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Corporate Reporting Concept and the Emergence of Nonfinancial Information Reporting: A Literature Review

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Abstract
Corporations are slow to adapt with changing demand of information reporting practice. The study objective of this research is to take a step towards filling the 'information gap' of corporate stakeholders and corporations seeking to expose more information reporting. The primary purpose of this research is to motivate corporate entities for adopting recent development of reporting information. This paper provides a broader review of accounting literature and pays specific attention to the existing corporate reporting frameworks. It also provides a critical review of the development of conventional accounting theories. Discussions and arguments are presented to provide the theoretical justification relevant to this study. Literature related to corporate reporting concept reveals that companies increasingly require expanded reporting practice to meet the recent demand of the audiences of corporate reports. An adoption of good corporate information reporting becomes vital and may well be the determining factor for the survival/success of an organization, especially large scale businesses. The interrelated dynamics of corporate information make up the challenges of reporting practice. The need for nonfinancial reporting is to meet the challenges of a globalized environment by promoting the use of information intensive and knowledge driven process of business activities.
Keywords: Corporate Information Reporting, Corporate Information Disclosures, Nonfinancial Information Disclosures, Corporate Stakeholders.

1. Background of the Study

In a rapid-changing, globalizing world, information materials for investors in decision-making are becoming progressively more diverse and dynamic. For investors, recent corporate reporting does not provide all necessary information. Information about managerial quality, brands and reputation, risks and opportunities, governance, social and environmental issues have yet to appear in a regular and reliable fashion in the corporate annual reports. While the U.S. Financial Accounting Standards (FAS) and International Accounting Standards (IAS) Boards are intermittently undertaking efforts to include different types of nonfinancial information under corporate reporting. According to the FAS and IAS, disclosures regarding corporate governance compliance are nowadays most essential elements of corporate reporting. IAS puts emphasis on social and environmental reporting also. It expects the corporations that are observed as environmentally conscious would supply stakeholders with details of their policies. It becomes clear that socially responsive policies can advance brand perception and hence increase shareholder value.

2. Study Purpose

At the time of this research, texts on corporate information reporting were scattered. The purpose of this paper is to review the literatures in order to increase understanding of corporate reporting concept and the emergence of nonfinancial information reporting. It is based on an intensive search for literatures which include search in journals, books, and different websites. The study summarizes the key issues of each study under general research themes. It is believed, however, that such an intuitive clustering would serve as a vital step in helping the researchers capture the essence of the literatures. The goal of this paper is to find out theoretical framework that can comprehensively examine the corporate reporting practice. Learning about corporate reporting is important to understanding the practice of corporate information disclosures.

3. Guiding Research Questions

The guiding research questions are as follows;

- What are the diversified corporate reporting that were practised in early times?
- What are the differences between traditional and current corporate reporting?
- What are the changes in corporate reporting environment?
- Who are the audiences of corporate reporting?
- How to report corporate information?
- What are the content and assurance of reporting information?
- Is there any need for regulatory reform regarding information disclosures?
- What are the areas of development of the corporate reporting?

- What is development of nonfinancial information reporting?

4. Research Methodology and Approach
The data methodology part of this research limits relevant literatures from secondary source including books, articles, working papers and reports. Theoretical investigation of prior studies is to point out diversified corporate information reporting practice and to deduce any value of disclosing more relevant information in corporate reporting. This research adopts an explanatory approach to answering the research questions. The 'explanatory approach' lends itself to presenting the literature review throughout the report as various issues are tackled, a method suggested by Saunders, M. Lewis, P. & Thornhill, A. (2000). The issues tackled are based around a "conceptual framework" and serves to demonstrate the identification of themes and issues from which further analysis can be conducted. The work of Islam (1994) on analytical procedures, based on conceptual explanations, are methods proposed by Saunders & Thornhill as suitable propositions to qualitative analysis. This research begins with a presentation of current phenomenon of corporate reporting and ends with concluding remarks after reviewing prior literatures.

