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Original Article

Gaps in engagement in and use of Integrated Reporting in Brazil*

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ABSTRACT

The aim of this research was to identify the gaps in engagement and use among the social actors involved with Integrated Reporting (IR) in Brazil: the companies and professionals responsible for promoting it, the organizations that implement it, and the companies and professionals that use it. In Brazil, private organizations may engage in and use IR via the mechanism of mimetic or normative institutional isomorphism, while public ones do so via the coercive mechanism. In addition to this situation, studies have shown that organizations are still adapting to IR framework 1.0 and that there is a need to discuss improvements relating to its guiding principles, as well as the factors that can contribute to facilitating its adoption by organizations. Besides showing a number of gaps to be mitigated in order to facilitate engagement in and use of IR, the findings indicate that the social actors approach could include a change of organizational culture and not only the principles and methodological elements of IR. This study presents reflections and elements so that the social actors involved with IR can implement actions to accelerate engagement in and use of this initiative in Brazil; that is, which contribute to changing the mental model of managers in relation to the process of value creation, preservation, and erosion over time. This is a qualitative, interpretative, and exploratory study, as it covers a recently addressed topic, both in the international and in the national literature. The data were collected from interviews, documents, and observations of participants and non-participants and interpreted using the template analysis technique. The findings revealed five gaps in engagement and use among the social actors to be overcome in order for this initiative to be more effective: an absence of integrated thinking in organizations; exclusion of IR from corporate governance; an absence of standardization of methodologies for measuring impacts and disclosing risks; a lack of knowledge of the range of IR matters; and controversy between the regulation and self-regulation of IR. Therefore, the study contributes with an empirical investigation that discusses the situation regarding the implementation of IR in Brazil with the protagonists of this initiative. It also presents a conceptual model based on the antecedents and consequences of IR that can be used to develop a measurement scale to be used in countries in a similar situation to that of Brazil.

Keywords: integrated reporting, engagement and use, antecedents, consequences, self-regulation.

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1. INTRODUCTION

Integrated Reporting (IR) has been disseminated by the International Integrated Reporting Council (IIRC), constituted in August of 2010. It involves framework 1.0 regarding the process of value creation, preservation, and erosion over time in an integrated way by organizations (Barth et al. 2017; Higgins et al., 2014; IIRC, 2020; Stubbs & Higgins, 2018). It seeks a balance between financial and non-financial information in order to respond to the growing demand from the market for information (Villiers et al., 2014).

IR presents several differences in relation to other similar initiatives, such as the King reports in South Africa, the Sustainability Report of the Global Reporting Initiative (GRI), or the standards of the Institute of Social Ethical Accountability (known as AccountAbility AA1000) and of Prince's Accounting for Sustainability Project (known as A4S). These include differences in relation to the focus, target public, informational needs (Adams & Evans, 2004; IIRC, 2013; Villiers et al., 2014), importance and quality of that information (Clarkson et al., 2008; Daub, 2007; Prado-Lorenzo & Garcia-Sanchez, 2010; Skouloudis et al., 2010), and its level of integration (Lozano & Huisingh, 2011).

Nonetheless, IR has also received criticisms from board members, managers, and researchers. For Flower (2015), the proposals of the IIRC have little impact on the practice of corporate reports, due to the composition of the governing bodies of the IIRC, which are dominated by the accounting profession and multinational companies. Perego et al. (2016) showed that as well as having a poor understanding of IR, organizations perceive it to be a disperse and incoherent topic and that its dissemination needs to be improved. For Dumay and Dai (2017), integrated thinking, one of the pillars of IR, acts more as a divisive cultural factor and does not contribute to creating a culture of integrated thinking in organizations. There are also discussions about the possibility of compulsory adoption by companies (Carvalho & Kassai, 2014), along the lines of South Africa with the King report (Villiers et al., 2014); in other words, it is still considered to be a controversial subject (Dumay & Dai, 2017; Milne & Gray, 2013).

In Brazil, in the public sector, article 8, paragraph IX of Law n. 13,303, of June 30th of 2016, states that within the "transparency requirements for public and mixed-economy companies is the annual disclosure of the Integrated Report or sustainability report." That is, public institutions are publishing the Integrated Report as the result of a law, a coercive mechanism of isomorphic institutional change, according to DiMaggio and Powell (1983).

Private organizations, in turn, are adhering to IIRC framework 1.0 to meet the demands of social actors, who call for quality information (also through the coercion mechanism), and as a result of managers' decisions, in a sort of mimetic mechanism of isomorphic institutional change. More recently, on November 26th of 2020, the Federal Accounting Council (CFC) launched Brazilian Accounting Standard – General Technical Announcement (CTG) 09, which "addresses the Correlation with the Basic Conceptual Structure of Integrated Reporting" (CFC, 2020). That is, organizations that decide to implement IIRC framework 1.0 should follow this standard. In this case, it concerns a normative mechanism of isomorphic institutional change to achieve standards of professionalization that are considered to be effective by the professional community, according to DiMaggio and Powell (1983).

In addition to this situation with three mechanisms of institutional isomorphism, Alves et al. (2017) previously showed that companies are still in a process of adaptation, as they are adapting their annual and sustainability reports to IR framework 1.0. Although they indicated that there was adherence of the CFC Socioenvironmental Balance Sheet to the principles, content, and capitals of IR, Freitas and Freire (2017) also found a need to discuss improvements regarding the guiding principles of IR. Mio (2020) also suggests research, of a normally qualitative nature, to discuss the internal and external mechanisms that favor the implementation of IR in organizations. Thus, this study argues that there is a need for more research to understand what is lacking to facilitate adhesion to IR by organizations in Brazil. Finally, Rinaldi et al. (2018) recommend studies associated with different arenas that address, for example, the factors that facilitate acceptance of the IR practices in certain contexts.

In light of the above, this study aims to identify the gaps in engagement and use among the social actors involved with IR in Brazil: the companies and professionals responsible for promoting it, the organizations that implement it, and the companies and professionals that use the information generated throughout this process.

This study contributes to identifying five gaps in engagement and use among the social actors involved in this topic in Brazil, relating to the antecedents of IR – connectivity, content, information quality, materiality, and concision – and to the understanding of the report:

an absence of integrated thinking (gap 1), exclusion of IR from organizational governance (gap 2), an absence of standardization of methodologies for measuring impacts and disclosing risks (gap 3), a lack of knowledge of the range of IR matters (gap 4), and controversy between the regulation and self-regulation of IR (gap 5).

These gaps may compromise the consequences of IR – the creation of value over time, trust, comparability, and other benefits. The evidence also indicates that the approach with these social actors could include the discussion of a change of culture and not only the principles-related and methodological aspects of IR.

2. DETERMINANTS AND CONSEQUENCES OF ENGAGEMENT IN AND USE OF IR

One argument of this study is that the factors – understanding IR, content, information quality, connectivity – relate to the antecedents of IR (process and report). These factors, in turn, can impact value creation over time (Barth et al., 2017; Zhou et al., 2017), trust (Adams & Evans, 2004; Serafeim, 2015), and comparability (Eccles et al., 2015; Perego et al., 2016; Serafeim, 2015), as well as the perception of other benefits, that is, the consequences of IR.

2.1 Determinants of Engagement in and Use of IR

2.1.1.Understanding of the subject

The aim of the IIRC is to provide a framework for the IR process and the Integrated Report and to promote its use; in this case, framework 1.0. This involves a more comprehensive scope than traditional reports, such as the Annual Report or the Sustainability Report, as it covers both financial and non-financial information (Barth et al., 2017). IIRC framework 1.0 (2013, p. 4) determines that the "primary purpose of an Integrated Report is to explain to the providers of financial capital how an organization creates value over time."

