



European Institute for
Advanced Studies in Management



13TH INTERDISCIPLINARY WORKSHOP ON INTANGIBLES AND INTELLECTUAL CAPITAL

VALUE CREATION, INTEGRATED REPORTING AND GOVERNANCE

ANCONA, ITALY, SEPTEMBER 21-22, 2017

- CO-ORGANISED AND HOSTED BY
- UNDER THE AUSPICES OF
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CHAIRPERSONS

Professor **Stefano Marasca**, Università Politecnica delle Marche, Ancona, Italy

Professor **Stefano Zambon**, University of Ferrara, Italy

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PLENARY SPEAKERS

Professor **Bino Catasús**, Stockholm Business School, Sweden
"Accounting for People"

Professor **John Dumay**, Macquarie University, Australia
"The Critical Path of Intellectual Capital "

Professor **Jan Mouritsen**, Copenhagen Business School, Denmark
"Connecting Information"

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BACKGROUND

EIASM is proud to announce the **13th Interdisciplinary Workshop on "Intangibles and Intellectual Capital – Value Creation, Integrated Reporting and Governance"** in collaboration with the University of Ferrara and the Università Politecnica delle Marche.

The Workshop will be held on 21st and 22nd September 2017 in Ancona (Italy) within the campus of the School of Economics "G. Fuà".

This event is intended to represent a new step in the EIASM long standing tradition in creating a forum for academic exchange on theoretical and empirical, qualitative or quantitative research in the area of Intangibles and Intellectual Capital. This Workshop will also

provide an opportunity for investigating the value creation dynamics and deepening the subject areas of “Intangibles and Public Sector “ and “Intellectual Capital, Digitalisation and Information Systems” (cf. **Special Tracks** below)

It is also the **1st EIASM Workshop** devoted to a systematic reflection on the emerging issues linked to **Integrated Reporting () and Governance** as well as on the **relationships between and intangibles**.

The measurement, reporting and management of Intangibles and Intellectual Capital at a micro, meso and macro level is becoming a focal topic for the theory and practice of various disciplines (accounting, valuation, marketing, organisation behaviour, strategy, non-financial reporting, investor relations, human resource, sustainability, etc.). More recently, the debate has been further energized by the Integrated Reporting initiative, whose focus on the value creation processes has revealed new research and practical perspectives on the complex and multifaceted role of Intangibles and Intellectual Capital in and around organizations.

It is felt that today there is a risk that the gap between the theory and practice of intangibles management, measurement and reporting may gain *momentum* and, therefore, there is a strong need for the development of an innovative and challenging research agenda with reference to it.

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CALL FOR PAPERS

The 13th EIASM Workshop aims to bridge the gap between theory and practice in the concerned field by fostering reflections and “prognoses” on Intangibles, Intellectual Capital and Integrated Reporting and Governance and, thus, to favour an osmosis between knowledge creation and knowledge application. In this perspective, topics of particular interest include (but they are not limited to) the following:

- Accounting for and reporting on intellectual capital: advances in financial accounting and business valuation;
- Advances in the management accounting and control of intangibles and intellectual capital;
- The role and the impact of Integrated Reporting and Integrated Governance in private and public organizations;
- Connectivity of information and organization actions and outcomes;
- Intangibles, intellectual capital and value creation;
- Intangible liabilities;
- Human resource management and accounting;
- Customer capital management and accounting;
- Relationships with strategic stakeholders: measurement and management;
- Innovation and intellectual capital;
- Production and consumption of intellectual capital measurements;
- The perspectives offered by Business Models in measuring, managing and reporting intellectual capital and intangibles;
- Intangibles and governance;
- Conceptual underpinnings of intellectual capital and intangibles’ research;
- Intangibles and risk management;
- Intellectual capital reporting and disclosure: frameworks, benefits and drawbacks;
- Intangibles and gender issues;
- Non-financial information and the needs of analysts and investors;
- Non-financial information and Integrated Reporting assurance;
- Socio, Environmental and Economic Sustainability: reporting and governance issues.

We invite papers on any of the aforementioned topics without any specific constraints in terms of theoretical perspectives and methodological approaches.

In order to contribute to bridging the above mentioned gap between theory and practice, speeches and presentations from academics and practitioners as well as roundtables will be organized to stimulate discussions regarding the “state of the art” and future avenues. Details will be announced later on.

SPECIAL TRACK ON INTANGIBLES AND PUBLIC SECTOR

Track leaders:

Prof. **Pierluigi Catalfo**, University of Catania
 Prof. **Sandra Cohen**, Athens University of Economics and Business
 Prof. **Francesca Manes Rossi**, University of Salerno
 Prof. **Emidia Vagnoni**, University of Ferrara

Public sector is undoubtedly an area where intangibles research can thrive. New Public Management provides a theoretical rationalization for the importance of intellectual capital (IC) while the application of IC management models in the non-profit sector are suitable due to the intangibility of public sector organizations in terms of their goals, production processes and outputs. Accounting studies have recently promoted Integrated Reporting and its application as a means of disclosure how value is created both in private and in public sector organizations. Although the idea of “one report” might sound quite ambitious for a public sector organization, its application in public sector entities or non-for-profit ones is encouraged by scholars and the IIRC itself. The areas of IC and integrated reporting are intertwined as IC is

included as part of the non-financial capital and would help to visualize the organizations' value creation.

Within this realm, and after the success had by this subject area in the 12th edition of the Workshop held at HSE in St. Petersburg, the 13th EIASM Interdisciplinary Workshop on "Intangibles and Intellectual Capital" has decided to set up again a Track on ""Intangibles and Public Sector".

Papers that fall into the following categories are mostly welcome in this Track:

- Intellectual capital and value-creation in public sector organizations
- Intellectual capital and performance management in the public sector
- Reporting Intellectual capital in public sector organizations
- Integrated reporting in the public sector: Challenges and Applications
- Governance and management of intangibles in public sector organizations
- Intellectual capital for territorial development.
- Innovations of IC Management in the Public Sector
- IC, Integrated reporting and Popular Reporting

**SPECIAL TRACK ON "INTELLECTUAL CAPITAL, DIGITALISATION
AND INFORMATION SYSTEMS"**

Track leaders:

Prof. **Daniela Mancini**, University Parthenope of Naples

Prof. **D. Enrique Bonsón**, University of Huelva

Today, several innovations are involving the way in which companies use data, manage information systems and implement information and communication technologies (ICTs), to support measurement and reporting processes. In this scenario, accounting and management information systems (IS) become more integrated, opened, transparent, and shared than the past, thanks to the use of new software and sources of information (i.e. big data). We assist to a growing use of digitalised information and documents and to the spread of communication and collaboration technologies in digitalised processes (i.e. social network, digital platforms, Internet of Things, smart technologies).

The aim of this special track is to investigate and understand the implications of these changes for the management, (e)valuation and reporting of Intellectual Capital (IC) and Integrated Reporting (IR) and the associated non-financial information. The future of IC seems to be characterized by greater openness, transparency and sharing thanks to the fundamental contribution of ICTs and of new previously unknown information.

Papers, that concern the following topics related to IC and IR, are mostly welcome in this Track :

- Accounting/Management Information systems to better understand, managing, evaluate and reporting IC, IR and non-financial information;
- Digitalisation and information processes to support reporting;
- ICTs to improve control activities;
- Impact of digitalisation on measurement systems;
- Use of social media for transparency, disclosure and openness;
- Open and big data for measurement needs;
- New way of visualising and disclosing information.

The best papers of the Special Track will be considered for nomination as a fast-track publication to *"The International Journal of Digital Accounting Research"* (Scopus Q2 in Information Systems), by the track co-chairs.

SPECIAL PANEL ON "VALUATION OF INTANGIBLES"

SPECIAL PANEL SPEAKER:

Doctor **André Gorius**,
Executive VP Intellectual Assets Valorization, Solvay

"Valuation of Intangible Assets from First Principles: a Thermodynamics-like Approach"

DISCUSSANTS:

Scholars from University of Ferrara, Università Politecnica delle Marche
and University of Florence

SPECIAL SESSION ON
"Intangibles, Policy and Politics : A Socio-Economic Perspective"

Special Panel Speakers:

Eve Chiappello, Ecole des Hautes Etudes en Sciences Sociales (EHESS), Paris

Anne Jeny, ESSEC Business School, Paris

Laura Girella, International Integrated Reporting Council (IIRC)

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TO SUBMIT A PAPER

To present a paper to the main workshop or to any of the special tracks, authors should submit a max. 2 page abstract

by

June 30, 2017 (*extended deadline*)

To be acceptable, proposals **MUST** be submitted only through this web site !!

All submissions must be in English.