5. Corporate Reporting Concept
Corporate reporting is the process of communicating information of an entity to the external users. Measurement and disclosure are two aspects of corporate reporting procedure and these two are interconnected. Measurement symbolizes business activities in order to understand inter association among the perceived activities. Disclosure is the communication of description of such association to the users of information for the purpose of demonstrating corporate business position and the environment in which it operates. Together, these two aspects provide corporate annual reporting its essence.

5.1 Diverse Corporate Reporting
The modern corporate report is the product of gradual evolution of and addition to financial accounting for corporate reporting purpose. The former was concerned almost exclusively with the financial statements and related notes, while the latter refers to a great deal of narrative materials. Different phases of corporate reporting evolved time to time are briefly discussed below:
Stewardship reporting: Until the last quarter of the 20th century, corporate reporting was limited to stewardship financial reporting i.e. reporting corporate assets and returns of the shareholders. Stewardship conventionally means the safekeeping of economic resources and the implementation of plans for preserving and employing them. With the increase in size, corporations need huge funds to finance widespread activities of production and distribution. For internal fund crisis, many companies depend deeply on outside capital markets to meet their capital needs. Investors are rarely able to examine on a regular basis, whether their funds invested to the companies are being utilized effectively and efficiently. Therefore, investors want and are supplied with an accounting for the stewardship of economic resources entrusted to the corporation. Recommended references on the stewardship role of accounting include Demski (1982), Gjesdal (1981), Harris and Raviv (1978) and Jensen and Meckling (1976).
Decision-oriented reporting: Idea of management accountability expanded outside the components of stewardship and includes performance based affairs. Through the expansion of capital market, the inner focus on corporate reporting has already been moved from the earlier stewardship reporting to the current decision-oriented corporate reporting. Competition among companies in the capital markets to obtain capital at a relatively lower cost is the major motivating force to disclose decision-oriented information by the corporation to the investors. The inclusive of decision-oriented approach has been presented by Laughlin and Puxty (1985).
Expanded disclosure reporting: Further the contest among corporations to obtain exterior financing from capital market at a comparatively lower rate has an impact on voluntarily corporate additional disclosure. Companies are now disclosing extended information to attract funds from domestic and/or international capital market and to minimize the firm's cost of capital. There are different research investigations that assert that enhanced disclosure has vital impact on corporate overall cost of capital (for example Barry & Brown, 1984, 1985, 1986; Easley & O'Hara, 2000). Expanded disclosure in annual reports increases the probability of anticipated future proceeds of a corporate share in the mind of an investor by decreasing the uncertainty associated with future proceeds amount. The purpose of decision usefulness has initially been integrated into the theoretical frameworks for the production and arrangement of financial statements developed by different local and international standard setting bodies or committees. Different from accountability to shareholders only, there is a rising global movement of the companies accountable to the public at a large scale. Such trend is in charge with shifting the corporate disclosure practice to a significant level. This movement is also creating corporate awareness about the needs for disclosing nonfinancial information to the stakeholders.
Corporate stand-alone reporting: Stand-alone is concerned for reporting on completeness and on the responsiveness of the organization to its stakeholders. It increases the possibility of accountability in reporting

emergence in properly drafted assurance statements (O'Dwyer & Owen, 2005, p. 212). The Global Reporting Initiative [GRI] (2006, p. 3) conceptualizes stand-alone reporting as a practice of determining, disclosing, and being liable to stakeholders, both internal and external, for corporate performance towards an aim at sustainable development. It also states that a stand-alone report should supply a balanced and rational demonstration of sustainable performance of a reporting corporation. Therefore, it is expected that contents of a stand-alone report would provide more information about different aspects of the nonfinancial information also. Recent years have witnessed a greater number of guaranteed stand-alone reports over the world (Deegan, Cooper, & Shelly, 2006).