It is necessary to understand the difference between the process and the Integrated Report. The former concerns management practices to address the challenges and changes in the environment through business strategies for creating value over time (Stubbs & Higgins, 2018), including the preservation and erosion of value (IIRC, 2020), and simultaneously protecting the interests of investors (Higgins et al., 2014). On the other hand, the report is the result of that process; it involves the disclosure of content in compliance with the new global report structure (Higgins et al., 2014). More than a revolution, IR is an incremental step in the current forms of financial and sustainability reports (Stubbs & Higgins, 2018). It involves providing a broader and more connected explanation of organizational performance than that provided by traditional financial and sustainability reports (Villiers et al., 2014).

It does not involve a substitution or even a reduction of the relevance of the traditional accounting reports, whose purpose is "to provide accounting-financial information that can be used by investors, creditors, and other interested parties," as outlined by Accounting Pronouncements Committee (CPC) 00 (R1), of December 2nd of 2011, regarding the conceptual structure for elaborating and disclosing accounting-financial reports. Consequently, IR involves complementing the information on the company's vision provided by accounting reports with a range of information that, although "not financial" at the moment, has equal potential to influence the decisions of the company's stakeholders.

When discussing the evolutionary process of the IIRC after the Rio-92 conference, although Carvalho and Kassai (2014, p. 28) draw attention to the fact that the term "Integrated Report" should be avoided so as not to understand it as a "One Report," the authors also understand that IR is not merely a combination of other reports with financial and non-financial information, but rather a systemic but concise overview of how the organization increases it value over time, through its strategic planning and management system.

It is important to highlight that featuring among the meanings for report, according to the Michaelis (2021) dictionary, is the following:

> (i) presentation in writing of the sequence of any event; (ii) detailed and thorough account of the facts occurring in the management of a public agency or private company; and (iii) presentation in writing of the circumstances in which a document or plan is drawn up, together with the arguments in favor of or against its adoption.

As it is necessary to disclose value creation to investors, governments, the accounting class, academics, and civil society through a communication process (Carvalho & Kassai, 2014), a report, even in the broad sense, is required.

2.1.2 Content and information quality

A priori, the content of IR includes eight elements, according to the IIRC (2013). The business model covers the logic of capturing and creating value in the chosen market, by means of its performance. The connection between the general organizational vision and its external environment is the ecosystem of the organization, favoring a flow of value generation and creation between the various social actors that gravitate around the focal organization (Adner & Kapoor, 2010). As a result of this, there is an outlook for the future, considering the challenges, uncertainties, and implications of that context in the business model; for that reason, IR similarly discusses how the governance system contributes to the creation of value. The International Federation of Accountants (IFAC, 2015) believes that listed and non-listed companies that have incorporated integrated thinking provide the market with an indicator of good governance.

IR extends to business risks and opportunities and has a direct relationship with defining and implementing strategic actions and allocating resources, through the management of capitals. It also involves the preparation and presentation in this whole discussion being based on material matters and how these are quantified or evaluated, that is, based on relevant and critical topics for the organization, conversing with the "financial, manufactured, intellectual, human, social, relationship, and natural capitals" (IIRC, 2013, p. 4). Barth et al. (2017) state that framework 1.0 recognizes two goals: better information for external providers of financial capital and better internal decision making. Thus, it is understood that IR provides benefits in risk management, by improving the capacity to distinguish and manage risks that can affect the company in the present and in the future.

2.1.3 Connectivity

Connectivity is the principle that concatenates the IR process. This seeks integrated thinking that involves: (i) the interdependence between the decisions and actions that impact value creation in the short, medium, and long terms; (ii) the past, present, and future financial and non-financial impacts of these decisions and actions through the use of financial, manufactured, intellectual, human, social, relationship, and natural capitals; (iii) the preferences and needs of the organization's various publics of interest; and (iv) the connection between the preparation of the IR by the functional areas of the organization and the disclosure and use of the report (Adams & Simnett, 2011; IIRC, 2013). The purpose of IR is for sustainability to be connected with the success of the organization (Higgins et al., 2014).

2.1.4 Concision

This basic principle relates to the organizational ability to present information and concepts succinctly and clearly, with a focus on what is essential (Perego et al., 2016). In the case of the Integrated Report, it refers to representation reduced to the most relevant material matters for an organization (Adams & Simnett, 2011), both positive and negative, in a balanced way free of material errors (Perego et al., 2016, p. 62). The focus is on providing a new value for relevant information that is useful (Zhou et al., 2017) for users of the Integrated Report, which is being appreciated as an innovative element of this new paradigm for reporting financial and non-financial information (Perego et al., 2016). If more information is required, the interested parties can access it directly from databases made available by the organizations. For this, it would be recommendable for the reports to be based on technology and not on paper (Adams & Simnett, 2011).

In this determinant of engagement in the IR process, based on a study of nine companies, Freitas and Freire (2017, p. 119) demonstrated that, in Brazil, there are reports that vary between 37 and 168 pages, thus portraying the need to work more on this guiding principle of IR.

2.1.5 Proportionality of the information

Although the IIRC does not directly discuss this factor, for the IFAC (2017) it is one of the contributive elements for improving IR. The recommendation is for the impacts of the process and of the Integrated Report to be taken into account, considering the jurisdiction and sizes of the companies. However, the IFAC (2017) states that the principles-based approach of IR to be adopted and applied to all organizations, in a similar way for small and medium-sized ones, contributes to the understanding of the factors that determine its capacity to generate value over time.

2.1.6 Materiality

Materiality for the IIRC (2013, p. 5) is the basic principle that involves the "matters that substantively affect the organization's ability to generate value in the short, medium, and long term." For it to take form, companies must observe, evaluate, prioritize, and determine the relevant topics because, in IR framework 1.0, the guidance is based on a principle, so it enables a significant variation in the way companies can apply the materiality principle and develop their process for determining materiality (IIRC, 2013).

Thus, the context of IR represents an ideal scenario for exploring how preparers engage practically in the process of determining what is material and what is not. Some studies empirically investigate the materiality process in an IR context (Higgins et al., 2014; Stubb & Higgins, 2018) and reveal that materiality judgments strongly guide its preparation. Serafeim (2015) recognizes that materiality is one of the guiding principles of IR framework 1.0. Its importance is reflected in the creation of the Sustainability Accounting Standards Board (SASB), whose mission "is to establish sustainability standards based on industry to recognize and disclose environmental, social, and governance-related material matters and initiatives undertaken by companies traded on United States stock exchanges" (Serafeim, 2015, p. 37).

2.1.7 People, culture, and communication

IR has the potential to modify the behavior of organizational actors, as well as to implement new management and accounting processes in accordance with integrated thinking, and it can act in guiding a more ethics-based culture (Adams & Evans, 2004); hence the importance of changing the mental models of current and future organizational actors to accept this new paradigm. This new paradigm "will cause changes in behaviors and attitudes, with results rising to the challenges foreseen for the 21st century" (Carvalho & Kassai, 2014, p. 33).

For that reason, for Owen (2013), the adoption of IR has impacts on accountant training, which could be more holistic and focused on developing skills – affective, technical (ethics and values), tactical, and strategic. Within this context, the programmatic content of global accounting courses could include disciplines involving decision making, proactive governance systems, sustainability, and a long-term strategic vision within the perspective of IR; that is, disciplines that "include forward-looking functions of decision making or supporting decision making, applicable to the various interested parties inside and outside the organization" (Owen, 2013, p. 349). Eccles and Krzus (2010) state that it creates greater consistency and efficiency in internal and external reports.