PLEASE CLICK HERE TO SUBMIT

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ISSN NUMBER

The ISSN number for the workshop papers is

2295-1679

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CALL FOR PAPERS: JOURNALS



A Special Issue of

"Journal of Management and Governance"

The Role of Intellectual Capital and Integrated Reporting in Management and Governance: A Performative Perspective

Guest Editors

Stefano Zambon, University of Ferrara

Stefano Marasca, Università Politecnica delle Marche

Maria Serena Chiucchi, Università Politecnica delle Marche

This Special Issue aims to investigate how Intellectual Capital and Integrated Reporting affects the management and governance of organizations and users' behaviours by focusing on the empirics of practice, cases, and experiences. Covered topics include, but are not limited to, the following:

- Role and impact of Integrated Reporting and Integrated Governance in private and public organizations;
- Impact of Intellectual Capital Reports and IC measurement on internal or external users;
- Intangibles and governance;
- Connectivity of information and organizational actions and outcomes;
- Sense-making processes of Intellectual Capital and Integrated Reporting;
- Effects of Intellectual Capital and Integrated Reporting on the relations with strategic stakeholders;
- Intellectual Capital Statements, Integrated Reports and the information needs of financial analysts and investors;
- Theoretical implications of intangibles measurement and reporting in organisations, and in particular for the concept of value and its measurement and representation especially in Integrated Reports.

Submission Procedure

The Special Issue will be based on the papers presented at the EIASM 13th Interdisciplinary Workshop on Intangibles and Intellectual

Capital devoted to "Value Creation, Integrated Reporting and Governance" (University of Ancona, Italy, September 21-22, 2017 – www.eiasm.be/). The eligibility for submission to this Special Issue will be communicated by the co-guest editors to the author(s) of the papers selected amongst those presented in the EIASM Workshop.

Submission Deadline : **1st December 2017**

Web link to the Special Issue's full description: <http://www.santannapisa.it/it/istituto/management/jmg-news>

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LOCATION - HOW TO REACH ANCONA -

The workshop will take place in the

Università Politecnica delle Marche
School of Economics "Giorgio Fuà"
Piazzale Martelli 8,
Ancona (AN), 60121

See map of Ancona [HERE](#). The University is n°4 on the map.

HOW TO REACH ANCONA

BY PLANE

Airport "Raffaello Sanzio" airport - Ancona-Falconara (AOI)

Direct connections with Rome and Munich.

For more information: <http://www.marcheairport.com/en>

From the airport to the School of Economics you can take:

- the city bus in front of the airport (for more information <http://www.conerobus.it/servizi-tp/aerobus-raffaello>) and get off in "Piazza Cavour". From there you can walk to the School of Economics (about 500 m) or take a taxi. Tickets can be purchased on the bus.
- the train in front of the airport (Castelferretti Railway Station) (for more information: <http://www.trenitalia.com/tcom-en>). To go from the Railway Station to the School of Economics, follow the indications of the section "By bus".
- a taxi to "Facoltà di Economia – Piazzale Martelli 8 – Ancona".

BY TRAIN

FS Ancona's Railway Station

Direct railway connections with Milan (3,5 h), Rome (3,5 h), Bologna (2h).

For more information: <http://www.trenitalia.com/tcom-en>

To go from the Railway Station to the School of Economics you can take:

- the city bus in front of the Railway Station. In this case, follow the indications of the section "By bus".
- a taxi to "Facoltà di Economia – Piazzale Martelli 8 – Ancona".

BY CAR

A14 motorway Bologna-Bari, exit Ancona Nord, then directions to Ancona - Ancona Centro - School of Economics (Facoltà di Economia)

A14 motorway Bologna-Bari, exit Ancona Sud, then directions to Ancona Centro - School of Economics (Facoltà di Economia)

For more information: <https://www.autostrade.it/en/home>

BY FERRY-BOAT

Port of Ancona

Ferry-boat connections with ports of Croatia, Albania, Montenegro, Greece and Turkey

For more information: <http://www.doricaportservices.it/inglese/orari/orari.htm>

To go from the Terminal to the School of Economics, take the bus line 1/4, get off at "Piazza Roma" and from there you can walk to the School of Economics (about 500 m). Otherwise you can take a taxi to the "Facoltà di Economia – Piazzale Martelli 8 – Ancona".

BY BUS OR TAXI

From the Ancona's Railway Station take the bus line 1/4 in the direction "Piazza 4 Novembre", the bus stop is just in front of the station (be careful not to take the bus line fourth in the direction of "Tavernelle") and then get off at "Piazza Roma". Tickets can be purchased at the tobacconist's inside the station.

From "Piazza Roma" you can walk to the School of Economics (about 500 m).

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WORKSHOP FINAL PROGRAMME

Please click [HERE](#) to download the workshop preliminary programme

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"Best Junior Contribution to the Intangibles & IC Theory & Practice" Award

Co-Winners

PERFORMANCE MEASUREMENT PARADIGMS OF PARTICIPATORY CULTURAL INITIATIVES: LEARNING FROM THE DISCOURSE ON INTELLECTUAL CAPITAL AND INTANGIBLES
LUCIA BIONDI, MARTIN PIBER, PAOLA DEMARTINI

EXPLORING THE LIFEWORLDS OF HUMAN CAPITAL AND FINANCIAL CAPITAL: A CASE STUDY
SANDRA BROSNAN, DAVID O'DONNELL, PHILIP O'REGAN

Co-Runners-Up

BIG DATA AND IC: OLD PROBLEMS REQUIRE NEW SOLUTIONS
FEDERICA DE SANTIS, CLAUDIA PRESTI

WHY HOLDING SOMEONE ACCOUNTABLE FOR SOMETHING HE CANNOT FULLY MANAGE? THE UNCLEAR POLITICS OF PERFORMANCE EVALUATION THE CULTURAL SECTOR
FRANCESCO CHIARAVALLOTI

Special Mentions

DOES OWNERSHIP STRUCTURE INFLUENCE THE ATTRIBUTIONAL CONTENT IN LETTERS TO SHAREHOLDER? EVIDENCE FROM AUSTRIA AND POLAND
DOMINIKA HADRO, KAROL MAREK KLIMCZAK, MAREK PAUKA

THE INFLUENCE OF INTEGRATED REPORTING ON MANAGEMENT CONTROL SYSTEMS: COMPROMISES, OPPORTUNITIES AND CHALLENGES
MARCO MONTEMARI, MARIA SERENA CHIUCCHI

THE IMPACT OF COMPETITIVE INTELLIGENCE ON THE COMPETITIVENESS OF PORTUGUESE MUNICIPALITIES: THE STUDY OF A REGION
JAIME GUERRA

INTEGRATED REPORTING AND THE "VALUING" OF INTELLECTUAL CAPITAL: A PERFORMATIVE PERSPECTIVE
RICCARDO STACCHEZZINI, SILVANO CORBELL A CRISTINA FLORIO ALICE FRANCESCA SPROVIERO

ECONOMIC CONSEQUENCES OF THE ACCOUNTING FOR BUSINESS COMBINATIONS ON INFORMATION ASYMMETRY AND COST

OF CAPITAL

JULIA KATHARINA SCHMIDT, BETTINA SCHABERT, WOLFGANG SCHULTZE

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SOCIAL EVENT ON FRIDAY SEPTEMBER 22

On Friday afternoon, after the closing of the Workshop, the Local Organizers have organized a very nice and interesting social event.

There will be a visit at the winery Moroder Aion, located in the Monte Conero Park, very close to Ancona.

See : <https://www.moroder.wine/>

The **bus** will leave the city center of Ancona around 6.00 p.m.

At the winery, there will be a **guided tour** through the cave dating back to the end of the 18th century and through the new hypogeum structure, to appreciate the Rosso Conero DOC, that celebrates the 50th year!

At the end of the tour, there will be a **welcome toast** with a "spumante Extradry", obtained from Montepulciano grapes vinified in white.

Then, a **dinner** will follow and there will be the opportunity to appreciate the different wines produced by the Moroder Aion winery.

For organizational reasons it is necessary to book to this social event by August 30, 2017.

The cost per participant is **€ 50.00**,
that should be paid in cash at the registration desk of the workshop.

If you are willing to participate please send an e-mail to i.ascani@pm.univpm.it

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SOCIAL EVENT ON SATURDAY SEPTEMBER 23

On **Saturday morning** (23rd September), for participants who will stay in Ancona, a Local tour operator has arranged a guided tour to discover some of the artistic and natural beauties of the Monte Conero and Sibillini area.

The bus will leave the city center of Ancona around 9.00 a.m. to reach Osimo, an awesome town surrounded by Marche hills. After a tour of Osimo, a visit to the exhibition "Sibillini's Masterpieces" will follow; the exhibition hosts 100 artworks from earthquake-hit area that it is possible to admire all together for the very first time.

Afterwards there tour will move to Monte Conero, the pearl of the Adriatic Sea, and, more precisely, to Portonovo to enjoy of a breathtaking view from where the sandstone cliffs dive into the sea.

At the end, a lunch in the restaurant "Hotel Excelsior La Fonte" will follow and there will be the opportunity to appreciate a fish tasting menu with traditional recipes.

The arrival in the center of Ancona will be around 1.00 p.m.

If you are interested, it is necessary to book this event via Marche Maraviglia by September 15, 2017. The cost per participant is € 66.00, that can be paid to Marche Maraviglia.

You can find more detailed information [HERE](#)

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ANCONA

Discover Ancona via the following 2 sites

[kwsv22z hwdqviuhfrp 2grz qrdqv2i3egid3dq9f5:f;q:67994id<8h83:;534:3;35435:582i34<f9<hh7e985gh434;6<9fi:h<<8q7534:3;35435:5827;58<9](http://www.rivieradelconero.info/en/ancona-a-seaside-town-with-a-rich-archeological-heritage/)

<http://www.rivieradelconero.info/en/ancona-a-seaside-town-with-a-rich-archeological-heritage/>

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PRACTICALITIES

ACCOMMODATION

We have negotiated a special deal with a number of hotels in Ancona.

