

2018年度 大学院奨励研究員研究報告書

2019年 3月 25日

関西学院大学学長 殿

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以下のとおり、報告いたします。

研究課題	Financial Accounting
採用期間	2018年 4月 1日 ~ 2019年 3月 31日

研究科委員長・研究科長印	事務局印

提出先： 所属研究科事務室

研究発表状況（奨励研究員採用期間内に発表したものおよび、近く発表予定のもの）

(1) 学会誌等への発表（著者、発表論文名、学会誌名、巻号、発表年月、掲載頁等）

雑誌論文	著者名	AKHTER, T., SEKISHITA, H.	論文題目	Corporate-Level Determinants of Integrated Reporting: Evidence from Japan		
	雑誌名	産研論集（関西学院大学）		巻号	発行年月	掲載頁
				46	2019.3	109-128

雑誌論文	著者名		論文題目			
	雑誌名			巻号	発行年月	掲載頁

図書	著者名	SAKAI, D., AKHTER, T., & ISHIHARA, T.	論文題目	“Fusion of Integrated Reporting and Performance Measurement in Local Government: Current Status and Issues of Japanese Local Governments”		
	書名	New Trends in Public Sector Reporting: Integrated Reporting and Beyond		発行年月	頁	
				Forthcoming	総頁：編集中 担当箇所：Palgrave Macmillan	

※論文題目：共著の場合の担当部分のタイトル

(2) 学会発表（口頭・ポスター：学会名、開催地、発表論文名、発表年月日等）

学会名	Japan Accounting Research Society 77th Annual Meeting	開催地	Kanagawa University, Yokohama Campus
題目	Corporate-Level Determinants of Integrated Reporting: Evidence from Japan	発表年月日	September 3-6, 2018

学会名	International Joint Conference on Integrated Reporting	開催地	Kent Business School, University of Kent
題目	Corporate Governance, Ownership Structure, and Integrated Reporting: Evidence from Japan	発表年月日	July 13, 2018

学会名		開催地	
題目		発表年月日	

研究經過狀況 (3000字程度)

Since April 2018, I have been working predominantly on my PhD thesis and I am planning to submit the thesis on June, 2019.

Title of the Thesis: Contents and Determinants of Integrated Reporting: Evidence from Japan and the United Kingdom

This thesis has three interrelated objectives: firstly, to investigate the contents of integrated reports (IR) of leading listed companies in Japan. Secondly, to investigate the contents of integrated reports of leading listed companies in the UK. Thirdly, to understand the corporate level determinants for integrated reporting adoption in Japan.

Research in progress regarding first objective:

The sampling process for this part of thesis started by identifying the first 100 companies listed on the Tokyo Stock Exchange, by market capitalization for the year ended on March 31, 2016. Out of first 100 companies, 15 companies' annual reports were selected on a random basis to examine their contents. In addition, 5 award winning integrated reports (the 4th WICI Japan Award for Excellence in Integrated Reporting for FY 2016) have been chosen to get a comparative picture of their contents. In total, a sample of 20 Japanese companies has been chosen to investigate their contents.

Methodology of the study: The content analysis method was used for studying this objective. A disclosure checklist was prepared earlier based on the eight Content Elements of the framework by the International Integrated Reporting Council (IIRC) published in 2013. As the IIRC framework has taken a principle-based approach and does not prescribe disclosure of specific Key Performance Indicators, individual disclosure items were constructed after carefully reading the narratives of "Content elements" and the interpretations therein were used to analyze the contents of the selected reports. In addition, consultations from extant literature were taken to make the Disclosure Checklist comprehensive. The checklist has 43 items to investigate under eight Content Elements. The information of the reports was coded against these 43 items. To measure the extent and quality of disclosure, we adopt multiple coding rules depending on the nature of each item.

Findings of the study: Out of 20 sampled annual reports, 19 have referenced to the IIRC framework in preparing the reports. So, it is interesting to investigate what these reports are actually presenting in the name of integrated reports. The results in the content checklist show that the disclosure scores of the 20 sampled companies of Japan range from 75.68% to 29.73% approximately. It also reveals that Governance is the highest disclosed category with 76.67% average disclosure for 20 companies followed by Organizational Overview and External Environment with 75% average disclosure. The lowest disclosed element is Business Model with 40.91% average disclosure only.

Research in Progress regarding second objective:

This section started with investigating FTSE 100 companies' annual reports for the year 2016. Out of 100 companies' reports, only 5 reports were found to refer to the IIRC framework in preparation. In addition, annual reports of 15 other companies have been chosen randomly. In total, contents of 20 reports have been coded against the checklist prepared.