5.2 Traditional vs. Current Corporate Reporting

Given the far-accomplishing changes in the business environment and information technology, it is not amazing that the relevance of the traditional corporate reporting being called into question. Five key features of the traditional corporate reporting are now coming under attack. Firstly, the fundamentals of entity and going-concern concept upon which the current corporate reporting is based are diluted by short-term strategic alliances. Second, the periodic nature of current reporting meets unpleasantly with the real-time environment of modern information flows. Third, the high extent of information combination is no longer desirable, since large amount of relevant information is inevitable to be disclosed. Forth, the historical or backward-looking perspective of the traditional corporate reporting is not fully consistent with the survival and success of a company. As the pace of change accelerates, the past becomes a less valuable predictor of the future. This indicates the need for more forward-looking, strategic information. Lastly, the traditional reporting consisting of only financial information is shown to be shortened so the reporting including both financial and nonfinancial information items are now widely accepted as useful indicators of corporate success. Discrepancies of traditional corporate reporting with current business environment are summarized in Table 1

Table 1 Features of traditional and recent corporate reporting

Traditional Corporate Reporting	Recent Corporate Reporting
Entity and going-concern concept	Prevalence of short-term strategic alliances
Periodic information	Concurrent information flows
High extent of information	Disaggregation of relevant information flows
Historical backward-looking	Forward-looking, strategic information
Focus on financial information only	Include nonfinancial along with financial

Current assessment of corporate reporting holds five distinct facets: the parties to whom the company has an obligation to disclose information, the means of circulating information, the content of the reporting items, the need for assurance in relation to new information types, and the need for regulatory change. Each of these aspects is considered in the following discussion.

5.3 Changes in Corporate Reporting Environment

In recent years, a fundamental review of the content of corporate reporting has occurred outside the academic community. Perhaps amazingly, the debate surrounding corporate reporting has occurred without significant remark by the academic community. However, the relationship between research and practice is multifaceted and not well understood (Lee, 1989). Throughout the history, corporate reporting has evolved continuously. Related significant influences include the emergence of the separation of corporate entity from its ownership control, the development of active share markets, the formation of professional accounting bodies, and the regulation of accounting and auditing practices (Ryan, Scapens, & Theobald, 1992). A recent document has pointed out a keenness to introduce any legal adjustment necessary to facilitate desirable changes in company reporting (Department of Trade and Industry [DTI] London, 1999). In current times, the professional bodies have raised their voice to observe the environment, recognize key changes, and develop strategies to accommodate these changes. However, the tempos of changes have not been uniform. It is possible that the technological rebellion may mark a further period of severe change in the course of expansion of corporate reporting practices. The quick developments in information technology have led to the alteration of the global communication. We now have worldwide capital markets, extensive electronic commerce, and strategic corporate alliance usually for short term. Business is increasingly supple and influenced by stakeholders, rather than only by producer.

5.4 Corporate Reporting Audience

In the beginning of 1970s, much interest was given to the purposes of financial statements. It became generally acknowledged that the primary purpose of financial accounting should be to aid information users in their decision making. In the UK, The Corporate Report (London: Accounting Standards Steering Committee [ASSC], 1975) identified user groups, such as customers, employees, creditors and suppliers. In spite of this, investors are currently observed as the vital class of user (Accounting Standards Board [ASB] London, 1999) However, the discussion document issued by the Company Law Review Steering Group (DTI, 1999) revives the argument regarding the member groups in whose interests a company should be run. It distinguishes between enlightened shareholders, for whom a corporation run with the objective of wealth maximization, and the other stakeholders (consumers, suppliers, creditors), for whom a wider range of interests need to be balanced. In suggesting a comprehensive motive toward corporate reporting, earlier the London Royal Society for the Encouragement of Arts [RSA], Manufacturers and Commerce (1998) raised a voice in support of the interest of all stakeholders including shareholders.