Seepot Hotel ** -**

18 minutes walk from the conference site (1,3km) <http://www.seeporthotel.com>
 Comfort room, double room single use 94€
 Executive room, double room single use 119€
 Superior room double room for double use, with sea view 134€
 VAT and city taxes included
 Please indicated the following when making your booking :
 EIASM WORKSHOP ON INTANGIBLES AND INTELLECTUAL CAPITAL

NH Hotels **-**

20 minutes walk from the conference site (1,5km) - <http://www.nh-hotels.it>
 They offered us a limited number of rooms at a very special rate. This will be valid until July 15 and the special price will be offered on a "first come first served basis".
 Price for a Double Room for Single Use : 84 EUR
 Price for a Double Room for Double Use : 96 EUR
 This includes American buffet breakfast and 10% VAT.
 City tax is not included (2EUR/day/person)
 You are requested to download the Booking Form available [HERE](#) and mail it to the hotel.

City Hotel * -**

4 minutes walk from the conference site (300 m) <http://www.hotelcityancona.it>
 Single room 57€
 Double room single use 72€
 VAT and city taxes included
 Please indicated the following when making your booking :
 EIASM WORKSHOP ON INTANGIBLES AND INTELLECTUAL CAPITAL

Grand Hotel Passetto **-**

22 minutes walk from the conference site (1,8km) <http://www.hotelpassetto.it/>
 Single room 98€
 Double room single use 127€
 VAT and city taxes included
 Please indicated the following when making your booking :
 EIASM WORKSHOP ON INTANGIBLES

Excelsior Hotel La Fonte

Poggio street n°160
 60129 Portonovo (ANCONA)
 Marche - Italy
 Tel. +39 071 801470
info@excelsiorlafonte.it
<https://www.excelsiorlafonte.it/>
 Confort Room : double room for single use € 109,00, tourist tax € 2,00 excluded
 The hotel is 12 km far from the Faculty of Economics (20 minutes by car)
 A free transfer service from the hotel to the conference venue and from/to the train station and the airport will be provided.

Hotel Concorde

Aspio Terme street n° 191 - 60021 Camerano Ancona
 TEL: +39 07195270 - FAX: +3907195884
INFO@HOTELCONCORDEANCONA.COM
WWW.HOTELCONCORDEANCONA.COM
 Double room for single use € 78,00; tourist tax included
 Double or twin room € 99,00; tourist tax included
 The hotel is 9 km far from the Faculty of Economics (10 minutes by car)

G Hotel SRL

Sbrozzola street, n°26 - 60027 Osimo - Ancona -
 Tel. 071.72119 - Fax 071.7819904 –
info@ghotelancona.it –
www.ghotelancona.it/
 COMFORT ROOM: double room for single use € 99,00; tourist tax included
 The hotel is 9 km far from the Faculty of Economics (10 minutes by car)

Grand Hotel Palace in Ancona and their indications.

- CLASSIC ROOM double room for single use € 103,00
- CLASSIC ROOM double or twin room € 122,00
- COMFORT ROOM double room for single use € 119,00
- COMFORT ROOM double or twin room € 140,00

- EXECUTIVE ROOM double room for single use € 145,00
- EXECUTIVE ROOM double or twin room € 170,00
- JUNIOR SUITE THEATRE € 218,00
- JUNIOR SUITE WELLNESS € 229,00
- WINE SUITE € 258,00
- SUITE TERRACE € 287,00

The hotel is 800 mt far from the Faculty of Economics (8/10 minutes walking)

Useful information for your stay at the Grand Hotel Palace in Ancona:

- BREAKFAST: included (from 7 am to 10 am)
- USE INTERNET WI-FI: included
- MINI-BAR: included
- GYM: free, open h24
- CANCELLATION: free of charge until 18:00 of the day before the arrival; for late cancellations or no show, the penalty will be equal to the amount of the first night
- CHECK IN: from 3 pm
- CHECK OUT: until 10:00 am
- PRIVATE GARAGE: € 18.00 per day

How to get the hotel:

- from the railway station of Ancona: bus 1/4 direction Centre of the city, stop at Piazza Kennedy (the Hotel is 350 mt far from the bus stop);
- from the motorway: exit Ancona Nord or Ancona Sud and continue towards Port, or Centre of city.

FEES

The fees include :

- participation to the workshop
- documents
- lunches
- the workshop dinner (on September 21)
- morning and afternoon refreshments.

For participants affiliated with an institution that is
member or associate member of the EIASM's
Academic Council

268,40 € (including 48,40 € VAT)

For participants coming from another academic
institution

329,40 € (including 59,40 € VAT)

Cancellations made before **September 1, 2017** will be reimbursed minus 20% of the total fee. No reimbursement will be possible after that date.

Payments should be made by :

- The following credit cards: Visa or Eurocard/Mastercard/Access

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DOWNLOAD LIST OF PARTICIPANTS

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ADMINISTRATION

Ms. Graziella Michelante - EIASM Conference Manager
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Email: michelante@eiasm.be

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The impact of national cultural differences within the board on Integrated Reporting

Simona Alfiero, Assistant Professor, Department of Management, University of Torino, Italy*

Massimo Cane, Assistant Professor, Department of Management, University of Torino, Italy

Ruggiero Doronzo, Ph.D. Student, Department of Management, University of Torino, Italy

Alfredo Esposito, Ph.D. Student, Department of Management, University of Torino, Italy

Abstract

This research, based on *stakeholder theory* and the *national cultural dimensions*, aims to test the influence of *foreigners* on board and its *size* on *Integrated Reporting* (IR) practices.

The production and presentation, currently voluntary, of an IR extends the information contained in traditional financial statements. Its use may be justified by reference to *stakeholder theory*, according to which organisations should create wealth for all participants (or stakeholders), in contrast to the traditional financial model based on creating value for the principal agent or shareholder.

On the other hand, from the board composition perspective, the *stakeholder theory* suggests that diversity can be perceived as a crucial indicator of a firm's Corporate Social Responsibility (CSR) and as a sign of a stakeholder-oriented firm. *International board composition* (national diversity) is a diversity variable. The *national culture*, as internal factors of board corporations, is an institutional element that influences board choices preferences regarding financial reporting. Following Hofstede (1980, 1983, 2001), the research focuses on the *masculinity/femininity cultural dimension*, because of its relevance in previous researches on corporation level disclosure. The national diversity on board has one of the greatest effects on the dissemination of IR, creating a sense making process on corporate disclosure decision-making.

A great number such as 1,083 European, from 18 different countries, who adopted or not the IR for the year 2015 were identified, assuming that there is a correlation between the features of the board (percentage of foreigners and size) and the adoption of IR.

The research relies on a logistic regression model (Logit). The dependent variable is a dummy (equal to 1 if the company has developed the IR, 0 if the company is not presenting it) and the independent variables are represented by the board characteristics (size and foreigners).

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The impact of the critical mass on the presence of foreigners and the cultural dimension on the basis of directors' nationality was tested relying on the masculine and feminine dimension of Hofstede. Besides, the directors' country of origin was considered, namely if they belong to the major European countries presenting a wider IR diffusion.

The relationship between foreigners on board and IR is found to be negative. This means that companies with at least one foreigner are less inclined to adopt IR. The results show that the boards with more of three foreign administrators have a major propensity to adopt the IR. The membership of the directors in countries with a feminist culture also has a positive effect. If the directors come from countries where this practice is more widespread, the propensity is higher.

Keywords: stakeholder theory, integrated reporting, diversity on board, foreigners, cultural dimensions, Logit.

JEL descriptors: G34, L14, M14, M41.

1. Introduction and research objectives

According to the *International Integrated Reporting Council* – IIRC (2013), IR provides a more extensive account of corporate performance than traditional company statements do, reflecting the use made of resources by the organisation (and its dependence on them), its relations with capital (financial, material, human, intellectual, social and natural), and its access to and impact upon these factors. This information is essential for a meaningful assessment of the organisation's long-term business model and strategy, in order to meet the investors and other stakeholders' information needs and, ultimately, for the efficient allocation of scarce resources.

A single document giving complete, clear financial and non-financial information was deemed necessary in order to inform stakeholders on company performance and results: IR framework.

IR aims to replace the earlier dominant practice of separating financial and sustainability information through publishing a single integrated report (IIRC, 2013; Incollingo and Bianchi, 2016; Jensen and Berg, 2012; Lozano and Huisinigh, 2011).

The IIRC (2013) considers that integrating financial and sustainable information will better satisfy investors' need for information by providing a more complete picture of a company and its performance. The IIRC (2013) describes an integrated report as "bringing together

material information about an organisation's strategy, governance, performance and prospects in a way that reflects the commercial, social and environmental context within which it operates". Merging sustainability and financial information into just one document might overcome a potential disconnect in the way professional investors handle the two types of information (Arnold et al., 2012) by initiating "integrated thinking" as advocated by the IIRC. IR's objectives are characterised by the completeness and ability to provide overall information, which goes beyond the sheer economic and financial dimension traditionally reported in the financial statements. Eccles and Krzus (2010a) identify two main reasons for companies to implement IR; the first considers IR as a key element regarding sustainability, by means of a strategy which manages the risks and opportunities of a sustainable society while the second one relies on a simplified message for all stakeholders such as in the form of just one report thus increasing the transparency of corporate disclosure.

