Self-styled Integrated Reporting: Evidence from the 2012 Annual Reports of Hong Kong’s Top 100 Listed Companies

A Dissertation Submitted for Doctor of Business Administration (DBA) September 2014

(39,120 words)
Declaration

I hereby certify that the work embodied in this Dissertation Project is the result of original research and has not been submitted for a higher degree to any other University or Institution.

(Signed)___________

CHING WA NG
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Abstract

Corporate reporting is a reflection of fiscal actions critical for business performance appraisal and market capital justification. Internationally regulated financial statements are produced on historical records. The collapse of several giant U.S.-listed corporates in 2002 surfaced a management loophole in corporate governance. The conflict between owners and managers might drive corporate management to conceal under-performed operations through creative financial tools and accounting policies, a practice which is dangerous for existing and prospective investors. A holistic view of company operation is deemed to help current and potential investors have a thorough view of executive management performance, especially its decision effectiveness and care for stakeholder interests. This is the founding objective in both South Africa’s King III Report and the International Integrated Reporting Council. Three perspectives regarding integrated reporting (policy, practitioners, and academicians) are examined here. Restrictions in conventional financial-based reporting are elicited. The primary aim of corporate reporting is acting as a communication channel to facilitate a higher level of corporate governance. Five major alternative reporting frameworks (management commentary, Global Reporting Initiative, Global Compact, The Economics of Ecosystems and Biodiversity, and Intellectual Capital Framework) and two governance frameworks (Sarbanes-Oxley Act and OECD) are elaborated. Constitutional roles of the Hong Kong Institute of Certified Public Accountants (standard setter), Hong Kong Securities and Futures Commission (regulator), and Hong
Kong Exchange (market operator) are presented. Further, the influence of China’s financial market is discussed. Signalling theory and resource-based theory articulate the hypotheses on independent directors, systematic risk, and corporate social reporting. Quantitatively, industry membership, corporate social responsibility, and independent directors exert influence on the extent of integrated reporting disclosure, which is found mainly in the management decision & analysis section of annual reports. Last but not least, an interpretive qualitative analysis observes higher self-styled integrated reporting disclosure on compulsory labour, community involvement, material use, energy use, carbon emissions, environmentally friendly technology, employee welfare, brand building, and corporate image.

Keywords: Integrated Reporting, Signalling Theory, Market Capital Allocation

{315 words in abstract}