5.5 Way to Report Corporate Information

Wallman (1997), Financial Accounting Standards Board [FASB] (1998a), Institute of Chartered Accountants in England and Wales [ICAEW] (1998a,b), Institute of Chartered Accountants of Scotland [ICAS] (1999), and DTI (1999) all address clearly the blow of information on corporate reporting. The annual report is generally viewed as the primary means of information dissemination to the users. Again, company websites are progressively being used as a reporting medium, with financial and other corporate information. A study (Hussey & Sowinska, 1999) showed that 63 of 100 sample companies had websites and included their corporate information disclosures. However, the Auditing Practices Board (APB) has confirmed that auditors do not currently have any liability to the disclosures on the Web. Some corporate information can also be communicated through conducting Annual General Meeting (AGM). The ICAS (1999) mentioned the functions of AGM including dissemination of information through answering the questions of ordinary shareholders.

5.6 Content of Corporate Reporting Items

The summary of prior influential reports gives an indication for widespread information disclosures that have been recommended as impartial part of corporate reporting. The American Institute of Certified Public Accountants [AICPA] (1994), DTI (1999), Foundation for Performance Measurement [FPM] (1999a;b), ICAEW (1997; 1999a;b), ICAS (1999), RSA (1995), and Wallman (1996) all address clearly the content of the corporate reporting items. Their proposals expose two aspects that are used in practice to decide the content of corporate reporting, i.e., what users should know and want to know. In common terms, there is a call for additional information. This is because moving forward of information technology means that large quantities of data can be hunted and evaluated based on the user's individual need. Moreover, there is a call for information that is exclusively forward-looking and/or nonfinancial in nature. This information may be quantitative or qualitative and obviously along with financial information contained in the financial statements. Some nonfinancial information, for example, employee turnover address the specific interests of the stakeholders. In conceptualizing this extended information set, it is functional to think in terms of a hierarchy of information items, ranging from the common to the specific. There, a three level hierarchy has been developed as follows: type, feature, and indicator. Type refers to a general class of issues, such as energy. Feature identifies the particular issue about which information is reported (e.g., energy efficiency). Indicator recognizes the actual quantitative measure, for instance, energy emission tendency (Fédération des Experts comptables Européens [FEE], 1999, p.22). It is argued here that this hierarchical concept can be applied evenly to other areas of information.

5.7 Assurance of Corporate Reporting Information

Expectedly, fundamental changes in the corporate reporting information require changes to the way in which those are audited. AICPA (1996) is the influential work relating to this changed set of practices. This report initiates the term of *assurance services* and provides a detailed inspection of the issues. It is argued that the traditional assurance function provides reliability, with direct assurance on relevance ensuring a new area for the accounting profession. Two types of reliability assurance are renowned: one is *assurance of data* which relates to particular data items and another is *assurance of system* which relates to the plan and process of an information system. Given the importance to users of information about nonfinancial information items in corporate reporting, assurance service relating to the items are undoubtedly of direct relevance. ICAS (1999) recognizes, based on its experimental research, *assurance in corporate information* as one of the important matters relating to the corporate communication process. It offers a move towards the assurance of processes in addition to outputs.

5.8 Need for Regulatory Reform

The set of laws concerning corporate reporting in the UK originate primarily from corporate acts and accounting standards. Currently, the information enclosed in a company's annual report is a blender of mandatory and voluntary information. Certainly, over the years, the amount of voluntary information has been increasing faster than that of mandated information (Lee, 1994). The auditors' responsibility with respect to other information in documents containing audited financial statements is limited to a review for material inconsistencies (APB, 1995). The environment and extent of regulatory reform necessary to accommodate the proposed changes in corporate reporting depend largely upon whether the changes are made mandatory or not. For example, if it becomes mandatory to disclose nonfinancial information, then new corporate reporting and assurance standards will be needed. Yet, to date, observers, who have discussed regulatory requirements, have suggested nonfinancial information as voluntary (e.g., ICAS, 1999). In fact, surveys have shown there to be no significant support for considering every nonfinancial information material as mandatory (Eccles & Mavrinac, 1995). However, it is likely that regulatory reforms will seek to contain gradual change in corporate reporting, rather than mandate radical change.

