Forward-looking information in Integrated Reporting: The influence of suppliers and customers

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FORWARD-LOOKING INFORMATION IN INTEGRATED REPORTING: THE INFLUENCE OF SUPPLIERS AND CUSTOMERS

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DECLARATION

This is to attest that no material contained in the thesis has previously been submitted for a degree in this or any other institution.

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ABSTRACT

This thesis examines the influence of suppliers and customers on forward-looking information disclosure and the credibility of this disclosure practice under the Integrated Reporting (IR) context.

According to stakeholder theory and legitimacy theory, suppliers and customers hold critical resources for an organisation's survival and growth; thus, organisations would consider suppliers' and customers' interests when making reporting decisions. Further, concerning signalling theory, organisations have incentives to signal both credible and misleading information. These theories underpin this study's investigation throughout.

This thesis applies a multi-method approach which combines the method of content analysis and interview. To fulfil the research aims, this thesis utilises content analysis to examine a dataset of organisational reports published by 96 organisations from 5 countries. In addition, this thesis conducted 19 semi-structured interviews with personnel from organisations and stakeholders from supply chain consulting firms, accounting bodies, and standards-setting organisations.

The findings reveal that organisations incorporate suppliers' and customers' interests into forward-looking information disclosure to discharge accountability, address legitimacy exposures, and secure resources for survival. However, the extent to which organisations address suppliers' and customers' information demands is related to the management's awareness of supplier and customer inclusiveness, regulations, and reporting framework. Furthermore, suppliers and customers influence an organisation's business and strategy developments, and these developments are reflected in the forward-looking information disclosure. To enhance the credibility of forward-looking information concerning suppliers and customers, organisations have implemented multiple mechanisms (e.g. data measurement and data monitoring) throughout the reporting process. However, this disclosure practice lacks completeness and rigorous materiality determination processes. Finally, IR has an impact on the adoption of the approach to including suppliers and customers when making forward-looking information disclosure and the credibility of this disclosure practice.

This thesis brings together three streams of research on forward-looking information disclosure (motivations, inclusivity, and credibility) in a single study. The findings of this thesis confirm the importance of developing a supplier and customer inclusive approach to reporting. Yet, this reporting approach has not been fully adopted, and relevant reports are not credible enough for stakeholders to rely on, although IR plays some role in enhancing this reporting practice. This thesis argues that the current practice of disclosing forward-looking information concerning suppliers and customers is at risk of being a "box-ticking" activity, rather than being thoroughly understood and implemented as a reform of reporting approaches. From the investigation of both organisations' and stakeholders' perspectives on this disclosure practice, this thesis offers management, standard-setters, and academics novel insights into the role of suppliers and customers in corporate reporting which has received little academic attention.

CHAPTER ONE: INTRODUCTION AND OVERVIEW

1.1 Background and Rationale

Modern stakeholders increasingly demand sophisticated information and require supplementary disclosure compared to traditional financial reporting. The dynamics of economic and social conditions highlight the potential deficiencies of historical information. Specifically, historical information is criticised for its inability to provide stakeholders with sufficient insight into value creation, risk management, and sustainability performance from a forward-looking perspective. Forward-looking information disclosure, deemed an essential source of information, has been receiving growing attention in recent studies (Chen et al., 2019). As an emerging research topic, prior empirical research dedicated to investigating how general contextual factors (e.g. economic context) influence the extent and the nature of forward-looking information disclosure by using quantitative data (e.g. Kılıç and Kuzey, 2018; Menicucci 2018; Chen et al., 2019; Simnett et al., 2019). However, relatively less prior work has examined the motivations for making forward-looking information disclosure from the viewpoints of an organisation and/or stakeholders (e.g. Adams, 2017a; Bui and de Villiers, 2017).

An increasing concern over the sustainability issues in the supply chain and the evolution of technology make organisations face more complicated and uncertain prospects. This has pushed organisations to actively engage in strategic stakeholder relationship management and to manage stakeholders' perceptions of organisational prospects (Menicucci 2018). Nearly all studies on forward-looking information disclosure acknowledge that stakeholders influence an organisation's reporting behaviours and the content of organisational reports (e.g. Boesso and Kumar, 2007; Hui et al., 2012; Williams and Adams, 2013; Harrison and van der Laan Smith, 2015; Bellucci et al., 2019; Egbon and Mgbame, 2020). However, even as primary stakeholders, suppliers and customers have received little research attention (Chen et al., 2019). This emphasis on exploring the role of suppliers and customers in forward-looking information disclosure represents an attempt to fill a gap in the academic corporate reporting research whereby the views of suppliers and customers are largely absent.

As the core of the decision-making process, information contains a considerable amount of value to different report users. Given that decision-making is a critical process, the quality of this process is tightly connected with the extent of the credibility of the available information (Athanasakou and Hussainey, 2014). Reporting standards and regulations ensure a certain level of credibility of organisational reports to stakeholders. However, these regulations are limited to mandatory disclosures. Forward-looking information disclosure, especially non-financial aspects, is voluntary and therefore, not subject to these reporting regulations. In this regard, a number of prior studies (e.g. Dou et al., 2013; Guan et al., 2020; Quintana-García et al., 2021) examined the credibility of forward-looking information disclosure. Given the fact that forward-looking information cannot be verified immediately, a significant gap persists between forward-looking talk and its credibility. Prior research (e.g. Hui et al., 2012; Dou et al., 2013; Quintana-García et al., 2021) on the credibility of forward-looking information disclosure primarily relied on two competing theoretical framings, legitimacy theory and signalling theory, which often produce contradictory results. Another stream of studies (e.g. Hussainey et al., 2003; Schleicher et al., 2007; Bozanic et al., 2018; Elgammal et al., 2018) has begun to explore the perceptions of stakeholders regarding the credibility of forward-looking information disclosure. To this date, because of the various and contradictory arguments from these studies, no solid conclusion can be drawn. Thus, despite this substantial body of research, the credibility of current forward-looking information disclosure practices remains unclear. Without knowing what characteristics enhance the credibility of forward-looking information disclosure as perceived by different stakeholders, it is difficult that forward-looking information disclosure practices can be promoted and improved. Consequently, it is necessary to explore the perceptions and expectations of both organisations and stakeholders about the credibility of forward-looking information disclosure.