2.2 Consequences of Engagement in and Use of IR

2.2.1 Value creation

Value can be understood as the valuation of expected benefit (tangible or intangible), perceived in relation to some question (Fishburn, 1964). Its general concept is explained based on the theory of value, symbolizing the approaches to and meanings of the notion of value through its division into an economic and social approach, in which there is a subdivision into tangible, intangible, and ethical and moral value. According to economic theory, tangible value – and even intangible values, considering its definitions – can be monetized. However, factors such as ethics and morals have value that cannot be directly expressed in monetary or quantitative units in the short run; therefore, the evaluation of these factors is solely qualitative, but highly critical, as there is a degree of judgment and subjectivity (Mio, 2016).

Value creation occurs when companies obtain success in positively correlating their resources (capitals) in their activities, minimizing the negative impacts and managing to obtain positive returns on their investments in a sustainable way. As a result, within the context of IR, according to the IFAC (2015), framework 1.0 seeks to alter the way companies think about creating and sustaining value, through integrated thinking originating from the process depicted in the Integrated Report.

In IR framework 1.0, value is not generated by the organization alone or solely within it. It involves an inter-related process between the parties and depends on various resources, as well as being influenced by the external environment. Therefore, "value creation over time manifests itself in increases, decreases, or transformation of the capitals caused by the organization's activities and outputs" (IIIRC, 2013, p. 10).

2.2.2 Trust

According to CPC 00 (R1) (2011), the qualitative characteristic of accounting – trust – has been renamed "faithful representation," that is, for information to be reliable, it has to be "complete, neutral, and error free" and portray what is proposed to be done. Consequently, within the context of IR framework 1.0, reliability and completeness are basic principles that indicate that the Integrated Report should cover all material matters, both positive and negative, in a balanced way that is free of significant errors, and hence in line with the description of reliable information given by CPC 00 (R1) (2011), correlated with the International Financial Reporting Standards (IFRS).

For this, Adams and Evans (2004) state that external verification is an indication of better reliability of reports; however, the guarantee in itself is not enough to avoid criticisms about the credibility of what is reported. Serafeim (2015, p. 38) states that the "Integrated Reporting process has enhanced the credibility and precision of non-financial information thanks to the continuous improvement in management information systems and control procedures that are now used in collecting non-financial data."

2.2.3 Comparability between Integrated Reports

Perego et al. (2016) state that one of the benefits of IR framework 1.0 is the comparability of the corporate reports between organizations that operate in different industries, with a clear emphasis on the underlying connections between the various elements of integrated and narrative reports. According to the arguments of Serafeim (2015), IR satisfies two primary objectives: the role of information in enabling investors and interested parties to compare companies against the competition and the role of transformation, resulting from how organizations engage in change processes in relation to their main internal decision-making processes.

Abreu et al. (2016) demonstrated that the Brazilian companies participating in the pilot project presented reports with different formats, therefore deducing possible difficulties in comparing between those companies. However, the IIRC argues that this is healthy and normal, given that these companies are of different sizes and from different sectors, so their business models are dissimilar. The aim is for companies to show how they are, instead of copying each other.

Figure 1 shows the conceptual model that summarizes this discussion, which serves as a basis for identifying and listing in this study the gaps in engagement and use among the social actors involved in IR in Brazil.

This involves a conceptual model that shows nine determinants (understanding of the subject, content, information quality, concision, proportionality of the information, connectivity, people, culture, and communication) for the IR process and three for the Integrated Report (understanding of the subject, materiality, and reliability). The conceptual model also shows three consequences of IR (value creation, trust, and comparability).

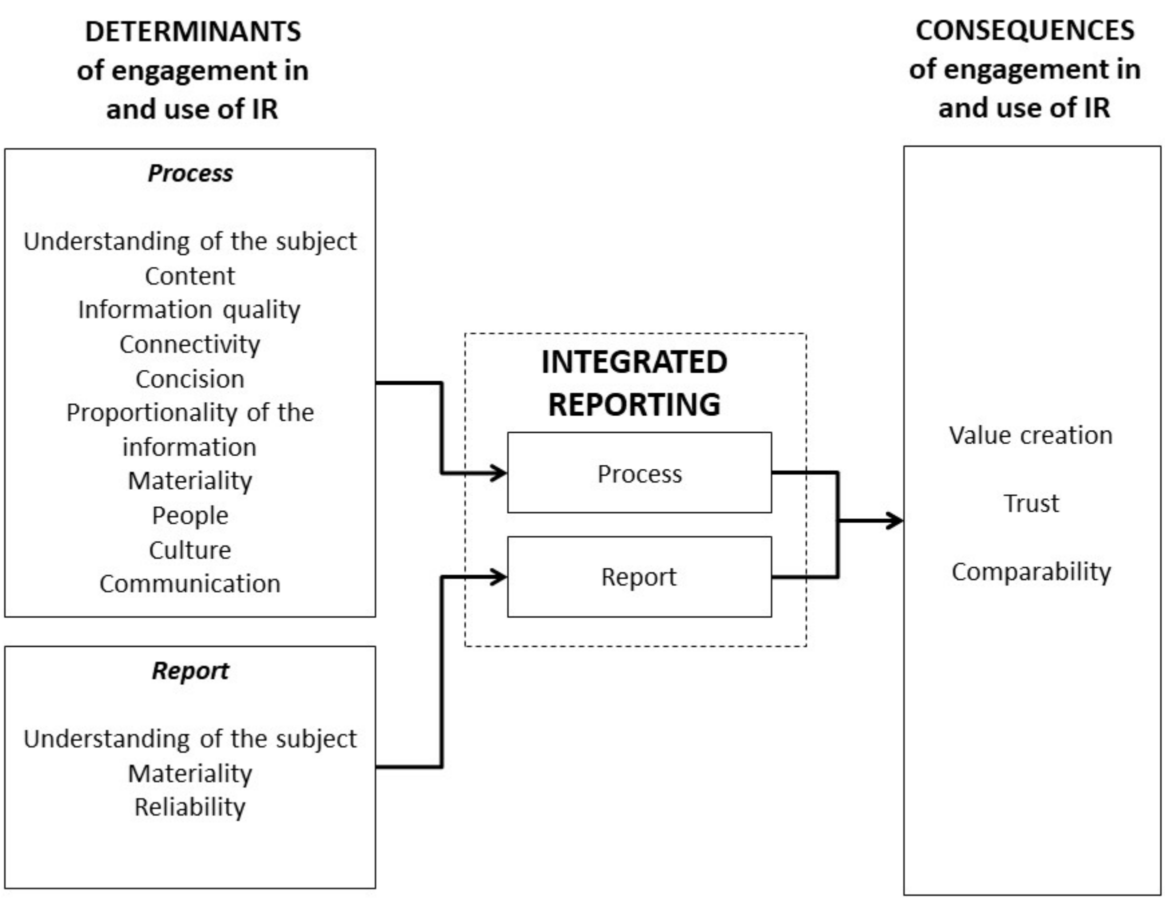

Figure 1 *Conceptual model for the research*
IR = Integrated Reporting
Source: *Elaborated by the authors.*

3. METHODOLOGY

An exploratory and qualitative study was conducted (Hair et al., 2005), since it concerns a discussion that has not yet been held in Brazil; for this reason it can be regarded as interpretative and qualitative research, as it seeks to identify the meanings, expectations, and experiences (Merriam, 1998) of the professionals involved, both with the process and with the Integrated Report within the context of IR, which is a real and contemporary phenomenon. The interpretation seeks to explain the meanings and not necessarily the causes of this phenomenon (Ormston et al., 2013).

The data were collected through semi-structured, recorded, and transcribed interviews with 23 professionals representing 19 companies, covering the three groups of social actors, both national and international: five professionals responsible for promoting IR from five companies; 13 professionals from nine companies that implement IR; and five market professionals who use IR, representing five companies. Of these, 39% were male and 61% were female, representing nine segments – business consulting (4), financial institutions (4), pulp and paper (4), extraction of radioactive materials (2), education (2), pensions (1), oil, gas, and biofuels (1), telecommunications (1), and electrical energy (1); as well as other associated professional activities (3). Table 1 provides details of the interviewees.

