadership of Mervyn King in 2010, started to be followed closely in Turkey as well as in the world. In 2011, a working group was established by the Corporate Governance Association of Turkey (TKYD) and the Sustainable Development Association (SKD), and a study was initiated to raise awareness about integrated reporting in Turkey. TKYD acted as the contact point of IIRC in Turkey during this process. In 2013, he was appointed to the Coordination Board for the Improvement of the Investment Environment (YOIKK). The first concrete step in Integrated Reporting in Turkey was taken with the project presented by Prof.Dr. Güler Aras through the TÜSİAD working committee and its acceptance. The publication titled "New Era in Corporate Reporting: Integrated Reporting", which was prepared within the scope of YOIKK 2014-2015 action plan and will guide companies in Turkey on integrated reporting, was published by TUSIAD as the first guidebook on the subject. In the guide, integrated reporting, what reporting brings, and the last point reached in integrated reporting discussions in the world were shared; In addition, the importance of integrated reporting for organizations, the International Integrated Reporting Framework and world practices are included. (<http://www.entegreraporlamatr.org>. Accessed on 01.02.2022).

In 2015, with the leadership of Argüden Governance Academy (AYA) and ARGE Danışmanlık, integrated reporting was included among the recommendations made to the G20 leaders. In order to eliminate errors that may occur in the preparation of integrated reporting and to guide businesses that will prepare integrated reports, the "Integrated Reporting Turkey Network (ERTA)" was established and the organization still continues its work (Ercan and Kestane, 2017). Being a founding member of ERTA by the Turkish Industrialists' and Businessmen's Association (TÜSİAD) (2015), Prof. Dr. A guide titled "New Era in Corporate Reporting: Integrated Reporting" prepared by Güler Aras and Gaye Uğur

Integrated Financial Reporting as a New Approach to Corporate Reporting

Sarioğlu, which is considered as a handbook of integrated reporting, has been published. This guide covers the developments about integrated reporting globally, the content of integrated reporting and the importance of integrated reporting for businesses (Aras and Sarioğlu, 2015).

Table 2: Companies Preparing Integrated Financial Statements in Turkey by Years

	2015	2016	2017	2018	2019	2020	2021
Adana Çimento Sanayii Türk A.Ş		x		x	x		
Akademi Çevre						x	
Akbank						x	x
Aksa Akrilik					x	x	x
Allianz					x	x	
Argüden Yönetişim Akademisi	x	x	x	x	x	x	
Aslan Çimento A.Ş		x		x	x		
Borsa İstanbul A.Ş			x	x	x	x	x
CCI (Hızlı Tüketim Ürünleri)						x	
Çimsa Çimento Sanayi ve Ticaret A.Ş		x	x	x	x	x	x
Coca Cola İçecek							x
Darüşşafaka Cemiyeti						x	x
Garanti BBVA			x	x	x	x	x
Halkbank				x			x
Kadıköy Belediyesi						x	
Kalkınma Yatırım Bankası						x	
Mazars Denge					x	x	
Merkezi Kayıt Kurumu						x	x
Nuh Çimento Sanayi A.Ş.			x	x	x	x	x
Oyak Maden Metalurji Grubu					x	x	x
Oyak Çimento						x	
Türkiye Eğitim Gönüllüleri Vakfı (TEGV)				x	x	x	x
Türkiye İş Bankası				x	x	x	x
Türkiye Sınai Kalkınma Bankası A.Ş.		x	x	x	x	x	x
Türkcell						x	x
Vestel Beyaz Eşya							x
Vestel Elektronik							x
Yapı ve Kredi Bankası A.Ş					x	x	x
Yıldız Teknik Üniversitesi				x			
YTÜ Finans Kurumsal Yönetim ve Sürdürülebilirlik Merkezi(CFGS).			x			x	
Vakıfbank					x	x	
Ziraat Bankası					x	x	
Zorlu Enerji							x
Number Of Integrated Reports By Years	1	5	7	12	17	26	18
Total Number Of Integrated Reports	86						

Kaynak: <http://www.entegreraporlamatr.org/tr/entegre-raporlama/turkiyede-yayimlanan-entegre-raporlar.aspx>, (Erişim Tarihi: 23.09.2022).