Reporting frameworks provide guidance on reporting practice. Integrated Reporting (IR) is considered a forward-looking-focused reporting approach (Lodhia, 2015). The <IR> Framework requires organisations to disclose their outlook, including future objectives, the challenges and uncertainties, and strategies to address these possible issues (IIRC, 2013; 2021). In addition, IR provides a holistic picture of an organisation by not only focusing on financial performance but also integrating economic, social, and environmental issues (Adams, 2015). By applying IR, an organisation has to conduct a forward-looking assessment of its business, for instance, periodical objectives and the measurement of achievement, analyses of potential risks and opportunities with encountered strategy plans, and the management of multiple capitals for creating value and ensuring sustainability (Simnett and Huggins, 2015; Maroun, 2017). Furthermore, IR is argued to be a more stakeholder-inclusive approach to reporting, although the main target audience is still the investor (IIRC, 2021). However, prior research has criticised IR’s claim of accountability to stakeholders (Flower, 2015) and the usefulness of

IR in enhancing reporting quality (Krzus, 2014; Eccles and Garegnani et al., 2015; Pistoni et al., 2018). Therefore, IR represents a suitable context for research on forward-looking information disclosure concerning suppliers and customers and the credibility of this disclosure practice.

Based on the previously mentioned research gap, the overall objective of this thesis is to explore the role of suppliers and customers in forward-looking information disclosure in the context of IR.

This research identified two research gaps, namely (1) lacking examinations of suppliers' and customers' impact on forward-looking information disclosure and (2) the need of identifying the characteristics that enhance the credibility of forward-looking information disclosure. Addressing these gaps, this thesis aims to contribute to the knowledge of the motivations for making forward-looking information disclosure.

1.2 Research Questions

All research questions (RQs) relate to IR as the context of this study. To explore the role of suppliers and customers in forward-looking information disclosure, this study firstly seeks to identify the consistency between suppliers' and customers' needs and forward-looking information disclosure made by organisations. Hence, the first RQ is:

1. How well does forward-looking information disclosed by organisations address suppliers' and customers' information needs in the context of IR?

Regarding RQ1, this study first reviews the literature on voluntary reporting, non-financial reporting, and supplier and customer relationship management to identify suppliers' and customers' interests and demands regarding forward-looking information. This study then utilises content analysis to explore the level of incorporating suppliers' and customers' interests and demands into forward-looking information disclosure. The results of the content analysis indicate that organisations have integrated different types of forward-looking information that suppliers and customers demanded into reporting decisions at different levels. . In order to draw a solid conclusion, this study further conducted interviews with report preparers to explore how well they address suppliers' and customers' demands when making forward-looking information disclosure.

Secondly, suppliers and customers are powerful stakeholders influencing an organisation's business operations as they provide critical resources upon which an organisation relies for survival (Bowen et al., 1995). Organisations might make strategic decisions considering the relationships with suppliers and customers and the resource availability in the pursuit of organisational vision and mission. Corporate reporting is an important avenue for various stakeholders to know about an organisation through the eyes of its management. Responding to the increasing demand for more concise information showing an organisation's value creation in the long run, this study examines the role of suppliers and customers in strategic decision-making and how that role is enacted in forward-looking information disclosure. Hence, utilising content analysis and interviews, this study addresses the second RQ:

2. How do suppliers and customers engage with forward-looking information disclosure in the context of IR?

Thirdly, disclosing forward-looking information concerning suppliers and customers involves costs to an organisation, such as costs of data collection and costs of reporting. Nevertheless, an organisation has incentives to send a credible signal for this disclosure practice to be useful in providing meaningful information to stakeholders, or to send a misleading signal to manipulate stakeholders' perceptions of the organisation's prospects. That is, the credibility of forward-looking information disclosure concerning suppliers and customers reflects an organisation's intentions in making such a disclosure. However, if such intentions are misinterpreted, it might be problematic for both an organisation and its stakeholders. The credibility of forward-looking information disclosure has been examined in accounting and management literature; yet, how to increase the credibility of such a disclosure specifically concerning suppliers and customers is not fully addressed. Hence, utilising content analysis and interviews, this study addresses the third RQ:

3. What characteristics enhance the credibility of forward-looking information disclosure concerning suppliers and customers?

1.3 Structure of this Thesis

Chapter one presents a brief overview of the context and research target. According to this overview, the rationale of this thesis is established, and the RQs are formulated.

Chapter two provides an updated literature review of prior studies regarding forward-looking information disclosure. This chapter reviews studies that examined the influential factors of making forward-looking information disclosure, the relationship between forward-looking information disclosure and supplier and customer relationships management, the role of stakeholders in an organisation's decision on making forward-looking information disclosure, and the credibility of forward-looking information disclosure.

Chapter three introduces IR, which is the context of this thesis. This chapter describes the background of IR, the emergence of IR, and the current state of IR. To facilitate fully addressing RQs in the context of IR, this chapter also presents the critiques of IR, including organisational change, stakeholder accountability, and reporting quality. Finally, this chapter presents forward-looking information disclosure practices in IR.