The interviews lasted an average of 1 hour and 30 minutes and the interview script covered the following pre-defined questions, based on the theoretical framework: How did your involvement with Integrated Reporting start? For you, what is Integrated Reporting? What may be the predominant factor for an organization to embark on the Integrated Reporting journey? What are the indicators that an organization is focused on integrated thinking? How can a suitable sponsor be engaged in organizations? By reading a report, from its content, can you capture elements such as strategy, governance, performance, and outlook for the organization? Regarding the content, is it possible to connect it to the strategy? Why? How do you identify the change in culture in the approach to this theme? What is the communication like for the internal and external involvement of business organizations? What is your perception of value creation for companies divulging Integrated Reporting? What are your measures of information quality in the market's perception for Integrated Reporting? Does the proportionality of information meet the demands of the market? What depicts reliability in Integrated Reports? Can Integrated Reports help investors to understand the risks the company is exposed to? How do business organizations deal with the inherent risk of making predictions about the future? With regards to comparability, what is your perception due to it being a recent initiative and there being few companies divulging Integrated Reporting? What are the other evident benefits and the underlying ones (that are hidden) in this topic? What is your opinion regarding self-regulation or regulation, that is, should Integrated Reporting be obligatory or not?

The researcher responsible for conducting the interviews followed a protocol that involved a formal invitation, warning the interviewees in advance that the interviews would be recorded. A form with data on the research and interviewees was also elaborated, covering where the interviews were held, information about the company the interviewees worked at, demographic data, professional experience, and academic background, among others. The protocol involved presenting the research, such as the theme, information about the researcher, and the reasons for collecting the data.

An analysis was also carried out of 38 documents involving meetings, seminars, and videos, among others. There were three meetings: one as non-participating observers and two as participants in the Working Group for Knowledge Transfer of the Brazilian Commission for Monitoring Integrated Reporting (11/28/18, 01/10/19, and 01/20/19). There were also three seminars: two in Rio de Janeiro – Round of Debates: Integrated Reporting and Change in the Market (07/18/18 and 07/19/18) and the 15th International Seminar of the CPC (10/15/18) – and one in Brasília, via the internet – The Evolution of Annual Accounts (10/19/18).

Eleven videos covering the subject of IR were also viewed. Four were made by professors José Roberto Kassai and Nelson Carvalho of the University of São Paulo. There were also workshops by professors Eduardo Flores and Fernando Fonseca and a sustainability manager (three videos), a meeting of the Brazilian Commission for Monitoring Integrated Reporting (one video), and Integrated Reporting Framework (three videos).

Table 1
List of the interviewees

List of the interviewees				
#	**Sex**	**Role in IR**	**Position**	**Segment**
#1	Male	Implements it	Superintendent of finance	Financial institution
#2	Male	Uses it	Coordinator of the sustainable production and consumption program	Educational foundation
#3	Female	Promotes and implements it	Senior project manager and independent adviser	Commission and consulting in integrated management and IR (service)
#4	Male	Promotes and uses it	University professor	University
#5	Female	Promotes and uses it	Business consultant and company evaluator	Business consulting and company evaluations
#6	Female	Implements it	Sustainability expert	Public utility and electrical energy
#7a #7b	Female	Implements and uses it	Sustainability analysts	Financial market infrastructure
#8	Male	Promotes and implements it	Entrepreneur and consultant in the areas of corporate communications	Commission and consulting in the area of corporate communications (service)
#9	Female	Promotes and implements it	Manager in a financial institution	Commission and financial institution
#10	Female	Implements and uses it	Director and founder of a consultancy – consulting in the area of reports	Consulting in the area of reports (service)
#11	Female	Implements it	Works in investor relations management and is responsible for reports	Oil, gas, biofuels, exploration, refining, and distribution
#12	Male	Implements it	Works in sustainable innovation management and on the sustainability board	Telecommunications
#13a #13b	Female	Implements it	Sustainability and communications manager and journalist specialized in sustainability and environmental engineering	Basic materials: wood and paper, wood
#14	Female	Uses it	Socioenvironmental responsibility coordinator	Pensions and social security foundation
#15a #15b	Male	Implements it	Sustainability coordinator and accounting coordinator	Basic materials: wood and paper, pulp and paper
#16a #16b	Female	Implements it	Journalists who work in the coordination of media relations	Elaboration of nuclear fuels, extraction of radioactive materials
#17	Male	Uses it	Independent company advisor	Independent business adviser
#18	Male	Uses it	Partner-director of consulting and coordinator of the studies commission for corporate sustainability of the association	Associations for defending social rights
#19	Male	Uses it	Vice-president of the association	Other associated professional activities

IR = Integrated Reporting.
Source: *Data from the research. Elaborated by the authors.*

Finally, 20 national and international documents from 19 public and private organizations were analyzed: (i) The 2030 Agenda for Sustainable Development of the United Nations Organization (UN); (ii) Presentation of Petrobras' first experience of producing Integrated Reporting (2018); (iii) Brazilian Code of Corporate Governance of the Brazilian Institute of Corporate Governance (IBGC) (2015); (iv) Value creation: The Integrated Report and its benefits for the investor, by the IIRC (2015); (v) TCU Normative Decision n. 170, of September 19th of 2018, from the Federal Court of Auditors (TCU); (vi) Financial Statements of Petrobras (2017); (vii) Integrated Reporting Framework, from the International Integrated Reporting Council (2013); (viii) Environmental, Social, and Governance Integration: An Implementation Guide for Banks by the World Wide Fund for Nature (WWF) (2017); (ix) Law n. 13,303, of June 30th of 2016, regarding the legal statute for public and mixed economy companies and their subsidiaries, within the scope of the Union, the States, the Federal District, and the Municipalities; (x) Press release of the results of Report or Explain for the Sustainable Development Objectives, from the B3 – Brasil, Bolsa, Balcão (2017); (xi) Press release of the results of Report or Explain for the Sustainable Development Objectives, from the B3 – Brasil, Bolsa, Balcão (2018); (xii) Principles for Sustainability in Insurance (PSI) from the Financial Initiative of the United Nations Environmental Program (UNEP FI) (2012); (xiii) Integrated Reporting by Itaú Unibanco (2017); (xiv) Integrated Reporting by Petrobras (2017); (xv) Integrated Reporting by Votorantim Cimentos (2017); (xvi) Annual Report from Natura (2017); (xvii) Annual Report from Petrobras (2017); (xviii) Annual Integrated Report from the National Bank for Economic and Social Development (BNDES) (2017); (xix) Denunciation Report from the Rio Doce taskforce of the Federal Public Ministry regarding the Fundão dam rupture in Mariana, MG (no date); (xx) Sustainability Report from Petrobras (2017).

The collected data were analyzed using King's (2004) template analysis method to categorize and code the matters that were interpreted as being relevant and critical by the researchers. This is a flexible technique that does not set limits for the coding hierarchy levels. Moreover, the matters can emerge from the literature review. These characteristics support an exploratory study, giving the researchers greater contact and familiarity with the object of study, as there is not yet much information regarding the gaps in engagement and use among the social actors involved with IR.

The starting point was the *a priori* definition, that is, based on the theoretical framework of two first-level codes (topics): the IR process and the Integrated Report. Next, the interviews, documents, and observation notes were analyzed to extract fragments relating to these two topics. For the topic concerning the IR process, the final examination covered 33 fragments from the interviews, observations, and documents. For the topic concerning the Integrated Report, the final analysis encompassed 18 fragments from the interviews and documents.