Eccles and Krzus (2010b) show four potential benefits from presenting an IR:

- greater clarity concerning relationships and commitments. IR should identify financial and environmental, social and governance (ESG) indicators that are important for the organisation and its strategy to reach its given objectives. The true essence of IR is how management considers the relationship between such financial and non-financial indicators;
- better decisions. The previous stage will result in the production of better information for decision-making. Kaplan and Norton (2006), relatively to balanced scorecard (BSC), provide arguments and evidence of how better measuring tools could result in better management decisions. High quality of external information would result from high quality of internal information;
- increase all stakeholders' commitment. It is fundamental for each stakeholder to have an integrated and holistic vision of how their own interests are related to others' as well as to factors which contribute to the desired performance level;
- as social responsibility and sustainability have taken on an important role, managing reputation risks also represents one of the most important and difficult risks to handle.

IR extends the information contained in traditional financial reporting, but its presentation is currently voluntary. *Stakeholder theory* could justify its adoption because organisations should create wealth for all stakeholders, in contrast to the traditional financial model based on creating value for the principal agent or shareholders (González Esteban, 2007).

Furthermore, about board composition, the *stakeholder theory* suggests that diversity can be

perceived as a crucial indicator of a firm's CSR and as a sign of a stakeholder-oriented firm. The presence of the company board of directors is fundamental for monitoring the management's decisions and ensuring that they disclose reliable rather than self-serving voluntary information (Healy and Palepu, 2001). This will help the firm build a sound corporate disclosure system in the long term (Qu and Leung, 2006).

A firm's shareholders designate the board of directors to govern and manage its business. (Monks and Minow, 2008). As a primary corporate governance mechanism, it has an essential role in aligning management's interests with shareholders (Brennan, 2006). However, effective monitoring of the board is also determined by its composition (Brick et al., 2006; Mizruchi, 2004) which, in fact, is expected to affect the amount of voluntary disclosure. Board composition can be defined in various ways, including value system, gender, board size, industry background and nationality (Kang et al., 2007; Van der Walt et al., 2006).

In particular, *national diversity* and *national culture* (as internal factors of board corporations) are institutional elements that influences board choices preferences regarding financial reporting (Hope, 2003).

Although various studies offer measurements related to the national culture (House et al., 2004), the cultural dimensions of Hofstede (1980, 1983, 2001) are the most used by researchers. One of these dimensions is the *masculinity/femininity* of a society, which is the degree to which masculine values, such as the ambition, power, and materialism prevail over feminine values, such as quality of life and emphasis on personal relationships.

This research focuses only on the masculinity/femininity dimension among other aspects of personality and culture on the board members for two reasons. On the one hand, because this cultural dimension has been one of the most important topics in previous research on corporation level disclosure. On the other hand, the idea that national diversity on board has one of the greatest effects on the dissemination of IR because is take into account. This cultural variable is able to create a sense-making process on corporate disclosure decision-making.

International board composition is rarely investigated, but Heidrick and Struggles (2014) show that the percentage of foreign board members in Europe increased from 11% to 23% (2007 – 2009) and in fact empirical research shows that national diversity is expected to grow following globalising tendencies.

Association between the proportion of foreign nationals and disclosures in earlier literature raises the issue of cause and effect, which was also considered by Fields and Keys (2003) evidencing the impacts on companies' performance of similarity of experiences, ideas and

innovations brought by individuals.

These foreign nationals are assumed to be from developed countries, where social and environmental issues receive considerable attention from information users and society at large. Therefore, it is assumed that this interest and knowledge will be transferred onto boards of domestic firms in developing countries, by either executive or non-executive foreign directors.

In fact, Ayuso and Argandoña (2009) maintain that foreign directors are usually hired to play an important role in favouring corporate social reporting strategies.

Khan (2010) demonstrated how voluntary social disclosure of Bangladesh banks is significantly linked to the proportion of foreign nationals on a board. Barako and Brown (2008) on the other hand, found a reverse relationship between the proportion of foreign nationals on bank boards and the level of corporate social reporting done by Kenyan banks.

Thus, the first RQ1 is the following: Is there a positive relationship between the presence of foreigners on BoDs and board size on IR?

The second RQ2 is the following: Does the presence of foreigner board members led to specific features in terms of their number (critical mass), cultural dimension (masculinity versus femininity) and country of origin affect IR diffusion rate?

Unlike previous studies focused on analysing the effects of adopting IR, our study takes an upstream position checking whether certain board features influence the decision to adopt IR and - to the best of our knowledge – it is the first study of its kind. In particular, the originality of this research is due to the fact that the presence of foreigners in the board of directors is analysed in a different perspective and more in detail than in previous studies. In fact, the ability of foreign board members to influence the adoption of IR in different countries is considered in “*cultural*” terms and also for the *critical mass theory* application.

The belief of a deeper understanding of the factors that influence the decision of adopting IR is essential for academics, companies and policy-makers.

This paper starts with the theoretical background, then goes on to explain the data, methodology and results, and finishes up with a discussion and conclusions.

2. Theoretical background

IR can be considered an evolution of the sustainability report. It could represent an opportunity for increased transparency, governance and decision making for every type of profit or no-profit organisation (Adams et al., 2011; Eccles and Krzus, 2010a). Sourcing and later publishing more information has decidedly positive effects on decision-making

processes within a company, but also with investors and all stakeholders in general. It should provide a briefer and more coherent, balanced picture of the company's performance (Eccles and Krzus, 2010b).

The IR framework was created to build legitimation and trust while facing a set of stakeholders (Guthrie and Parker, 1990) because of the different expectations, due to different cultural conditions, of local stakeholders on corporate behaviour and giving the arising of diverse values, norms and practices (Bustamante, 2011; Carroll, 1979). All considered, giving the rise of different business practices on information disclosure (Fernández-Feijoo et al., 2011; Horrach and Socias Salvá, 2011).

Academic literature on the subject has little relevance and empiric research is still minimal. One of the most significant supporters of IR is Eccles who analysed the issue back in 2010. His basic idea is that this new information tool could favour a change in company culture. Such studies have been carried out concerning similarities and differences between companies that draw up sustainability report and those that publish IR (Jensen and Berg, 2012).

In 2013, Owen looked into the origins and developments of IR, whereas other academics (Cheng et al., 2014) critically analysed key issues of the IIRC's Consultation Draft del Framework. Flower (2015) is one of the most critical maintaining that the IIRC made a mistake in not forcing companies to add the negative impact of outside sources into the integrated reporting.

A thorough and very interesting work was done by De Villiers et al. (2014), who discussed how reporting can be interpreted and applied in different ways.

Stubbs and Higgins (2012) investigated internal mechanisms adopted in reporting processes in order to determine if IR stimulated better disclosure procedures. Some academics (Brown and Dillard, 2014) criticised IR, maintaining it to be limited or biased. An interesting study carried out in the Netherlands (Van Bommel, 2014) acknowledged that the IR tool was able to enhance different values. Academics Haller and van Staden (2014) highlighted the importance of giving information concerning the value created by the company and how it is distributed among all the stakeholders.

Studies into factors which can condition IR practices have been carried out. In fact, Frias-Aceituno, Rodriguez-Ariza and Garcia Sanchez (2013) reported on the influence of the legal system and the composition of the board, while Garcia-Sanchez et al. (2013) recognised that culture is a fundamental factor.

D'Este et al. (2013) carried out an interesting study about the choices of IR by groups concerning territorial interests. In fact, the research showed a positive relationship as those companies with stronger local roots were more inclined to publish their data.

All these studies are supported by *stakeholder theory* which focuses on the stakeholders' demands, generally including all those who have interests, in order to be competitive (Roy and Goll, 2014). The theory is one of the most claimed able to explain the companies' response to the information requirements of stakeholders (Chen and Roberts, 2010; Van Der Laan Smith et al., 2005) exposing how to create value for stakeholders (Freeman, 1984) and the IR is part of the dialogue between firms and its stakeholders (Gray et al., 1995). Moreover, the theory is able to integrate the idea that the existence of different stakeholders with different perspectives on the optimal company performance (Deegan, 2002).

The relation between corporations and their stakeholders was pointed out by Van der Laan Smith et al. (2005) claiming that factors from *stakeholder theory* are also appropriate to explain the IR differences between firms from diverse countries. According to that Van der Laan Smith et al. (2010) argue that stakeholders' beliefs influences firms' sustainability reporting practices.

The new form of managerial understanding showed by the *stakeholder theory* relies on the fact that the shareholders' needs are met by satisfying the needs of the other stakeholders (Foster and Jonker, 2005; Hawkins, 2006; Jamali, 2008; Jones, 1995; Freeman et al., 2010) and not only the maximization of profits and value for the shareholders. The general commitment should consider the coexistence of values that refers to other stakeholders (Longo et al., 2005) and includes social and environmental sustainability. Other scholars as Donaldson and Preston (1995) and Jones (1995) supported the theory of the relevance to satisfy other third parties and not only the shareholders. Shortly, the need of integrity and ethics, also beneficial for everyone within the relation between the companies and the stakeholders, is also the opinion of Vasconcelos et al. (2012).