Chapter four presents the conceptual framework and the theoretical foundation of the entire thesis. This chapter is divided into three main parts. Firstly, it introduces different theories of corporate reporting, especially voluntary disclosure, including stakeholder theory, legitimacy theory, and signalling theory. Secondly, to investigate RQ1 and RQ2, this study presents the considerations in the influence of suppliers and customers on forward-looking information from the revision of literature and theories. Thirdly, this study discusses the considerations in investigating the credibility of forward-looking information disclosure to address RQ3.

Chapter five describes the methodology and research design, which is composed of two parts. The first part explains research philosophy, a multi-method approach in accounting research, and the selection of content analysis and interview as individual methods for conducting this research. The second part justifies the research design with detailed explanations of the content analysis and the interview. The procedures of collecting and analysing data with the individual method are described.

Chapter six addresses three RQs in this thesis based on the findings of content analysis. Utilising the conceptual framework developed in Chapter four to analyse quantitative data, this chapter firstly aims to provide an overview of the current level of making forward-looking information disclosure concerning suppliers and customers and the credibility of this disclosure practice. The patterns of forward-looking information disclosure in different sample countries are also presented. Additionally, based on the analysis of qualitative data from organisational reports, this chapter secondly explains how suppliers and customers engage with an organisation on forward-looking information disclosure. Thirdly, based on the analysis of qualitative data from organisational reports, this chapter presents the characteristics that enhance the credibility of forward-looking information disclosure concerning suppliers and customers.

Chapter seven addresses three RQs in this thesis according to the findings of interviews. Utilising the same conceptual framework developed in Chapter four, each RQ is addressed in three different sections. Firstly, this chapter explains whether suppliers and customers influence an organisation's decisions on forward-looking information disclosure from the viewpoint of organisations. Secondly, based on both organisations' and stakeholders' responses, this chapter examines how suppliers and customers engage with an organisation on forward-looking information disclosure. Thirdly, this chapter investigates various views on the credibility of forward-looking information disclosure concerning suppliers and customers and identifies the expectations of stakeholders regarding how to improve its credibility.

Chapter eight addresses three RQs with a cross-methods analysis. To fully address RQs, this chapter discusses the findings in relation to each RQ by combining the findings of both content analysis (Chapter six) and interview (Chapter seven). In addition, this chapter interprets the research findings through the lens of the conceptual framework and the theoretical foundation outlined in Chapter four.

Chapter nine is the concluding chapter. This chapter presents the summary of results and findings to each RQ, implications of the findings, contributions to the literature, limitations of this study, and scope for future research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Corporate reporting plays an important role in reducing information asymmetry between an organisation and its stakeholders (Healy and Palepu, 2001). Recently, addressing the increasing demands of stakeholders for sophisticated information and addressing the deficiency of historical information, the forward-looking reporting approach has emerged as supplementary to traditional financial reporting. (Burritt and Schaltegger, 2014; Arayssi et al., 2020). Integrating forward-looking information into business decision-making processes has become a prominent topic in academia (Thoradeniya et al., 2021).

Understanding the determinants of voluntary disclosure of forward-looking information has been, and continues to be, a major area of investigation within the accounting research literature (Menicucci 2018; Enache and Hussainey, 2020; Stuart et al., 2020). Stakeholders are influential in reporting behaviours (Boesso and Kumar, 2007; Williams and Adams, 2013; Bellucci et al., 2019; Egbon and Mgbame, 2020). Given the important roles in the supply chain, suppliers and customers are powerful stakeholders that organisations would consider their information needs when making disclosure decisions.

This chapter critically evaluates previous studies about forward-looking information disclosure, placing emphasis on the nature and the influential factors of forward-looking information disclosure, motivations for making forward-looking information disclosure concerning suppliers and customers, and its credibility as perceived by different stakeholders.

In this chapter, the revision of relevant literature is represented in five sections. Section 2.2 provides the terminologies of information categories and explains the emergence of forward-looking information. Section 2.3 reviews the literature on the determinants of forward-looking information disclosure. Section 2.4 provides a review of the literature to understand the role of corporate reporting in managing supply chain relationships. Section 2.5 presents studies on the investigation of stakeholders' demands and organisations' motivations for making forward-looking information disclosure. Section 2.6 relates to the credibility of forward-looking information disclosure. Finally, the summary of this chapter is presented in Section 2.7.

2.2 Information Categories and The Emergence of Forward-looking Information

Previous studies on corporate reporting, especially voluntary reporting, classified information into different categories to gain a deeper understanding of different areas in this field. For instance, an earlier widely cited study by Botosan (1997) categorised information into five groups based on surveys and reports conducted by accountancy bodies, namely background information, summary of historical results, key non-financial statistics, projected information, and management discussion and analysis. Another well-established framework to categorise information was developed by Beattie et al. (2004), which grouped information based on time orientation (historical, forward-looking, and non-time specific), financial or non-financial, and quantitative or qualitative characteristics. The other recent study by Kılıç and Kuzey (2018) categorised information mainly into two groups (e.g. backwards-looking and forward-looking) according to time orientation. These information categories allow researchers to further explore the usefulness of different types of information and stakeholders' information needs.