The next step was to group these fragments into the hierarchically defined codes. For the IR process, four third-level codes emerged from these data (fragments): (i) an absence of integrated thinking (12 fragments); (ii) exclusion of IR from organizational governance (seven fragments); (iii) an absence of standardization of methodologies for measuring impacts (nine fragments) and disclosing risks; and (iv) a lack of knowledge of the range of matters in the IR process (five fragments). For the Integrated Report, in turn, two codes emerged from the data: (i) controversy between the regulation and self-regulation of IR (15 fragments); and (ii) the role of the IIRC's strategic partner (three fragments). The controversy code is the result of three fourth-order codes: (i) in favor of self-regulation (five fragments); (ii) in favor of regulation (eight fragments); and (iii) in favor of both (two fragments).

The third step was to group these codes into other second-order ones, according to the conceptual model proposed in the theoretical framework. For the IR process, the data covered four factors: (i) connectivity; (ii) content; (iii) information quality; and (iv) materiality. For the report on IR, the data only covered the understanding of the report. This final analysis was already conducted considering the perspective of each group of social actors: the companies and professionals responsible for promoting it, the companies that implement it, and the organizations and professionals that use it.

Thus, two gaps emerged from the data concerning the IR process related to connectivity: (i) an absence of integrated thinking and exclusion of IR from organizational governance – one gap related to content and information quality among the companies that implement and use IR; (ii) an absence of standardization of methodologies for measuring impacts and disclosing risks – one gap related to a lack of knowledge of the range of matters in the IR process among the organizations that implement and those that use IR. In the report on IR there emerged a gap related to the controversy between regulation and self-regulation of IR.

Figure 2 shows an extract from the data analysis to illustrate this discussion, that is, the first level of the analysis of topics (report on IR); the second level (2.1 – Understanding of the report among the organizations that promote, that implement, and that use Integrated Reporting); the third level [2.1.1 – Controversy between the regulation and self-regulation of Integrated Reporting and 2.2.1 – Role of the IIRC's strategic partner, the IASB (15th Seminar of the CPC, 2018)]; and the fourth level (2.1.1.1 – In favor of self-regulation, 2.1.1.2 – In favor of regulation, and 2.1.1.3 – Defense of regulation and self-regulation) with their respective fragments from the data.

2. REPORT ON INTREGRATED REPORTING

2.1. Understanding of the report among the organizations that promote, that implement, and that use Integrated Reporting

2.1.1. ***Controversy between regulation and self-regulation of Integrated Reporting***

2.1.1.1. In favor of self-regulation

2.1.1.1.1. Process carried out in a natural way (#1)

2.1.1.1.2. A natural process tends to take longer; however, it can achieve a better level of engagement (#1)

2.1.1.1.3. If it is obligatory, over time the organizations will find means to simplify the IR (#4)

2.1.1.1.4. The pressures from the market and conscious consumers will make IR obligatory (#13)

2.1.1.1.5. So, either through love or pain (#13)

2.1.1.2. In favor of regulation

2.1.1.2.1. Swift implementation (#5)

2.1.1.2.2. Companies step out of their comfort zone (#5)

2.1.1.2.3. Yet another formal report (#5)

2.1.1.2.4. If the ANEEL had not required the sustainability report, not all the companies would've engaged in it (#6)

2.1.1.2.5. The voluntary initiative needs to become mandatory, in order to involve the companies that have not yet seen value or that are prioritizing other agendas (#7)

2.1.1.2.6. In Brazil, it needs supervision, so those that are obligatorily supervised are obligatorily accustomed to it (#9)

2.1.1.2.7. Unfortunately, it doesn't work in Brazil, because as it was evaluated, the origin of it's in the profile. So, it has to be mandatory (#10)

2.1.1.2.8. There's skepticism about self-regulation based on raising awareness, because regulation is more credible (#12)

2.1.1.3. Defense of regulation and self-regulation

2.1.1.3.1. Self-regulation by the market and through best practices, afterwards regulation, as it accelerates the process of adopting the IR guidelines (#8)

2.1.1.3.2. Self-regulation is always well-seen by the market (#8)

2.1.2. Role of the IIRC's strategic partner, the IASB (15th Seminar of the CPC, 2018)

2.1.2.1. Need to review the Practice Statement

2.1.2.2. The IASB's focus is on the accounting-financial report (15th Seminar of the CPC, 2018)

2.1.2.3. Involvement of bodies such as the IASC and ISAR

Figure 2 *Extract from the template analysis*
ANEEL = National Electrical Energy Agency; CPC = Accounting Pronouncements Committee; IASB = International Accounting Standards Board; IASC = International Accounting Standards Committee; IIRC = International Integrated Reporting Council; ISAR = International Standards of Accounting and Reporting; IR = Integrated Reporting.
Source: *Data from the research. Elaborated by the authors.*

4. ANALYSIS OF THE RESULTS

4.1 Gaps in Connectivity among Organizations that Promote and those that Implement IR

4.1.1 Absence of integrated thinking in organizations (Gap 1)

IR is essentially grounded in a process that results in a report based on integrated thinking regarding the generation and communication of value over time; hence the break away from departmentalization in companies (IIRC, 2013).

However, some organizations are still not at the initial level of integration, even that of better understanding the concept of integrated thinking. Their managers still think that it involves yet another report and not an opportunity to improve the management and integration of business processes to generate value over time, said interviewee #10, an external consultant on corporate reports:

> *When we present the concepts, the companies have little patience. "No, no, no…" In terms of the value creation diagram, they look at the diagram, the business model, and they say: "no, we already do that, I've done that lots of times, everybody already knows about strategic planning, we don't need to address that." So you aren't able to advance much and explain to them that it'd be an opportunity for growth.*

For one of the companies that publish the report with the IR guidelines (interviewee #15), integration also refers to the logic of communicating the various outcomes and dialogue processes with the stakeholders, regarding the connection between the socioenvironmental questions that are not traditionally reported and the strategy and accountability of the organization. Despite this, it is already an advance, as the same organization thought the focus of IR was on its final outcome, the report: "*At the start, our understanding of IR was that it was a specific outcome, a report, not a sustainability report, but rather an integrated annual report*," added interviewee #15. For interviewee #7, who works both in implementing and in the disclosure and use of IR, the lack of integration is one of the biggest gaps in this implementation process.

Before IR, reports used a management approach fragmented into areas, departments, and managements, with an islands and silos view, which could lead to disconnected implementations due to them being carried out without integration. However, non-integrated solutions to problems can cause losses for organizations, according to the explanation given by interviewee #3, who is responsible for promoting and implementing IR in Brazil:

> *it's amazing how I see that lack of integration. Integration isn't interaction. Interaction is someone talking to someone else. Integrating is having a sense of belonging. It's knowing that everyone is one piece in a big puzzle, that if they don't integrate, they don't feel they belong to that whole, they think they can win alone, doing their own thing and to hell with the rest, and the company closes.*

The focus should be on the integrated management of the business of creating value over time. According to interviewee #9, who supports the promotion and implementation of IR, "*everybody thinks they already know how to manage their company*," but they handle the business management by venture, that is, case by case. The focus should also cover a change in corporate culture, which is needed for the understanding and dissemination of the IR methodology to flow through the whole organization. In fact, this concerns one of the benefits of implementing IR, according to interviewee #3:

> *So, the legacy of Integrated Reporting, of this innovate communication proposal, is precisely to achieve that in the process, in the journey of elaborating integrated communication, a change in the corporate culture is established, in the business management. What is that management? To no longer be in silos.*

