

From Integrity Behaviour to Integrated Reporting

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Content and Summary

Content:

1. What is Integrated Reporting (IR)?
2. Integrated Thinking (ITh) as basis of IR
3. Integrity Behaviour as basis of ITh
- 4.1 Stewardship with Ownership
- 4.2 Stewardship without Ownership

Summary:

Integrated Reporting needs Integrated Thinking

Integrated Thinking needs Integrity of Leadership

Integrity of Leadership needs Stewardship of Leadership

1.1 What is Integrated Reporting (IR)?

INTEGRATED REPORTING <IR>

Definition from IR Framework:

“An integrated report is a concise communication about how an organization's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value over the short, medium and long term.”

1.2 What is Integrated Reporting (IR)?

- Interated Reporting integrating financial, social, environmental, political
- Strategic Reporting On institutional s. and future essentials (based on details)
- Short Reporting for Boards and all stakeholders
- Understandable R. The value and values created by the company/institution
- Value-creation R. The impact on and benefit for society as a whole
- Impact Reporting

1.3 What is Integrated Reporting (IR)?

An Integrated Report should have the following Characteristics (see IR Framework)

- Concise
- Reliable
- Complete
- Consistent
- Comparable

An Integrated Report should report about the different Capitals

- Financial capital
- Manufactured capital
- Intellectual capital
- Human capital
- Social/relationships c.
- Natural capital

2. Integrated Thinking (ITh) as basis of IR

“Integrated thinking is the active consideration by an organization of the relationships between its various operating and functional units and the capitals that the organization uses or affects. Integrated thinking leads to integrated decision-making and actions that consider the creation of value over the short, medium and long term. - Integrated thinking takes into account the connectivity and interdependencies between the range of factors that affect an organization's ability to create value over time.” (*Framework, Preface*)

ITh is holistic, connected, long term thinking and action

3.1 Leadership Models and their Reporting

Six Leadership and Management models and their reporting:

Dictatorial Leadership: «I am the highest and not accountable to anybody». No reporting of him/her (l'état c'est moi, only reporting to him/her and dictatorial control.

Legalistic Leadership: «I do in reporting what the law requests.»

Managerial Leadership: «I am only the top manager, I do what the shareholders want.»

Opportunistic Leadership: «If new reporting standards improve my business and peers are doing it, I do it.» (extrinsic motivation)

Integrity Leadership: «I want to live my values in my organisation. My integrity and reputation is my capital. Reporting shows to the outside what I aim at from my inside.» (Intrinsic motivation)

Stewardship Leadership: My life, my company/organisation and the world is a gift entrusted to me as steward. I am not owner.»

3.2 Integrity Behaviour as Basis of ITh

Integrated Reporting is a great new standard of holistic, responsible and strategic reporting to all stakeholders. But it deviates just to another reporting system if it is done with extrinsic motivation (see above). Intrinsic motivation comes from the heart and values of the employers and employees who deal with it.

Integrity is the core virtue for Integrated Reporting!

Integrity is the summary of the virtues of a person: honesty, modesty, transparency, accountability, reliability, keeping promises, no double morality, joyful engagement, thankfulness, sharing attitude.

4.1 Stewardship with Ownership

The ownership structure of a company or institution influences to a great extent the integrity, responsibility and as result the reporting behaviour of the leadership.

- Small and Medium enterprises SMEs have the advantage that owner and manager are the same (e.g. family enterprises). The «patron» feels responsible, but needs to develop company culture of transparency.
- In stocklisted companies, the shareholders/stock market play a key role for reporting standards (Stock Exchange South Africa requests now IR for all their listed companies)
- Large international companies (MNCs, listed or not) have the challenge of complex ownership structures and manifold leaders.

From an ethical perspective, also owners should see themselves as stewards: caretakers (CS: «Shareholders as Careholders»).

4.2 Stewardship without Ownership

Where the role of owner and manager is separated, the manager is an employee (ev. also small minority shareholder). As such he/she should behave even more as steward than the owner (see 4.1).

A steward is responsible to a higher authority: the shareholder, the state (state-owned companies), the employees/workers entrusted, all other stakeholders in society, the nature. For believers in all world religions, the steward is responsible to God since life and the whole world is entrusted to human beings by God to take care.

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thank you teşekkürler ngiyabonga
baie dankie kealeboga diolch
yn fawr धन्यवाद (Danyavad) 謝謝 (xiexie)
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