A great number of studies investigated backwards-looking, quantified, financial information published on traditional annual reports (see Wallman, 1997; Lev and Zarowin, 1999). Beretta and Bozzolan (2008) argued that this trend was related to organisations' foci on the return on shareholder's investments and raised an issue that managers and shareholders could overlook other risks and opportunities because of this research perspective. However, traditional corporate reports are mostly retrospective and do not contain forward-looking information. Forward-looking information refers to current plans and future prospects that enable report users to assess an organisation's performance in the long run through both financial and non-financial information items (Aljifri and Hussainey, 2007). On account of dynamic changes in the economic environment, modern stakeholders increasingly demand public companies disclose information regarding future prospects (Beretta and Bozzolan, 2004; Wang and Hussainey, 2013; Thoradeniya et al., 2015). Yet, unlike mandatory financial reports, most categories of forward-looking information are voluntary and involve diverse subject matters presented in diverse forms. This way of presentation adds difficulties to stakeholders when accessing and assessing forward-looking information (Quintana-García et al., 2021).

In addition to explaining organisational performance with traditional annual reports, Arayssi et al. (2020) considered narrative disclosure as a crucial avenue to address stakeholders' diverse information needs and to increase reporting transparency and accountability. Particularly, narrative disclosures contain various categories of information (both backwards-looking and forward-looking ones) and narrative discussions stress forward-looking information (Aljifri and Hussainey, 2007). Hence, narrative disclosures enable stakeholders to understand financial forward-looking information items, such as cash flows forecast, expected revenues and earnings forecasts. Narrative disclosures also enable stakeholders to identify non-financial forward-looking items, namely sustainability information, future outlook, and risks and uncertainties around an organisation which would affect the actual results in the future. In addition, relevant standards setters and regulations (e.g. IASB and IIRC) consider narrative disclosures more forward-looking oriented. Thus, narrative disclosure is expected to assist report readers to understand an organisation's past and current performance and predicting future performance (Hussainey et al., 2003). To conclude, with the analysis of narrative disclosure alongside the financial statements, stakeholders are able to map the reality of an organisation's performance (Merkley, 2014).

Hussainey (2004) claimed that the definition of forward-looking information may not be simply identified by the keywords, such as "forecast," "anticipate," "estimate," "predict," "expect," or other similar terminology. Some types of information may be categorised as backwards-looking while they contain messages which are relevant for future performance, such as R&D expenditures that occurred in the past, but such investments are expected to lead to an increase in future performance. When analysing forward-looking information, Bravo and Alcaide-Ruiz (2019) argued that readers needed a high degree of knowledge about financial sophistication for evaluating the estimates of an organisation's financial prospects and flexibility for acknowledging the non-financial information.

In conclusion, to address issues of overestimating financial reports and neglecting possible risks, stakeholders ought to analyse both backwards- and forward-looking information within narrative disclosures. More importantly, researchers should examine the forward-looking information from a more thorough perspective.

2.3 The Determinants of Forward-looking Information Disclosure

Forward-looking information disclosure is often included in commonly applied frameworks for corporate reporting (Beretta and Bozzolan, 2008). Meanwhile, this type of disclosure is also listed on the agenda of multiple regulatory bodies and emphasised by standard setters (e.g. IIRC, SASB, GRI, and IFRS). Yet, regarding the practice of forward-looking information disclosure in recent years, Thoradeniya et al. (2021) indicated that forward-looking information still received less attention than backwards-looking information and it was urgent to understand such a situation. It is noteworthy that there has been an increasing number of academic studies investigating forward-looking information disclosure. Most of these previous studies aimed to acknowledge the determinants of forward-looking information disclosure in different reporting contexts (e.g. annual reports and sustainability reports) (Kılıç and Kuzey, 2018). These studies found multiple factors which influence organisations' decisions on forward-looking information disclosure (Menicucci 2018; Enache and Hussainey, 2020; Stuart et al., 2020). Despite an ongoing discussion of general contextual factors, this systematic revision of literature noticed that few studies examined internal contextual factors as well as investigated forward-looking information disclosure from the perspective of suppliers or customers. The following sub-sections present the factors that previous studies identified.

2.3.1 General Contextual Factors

This sub-section reviews studies on the relationship between general contextual factors and forward-looking information disclosure. These studies focused on the investigation of a specific type of forward-looking information (i.e. sustainability information). The influence of general contextual factors on other types of forward-looking information disclosure was under-researched.

Social, Political, and Economic Contexts

Social and political contexts represented an interrelated influence over the disclosure of sustainability information. By investigating leading companies' reports of corporate social responsibility (CSR) reports in four developed countries (the UK, U.S.A., Australia, and Germany), Chen and Bouvain (2009) stated that social value and political attitude towards sustainability encouraged CSR disclosures. Building upon this statement and analysing the post-evolution of CSR in developing countries, Sorour et al. (2021) further identified that the disclosure of the topics of sustainability information was particularly influenced by social engagement and political liberalism. Another study on the level of sustainability information disclosure in the context of a developing country was conducted by Uddin et al. (2018). Examining the annual reports of banking companies in Bangladesh over five years, the authors argued that the nature and the level of sustainability information disclosure were strongly related to social value and political agenda.

Despite both social and political contextual factors demonstrating strong relation with the sustainability information disclosure, prior studies considered the influence of economic factors was weaker than the previous two. For instance, Simnett et al. (2019) argued that economic development may positively increase the amount of sustainability reporting. Yet, this relationship needed to be interpreted carefully as the influence of economic context mainly depended on the timing and key economic events (Simnett et al., 2009; Dhaliwal et al., 2012; Chan et al., 2014).

Country of Origin

An organisation's country of origin affects the extent and nature of different types of disclosures (Adams and Kuasirikun, 2000; Chen and Bouvain, 2009). In the field of forward-looking information disclosure, the influence of the country of origin is often examined through the cultural context and legal environment (Simnett et al., 2009; Orij, 2010). However, due to the difficulties of selecting samples which can be reasonably compared across countries (Chen and Bouvain, 2009), little research was conducted to evaluate the effect of the country of origin on forward-looking information disclosure.