The findings for management to achieve integrated thinking may lie in the incapacity of the management itself to identify the flaws in its processes, given that these are not connected, and being able to measure and quantify all the information on their impacts on its operations; for that reason the organization needs to know the environment in which it operates, its target publics, its externalities. For this, the exercise of materiality is essential, that is, observation, evaluation, prioritization, and determination of the relevant matters for the organization (IIRC, 2013). However, for interviewee #19, that integration is still far from happening, because before implementing IR it is necessary to discuss the economic theory. He clarifies:

> *in practice, I don't see a report… I see one or two. Because for you to build that integration, you have to break down walls, you have to break down barriers. And those barriers involve you changing the economic theory, which has problematic origins. And these problematic origins are present to this day. No matter how much effort we make to change that, it's hard, because for you to change that, you have to have a major academic discussion and evolve towards that objective. And that objective is that you can't obtain profit based on exploiting the environment, based on generating externalities.*
>
> *There's no way, the discussion won't go anywhere while we fail to discuss the question of internalization of externalities. And this isn't discussed, from the viewpoint of the principles that guide Integrated Reporting.*

4.1.2 Exclusion of IR from organizational governance (Gap 2)

For the social actors in the market that use the Integrated Report, one factor that contributes to organizations being on the path towards IR, by means of integrated thinking, concerns the involvement of senior management. For example, by convincing the chief executive officer (CEO) of the long-lasting benefits of implementing IR, so that they commit to making IR a continuous process in the organization, said interviewee #1, so that they divulge IR. This involves senior management understanding that there will be a positive cost-benefit, with results in the medium and long term, and betting on that process. The belief that it will bring benefits for the company, not only in the management part, but also in the part of recognition by the market, by investors in that new position in relation to the treatment of information and to decision making, added interviewee #5.

For this, the engagement of the board of directors, through affiliated bodies, committees established by the governance structure to monitor the details of the planning of the IR process, is considered to be crucial to achieving success with the new approach. It concerns creating mechanisms, policies, and guidelines to deal with the conflicts between the dyad of the traditional short-term financial-productivity mental model and the long-term IR agenda, according to the explanation of interviewee #18:

> *As executives, we're pressured and rewarded by the mental model of the traditional business structure, which is financial, specifically productivity-related. That is, there's a direct conflict within the agenda proposed by the concept of sustainability, especially the view of Integrated Reporting, which is a long-term agenda. At the same time, you're paid in the short term, so right away there's a conflict. You're pressured to deliver short-term results, when you're working on a long-term agenda. You're under heavy pressure to focus on results, on the bottom line.*

Therefore, it is not enough just for the CEO to be convinced; the whole leadership also needs to be. It is necessary to create a performance strategy that combines financial measures with other aspects to be measured and monitored. For example, having specific goals for strategic executives covering the six capitals – financial, manufactured, human, social, relationship, and natural. Interviewee #18, who works in the market, reported one experience of reviewing goals connected with IR:

> *For example, in one company I worked at there were five major individual goals that the executives were supposed to achieve so that they got their annual bonuses. What did we do: exercises so that 20%, that is, a fifth of those variable goals were related with topics linked to Integrated Reporting – human capital, social relationship programs, impacts on natural capital.*

This strategy aims to convey the company's message of socioenvironmental investment to its relationship publics, characterizing it as an attribute of value to attract investment funds with a lower speculative level, by incentivizing the executive through remuneration and knowledge.

Although the IR agenda is considered to be nice in the eyes of the social actors involved, making it hard for them to say they are against it, in practice, this agenda competes with the energy of executives to deliver results, which are demanded in the short term. There is also the counterpoint that the IR topic appears sporadically on the agenda of senior management, according to the opinion of interviewee #12:

> *I don't see that this is a leadership agenda, yet. Including because, for example, from the economic and financial viewpoint, let's say, the interest of the investor relations departments for non-financial data or for non-financial reports is very sporadic. It's not that it's not there nor that it's low, but it's sporadic, in the sense of identifying potential risks or something of the sort.*

4.2 Gap in Content and Information Quality and Gap in Materiality and Concision among Companies that Implement and Use IR

4.2.1 Absence of standardization of methodologies for measuring impacts and disclosing risks (Gap 3)

A priori, IR aims to provide information with the content and quality needed to underpin the decisions of the interested parties, supporting them in risk management (Barth et al., 2017). In fact, there has been a raising of awareness in the market, which is demanding that organizations adopt an integrated view of their strategic decisions and perceive the benefits resulting from the IR process. This perception is corroborated by interviewee #15b, from the company from the pulp and paper sector, which is already engaged in the IR process and says that this experience, although it remains in its infancy in the market, is tending to grow, as there is an underlying demand from investors.

Interviewee #14, a representative from a pension fund, speaks of the need to observe the ESG – environmental, social, and governance – criteria, primarily due to the fiduciary responsibility regarding the third-party resources it manages:

> *What's the best way for you to observe the ESG criteria? When you're doing an investment analysis, a company's annual report is used. A normal annual report usually contains accounting and financial information, but it doesn't contain the governance part, or the environmental part, or the social part, which are extremely dangerous things. Sometimes the company says that*

> *everything's OK, but it has complicated occupational liabilities. Its stocks can drop at any time, there can be a sharp fall if that occupational liability is actually deducted. There's a heavy environmental liability. It takes positions, it might not even be an environmental or social liability, but the company takes environmental and social positions that can lead to a delicate situation for that company and it can go bankrupt. And if an investor is investing in that company, they can innocently suffer a heavy financial loss. We, for example, suffered a heavy financial loss 12, 15 years ago, with Banco Santos.*

Interviewee #14 exemplified this context with the environmental devastation that occurred in November of 2015, due to the collapse of the Fundão dam, in Mariana, in the state of Minas Gerais, which belonged to the Samarco Mineração mining company. She confirmed that, because it observed the ASG criteria, the investment portfolio of the foundation she works for did not have equity in Samarco:

> *Because of the risk analysis that's done, considering the ESG questions, we didn't have investments in that company. According to the Federal Police report, Samarco didn't have a risk plan and the emergency plan was considered to be ineffective, undersized, and proforma. These are some of the adjectives used by the Federal Police to classify the Samarco mining company's emergency plan for dams. There are flaws in the plan, which should be used by the company, in the case of problems such as that of Mariana. The so-called emergency action plan, which contemplates identifying emergency scenarios, a critical situation, a dangerous event or incident, capable of triggering emergency processes and the proposition of contingency actions and procedures to mitigate the incident. And that's what led to the explosion… And whoever had access to the reports, whoever looked for it, knew that Samarco had no provision, not even a budgetary provision for any type of incident. Now, there were pension funds that had it and got into a delicate situation, you see?*

However, apparently companies that implement IR are on this journey because they are molding themselves to other companies, even from different segments, in a mimetic process (DiMaggio & Powell, 1983); that is, they are adjusting/adapting to the new demand, more due to the competition and uncertainty, as a trend – following the new wave – than the adoption of a new mental model of value creation over time. Interviewee #12, from the sustainability area of a company that implements the report with some IR guidelines, points out this movement:

> *In the beginning, the ones that led the movement were the sustainability areas. I think that maybe, today, the predominant factor is still to align with other companies that are also adopting the methodology. It's less than the construction, in itself, of integrated thinking that brings this systemic overview of the company. I see there's the question of mimetism, but, in a way, I hope that in the long run it'll be a driver of good practices and that it's built before, that it doesn't just remain in the communication.*

Moreover, there is still a weakness with regards to the methodologies for measuring impacts, in accounting terms. In general, companies are still undergoing a process of developing methodologies, including because there is still no standardization among companies, making the comparability of results difficult. According to interviewees #15a and #15b from the pulp and paper sector:

> *We have our methodology, we've studied it, we've hired consultancies etc. to help us in this process. But, it's something where there's no standardization. And something where there's no standard unfortunately ends up getting lost in time, because each company does it it's own way. It's hard for you to compare. So you look at one company and you're able to compare it with another company, because you know that they're using the same basis in terms of methodology, adoption of a rule etc. But, when this isn't developed yet, in a robust way in the market, it tends to be less perceived.*

4.2.2 Lack of knowledge of the range of IR matters (Gap 4)

In IR, materiality concerns the identification and evaluation of relevant matters – material, immaterial, financial, and non-financial – and the prioritizations and determination of information to be disclosed with regards to those matters (IIRC, 2013).