6. Areas of Development of the Corporate Reporting

The reporting on financial data has been continuing for 500 years (United Nations Environment Programme [UNEP], 1999) and it has always been marked as high concern to the companies and their stakeholders, who use economic and financial data to evaluate companies' financial performance. The standards have been placed for content and presentation of information, accounting, auditing, and communication with stakeholders. Financial information is generally stated in companies' annual reports. Current tendencies particularly in the IAS and IFRS (International Financial Reporting Standards) stress the rising inclusion of present and future-oriented information, which means that data reliability is reduced continuously. Future-oriented data can rarely be determined unambiguously, and therefore are not regarded as reliable in principle. The conflict between relevance and reliability in accounting (Altenburger & Schaffhauser-Linzatti, 2007) can never be solved due to the uncertainty of the future. Nevertheless, openness and transparency in annual reporting on an exceptional scale may be inevitable with the adoption of widely accepted accounting standards.

6.1 Corporate Social Reporting

The history of social reporting started at the beginning of 1970s, when some US and European companies, started publishing social income statements and balance sheets, statements of compliance with standards and legislation, performance indicator reports, etc. In 1978 some kind of a benchmark survey was conducted, which underlined the positive growth in both the quantity and quality of corporate social reporting (US Department of Commerce, 1979). However, just two years afterward the trend had entirely overturned, with a failure of corporate social reporting. It resumed its journey in the late 1990s when conventional companies began to publish social reports (White, 1999). Some of them are large companies that have significant impacts on social life in particular countries or regions, for example, Shell and Nike. The guidelines for social reporting have been developed by organizations, such as the Council on Economic Priorities Accreditation Agency (CEPAA), the Institute of Social and Ethical Accountability (ISEA) and the London Benchmarking Group. There is no such thing as perfectly appropriate for social reporting as the character of each depends upon the claim of stakeholders and the aptitude of reporting organization to disclose. This resulted in different approaches to social reporting such as capital valuation, community involvement, ethical and social auditing (Gonella, Pilling, Zadek, & Terry, 1998). While some companies construct totally comprehensive reports of all their social and environmental impacts, others are struggling to execute environmental management systems initially (Line, Hawley, & Krut, 2002).

6.2 Corporate Environmental Reporting

Environmental reporting started in the early 1990s, when some companies, like Norsk Hydro in Norway and Monsanto in the USA, started reporting their activities, impact on the environment and actions taken for alleviating the impact. The trend has extended quickly to hold most sectors. Environmental reporting can be defined as the provision of information about the environmental impact and performance of an entity that is useful to stakeholders in assessing their relationship with the reporting entity (FEE, 1999). It refers to the environmental features and the impacts of company operation, as well as to the environmental policies and actions taken to mitigate those impacts. Many organizations including UNEP have issued more than 30 standards and guidelines for corporate reporting during the last decade. Although there is a remarkable increase in quality, most of the disclosures nowadays fail to meet the need for consistent, comparable and timely fashion.

6.3 Social and Environmental Reporting

Professor Marc Epstein of Rice University (Epstein & Birchard, 1999) examined both the state of the art and best practices of how corporations are incorporating social and environmental impacts into stakeholder reporting. An investigation of some of the prior works, in social and environmental reporting, found social balance sheets, social income statements, social environmental audits, social scorecards, and pollution audits. Epstein mentioned these reports as far more inclusive in terms of both measurement and reporting. Epstein's analysis is that the improvements in measurement and reporting for social and environmental impacts were never institutionalized in the organizations. Thus, he asserts that the more lasting issues for corporations today is the integration of reporting and accountability to the stakeholders.

6.4 Economic, Social and Environmental Reporting

Relevant information reporting is seen to gain investors more by reducing risk than by increasing return. This was the main premise in much of the early literature on economic, social and environmental accounting (Bebbington & Thompson 1996; Gray, Owen, & Adams, 1996) and has become mainly responsible for prompting many companies to disclose corporate economic, social and environmental issues (Gray, Kouhy, & Lavers, 1995; Klynveld, Peat, Marwick, & Goerdeler [KPMG], 1999; Lober, Bynum, Campbell, & Jacques, 1997). Though reporting of corporate economic, social and environmental information has matured, there still remained a lack of sufficient standardization. Equally important is the rising movement by the major accounting organizations to become concerned in the development of standards for corporate social reporting, auditing and verification. Accounting societies around the world have evaluated on the issue, including the FEE (1999), and International Federation of Accountants [IFAC] (2005). Their members observe this type of disclosures as a prospective area of corporate development. Accounting consulting companies have been extensively involved in writing comments on the GRI assurance about the credibility of sustainable reporting. The GRI Guidelines are the only standard for sustainability reporting.