The discussion of the cultural context is likely to explain the differences in sustainability concerns and the demand for sustainability information across countries (Adams and Kuasirikun, 2000; Orij, 2010; Thoradeniya et al., 2015). According to Orij's (2010) investigation, organisations in social or stakeholder-orientation societies tended to disclose more sustainability information than in non-stakeholder orientation societies as they needed to gain operation approval from various stakeholders. Furthermore, in terms of the legal environment, some studies were undertaken to analyse the influence of the country of origin on reporting standards or regulations on forward-looking information disclosure. For example, Setia et al. (2015) observed an increasing number of forward-information disclosure after mandating IR (known as a future-oriented reporting standard in South Africa, details refer to Chapter 3). Also, several studies (e.g. Li et al., 2008; Cahan et al., 2016; De Villiers and Marques, 2016) on the effect of reporting requirements across different countries identified that the introduction/ implementation of laws or recommendations in relation to forward-looking information disclosure increased the number of relevant disclosures. However, Simnett et al. (2009) expressed doubts about the quality of reporting and argued that there was no relationship between sustainability reporting and legal systems.

Media Pressure/Coverage

Previous studies found a positive relationship between media pressure or coverage and the extent of forward-looking information disclosure (Brown and Deegan, 1998; Cahan et al., 2015; Zhang and Chen, 2019). Among these studies, Cahan et al. (2015) applied the TRNA rating[1] as the measure of media coverage and reported that media coverage significantly influenced

[1] TRNA analyses news items in real-time to determine the sentiment of the item using a lexical analysis that uses a knowledge-driven neural network to rate each news item released about a firm in terms of the tone of the news coverage.

sustainability reporting. Specifically, this paper found that organisations that demonstrated superior social responsibilities received favourable news reporting; thus, organisations increased the extent of sustainability reporting with an aim of increasing media coverage. A similar argument was made by Zhang and Chen (2019). This paper stated that higher levels of media pressure encouraged organisations to disclose more sustainability information in China as it was an effective strategy for impression management. This paper further found that this effect was stronger in organisations with more institutional investor shareholding and analyst tracking. In conclusion, there is a strong indicator of the influence of media pressure/coverage on the level of disclosing sustainability information.

2.3.2 Internal Contextual Factors

This sub-section reviews studies on the influence of internal contextual factors on forward-looking information disclosure. Making forward-looking information disclosure is an internal management decision. Prior literature found that internal contextual factors (e.g. governance structures and reporting process) influenced management decisions about disclosures (see García-Sánchez et al., 2019; Enache and Hussainey, 2020). Hence, the review of the literature regarding the influence of internal factors on forward-looking information disclosure allows this study to explore the management's perceptions of the influence of suppliers and customers on this disclosure practice.

Governance Structures

The implementation of certain corporate governance mechanisms enhances reporting quality, transparency, and the extent of forward-looking information disclosure (Cao et al., 2012; Kusnadi et al., 2016; Appuhami and Tashakor, 2017; García-Sánchez et al., 2019; Enache and Hussainey, 2020). García-Sánchez et al. (2019) discovered that the presence of the CSR committee extensively increased the number of sustainability information disclosures and the application of relevant reporting standards. Additionally, Appuhami and Tashakor (2017) found the presence of the audit committee enhanced the reporting quality of forward-looking information. According to this study, the audit committee worked as a corporate governance mechanism to increase stakeholder accountability and transparency of corporate governance.

The implementation of corporate governance mechanisms is influenced by board composition and board diversity. Firstly, board composition, as Paniagua et al. (2018) put it, is the measurement of the percentage of independent directors to the total number of directors. Prior studies (Wang and Hussainey, 2013; Arayssi et al., 2020) stated that board composition was deemed to influence the amount of forward-looking information disclosure. As Arayssi et al. (2020) argued, directors are not tied to short-term financial performance, if they dominated the board, they were likely to have the opportunity to encourage the management to disclose more forward-looking information. According to this study, independent directors worked as a regulatory role and reduced agency problems by pushing forward-looking information disclosure practices. Secondly, board diversity refers to the variation of gender, race, age, tenure, power, and experts among board members (Harjoto et al., 2015). This sort of variation had been reported to bring a positive influence on the level of forward-looking information disclosure (Kılıç and Kuzey, 2018; Hollindale et al., 2019; Arayssi et al., 2020). For instance, Hollindale et al. (2019) reported a significant increase in forward-looking information disclosure when women were presented on the board. These women served as catalysts for promoting such disclosures. On the contrary, CEO duality, where boards chaired by CEOs, were less supportive of making extensive forward-looking information disclosure (Arayssi et al., 2020).

Reporting Process

The reporting process determines whether organisations disclose forward-looking information and the content of such disclosures (Abad and Bravo, 2018). For example, Dumay et al. (2019) argued that board involvement could generally encourage forward-looking information disclosure except for CEO duality. Also, the extent of stakeholder engagement can bring impact on the level and nature of forward-looking information disclosure (Bellucci et al., 2019). Specifically speaking, organisations that engaged with diverse stakeholders regularly, held the aim of reducing information asymmetry and attempted to legitimate their activities by disclosing more forward-looking information. In contrast, organisations which made minimum efforts towards stakeholder engagement might underestimate the importance of forward-looking issues in the organisational reports (Cho et al.,2015; Bui and de Villiers, 2017).

2.4 The Role of Corporate Reporting in Managing Supply Chain Relationships

Suppliers and customers provide essential resources for an organisation (Clarkson, 1995). To secure resources from suppliers and customers, an organization has strong incentives to manage relationships with them (Fontana and Egels-Zandén, 2019). Corporate reporting, as a communicative channel between an organization and different stakeholders, plays an important role in this regard. The following sections review previous studies on organisational reports and supplier and customer relationships and the usefulness of this reporting practice in managing supply chain relationships.