Within this context, although IR framework 1.0 has shown itself to be a standard of how to integrate, report, communicate, and disseminate financial and non-financial information, it does not involve a detailed, step-by-step methodology, with documents and techniques attached, for its implementation. On the contrary, the focus is on what to do, and not on how to do it. That is, IR is principles-based by nature (Barth et al., 2017; Carvalho & Kassai, 2014).

Organizations are driven towards integrated business thinking through knowledge of their material matters stated by those responsible for governance. The aim is to show the strategic focus and orientation towards the future with knowledge of the resources used in the business model, with discernment of its risks and opportunities. This concerns the concision of IR, that is, of presenting useful and relevant information, clearly and succinctly (Adams & Simnett, 2011; Perego et al., 2016; Zhou et al., 2017).

To address the lack of knowledge of the range of matters in the IR process, organizations have multidisciplinary groups that, according to the interviewees, are normally led by the sustainability area. It is that area's responsibility, according to interviewee #12, to promote the IR methodology to those that are not focused solely on the social or environmental dimensions of the business. The areas of controlling, planning, and institutional relations also form part of the group, as explained by interviewee #9: "*Planning, because it sees the whole company. Institutional relations and investor relations, because they see what the external public is demanding in terms of information*."

However, when there is no multidisciplinary group, what is seen is an "evolution" in relation to the traditional annual report, based on GRI. This involves attempts to build IR based on the previous and usual mental model for elaborating the traditional annual reports: one specific area completed the contents and principles determined by the IIRC, that is, initially, companies understood that IR would be nothing more than a report based on the capitals – financial, manufactured, human, social, relationship, and natural. Interviewee #18, who represents an association that defends social rights, understands this situation as such:

> *My experience with the matter, which I've followed since the start, the first exercises of publishing an annual report, based on the Integrated Reporting principles, what they did, in fact, was to use a capitals approach, but it still looked like an annual report. That's bad; that, in a way, is not the essence of the aim of Integrated Reporting.*

4.3 Gap in Understanding of the Report among Organizations that Promote, that Implement, and that Use IR – Controversy between Regulation and Self-Regulation of IR (Gap 5)

In general, changes in the corporate world in the direction of sustainable development occur in a chain and through conviction incentivized by initiatives for sharing ideas, for example, by means of self-regulatory bodies that promote good management and transparency practices, such as the Financial Innovation Laboratory of the Brazilian Securities and Exchange Commission (CVM). In light of these initiatives, one current debate concerns self-regulation or regulation, that is, if the report should be voluntary or obligatory. And, as in every debate, there are arguments that defend both self-regulation and regulation.

In favor of self-regulation, there are arguments for every engagement, awareness-raising, and training process to continue to occur in a natural way through interlocutions with the various social actors involved in that process, without the involvement of agencies such as the Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB), said interviewee #1. It is argued that, although a natural process tends to take longer, it can also achieve a better level of engagement. It is believed that, if it were obligatory, over time organizations would find ways to simplify IR, added interviewee #4. Interviewee #13 also defends self-regulation, but recognizes that, based on pressures from the market and conscious consumers, IR will become obligatory:

> *So, it's either through love or pain. If the company wants to start reporting right away what it does and how it does it, OK. The pain will come in the future, because the market will demand, there'll no longer be any way not to disclose certain information, the way things are done, what results are achieved. Even if it's a privately-held company. Once again, in the future, without a doubt, the consumer will take decisions based on what they can see. They'll go onto the website and say: "let's see how that company's behaving."*

In favor of regulation, that is, obligation, are the social actors that defend swifter implementation of IR. Interviewee #5 made the correlation with "*accounting questions, although some companies did adhere, it was only when it became obligatory that the other companies left their comfort zone*" and also recognized that obligation may impel IR to being "*yet another formal obligatory report*." Interviewee #6 cites the example of the electricity sector regarding the obligation to implement sustainability reports imposed by the National Electrical Energy Agency (ANEEL), by adding that "*if ANEEL hadn't required the report, not all the companies would've engaged in it*." Interviewees #7 recognize that the companies that have accepted to engage in the IR process voluntarily recognize the value of that agenda of changes. However, they argue that they are always the same companies and, as such, they recognize that "*it's necessary for this voluntary initiative to become mandatory, to involve the companies that have not yet seen value or that are prioritizing other agendas*."

Interviewee #9 claims that "*in Brazil, it needs supervision, so those that are obligatorily supervised are obligatorily accustomed to it*." In turn, interviewee #10, a representative of a services company that implements IR, is more emphatic, due to her skepticism regarding the ineffective functioning of self-regulation:

> *I think it has to be like that. I'd like it not to be, I'd like to say it wasn't, that we're gonna self-regulate. But it doesn't work. Unfortunately, it doesn't work in Brazil. I think in that sense, regulation by a regulatory agent is needed.*

Interviewee #12, from a telecommunications company, is also slightly skeptical in relation to self-regulation based on raising awareness, and as such believes more in regulation:

> *I'm a bit skeptical in relation to that possibility, for that reason I believe more in regulation. Raising awareness is more subjective, it's more ambiguous. The time it takes is the time it takes to*

> *create a culture [...] which we haven't really mastered. I think in the case of raising awareness, you end up preaching to the converted and stop working with the people that will make it possible in practice.*

There is one social actor who defends both aspects. That is, in an initial stage, self-regulation by the market and through better practices. Then, regulation, as this "*accelerates the process of adoption of the IR guidelines*," said interviewee #8. But he recognizes that: "*Self-regulation should also be looked upon favorably, because in markets in which a culture of accountability, governance, and transparency are already well consolidated, self-regulation is always well-seen by the market*."

Added to this debate is the role of the IASB, a strategic partner of the IIRC, which despite participating in and monitoring the IR initiative, has made it clear that the focus of its standards is the accounting-financial report, relating to the pillars of accounting and accounting treatment, that is, recognizing, measuring, and disclosing useful accounting information. The IASB has included in its agenda a plan to review and update the IFRS Practice Statement recommending good disclosure and transparency practices in organizations, such as IR.

Figure 3 illustrates this discussion. By thinking sequentially about the process of engagement and use among the social actors – companies and professionals – involved with IR in Brazil, Figure 3 shows the stage of promotion, that is, the promotion and development of IR, the stage of implementation by companies that decide to adopt IR framework 1.0, and the stage of using the information generated.

Among the companies and the professionals responsible for promoting and implementing IR there are two gaps: an absence of integrated thinking and exclusion of IR from organizational governance. Among the companies that implement it and the companies and professionals that use it, there are also two gaps: an absence of standardization of methodologies for measuring impacts and disclosing risks and a lack of awareness of the range of IR matters. Finally, there is a fifth gap, which involves these three groups of social actors, regarding the debate about the adoption of framework 1.0 through regulation or self-regulation.