6.5 Sustainability Reporting

Sustainable development has become an internationally accepted policy goal as a result of the United Nations Conference on Environment and Development held in 1992. Sustainable development is not an even position, an area we reach and say, "we have made it, now we can turn to something else" (Schrecker, 1997, p.75). Sustainable Corporation can be a powerful entity for more static in doing its business. In this situation, the strategy challenges large companies to report their performance in a transparent and meaningful way. Attaining this requires the bringing together of economic, social and environment essentials. The following figure 1 exhibits the concept of corporate sustainability reporting.

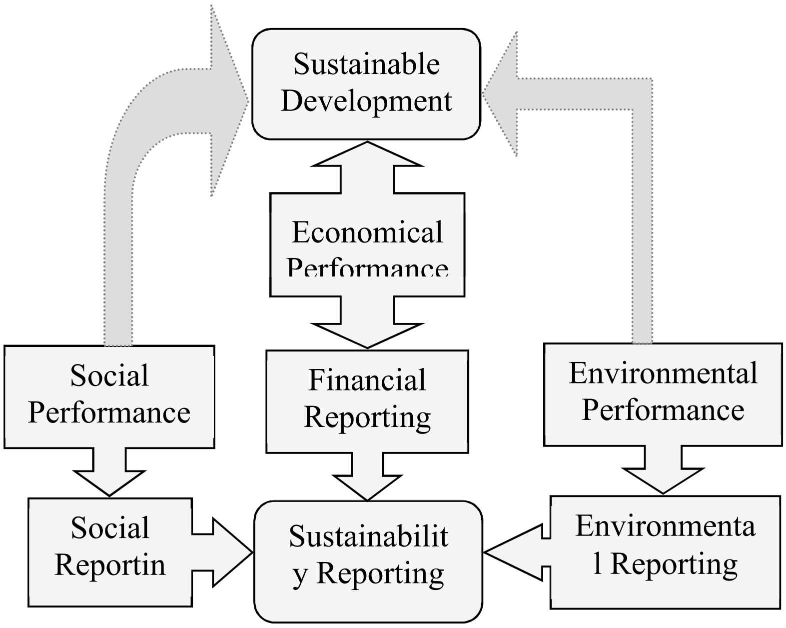

Figure 1: Corporate sustainability reporting concept

In practice, it is needed to have a structure in which the company would be operating in a way that is consistent with the moves towards sustainable development. At the commencement of the first decade of the 21st century, the abusing of information technologies was marked by several corporate frauds: false announcements, debt concealment, and manipulation of all kinds of information. Since then, regulation, in Europe and across the Atlantic, has tried to enforce new mechanisms of governance, and by compelling firms to disclose more information to third parties, particularly through the Sarbanes-Oxley Act in 2002 in the United States. Lack of disclosure is further at the center point of the current crisis, with a nature of affecting beyond all investment banks. The G20 major countries have decorated the principal role of transparency in measures to fight the crisis. The exploitation of information, via the plain fraud, are again being investigated. Information asymmetry between the corporation and the stakeholders, whether these are investors, creditors, employees or the customers, is therefore always at the centre concern of market performer. The table 2 below summarizes the current corporate reporting practices towards sustainability.