The cross-national features of IR practices and the reactions of individuals to it is related to a perspective derived, with reference on the cultural dimension, by the stakeholders needs. The *national culture dimension model* of Hofstede (1980, 1983, 2001) adds and provides the understanding of the different social norms, beliefs and cultural settings on the stakeholders' expectations (Cormier et al., 2005). The original idea of Hofstede (1980), in order to highlight similarities and differences among countries, was based on the consideration of four specific cultural features: individualism versus collectivism, masculinity versus femininity, tolerance versus aversion to uncertainty, and power distance.

Furthermore, according to Hofstede (1980, 1983, 2001) and Minkov (2007), culture relies on a group-level construction and is applied to groups such as nations or corporations. The national culture dimension and its impact on accounting practices was investigated by several scholars (Gray, 1988; Radebaugh, 1975) also with regards to types of reports (Adams and Kuasirikun, 2000; Fernández-Feijoo et al., 2011; Langlois and Schlegelmich, 1990; Neu et al., 1998; Salter and Niswander, 1995). In order to determine the impact on disclosure practices in the CSR area these parameters were considered by Van der Laan Smith et al. (2005) and Orij (2010).

In particular, the research takes into account the dimension of *masculinity/femininity*. Thus because of the male orientation for quantitative and economic measurable success, while the feminine word is oriented on a more qualitative aspects of life. With reference to those aspects societies and companies that are able to take into account values as of collectivism, tolerance and no gender discrimination will be ready for a better commitment to governance, sustainability and transparency. In fact, ready for the release of an integrated report and its wide range of information.

The research considered the national cultural systems, with special reference to their masculinity/femininity dimension, because of its affecting the citizens and firms' basic values (Vitell et al., 2003) and the relevant impact on the ethics of decision-making processes (Singhapakdi et al., 1994; Su, 2006). It also influences the organisational structure and performance by the adoption of sustainable entrepreneurial behaviour (Richardson and Boyd, 2005).

The relationship between corporate governance and the disclosure practice of companies have been widely analysed in literature with particular focus on the corporate governance structure and the board's characteristics (Adams, 2002; Allegrini and Greco, 2013; Eng and Mak, 2003; Healy and Palepu, 2001; Ricart et al., 2005; Samaha et al., 2015). The board, as the firm's governing body, is responsible for safeguarding the interests of the different stakeholders, for example through the dissemination of information, in order to reduce information-related problems and prevent opportunistic behaviour (Lev, 1992; Richardson and Welker, 2001). Jensen and Meckling (1976) proposed a framework analysis in which a complementary or substitutive link was established between companies' information disclosure practices and their internal mechanisms of corporate governance. The complementary relationship is, theoretically, based on the assumption that effective corporate governance strengthens a company's internal control. Thus, more information is disclosed in order to reduce problems arising from opportunistic behaviour and information asymmetries. In a substitutive relation,

the strength of corporate governance would prevent or reduce the disclosure of information to investors, as a result of the internal control mechanisms reliability.

With regard to board diversity approach, according to *stakeholder theory*, managers are simultaneously seen as agents of multiple stakeholders, instead of shareholders alone, and diversity can be understood as an important indicator of a firm's CSR and a sign of a stakeholder-oriented firm. Greater diversity on the board allows more open government processes that ensure the incorporation of stakeholder interests. Managers need to reach a trade-off between the various interests of different stakeholders; maximising profit is not the only corporate objective (Hill and Jones, 1992; Näsi, 1995; Carroll, 1996; Clarkson, 1998; Macey, 1998; Jensen, 2000; Freeman et al., 2010; Ibrahim and Angelidis, 1994; Oakley, 2000; Hillman et al., 2002).

Based on the theoretical framework, the assumption of a strong relationship between board features and the adoption of IR is considered. In fact, the existence of a complementary relationship between board characteristics (measured by the presence of foreign members and its size) and the incentive for a firm to provide voluntary disclosure through IR is assumed.

Foreigners

The diversity of the board is defined as the disparity of the characteristics presented by its members (Robinson and Dechant, 1997). Commonly, studies including this feature have focused on the gender and nationality of directors (Gul and Leung, 2004; Prado-Lorenzo and García-Sánchez, 2010).

International board composition (national diversity) is a variable rarely investigated, but Heidrick and Struggles (2014) show that the percentage of foreign board members in Europe increased from 11% to 23% (2007 – 2009) and in fact empirical research shows that national diversity is expected to grow following globalising tendencies.

Association between the proportion of foreign nationals and disclosures in earlier literature raises the issue of cause and effect, which was also considered by Fields and Keys (2003). They found that similarity of experiences, ideas and innovations that individuals bring to a company impacts company performance.

These foreign nationals are assumed to be from developed countries, where social and environmental issues receive considerable attention from information users and society at large. Therefore, it is assumed that this interest and knowledge will be transferred onto boards of domestic firms in developing countries, by either executive or non-executive foreign directors.

In fact, Ayuso and Argandona (2009) maintain that foreign directors are usually assumed to have an important role in favouring corporate social reporting strategies.

Khan (2010) demonstrated how voluntary social disclosure of Bangladesh banks is significantly linked to the proportion of foreign nationals on a board. Barako and Brown (2008) on the other hand, found a reverse relationship between the proportion of foreign nationals on bank boards and the level of corporate social reporting done by Kenyan banks.

About nationality, a confound investigation factor arises from *critical mass theory* (Konrad et al., 2008). This theory suggests that when a certain threshold (Kramer et al., 2006) is reached (a critical mass) the impact of a subgroup (such as “foreigners on board”) becomes more noticeable. According to Kanter (1977), having only one member of a demographic group can lead to tokenism. Tokens are considered to represent an entire demographic group and are seen by the dominant group as a stereotype. Based on critical mass, research into the relationship between foreign directors and performance might require a distinction between boards with one foreigner and boards that have reached a certain threshold. This standardisation counteracts the “tokenism phenomena”, which implies that companies only include a few foreign board positions in order to satisfy external expectations (Torchia et al., 2011).

Board Size

Monitoring and controlling management actions are the most important functions of the board of directors (Fama and Jensen, 1983). According to Gandia (2008) increasing the number of board members improves the capability of the board in monitoring and controlling management actions. This enhances the transparency and the disclosure of more information by management. Adams et al. (2005) argue that larger boards have varied experiences and dispersed opinions. This, in turn, increases their monitoring capacities, and enhances the firm’s disclosure policies. Empirical evidence reported by Cheng and Courtenay (2006) suggests that larger boards tend to be associated to greater levels of information disclosure. It is worth noting that the corporate governance code for publicly listed firms in Jordan, recommends a board with more than five members and less than fifteen for the industrial and services sectors. However, for the insurance sector the code recommends a board of no less than seven members.

Large company boards are subject to more severe agency problems, and therefore monitoring processes are less optimal (De Andrés et al., 2005; Eisenberg et al., 1998; Yermack, 1996). According to Gallego-Alvarez et al. (2011), the complexity of management control and of ensuring the accuracy of the information (including financial information) provided, requires

the presence of a considerable number of directors, with the experience and diversity required to successfully perform these supervisory functions. In this sense, better monitoring would result in the disclosure of larger volumes of information about the company.

Empirical evidence is contradictory regarding the relationship between the size of the board and information disclosure. Prado-Lorenzo and García-Sánchez (2010) observed a negative relationship. Pearce and Zahra (1992), Dalton et al. (1999), Larmou and Vafeas (2010) and Izzo and Fiori (2016) observed a positive relationship.

A greater number of directors has a positive effect on the breadth and integration of corporate information provided, because an IR requires the input of directors with different types of expertise. The occurrence of such a variety of viewpoints is likely to be more common in larger boards.

Board size can add to a diversity of perspectives, offering greater choices of solutions and more decision criteria, in order to achieve the board's goals and objectives on behalf of investors (Eisenhardt and Bourgeois, 1988; Schweiger et al., 1986).

Control variables

This paper uses established variables in governance studies that can influence disclosure. They include whether a company is listed on the stock market, corporate size, leverage, growth opportunities and profitability. Being listed on the stock market influences firms to disclose more diverse information - financial, social and environmental – which is believed to be required by those markets, so it is likely to positively impact the quality of investors' decisions (Ullmann, 1985). A company's listing status can also be a factor in explaining their extent of disclosure. This is because multiple listed corporations may well incorporate aspects of foreign regulation into their domestic accounts. In fact, this can be linked to corporations needing to raise money at the lowest cost of capital through a stock exchange and consequently voluntarily increasing disclosure. So multiple listed corporations raising capital on international markets will have higher levels of disclosure than domestically listed enterprises if overseas stock market requirements are greater than domestic exchanges. In fact, Cooke (1989) found this to be the case and Singhvi and Desai (1971) and Choi (1973) also found that listing status was a significant explanatory variable. Spero (1979) found support for the capital-need theory and Firth (1979) reported that UK listed corporations disclosed far more information than unlisted corporations.