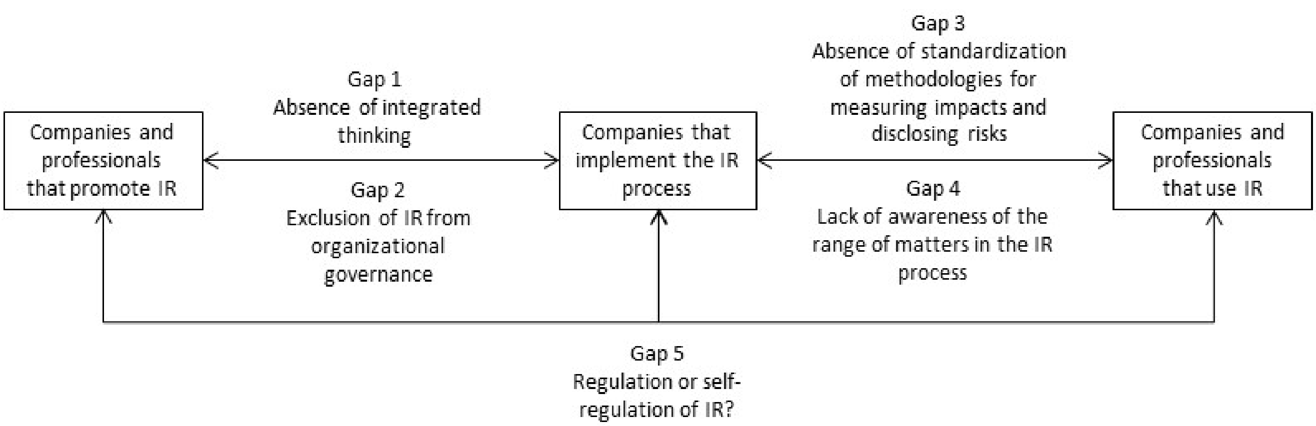

Figure 3 *Gaps in engagement and use among the social actors involved with Integrated Reporting in Brazil*
Note: *Companies that promote Integrated Reporting (IR): International Integrated Reporting Council (IIRC) and Brazilian Commission for Monitoring Integrated Reporting (CBARI); companies that implement IR: paper and pulp, extraction of radioactive materials, education, pensions, oil, gas, and biofuels, telecommunications, and electrical energy; companies that use IR: business consulting, education, financial institution, other associated professional activities.*
Source: *Data from the research. Elaborated by the authors.*

5. DISCUSSION OF THE RESULTS

The evidence shows five gaps that can be mitigated to contribute to greater engagement in and use of IR in Brazil. Thus, it complements the study of Perego et al. (2016), who showed, based on the perception of three experts in this area, that on one hand IR is a diverse and incoherent field and that there is still a weak understanding of the initiative. On the other hand, these experts agree that this area has progressed and that it is necessary to improve dissemination in the field.

Unlike the findings of Dumay and Dai (2017), which indicate that IR acts as a divisive cultural factor, the gaps of an absence of integrated thinking and exclusion of IR from organizational governance require IR to be understood as a process of organizational evolution and change of culture.

According to Schein (1992, p. 12), organizational culture covers its artifacts (visible but often understood only by those who experience the culture, such as histories, rituals, installations, dress, etc.), explained values (strategies, objectives, mission, vision), and shared assumptions (unconscious beliefs that are invisible and given to be right). It plays the role of dealing with complex situations, both of external adaptation and internal integration.

For this reason, the approach to these social factors can include the discussion of a change of culture, and not only the principles-related and methodological aspects of IR. Moreover, various studies have shown that culture is a source of competitive advantage and has impacts on organizational effectiveness (Barney, 1986; Park et al., 2016; Van Scheppingen et al., 2015).

In turn, the gaps of absence of standardization of methodologies for measuring impacts and disclosing risks and lack of awareness of the range of matters in the IR process are closely connected with the principles-based nature of IR (Barth et al., 2017; Carvalho & Kassai, 2014); for that reason, it is argued that organizational changes should involve the collaborators who, in turn, should seek the development of competences – knowledge, skills, and attitudes – aligned with the new values of the organization, as suggested by Adams (2015).

IR connects organizations that are already or are on the path to being aware of their role in sustainable development, as it is based on the assumption that sustainability is connected to the success of organizations (Higgins et al., 2014). For that reason, these should remain solid and transparent, including their proposals for adding value for all interested parties. Through its role of aggregating to initiatives in the Brazilian and international context, the IR methodology provides a "wider and more connected explanation of organizational performance than that provided by traditional financial and sustainability reports" (Villiers et al., 2014, p. 1048).

Finally, the gap of controversy between self-regulation and regulation indicates that, apparently, since 2013, the organizations that have neither accepted nor adhered to IR yet will not do so voluntarily. This suggests the importance of the agencies that promote its implementation as a management and communication tool for the engagement of organizations, not only those that are at the forefront of the process (Frías-Aceituno et al., 2013), with the support of national and international regulatory bodies, such as the IASB, which recommends that organizations consider items that can affect their future cash flows in the long run.

The organizations that have decided to implement the IR process apparently do so through requirement, especially by social actors that operate in markets that demand information quality, going beyond non-financial information, thus contributing to providing a holistic overview of the organization. In the public sector, the TCU has come to adopt IR, according to TCU Normative Decision n. 170, of December 19th of 2018, complementing Public Entities Law n. 13.303, of June 20th of 2016. More recently, the CFC launched Brazilian Accounting Standard – General Technical Communication (CTG) 09, which "addresses the Correlation with the Basic Conceptual Structure of Integrated Reporting" (CFC, 2020).

6. CONCLUDING REMARKS

This study contributes to the literature on accounting management, in particular the areas of accounting for sustainability and finance, in two ways. First, it provides an empirical investigation covering the three social actors involved with IR in Brazil (the companies and professionals responsible for promoting it, the organizations that implement it, and the companies and professionals that use it). Thus, considering the situation in Brazil, where few companies are involved in this type of initiative, we contribute to discussing the situation of the implementation of IR in Brazil with the protagonists of this project. By doing so, we follow the suggestion for studies by Rinaldi et al. (2018) by addressing the factors that can be mitigated to facilitate the acceptance of the IR practices in certain contexts.

For this, this study identifies five gaps. The absence of integrated thinking and exclusion of IR from organizational governance indicate an understanding of IR as a process of organizational evolution and change of culture. The gaps of the absence of standardization of methodologies for measuring impacts and disclosing risks and of a lack of awareness of the range of matters in the IR process are closely connected to the nature of the principles of IR. They are also connected to the need to develop human capital in organizations, covering their competences – knowledge, skills, and attitudes – aligned with the new organizational values required by the IR methodology. The fifth gap, controversy between regulation and self-regulation of IR, concerns the attitudes and behaviors of managers regarding the adoption of IR.

By doing so, it contributes to one of the gaps presented by Mio (2020), relating to other qualitative studies that discuss the internal and external mechanisms that favor the implementation of IR in organizations.

Second, this study presents a conceptual model based on the antecedents and consequences of IR that can be used for the development of a measurement scale to be employed in countries in a similar situation to that of Brazil, thus covering a bigger sample of organizations.

The expected practical implications cover reflections and elements so that the social actors involved with IR can implement actions that accelerate engagement and its use. First, the findings indicate that the critical factor in the success of integrated thinking is the search to mitigate organizational structures with a focus on areas, departments, managements, and the islands-based views; second, convincing and involving senior management, including the board of directors; third, the sharing of ideas based on forums, seminars, and meetings is a predominant factor for disseminating the IR methodology.

Other suggestions for future research include conducting case studies to discuss how state-owned organizations have adopted IR, after the issuance of TCU Normative Decision n. 170/2018. A quantitative study could also be conducted to cover a bigger sample of social actors involved with the implementation of IR to contribute to an empirical investigation based on the validation of a conceptual model and of a measurement scale that can be used in other questions concerning IR.

Regarding the limitations of this research, it is qualitative and uses accessibility sampling, and so despite the researchers' efforts to access the social actors, although their results contribute to strengthening the debate about the implementation of IR in Brazil, they cannot be generalized. It is important to highlight that comparing the IR between the participating companies was not an object of this study.

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