Table 2: An overview of current reporting practice towards sustainability

	Economic Performance	Social Performance	Environmental Performance	Integrated Sustainability
Initiatives	Numerous	Little	Many	Adequate
Stage	Mature	Early stage	Towards standardization	Developing
Position	Mainstream	Narrow	Towards mainstream	Very limited
Status	Mandatory	Mostly voluntary	Mandatory and voluntary	Voluntary
Utility	Universal	Limited	Multiple	Potentially large
Focus	Company	Company, project	Company, product, facility	Company, product

Source: summarized the ideas employed by Bennet M and James P.(1999, p. 478)

6.6 Information Asymmetry in Reporting

The problems of information asymmetry have long been exhibited in the academic financial literature (Jensen & Meckling, 1976). These information asymmetries counter on the one hand those who are commonly called insiders: managers and directors, and on the other hand the outsiders: creditors, minority shareholders, and other stakeholders. One could also add the regulatory bodies, accounting professionals, rating agencies, and financial analysts among these outsiders. Information asymmetries create a problem of the ex post oversight by shareholders of the choice of managers. The response provided by the traditional literature relating to corporate governance was implementation of incentive contract. However, incentive mechanisms, whose objectives are to make manager's interests coincide with those of shareholders, have shown their harmful effects like the affair of Enron as a witness (Shleifer & Vichny, 1997). Since the 1990s and the first decade of the 21st century, then, the key to the problem of information asymmetry appears to be disclosure, supported by a whole accord of academic literature, public authorities, economic actors, and the media. Disclosure, whether voluntary or mandatory, would have the merit of decreasing information asymmetries, allowing effective oversight of managers, and thereby reestablishing good governance.

6.7 Good Governance in Corporate Reporting

Corporate governance is about "Finding ways to ensure effective decision making" (Oman, 2001). The World Bank (2003) argues that the framework of corporate governance should be based on four "pillars" of Responsibility, Accountability, Fairness and Transparency (RAFT). Corporate governance principles, codes of conduct, and disclosure policies are moving companies to higher values of nonfinancial reporting, including expanded coverage in their financial statements. Some of the nonfinancial items are appearing with growing frequency, providing insights into the vision and efficacy of management in predicting new risks and opportunities in the marketplace. Furthermore, the increasing importance on the reporting of nonfinancial information refers a direct connection between the value of a company and its governance. In America, Australia, Japan Taiwan and European Union countries such as UK, France, Denmark, and the Netherlands, motivations and requirements to expand the scope of conventional corporate financial reporting through including nonfinancial information are rapidly unfolding. Some actions are aggravated by national environmental and social policy, others by investors' pressures to acquire a clear view of corporate performance via regulatory process of Securities and Exchange Commission. All indications point to continuing expansion of corporate reporting initiatives over the next few years. Corporate entity drives for new style of reporting nonfinancial information in order to converse about employees, build up good will, communicate critical messages to the stakeholders, overcome past negative publicity, continue past reporting activities, maintain standard or expected practice for the industry and establish a product marketing vehicle.

7. Nonfinancial Information Reporting

Over the last few years, nonfinancial information reporting has attracted a great deal of public interest because of its apparent importance for corporate reputation and society. Nonfinancial information belonging to the narrative part of any annual report are an addition to the financial information and disclosed voluntarily for serving better interests of the stakeholders of a company (Islam and Saleem, 2014: p.310). Disclosing relevant nonfinancial information can ensure fairness, transparency, accountability and maintain relationship of a company to its stakeholders.

7.1 Emergence of Nonfinancial Information Reporting

More than a half century after the beginning of modern financial reporting, it is becoming progressively clear that incremental change in corporate reporting is insufficient to solve the limitations that persist. Therefore, corporate nonfinancial information reporting started its journey in 1970, when companies commenced in placing environmental information in their annual reports (Marlin & Marlin, 2003). In the 1980s, U.S. regulatory requirements, such as the Superfund Amendments and Reauthorization Act, initiated to involve the nonfinancial disclosure of performance data: in particular, that required the companies to disclose information about the extent of polluting air and water (Baue, 2004). The trend toward reporting more nonfinancial information began in the 1990s as the notion of sustainable development and quickly achieved recognition among both the public and business sectors (Bruntland, 1987). The formation of GRI in 1997 consolidated the practice of publishing inclusive corporate reports, today often called sustainability or CSR reports. The GRI established the first international guidelines for reporting on the triple lines - the economic, social, and environmental performance of the corporations. Corporate reports during this time progressively incorporated nonfinancial information on social issues, such as community, human resource, and labor rights and stakeholder engagement practice.