The companies size is represented by the total assets logarithm. A positive relation between the corporate size and the volume of data deliberately disclosed is reported by past investigation as per da Silva Monteiro and Aibar-Guzmán (2010) and Sotorrío and Fernández-

Sánchez (2010). Furthermore, some scholar reported that the relation was valid up to a company size definite level (Pirchegger and Wagenhofer, 1999), while some others have discovered no factually noteworthy relationship (Khanna et al., 2004; Ortiz and Clavel, 2006). In order to represent the leverage, the study relies on debts – equity ratio as per Ahmed and Courtis (1999) where in a metanalysis of 29 disclosure researches found that the use of is one of the main forecasters for the yearly corporate reports disclosure.

In order to point out information based on the growth the study relies on the firms' sales growth to account for a two-years differences because of the noticeable data asymmetry and office costs (Gaver and Gaver, 1993; Smith and Watts, 1992) between growing and non-growing companies that usually release less information.

The profitability side it is taken into account buy including the return on assets variable. Although a positive influence was suggested by some research, studies generally failed to notice a statistically significant relationship between the degree of voluntary disclosure and the level of profitability (Giner et al., 2003; Larrán and Giner, 2002; Marston and Polei, 2004; Prencipe, 2004).

4. Research Methodology and Sample

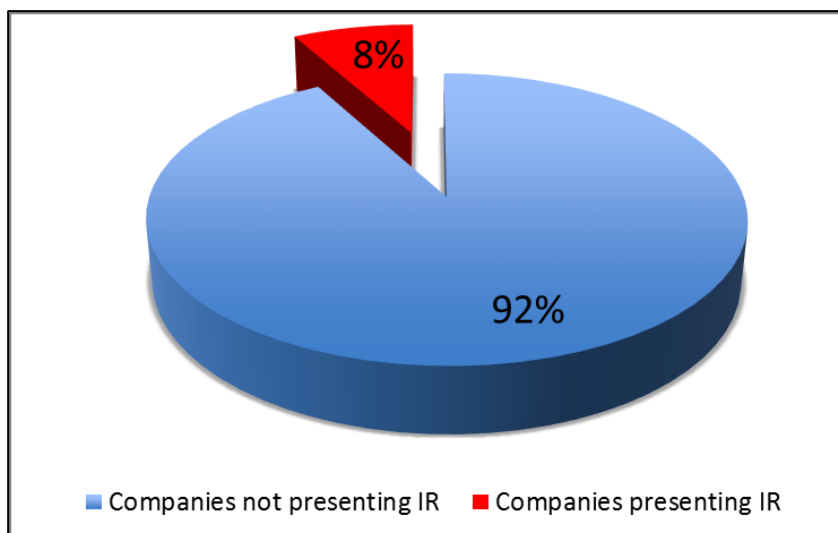
To answer to our RQ, 1.058 European companies from 18 different countries, were selected relying on the IIRC website (2015) and identifying those companies that adopted IR (n = 79) for 2015 according to the guidelines of the IIRC.

The comparison sample was determined by applying a stratification sampling procedure based on turnover, sector, and country characteristics of the “population” of the companies that adopt IR for 2015.

The sample has been built relying on the Amadeus database, verifying and double checking on corporate websites if the kind of disclosure tools utilised, from a content point of view, wasn't comparable to the IR, even when different way on naming reports were approached.

Companies not adopting the IR are 979 (see Chart 1).

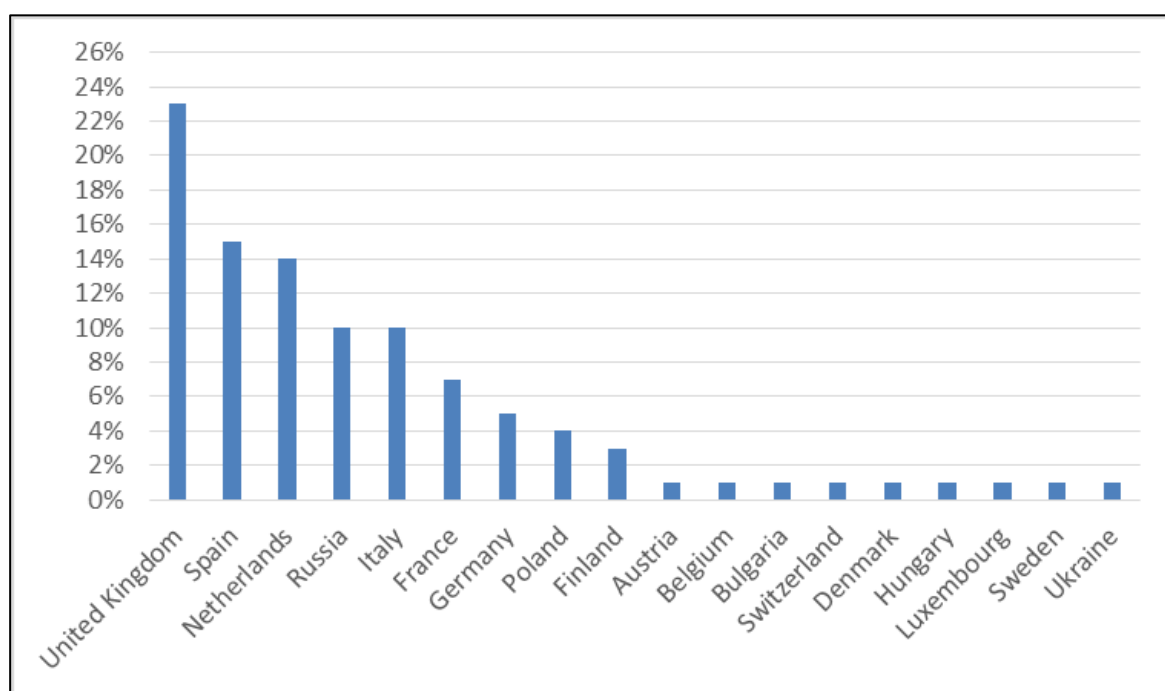
Chart 1. Breaking down the sample.



Source: own elaboration.

United Kingdom, Spain, Netherlands and Russia are the countries which mostly adopt IR (see Chart 2).

Chart 2. Countries breakdown of the dataset sample for companies presenting IR.



Source: own elaboration.

66,76% of the sample is made up of unlisted companies and around 6% of them adopt IR as their disclosure document.

Because the dependent variable is binary (equal to 1 if the company has developed IR, 0 if the company is not presenting it), this study uses logistic regression (Logit) (Bajari et al., 2009; Vani Kant, 2001) to test its hypotheses. Listed below are the dependent variables and the two independent variables (board size and foreigners) and five control variables (listed, size, leverage, growth sales and profitability) (Gujarati and Porter, 2003).

Dependent variable:

IR: 1 = the company has developed IR; 0 = the company is not presenting it

Independent variables:

BOARD SIZE: Number of directors on the board

FOREIGNERS: Percentage of foreigners on the board

Control variable:

LISTED: 1 = listed company; 0 = no listed company

SIZE: Logarithm of total assets 2015

LEVERAGE: liabilities considered (total assets - equity/equity)

GROWHT SALES: in absolute values (total sales 2015- total sales 2014/total sales 2014)

PROFITABILITY: Return on total assets

The logit regression equation was as follows:

$$IR = \beta_0 + \beta_1 \text{ Board Size} + \beta_2 \% \text{ Foreigners} + \beta_3 \text{ Listed} + \beta_4 \text{ Size} + \beta_5 \text{ Leverage} + \beta_6 \text{ Growth Sales} + \beta_7 \text{ Roa} + \mu$$

The IR dependent variable has been computed in terms of event probability:

$$\text{Probability} = \text{Log} (P/(1-P)) = \beta_0 + \beta_1 \text{ Board Size} + \beta_2 \% \text{ Foreigners} + \beta_3 \text{ Listed} + \beta_4 \text{ Size} + \beta_5 \text{ Leverage} + \beta_6 \text{ Growth Sales} + \beta_7 \text{ Roa} + \mu$$

5. Results and discussion

Descriptive statistics

Tables 1 and 2 show summary statistics for the boards' composition for companies that adopt and who do not adopt IR.

According to Table 1, the board size in companies with IR ranges between 1 and 35 directors with an average size of approximately 11,62 directors. Overall, foreigners' directors make up 13,90% of the total directors.

Table 1. Summary statistics for companies presenting IR.

COMPANIES PRESENTING IR					
Board features	Nr.	Min.	Max.	Average	Standard Deviation
Board Size	79	1	35	11,62	8,52
% Foreigners	79	0	100	13,90	22,36
Listed	79	0	1	0,43	0,50
Size	79	2,70	9,64	6,28	1,32
Leverage	79	0,12	76,26	7,01	15,68
Growth Sales	79	-0,38	70,71	0,98	7,95
ROA	79	-34,01	51,12	6,64	11,42
Listed	34				
Non-listed	45				

Source: own elaboration.

According to Table 2, the board size in companies without IR ranges between 1 and 57 directors with an average size of approximately 10,65 directors. Overall, foreigners' directors make up 16,29% of the total directors.

Table 2. Summary statistics for companies not presenting IR.