Methodology of the study: This study also used content analysis method. The same

disclosure checklist (described in the methodology section of objective one) was used to codify the information in the reports.

Findings of the study: In case of 20 sampled companies of the UK, the average disclosure rates ranges from 87.84% to 54.05% approximately. Governance is the highest disclosed content element with 97.78% average disclosure and Basis of Preparation and Presentation or materiality related disclosure is the lowest disclosed category with 37.5% average disclosure by the sampled companies of the UK.

Contribution of the studies regarding first and second objectives: The two above studies offer a number of contributions to the academia and the professionals. To the best of my knowledge, these are two early studies to examine integrated reporting practice in Japan and in the UK, mainly investigating into the contents and quality of the reports under study against the IIRC Framework. Showing early evidences of integrated reporting in these two countries, these studies can inform different stakeholders and policymakers about the initial phase of this new reporting norm and how it is shaping the future corporate reporting practice. Another important contribution is that unlike most of the studies in this area, these studies did not investigate into the integrated reporting quality or practice in South Africa where preparation of IR is a mandatory requirement for the listed companies in the Johannesburg Stock Exchange. Instead, current studies focused on two different regulatory environments where IR preparation is not mandatory but supportive.

Research Progress regarding third objective:

This segment of the thesis examined the determinants associated with the adoption of the integrated report as a corporate reporting model. To fulfill this objective, the effects of certain company features, ownership structures and board characteristics related variables have been investigated on the use of integrated reporting.

Methodology of the study: This study used logit regression model and firm-level data on a sample of Nikkei 225 companies listed in the Tokyo Stock Exchange (TSE). The Nikkei 225 index is Japan's most widely watched index of stock market activity at the TSE. Its constituents are the most actively traded companies in the stock exchange with balanced representation of a wide range of Japanese industries.

Given that IR is in an early stage of development, this cross-sectional study focused on integrated reporting practice in the latest available year, 2017. Out of Nikkei 225, the final sample consisted of 169 companies after excluding banks and other financial institutions from the sample. Companies that do not contain required data for the analysis were also excluded.

In this study, the dependent variable IR is a binary variable, taking the value 1 if the company publishes an IR and 0 if it does not. The independent variables are: board size, ratio of independent directors in the board, debt to equity ratio, ratio of domestic institutional owners, cross shareholding ratio, foreign shareholding ratio, company size, profitability, and industry affiliation of the companies.

A broadly agreed upon definition of IR does not exist. This study therefore, examined whether the sample companies have published integrated reports or not. At first, we investigated whether the report in each case has integrated financial and non-financial information into a single document or not. This idea is consistent with the definition of the IIRC framework. Each report was evaluated based on the following contents: a) management commentary, b) overview of business operations c) corporate strategies and risks d) the value creation process e) governance and remuneration policies, and f) sustainability related disclosure. After examining the incorporation of all this information into the report, the editorial policy section was read carefully to understand the awareness or viewpoint of the management on integrating financial and non-financial information. Based on the above scrutinizing process, we considered 96 of our sample companies as integrated reports in 2017.

Findings of the study: This study revealed some interesting findings. In our sample, the average adoption rate of integrated reporting was 56.8%. The findings also revealed the high dependence on debt of these firms and the significant stakes of foreign owners in these companies. The average of the foreign shareholding ratios of the sample firms was 29.35%. The average board size was 11 with minimum and maximum sizes of 5 and 25. The average of the ratio of independent outside directors to total directors on the board was 29.16%. The sample contains 48.5% of environmentally sensitive firms.

The findings of this study include that firm size has a significant positive influence on IR adoption whereas profitability has a negatively influence on it. Industry classification has no significant influence upon the integration of financial and non-financial information. It means that firms operating in environmentally non sensitive industries are also making improvements in integrated reporting practice. This paper also found that institutional investment, cross shareholding, and foreign shareholding have negative associations with the adoption of IR. Japanese corporate boards are usually large and dominated by insiders. This study failed to prove any significant relation between board size and integrated reporting adoption. Finally, greater independence of the board favorably influences the integration of corporate information.

Contribution of the study: As the newest form of reporting, the practice of integrated reporting and motives for its adoption are largely unexplored. Extant literature essentially explored the context of South Africa where publication of IR is mandatory. Importantly, research regarding this reporting practice in Japan is rare. To the best of my knowledge, this study is one of the earliest studies to focus on the determinants of integrated reporting adoption in Japan.

以上