7.2 Development of Nonfinancial Information Reporting

Reporting transparency, accountability and parent information of the corporation are marked issues of the post-Enron area. Stimulated by increasing news of accountability and governance misconducts, the walk toward advanced reporting standards is inevitable. Although basic accounting principles were centuries old, accountability as a wider responsibility of corporation to the community was yet to be born. Globally many companies are now publishing stand-alone, sustainability, environmental and social reports. Many of them also use the framework of the GRI, the emerging international standard for nonfinancial disclosure. The excellence, firmness and totality of reporting have undertaken remarkable improvement in compare to just five years ago. Even though no framework for nonfinancial reporting has risen to the level of IFRS or US GAAP, an increasing number of companies have been experimenting with more robust disclosure of nonfinancial information (Eccles, Krzus, & Serafeim, 2011). Perhaps, none would have forecasted that Nike would release a complete list of its contract factories or that British Petroleum (BP) would donate separate sections to payments of fees and royalties to host governments in their report of 2004 (White, 2005). It is a fast-growing and dynamic movement that looks like a race-to-the-top. The earlier days of public relations and product or service promotion causing as stern reports are quickly coming to the front. By all these signals, nonfinancial information reporting is becoming the route to standard business practice in the 21st century.

8. Research Findings

Based on prior studies, the author attempts to denote the milestones in corporate information reporting development. Furthermore, the author describes corporate reporting evolution by analyzing important developments (e.g. corporate governance and nonfinancial information reporting). Finally, the author pointed out that it is crucial to include nonfinancial information disclosures in corporate reporting, and that there is a lack of research in this area. Hence, the current study attempts to fill this void. In this paper, corporate reporting, trend of its development and nonfinancial information reporting are examined. Theoretical discussion of Baue, 2004 on the trends of corporate reporting development evidences that disclosing nonfinancial information has already been started through reporting social, environment and forward looking information issues. Again, theory of Schrecker, 1997 describes sustainability reporting embedding nonfinancial information by phasing out economic, social and environmental items. Further, a study of Bruntland, 1987 about investigations of contemporary nonfinancial reporting indicate that the practice is increasing. Within this paper, the term nonfinancial information reporting is used to refer to the nonfinancial aspects of the business activities. This type of reporting is theoretically founded to achieve the goals of transparency and accountability through making organizational life more visible (Gray et al., 1996). The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, better known as G3, may be the most widely used outline for nonfinancial information. However, G3 provides guidance merely on reporting a corporate entity's economic, environmental, and social performance. The major finding of this paper is the validation that more corporate information disclosure has the merit of decreasing information asymmetries. Furthermore, prior research (like Oman, 2001) supports that corporate governance principles lead to the value of reporting nonfinancial information initiated by social, environmental and forward looking information.

In this paper, the author amasses some important corporate reporting information for future conceptual and methodological research study. Future studies should continue to explore the underlying motivations for reporting more nonfinancial information. Again, research can investigate how to communicate with stakeholders for pertinent information materials in order to achieve a better corporate image (Maignan and Ferrell 2004). In addition, the association between corporate more nonfinancial information reporting and stakeholders' needs for more relevant information in corporate reporting should be validated by the data providing additional research. Subsequently, further study based on the finding of any causal link between these two variables should continue as an important future discussion topic.

9. Conclusion

This research can contribute to the organization of knowledge regarding corporate information reporting. Prior research evidences that the market reinterprets the previously released accounting information and proves that accounting information leads to an increase in the information asymmetry between managers and investors. Both financial and nonfinancial information are required to be disclosed under integrated reporting concept. It can be agreed from the literature that integrated reporting has developed when conventional accounting has failed to serve stakeholders' needs.

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