As can be seen from Table 2, the first Integrated Financial Statement in Turkey was issued by Argüden Governance Academy, a non-governmental organization, in 2015. while the number of integrated financial statements issued in Turkey in 2015 was only 1, This number reached 5 in 2016, 7 in 2017, 12 in 2018, 17 in 2019, 26 in 2020 and 18 in 2022. Integrated financial reporting financial reports regulated in a collection of different names, to contribute to the effective and efficient use of resources, financial performance and non-financial performance provide a better look at the link between, and the capital of the enterprise, reduce costs, to consider important issues such as the environment and

Integrated Financial Reporting as a New Approach to Corporate Reporting

society, considering the benefits of companies such as contributing to the growth of brand values, we can say that there will be a rapid increase in the number of integrated financial reports organized as a result of a greater understanding of their value in the coming years.

VI. RESULT

In the process that extends from financial reporting to sustainability reporting and then to integrated reporting today, not only the way businesses report, but also the way they do business, their roles and responsibilities are changing. Although financial reporting is considered to be the reporting of the industrial period, its function and importance still continue today. However, in recent years, the financial statements give the information only for the fact that the date of the financial statements, the scope is limited to the failure to establish an effective communication between users reporting from a holistic perspective and non-financial issues such as inadequate entities annual reports of enterprises, Corporate Social Responsibility reports, sustainability reports under various names, such as caused you to edit reports.

The view that it would not be correct to measure the short-term or long-term success of the enterprise solely by financial indicators has dominated the understanding that environmental and social indicators should also be taken into account in performance evaluation. With the dominance of this understanding, enterprises have started to report their non-financial performance as well as their financial performance. However, the presentation of financial and non-financial performance to information users in separate reports prevents the holistic performance of the business from being shown or seen. Therefore, the view that financial and non-financial performance should be presented in a single report has begun to be defended. This view has led to the development of integrated reporting, the foundations of which began to be laid at the beginning of the 1990s and became concrete with the publication of the International Integrated Reporting Framework (Framework) by the International Integrated Reporting Council (IIRC) (Yüksel.F, with a rock.C, 2020:14).

You need to know about integrated financial reporting information by users of the company's financial and non-financial supports each other in order to provide you with all the information in the way economic performance, social and environmental impacts able to establish the link between, on the basis of and consistent with the contribution of a versatile integrated thinking activities that can be performed to ensure the company's short -, medium-and long-term value to the business in terms that can affect the ability to create change, to make significant contributions should be considered.

As a result of both theoretical knowledge and practical applications we have encountered, it can be said that integrated reporting is a process that needs to be well planned and requires teamwork. Considering the content elements of integrated reporting, it is believed that strengthening the internal information system of the enterprise and developing standards for reporting non-financial information will help to spread integrated reporting. It is thought that future studies on issues such as what innovations integrated reporting will bring in terms of the accounting profession, how professional members can adapt to innovations, or what the authority and responsibilities of audit units will be in terms of auditing integrated reporting will make important contributions to the literature (Saban et al.,2017: 20).

EXTENDED ABSRACT

Today, companies are increasingly paying attention to issues such as reducing energy costs, renewable energy production, efficiency of energy used in production, gender equality, and eliminating regional-based poverty. This situation has also revealed the need for changes in the reports prepared by enterprises. The development of corporate reporting, which started with traditional Financial reporting, has further developed with detailed and diverse reports and eventually led to the emergence of international integrated reporting standards. The Integrated Reporting Turkey Network- (Entegre Raporlama Türkiye Ağı) (ERTA) has been established in order to ensure the adoption of integrated reporting in Turkey and to provide guidance to enterprises on integrated reporting. The most important supporter of integrated reporting in Turkey is the Corporate Governance Association of Turkey (Türkiye Kurumsal Yönetim Derneği -TKYD)