2.4.1 Studies on Organisational Reports and Supplier and Customer Relationships

Prior studies examined public reporting concerning suppliers and customers in detail can be categorised into financial reports and narrative disclosures. The following paragraphs present each category respectively.

Studies on Financial Reports

Prior studies that examined corporate reporting concerning suppliers and customers mainly focused on how the management of an organisation used financial reports including forward-looking information to manage supply chain relationships.

Firstly, using financial reports containing forward-looking information is a way of earnings management. For example, an early study by Bowen et al. (1995) found that organisations chose long-term income-increasing accounting methods when implicit claims (i.e. Implicit claims reflect promises of quality, good working conditions, and service levels which are not explicitly stated in any contracts) existed between organisations and their suppliers and customers. That is, managers used financial reports to show stable future performance to maintain a long-term relationship with suppliers and customers. Moreover, Raman and Shahrur (2008) argued that managers used earnings management to influence suppliers' and customers' perceptions of an organisation's prospects and, consequently, therefore influence their investment decisions. Investigating from the CFO's perspective, Graham et al. (2005) conducted a survey of CFOs and reported that the majority of them believed using earnings management to show future performance and prospects was useful in supplier and customer relationship management.

Secondly, organisations disclose forward-looking information in financial reports when the transactions with supply chain partners involve relationship-specific investments. For instance, Dou et al. (2013) found that managers used accruals to signal the willingness to fulfil implicit claims and maintain long-term relationships when they needed relationship-specific investments which were made by other supply chain parties. Also, Hui et al. (2012) argued that organisations tended to manage future performance using financial reports when they had made the relationship-specific investment as the bargaining powers of suppliers and customers were greater in this case. Similarly, Crawford et al. (2020) found that when a customer engaged in a relationship-specific investment, the supplier made more frequent sales forecasts to signal positive prospects.

Thirdly, organisations use financial reports containing forward-looking information to gain favourable trading terms when negotiating supply chain contracts. For example, through the examination of supply chain contracts, Costello (2013) found that transaction parties relied on financial reports to make agreements and terms of trade. This study further indicated that the covenants included in the supply contracts were based on accounting information and the number of covenants was increasing when involving relationship-specific investments and information asymmetry is greater. Another more recent study conducted by Yin et al. (2020) indicated that managers may manipulate financial reports to gain financing from supply chain parties. This study also showed that customers' misreporting led to the supplier's overinvestments and influenced the supplier's future performance negatively.

The above-mentioned empirical studies have provided evidence on the role of financial reports containing forward-looking information in managing supply chain relationships. This line of research had been well-established and paved the way for future research.

Studies on Narrative Disclosures

Despite the fact that financial reports provided suppliers and customers with an important source of information, their information needs were not limited to accounting information because of business innovation and sustainability concerns (Healy and Palepu, 2001; Gimenez and Tachizawa, 2012; Burritt and Schaltegger, 2014; Arayssi et al., 2020). According to recent studies (Athanasakou and Hussainey, 2014; Miller and Skinner, 2015; Bozanic et al., 2018; Lai et al., 2018; Chen et al., 2019; Zhang and Chen, 2019), more narrative forward-looking information disclosure, such as that in a CSR report, sustainability report, and narrative description of financial forecasts, was used by organisations to describe their current and future performance. This type of disclosure was found to present more informational content than financial reports.

Regarding the benefits of using narrative disclosures concerning suppliers and customers, Li (2010) argued that information in the narrative disclosure had stronger explanatory power in predicting future performance. Moreover, Athanasakou and Hussainey (2014) stated that narrative disclosure about earnings forecasts increased the credibility and quality of disclosures. Accordingly, Bozanic et al. (2018) found that the narrative disclosure about an organisation's prospects triggered more stakeholders' responses than mere accounting forecasts. Building on corporate reporting and supply chain relationship literature, Chen et al. (2019) offered evidence of a correlation between narrative disclosure quality and supply chain parties' investment efficiency. In conclusion, when recent studies on corporate reporting concerning suppliers and customers extended to narrative disclosure, the positive role of narrative disclosures was proved and received great research attention.

2.4.2 The Usefulness of Public Organisational Reports in Managing Supplier and Customer Relationships

Organisations might disclose information to suppliers and customers privately for the purpose of reducing proprietary costs and reporting costs. Considering different perspectives, prior studies expressed different thoughts on why both organisations and suppliers and customers preferred public disclosures. The following paragraphs review relevant studies from the viewpoints of both organisations and suppliers and customers.

From the Viewpoint of Organisations

From an organization's view, managers often use organisational reports to signal its reputation and image (Hasseldine et al., 2005; Steyn, 2014; Pérez et al., 2017) as organisations with high reputations were considered more attractive partners (Macleod, 2007; Harrison et al., 2010, Dyer et al., 2018). Due to the higher cost of reputation loss, these organisations were more likely to fulfil explicit or implicit contract terms. Given the importance of reputation in the value creation process, Raithel and Schwaiger (2016) argued that an organisation's reputation perceived by other stakeholders created more shareholder value than the one perceived by investors. Building upon this argument, Baumgartner et al. (2020) found that an organisation's reputation perceived by its stakeholders significantly influenced the organisation's going concern. In addition, multiple studies (e.g. Steyn, 2014; Pérez et al., 2017; Varadarajan, 2017) reported that organisations used different organisational reports (e.g. CSR report, sustainability report, and integrate report) to signal their economic, social, and environmental reputations to diverse stakeholders in recent years. Specifically, regarding the studies on organisational reports and supply chain management, Athanasakou and Hussainey (2014) suggested that disclosures may influence suppliers' and customers' perceptions of an organisation's reputation. From this finding, Varadarajan (2017) stated that reputation was considered by organisations as a competitive advantage and could increase relational transactions with supply chain partners. To conclude, these studies showed that suppliers and customers rely upon public organisational reports to assess an organisation's reputation and make trading decisions. In turn, an organisation can use organisational reports for enhancing its reputation and further manage its supply chain relationships.