COMPANIES NON PRESENTING IR					
Board features	Nr.	Min.	Max.	Average	Standard Deviation
Board Size	979	1	57	10,65	8,88
% Foreigners	979	0	100	16,29	24,47
Listed	979	0	1	0,33	0,470
Size	979	2,52	11,65	6,73	0,77
Leverage	979	0	105,49	7,47	12,97
Growth Sales	979	-0,99	10415,41	11,44	333,22
ROA	979	-77,47	91,58	4,72	10,80
Listed	321				
Non-listed	658				

Source: own elaboration.

Table 3. Summary statistics for the whole sample.

RESUMING TABLE (average values)	COMPANIES PRESENTING IR	COMPANIES NOT PRESENTING IR	WHOLE SAMPLE
Board Size	11,62	10,65	10,72
% Foreigners	13,90	16,29	16,11
Listed	0,43	0,33	0,34
Size	6,28	6,73	6,70
Leverage	7,01	7,47	7,44
Growth Sales	0,98	11,44	10,67
ROA	6,64	4,72	4,86

Source: own elaboration.

Board Composition and Integrated Reporting

The result of the bivariate correlation analysis between independent variables shows that the highest value of the Spearman correlation coefficients (r) is 0,314. The coefficients are significant at different levels of confidence.

According to Table 5, the model has an R^2 of Cox e Snell 0,031. On the other hand, the Chi-square test is found to be statistically significant ($\text{Chi}^2 = 33,29$, $p = 0,000$). This means that the model explains almost 99% of the variation in the voluntary disclosure amongst sampled

firms. The VIF test suggests that the model does not suffer from any multicollinearity problem where the VIF of all variables ranges between 1,007 and 1,219.

The most significant variables are: Size and listed.

A Summary of the bivariate correlations for the variables proposed on the model is presented in Table 4.

Table 4. Summary of the bivariate correlations for the variables proposed.

		REPORT	1	2	3	4	5	6	7
1	Size Board	,029							
2	% Foreigners	-,026	,088**						
3	Listed	,057	,399**	,054					
4	Size	-,142**	,314**	,167**	,245**				
5	Leverage	-,009	-,130**	,034	-,171**	-,019			
6	Sales Growth	-,009	-,036	-,018	-,023	-,042	,033		
7	ROA	,046	,033	-,005	,029	-,027	-,071*	-,017	
** Correlation is significant at level 0.01 (two code)									
* Correlation is significant at level 0.05 (two code)									

Source: own elaboration.

The next table shows the results (mean and standard deviation) for the dependent binary variable and the other independent variables.

Table 5 shows a positive relationship between the size of the board of directors and the adopting of IR ($\beta_1 = ,023$). This means that as more directors are added to the board, its monitoring capacity increases and thus more information is disclosed.

Therefore, *Hypothesis 1 (RQ1) is supported.*

Table 5 also shows that the coefficient of % Foreigners is negative and insignificant ($\beta_2 = -,001$). Thus, *Hypothesis 2 (RQ1) is not supported.*

Table 5. Results for the model Logistic regression (Logit).

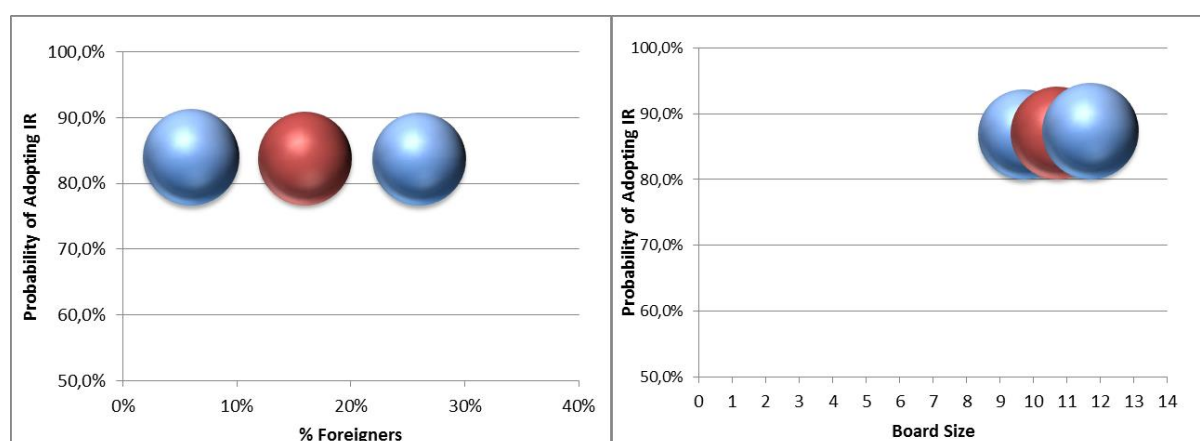
	B	S.E.	Wald	gl	Sign.	Exp(B)
Board Size	0,023	0,014	2,598	1	0,107	1,023
% Foreigners	-0,001	0,005	0,045	1	0,832	0,999
Listed	0,670	0,270	6,160	1	0,013	1,954
Size	-0,725	0,136	28,537	1	0,000	0,484
Leverage	0,000	0,001	0,043	1	0,836	1,000
Growth sales	0,000	0,002	0,034	1	0,854	1,000
ROA	0,011	0,009	1,597	1	0,206	1,011
Constant	1,662	0,807	4,241	1	0,039	5,272

Source: own elaboration.

Data analysis went ahead transforming the Logit results to probability terms. That is, the probability to adopt an IR compared to the average value was calculated for each independent variable and then the variations were determined in terms of probability following an increase or decrease in the average value of these variables.

The graphs below clearly show – for each variable - the variation of the probability to adopt an IR as board characteristics vary.

Chart 3. Probability of adopting IR compared to independent variables.



Source: own elaboration.

These results show that companies with a larger board of directors are 1,023 times more likely to adopt IR compared to companies with a smaller board, $\text{Exp(B)} = 1,023$. Those boards with

ten members have a likelihood of 86,90% to adopt IR as disclosure tool and with one extra board member the likelihood increases by 0, 52%.

Adding foreigners to the board results in a decrease of the probability of a company adopting IR (odds ratio = 0,999). Companies where foreigners represent 16% of board members record an 83,83% probability of adopting IR and this decreases by 0,27% following a 10% rise of foreigners' board members.

The selection of companies that shows at least one foreign administrator provide a set of 506 firms of which 40 have adopted the integrated report.

Dependent variable:

IR: 1 = the company has developed IR; 0 = the company is not presenting it.

Independent variables:

CRITICAL MASS: 1 if the company has more than three foreign directors; 0 = if the company has less than three foreign directors.

CULTURAL COUNTRY: 3 If the majority of foreign directors are from female countries
2 If the majority of foreign directors come from male countries and 1 if there is no prevalence.

GREATER DIFFUSION IR: 1 if at least one foreign administrator comes from United Kingdom, Spain, Netherlands and Russia; 0 if it is different.

Control variable:

LISTED: 1 = listed company; 0 = no listed company.

SIZE: Logarithm of total assets 2015.

LEVERAGE: liabilities considered (total assets - equity/equity).

GROWHT SALES: in absolute values (total sales 2015- total sales 2014/total sales 2014)

PROFITABILITY: Return on total assets.

The logit regression equation was as follows:

$$\text{IR} = \beta_0 + \beta_1 \text{ Critical Mass} + \beta_2 \text{ Cultural Country} + \beta_3 \text{ Greater diffusion IR} + \beta_4 \text{ Listed} + \beta_5 \text{ Size} + \beta_6 \text{ Leverage} + \beta_7 \text{ Growth Sales} + \beta_8 \text{ ROA} + \mu$$

The IR dependent variable in terms of event probability is computed as:

$$\text{Probability} = \text{Log} (P/(1-P)) = \beta_0 + \beta_1 \text{ Critical Mass} + \beta_2 \text{ Cultural Country} + \beta_3 \text{ Greater diffusion IR} + \beta_4 \text{ Listed} + \beta_5 \text{ Size} + \beta_6 \text{ Leverage} + \beta_7 \text{ Growth Sales} + \beta_8 \text{ ROA} + \mu$$

Descriptive statistics

Tables 6 and 7 show summary statistics for the boards' composition for companies with at least one foreign administrator that adopt and who do not adopt IR.

Table 6. Summary statistics for companies presenting IR.

COMPANIES PRESENTING IR					
	Nr.	Min.	Max.	Average	Standard Deviation
Critical Mass	40	0	1	0,68	0,474
Cultural Country	40	1	3	2,53	0,679
Greater diffusion IR	40	0	1	0,73	0,452
Listed	40	0	1	0,45	0,504
Size	40	4,63	9,64	6,89	1,020
Leverage	40	0,20	49,21	3,167	7,703
Growth Sales	40	-0,37	0,22	0,017	0,148
ROA	40	-11,21	51,12	6,64	7,802
Listed	18				
Non-listed	22				

Source: own elaboration.

Table 7. Summary statistics for companies not presenting IR.