Relevant segments, such as the results of operations of a business, investors in securities, credit institutions, offered customers, suppliers, use this information in various decisions. The fact that these segments know every economic detail about financial issues contributes to the effective use of funds, focuses on issues related to the financial

Integrated Financial Reporting as a New Approach to Corporate Reporting

situation of the enterprise, which allows them to make a positive contribution to the decision-making process. One of the most important sources used in the evaluation of business performance, earning power, financial position and cash flows are financial reports. However, since the information contained in the financial reports is retrospective information, the evaluations made based on this information, the decisions made and the plans made for the future are insufficient. This situation has revealed the need for applications related to social, environmental, economic areas and integrated financial reports that include the company's targets for the future, taking into account the past activity process.

From an environmental point of view, the issue of climate change is now seen as an element of risk in the business world. These events occurring in the external environment of the company have also led to fundamental changes in corporate reporting practices. Today, in addition to their financial reports, enterprises also prepare non-financial activity reports such as management reports, environmental reports, corporate social responsibility reports, sustainability reports as a separate report in an integrated format and make them available to information users.

The reasons for the emergence of integrated reporting in general are that financial information does not want to be evaluated only one way. It cannot meet the needs of its users due to incomplete information in current reporting, it only reveals past performance, information users want to get all the information they need about the business from a single report, and it is more reliable and meaningful for information users to reveal the future value of the business with financial data.

Integrated reports are a short and concise communication of how an organization's strategy, management, performance and future expectations create value in the short, medium and long term in the context of the external environment in which it is located. Integrated reports are an effective assessment of the capital elements used by an organization and the relationships between the various business units of the organization Decently.

The reason for the need for integrated reporting is that the information contained in the reports of enterprises is insufficient for decision makers. Businesses that use the integrated report system may have the opportunity to present the information needed by investors to investors. The purpose of the integrated report is to explain to the parties providing financial capital how the enterprise will create value over time. The purpose of integrated reporting is to provide up-to-date information to information users about how successful the business is in creating value and obtaining financial returns, and to give them the opportunity to evaluate future value and return expectations.

The benefits of integrated financial reporting for businesses; To enable enterprises to combine all the reports they have edited under different names into a single report, to strengthen the internal processes of enterprises and their communication with information users, to ensure the effective and efficient use of resources by taking the right steps in decisional decision-making of enterprises, to better see the connection between financial performance and non-financial performance, to reduce the capital cost of the enterprise, to contribute to the development of internal control systems in order to produce non-financial information in a timely and reliable manner, helping the enterprise to find resources under more favorable conditions can be listed as an opportunity to make local arrangements based on transnational integration.

Despite the benefits of integrated reporting mentioned above, the complex nature of integrated financial reporting, the lack of a standard structure, the accuracy of the information provided cannot be determined, its scope is not clear, current audit practices need regulations parallel to integrated thinking, nationwide regulations related to integrated reporting may be insufficient, inconsistencies due to differences in international legislation, reluctance of employees to participate in the integrated reporting process, preparation of an integrated report, there are also disadvantages such as the inadequacy of people or institutions with vocational education and qualifications in its presentation and supervision.

Integrated reporting in 2010, under the leadership of Mervyn King, the integrated thinking and reporting system, which became widespread with the establishment of the IIRC, began to be closely followed in Turkey as well as in the world. It started its working activities in 2011 by the Corporate Governance Association of Turkey (TKYD) and the Sustainable Development Association (SKD). TKYD has served as the IIRC's point of contact in Turkey during this process. In 2013, he was appointed to the Coordination Board for Improving the Investment Environment (YOIKK) by Prof. Dr. Güler Aras. With the project submitted by through the TUSIAD working committee and its acceptance, the first concrete step has been taken in Turkey regarding Integrated Reporting. In 2015, integrated reporting was included

Integrated Financial Reporting as a New Approach to Corporate Reporting

among the recommendations made to the G20 leaders by the leadership of Argüden Yönetim Akademisi (AYA) and R&D Danışmanlık. In order to eliminate the errors that may occur in the preparation of integrated reporting and to be a guide for enterprises that will prepare integrated reports, the Entegre Raporlama Türkiye Ağı (ERTA) continues its work.