Furthermore, most international organisations deal with suppliers and customers from different regions and industries. Disclosing all required information by stakeholders in one public channel was argued to be more cost-effective than having private conversations with each supplier and customer (Fallan and Fallan, 2009). This rationalises an organisation's decision of using public organisational reports to inform suppliers and customers and manage relationships with them.

From the Viewpoint of Suppliers and Customers

From the perspectives of suppliers and customers, prior studies examined the usefulness of public organisational reports in managing supply chain relationships and identified reasons for demanding public reports. Firstly, public organisational reports were more reliable as they are subject to the scrutiny of outsiders (Modugu and Eboigbe, 2017). For instance, the publication of organisational reports must comply with well-established accounting standards and relevant laws, and be regulated by regulatory bodies (e.g. Financial Reporting Committee and the Codes and Standards Committee) (FRC, 2018). Public organisational reports are also viewed by investors and analysts. This reduced the litigation risk since the chance that an organisation issued overly optimistic prospects can be lessened (Rogers et al., 2011; Laux and Stocken, 2012).

Secondly, Graham et al. (2005) stated that an organisation might be reluctant to make management forecasts voluntarily since this activity can be considered as an organisation's implicit commitment to achieving the management forecasts. In other words, if an organisation chose to make such public disclosure, suppliers and customers would perceive the value of the disclosed information was higher for them to make decisions as the organisation expected to maintain the consistency of disclosures.

Thirdly, regarding the disadvantages of private disclosures, suppliers and customers may perceive that an organisation may distort the information delivered through private channels for self-interest (Cachon and Lariviere, 2001; Ha et al., 2011; Chod et al., 2020). For example, customers may inflate their demand forecast to induce suppliers to produce more specific products. This can benefit an organisation since supplies will be available if demand exceeds the initial forecasts; yet, it is costly for the suppliers' building capacity of producing the products. More importantly, the information obtained via private disclosures cannot be verified immediately (Cachon and Lariviere, 2001) unless a personal connection exists (Chen et al., 2021).

In conclusion, public disclosures, viewed as an important channel of obtaining information about an organisation, play an important role in reducing information asymmetry between an organisation and its suppliers and customers. Hence, it is reasonable to expect that suppliers and customers would demand organisations to disclose forward-looking information.

2.5 Stakeholders' Demands and Organisation's Motivations Regarding Forward-looking Information Disclosure Concerning Suppliers and Customers

Stakeholder refers to "any group or individual who can affect or is affected by the achievement of the organisation's objectives" (Freeman, 1984, p. 46). Clarkson (1995, p.106) provided a detailed definition of stakeholders as "persons or groups that have, or claim, ownership, rights, or interests in a corporation and its activities, past, present, or future. Such claimed rights or interests are the results of transactions with, or actions taken by, the corporation, and maybe legal or moral, individual, or collective." Clarkson (1995) classified stakeholders into two groups based on their interests, claims, or rights, namely the primary stakeholder group and the secondary stakeholder group. Primary stakeholder group includes investors, employees, customers, suppliers, governments, and communities, is one without whose continuing participation the organisation cannot survive as a going concern. Secondary stakeholder groups are those who influence or affect or are influenced or affected by, the organisation, but they are not engaged in transactions with the organisation. These stakeholders are not essential for an organisation's survival, comprising media and special interest groups.

Various studies have investigated the influence of financial stakeholders (i.e. primary stakeholders), such as investors, on forward-looking information disclosure behaviours (Martin and Moser 2016; Asay et al. 2017; Li et al., 2020). A growing number of studies have found that other stakeholders also played a role in forward-looking information disclosure (Boesso and Kumar, 2007; Hui et al., 2012; Williams and Adams, 2013; Harrison and van der Laan Smith, 2015; Bellucci et al., 2019; Egbon and Mgbame, 2020). Yet, among all stakeholders, less attention was paid to the influence of suppliers and customers on disclosure decisions, especially forward-looking information disclosure. The following sections review the literature regarding stakeholders' demands and organisations' motivations to make forward-looking information disclosure concerning suppliers and customers.

2.5.1 The Importance of Forward-looking Information to Suppliers and Customers

This sub-section reviews the literature on the importance of forward-looking information for suppliers and customers to make trading decisions. Prior literature explained why suppliers and customers demand forward-looking information from three perspectives, including transaction decision-making, concerns about opportunistic behaviours of transaction parties, and sustainable supply chain management. The following paragraphs discuss each perspective respectively.

Firstly, in order to support a unique transaction with an organisation, suppliers and customers may make relationship-specific investments. For example, suppliers may invest in physical assets to produce special parts for a particular client and customers may invest in time and human capital to develop capabilities for using a specific product (Brush et al., 2012). This kind of investment might be risky because the value created by these investments was strongly dependent on the continued relationships with the organisation and its future performance (Crawford et al., 2020). Once an organisation reneges on contractual obligations or behaves opportunistically, suppliers and customers inevitably bear additional risks. Under normal conditions, organisations do not behave in these ways as organisations can benefit from repeated transactions with suppliers and customers in terms of favourable trading terms (Taylor and Plambeck, 2007). However, to the extent that the organisation behaves opportunistically, these investments will turn into under-investment, which was referred to as "hold-up" problems by (Williamson, 1979). Consequently, these "hold-up" problems reduce profitability (Dou et al., 2013). Although these risks can be avoided by writing formal contracts, it is very costly to cover all contingencies in one contract (Dyer et al., 2018). Thus, few organisations had supply contracts in every transaction (Costello, 2013), which is consistent with the conventional view that implicit contracts dominate the organisation-supplier/customer relationships (Bower et al., 1995; Raman and Shahrur, 2008).