COMPANIES NON PRESENTING IR					
	Nr.	Min.	Max.	Average	Standard Deviation
Critical Mass	466	0	1	0,24	0,425
Cultural Country	466	1	3	2,05	0,554
Greater diffusion IR	466	0	1	0,26	0,439
Listed	466	0	1	0,42	0,495
Size	466	3,31	11,65	6,92	0,719
Leverage	466	0,04	94,58	7,26	12,88
Growth Sales	466	-0,63	475,58	1,21	22,09
ROA	466	-34,75	91,58	4,99	9,416
Listed	198				
Non-listed	268				

Source: own elaboration.

Table 8. Summary statistics for the whole sample.

RESUMING TABLE (average values)	COMPANIES PRESENTING IR	COMPANIES NOT PRESENTING IR	WHOLE SAMPLE
Critical Mass	0,68	0,24	0,27
Cultural Country	2,53	2,05	2,09
Greater diffusion IR	0,73	0,26	0,30
Listed	0,45	0,42	0,43
Size	6,89	6,92	6,92
Leverage	3,17	7,26	6,93
Growth Sales	0,02	1,21	1,12
ROA	6,64	4,99	5,21

Source: own elaboration.

Board Composition and Integrated Reporting

The result of the bivariate correlation analysis between independent variables shows that the highest value of the Spearman correlation coefficients (r) is 0,275. The coefficients are significant at different levels of confidence.

According to Table 10, the model has an R^2 of Cox e Snell 0,142. On the other hand, the Chi-square test is found to be statistically significant ($\chi^2 = 77,61$, $p = 0,000$). This means that the model explains almost 99% of the variation in the voluntary disclosure amongst sampled firms. The VIF test suggests that the model does not suffer from any multicollinearity problem where the VIF of all variables ranges between 1,012 and 1,128.

The most significant variables are: Critical Mass and Greater Diffusion IR.

A Summary of the bivariate correlations for the variables proposed on the model is presented in Table 10.

Table 9. Summary of the bivariate correlations for the variables proposed.

		REPORT	1	2	3	4	5	6	7	8
1	Critical Mass	,267**								
2	Cultural Country	,221**	,206**							
3	Greater Diffusion IR	,275**	,267**	,162**						
4	Listed	0,014	-0,004	-0,008	-0,027					
5	Size	-0,012	,134**	,105*	0,054	-0,053				
6	Leverage	-0,016	-0,028	-0,008	0,066	-0,041	0,01			
7	Growth sales	-0,015	-0,028	-0,006	0,067	-0,036	-0,059	-0,002		
8	ROA	0,079	0,017	0,006	0,041	0,013	-0,048	-0,073	-0,006	
** Correlation is significant at level 0.01 (two code)										
* Correlation is significant at level 0.05 (two code)										

Source: own elaboration.

The next table shows the results (mean and standard deviation) for the dependent binary variable and the other independent variables.

Table 10 shows a positive relationship between Critical Mass and the adopting of IR ($\beta_1 = 1,441$).

This means that if there are more than three foreign administrators in the board there is a higher propensity to adopt the integrated report. Therefore, *Hypothesis 1 (RQ2) is supported*.

Table 10 also shows a positive relationship with dependent variable Cultural Country ($\beta_2 = 1,220$). In countries where there is a female culture there is a greater tendency to use this accounting tool.

Thus, *Hypothesis 2 (RQ2) is supported*.

The variable “greater diffusion IR” also has a positive relationship ($\beta_3 = 1.597$), then the directors who come from countries where in 2015 have been presented more integrated reports, compared to other European states tend more to avail of this instrument.

Table 10. Results for the model Logistic regression (Logit).

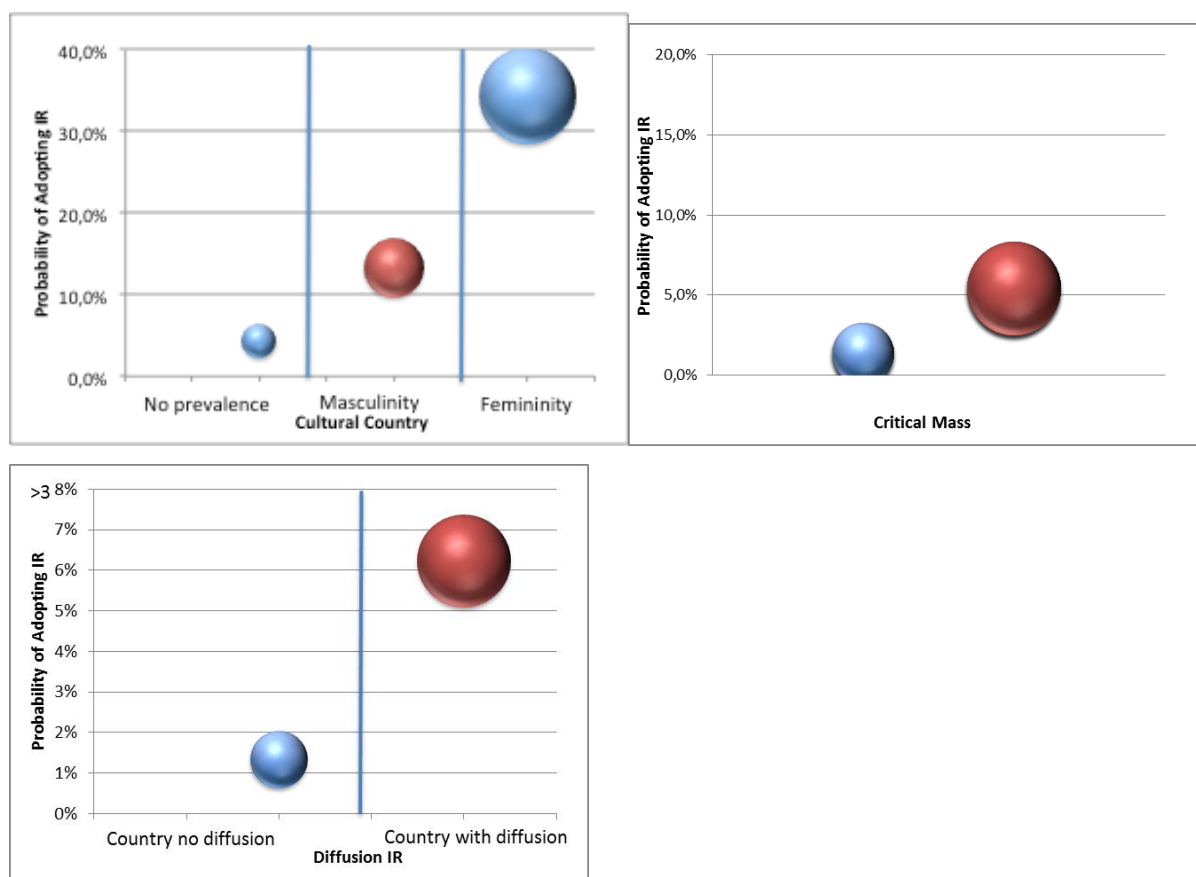
	B	S.E.	Wald	gl	Sign.	Exp(B)
Critical Mass	1,441	0,396	13,255	1	0,000	4,224
Cultural Country	1,220	0,344	12,559	1	0,000	3,386
Greater Diffusion IR	1,597	0,397	16,203	1	0,000	4,936
Listed	0,115	0,378	0,093	1	0,760	1,122
Size	-0,329	0,237	1,932	1	0,165	0,719
Leverage	-0,056	0,037	2,383	1	0,123	0,945
Growth Sales	-1,234	1,092	1,278	1	0,258	0,291
ROA	0,026	0,016	2,592	1	0,107	1,026
Constant	-4,309	1,810	5,671	1	0,017	0,013

Source: own elaboration.

Data analysis went ahead transforming the Logit results to probability terms. That is, the probability to adopt an IR compared to the average value was calculated for each independent variable and then the variations were determined in terms of probability following an increase or decrease in the average value of these variables.

The graphs below clearly show – for each variable - the variation of the probability to adopt an IR as board characteristics vary.

Chart 4. Probability of adopting IR compared to independent variables.



Source: own elaboration.

These results show that companies with more than three foreign administrators are 4 times more likely to adopt IR compared to companies with fewer foreign directors $\text{Exp}(B) = 4,22$.

The model explains that when administrators come from female countries the probability of adopting the RI is 3,39 higher $\text{Exp}(B) = 3,38$. These companies have 34% probability of adopting IR. The probability that companies adopt the integrated report is 4,9 times higher when administrators come from countries where there is more spread of the report (United Kingdom, Spain, Netherlands and Russia) $\text{Exp}(B) = 4,94$.

Conclusion

A deeper understanding of the factors influencing the decision of adopting IR is essential for academics, companies and - especially - policy-makers, considering that this kind of disclosure develops the integrated thinking, improves the quality of information available to the providers of financial capital.

This research offers new insight into the relationship between board diversity, in terms of nationality diversity, and decision to adopt IR, which is an efficient disclosure tool used for communicating with stakeholders as well as being an accounting tool for measuring a company's social sustainability and economic growth in the medium and long term.

The study examined 1.058 European companies from different countries for 2015.

The results highlighted a positive relationship between adopting IR and the size of the board of directors and a negative link with foreigners boardmembers.

To a deeper understanding of the negative relationship between foreigners and adopting IR, other factors influencing nationality diversity have been introduced.

The achievement of critical mass, the origin from countries with greater diffusion IR and a female culture are the characteristics of foreigners that influence the decision to adopt IR.

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