The first Integrated Financial Statement in Turkey was prepared by Argüden Yönetim Akademisi in 2015. in 2015, this number reached 26 in 2020. Integrated financial reporting brings together financial reports issued under different names under one name, contributes to the effective and efficient use of resources, provides a better view of the relationship between financial performance and non-financial performance, reduces the cost of capital of the enterprise, takes into account important issues such as the environment and society. Integrated financial reporting helps to combine financial reports organized under different names under one name, contributes to the effective and efficient use of resources, provides a better view of the connection between financial performance and non-financial performance, Reduces the cost of capital of the enterprise, takes into account important issues such as Dec, considering the benefits of companies such as contributing to the increase in brand values, we can say that there will be a rapid increase in the number of integrated financial reports issued in the coming years as a result of a greater understanding of its value.

Companies that issue integrated financial statements in Turkey; Borsa İstanbul, Merkezi Kayıt kurumu, Vakıfbank, Ziraatbank ve YTÜ Finans Kurumsal ve Sürdürülebilirlik Merkezi, Halkbank, Kalkınma Yatırım Bankası, Garanti Bankasının, Türkiye İş Bankası, Türkiye Sinai Kalkınma Bankası, Yapı ve Kredi Bankası, Akbank, Akademi çevre, Adana Çimento, Aslan Çimento, Çimsa, Nuh Çimento, Oyak Çimento, Oyak Maden Metalurji Grubu, Mazars Denge, Aksa Akrilik, Allianz Türkiye, Kadıköy Belediyesi, Argüden Yönetim Akademisi, Cemiyeti and Türkiye Eğitim Gönüllüleri Vakfı.

It is understood that the form of reporting required to strengthen communication between information users and to make healthier decisions is integrated reporting with a holistic and strategic perspective. For this reason, it is very important for Turkey to participate in financial reporting studies as part of international studies. Regulations should be considered in a more visionary manner in the light of global developments and should encourage integrated reporting. As a result of both theoretical information and the applications we have encountered in practice, it can be said that integrated reporting is a process that needs to be well planned and requires teamwork. Considering the content elements of integrated reporting, it is thought that strengthening the in-house information system and developing standards related to the reporting of non-financial information will help to spread integrated reporting. Along with these, the training of enterprises in this regard will contribute to the national competitiveness of the creation of added value and, therefore, they will be able to maintain a competitive position in global markets.

Kaynaklar

- [1.] Aras, G. ve Sarıoğlu, G. U. (2015). "Kurumsal Raporlamada Yeni Dönem: Entegre Raporlama". İstanbul: Tüsiad Yayıncılık
- [2.] Aruwa, S. A. (2010). "Corporate Reporting and Analysis. Quarterly Journal of Association of National Accountants of Nigeria", 18(3), 2-35
- [3.] Büdeyri, T., Kısa, A. 2016. "Entegre Raporlama (ER): Literatür Araştırması", In Proceedings Of Socioint 3rd International Conference On Education, Social Sciences And Humanities, İstanbul, 23-25
- [4.] Doğan, Z. ve Acar, A. (2019), "Serbest Muhasebeci ve Mali Müşavirlerin Entegre Rapor Uygulamaları Sürecinde Mesleki Yetkinliklerinin Tespitine İlişkin Bir Araştırma", Muhasebe ve Denetim Bakış Dergisi, 18(56), 25-48.
- [5.] Doğan, Z ve Merdane E. F. (2020). "Entegre Rapor Hazırlama Sürecinde İşletmelerin Karşılaştırmaları Sorunları", Uluslararası İşletme, Ekonomi ve Yönetim Perspektifleri Dergisi, Aralık, Cilt.4. Sayı. 2.
- [6.] Doğan, Z. ve Yunusova, A. (2021). "Muhasebe Meslek Mensuplarının Entegre Raporlama ile İlgili Farkındalık Düzeylerinin Tespitine İlişkin Bir Araştırma", Fiscaconomia Dergisi, Volume 5, Issue 1
- [7.] Gençoğlu, Ü. & Aytaç, A. (2016), "Kurumsal Sürdürülebilirlik Açısından Entegre Raporlamaların Önemi ve BIST Uygulamaları", Muhasebe ve Finansman Dergisi, Ekim,
- [8.] Gibassier, D., Rodrigue, M., and Arjaliès, D.-L. (2016). "From share value to shared value: Exploring the role of accountants in developing integrated reporting in practice", Technical Report, January- IMA-ACCA, January-

Integrated Financial Reporting as a New Approach to Corporate Reporting

[9.] Holder-Webb, L., J. Cohen, L. Nath ve D. Wood. 2008. "A Survey of Governance Disclosures Among U.S. Firms", Journal of Business Ethics December, 83(3).

[10.] <http://www.entegreraporlamatr.org/tr/entegre-raporlama/entegre-raporlama-nedir.aspx>. Erişim Tarihi 02.02.2022

[11.] <http://www.entegreraporlamatr.org/tr/hakkimizda/biz-kimiz.aspx>. Erişim Tarihi 02.06.2022

[12.] IIRC. 2012. "Towards Integrated Reporting, Communicating Value in the 21st Century": 1-30, www.theiirc.org.

[13.] (IIRC) International Integrated Reporting Committee (2011), Towards Entegrated Reporting: Communicating Value in the 21st Century, http://theiirc.org/wp-content/uploads/2011/09/IR-Discussion-Paper-2011_spreads.pdf.

[14.] Kaya, P. 2015. "Entegre Raporlama Sisteminin Ortaya Çıkış Sebepleri ve Şirketlere Sağlayacağı Faydalar", Muhasebe ve Denetim Bakış Dergisi, 45.

[15.] Kaya, U., Aygün, D. & Yazan, Ö. (2016), "Yeni Bir Kurumsal Raporlama Yaklaşımı Olarak Entegre Raporlama Ve Dünyadaki Uygulamaları Üzerine Bir Araştırma" KTÜ Sosyal Bilimler Dergisi, 6 (11), ss.85-101.

[16.] Kızıltan, B. Doğan. U.D. (2021). "Kurumsal Raporlamanın Gelişimi: Entegre Raporlama" Uluslararası İktisadi ve İdari Bilimler Dergisi 7 (1) 2021, 62-78

[17.] Saban, M., Vargün, H. ve Gürkan, S. (2017), "Yatırımcılara Bilgi Sağlama Aracı Olarak Entegre Raporlama", Muhasebe Bilim Dünyası Dergisi, 19(4), 915-936

[18.] Stefanescu, C. A., Oprisora, T. & Sîntăjudeanu, M. A. (2016). "An Original Assessment Tool For Transparency in The Public Sector Based On The Integrated Reporting Approach" Accounting and Management Information Systems, 15, (3), ss. 542-564

[19.] Tianyuan Feng, Lorne Cummings, Dale Tweedie, (2017) "Exploring integrated thinking in integrated reporting – an exploratory study in Australia", Journal of Intellectual Capital, 18 (2), ss.330-353, <https://doi.org/10.1108/JIC-06-2016-0068>

[20.] Yılmaz, B., Atik, M. & Okyay, A. (2017) "Geleceğin Raporlama Sistemi: Entegre Raporlama", Muhasebe Ve Denetim Bakış Dergisi, (52), ss. 95-108

[21.] Yüksel, Filiz., Kayalı, A. Cevdet.(2020). "Entegre Raporlama İlkelerinin Finansal Performansa Etkisi: Bist Banka Endeksi Üzerinde Bir Araştırma" Muhasebe Bilim Dünyası Dergisi Özel Sayı 2020; 22, ös65 - ös80

[22.] Yüksel, F. (2017). *Entegre raporlama, Türk işletmelerinin entegre raporlamaya bakışı üzerine bir araştırma*. (Yayınlanmamış doktora tezi). Manisa Celal Bayar Üniversitesi, Manisa