The relationship-specific investments can hardly generate value for suppliers and customers outside the relationships owing to the specific nature (Dou et al., 2013; Hoskisson et al., 2018), only if the expected gains exceed the current investment cost motivates them to make such investments. To assess future gains, several studies (Raman and Shahrur, 2008; Dou et al., 2013; Chen et al., 2019) indicated that supply chain parties relied on forward-looking information in organisational reports (e.g. financial reports and sustainability reports) to assess an organisation's prospects and to make investment decisions. Building on these works, Chen et al. (2019) found that the linguistic quality of forward-looking information disclosure is positively related to the investment efficiency of supply chain parties. That is, suppliers and customers may use forward-looking information disclosure to assess an organisation's prospects and make investment decisions. On the contrary, organisations can create significant value from the relationship-specific investments made by suppliers and customers. For example, Revilla and Knoppen (2015) and Dyer et al. (2018) argued that every supply chain party can create value when they shared knowledge and make customised investments to the partner. Furthermore, organisations can negotiate favourable terms (such as price, payment method, and timely payment) when other parties made relationship investments (Raman and Shahrur, 2008; Dou et al., 2013). These benefits provide organisations with incentives to disclose forward-looking information concerning suppliers and customers to induce supply chain parties to make relationship-specific investments.

Secondly, as abovementioned, suppliers and customers demand forward-looking information due to the concerns about opportunistic behaviours of organisations, especially when there is no legal bonding (Schilke and Cook, 2015). Formal safeguards (e.g. contracts) increase suppliers' and customers' confidence when trading with an organisation (Schilke and Cook, 2015). Meanwhile, suppliers and customers see informal safeguards (e.g. reputation and trust) as a substitute for formal safeguards when they participate in a range of highly interdependent activities with an organisation (Li et al., 2010; Dyer et al., 2018). Based on these findings, research on supply chain relationships has established that information about an organisation's intangibles, such as *reputation and trustworthiness*, is related to both existing and potential suppliers' and customers' trading decisions (Harrison, 2010; Revilla and Knoppen, 2015; Dyer et al., 2018).

In terms of reputation, academics acknowledged that a highly reputed organisation is more attractive for suppliers and customers to develop a long-term and repeated relationship (Macleod, 2007; Harrison et al., 2010; Dyer et al., 2018). As mentioned earlier, the relationships between an organisation and its suppliers and customers involved implicit claims, such as timely payments from customers and quality products from suppliers (Bowen et al., 1995). Implicit claims can be breached unilaterally since they are not protected by legal contracts. Addressing this issue, Bull (1987) argued that reputation can prevent this form of breach. Therefore, an organisation which maintains long-term relationships with its stakeholder receives a reputational "premium" for fulfilling its implicit commitments (Macleod, 2007). This premium allows an organisation to create economic value through the negotiation of favourable trading terms in future transactions (Dou et al., 2013; Dyer et al., 2018). That is, as the reputation brings more value, organisations will continue to fulfil the implicit claims (Rhee and Haunschild, 2006). More recently, Mesic et al. (2018) further confirmed that reputation positively influenced supply chain performance. However, Raman and Shahrur (2008) stressed that the information asymmetry between an organisation and its suppliers and customers could limit their abilities to evaluate the organisation's future reputational gains and ability to fulfil implicit claims. That is, forward-looking information plays a role in reducing such information asymmetry and mitigating suppliers' and customers' concerns about the uncertainties of the transactions (Bozanic et al., 2018). In return, positive prospect disclosures benefit an organisation in developing positive reputation among existing and potential suppliers and customers (Quintana-García et al., 2021).

As for trustworthiness, Dyer et al. (2018) argued that trust is a crucial factor to maintain a long-term relationship in the supply chain under the condition that no legal restrictions exist and to reduce opportunistic behaviours. Sabel (1993, p.1133) defined trust as "the mutual confidence that no party to an exchange will exploit another's vulnerabilities". Suppliers and customers are likely to remain trading relationships with the same partner when the cost of switching to other transaction parties is high. By exploring these switching costs, organisations can take competitive advantage of trading terms negotiations in the following transactions (Brush et al., 2012). This would place suppliers and customers in a passive position. Consequently, the information about the willingness of an organisation to build trust in the future supply chain relationship is vital for suppliers and customers. Regarding the incentives of organisations to respond to signal trustworthiness using forward-looking information disclosure, prior studies (Burritt and Schaltegger, 2014; Revilla and Knoppen, 2015; Herrera, 2016) argued that seeking collaboration with supply chain partners created more value than traditional ways (e.g. relational transactions and resources exchange). In this case, forward-looking information regarding reputation and image is crucial for suppliers and customers as they may share sensitive information and critical resources with the organisation for a long time (Dyer et al., 2018). Therefore, in order to create more value in the competitive business environment, it is rational for organisations to use forward-looking information disclosure to signal their reputation and trustworthiness. To conclude, organisations have incentives to disclose forward-looking information concerning suppliers and customers to manage reputation and trust, reduce information asymmetry, and attract suppliers and customers.

Thirdly, sustainability and sustainable business development is a prominent topic among accounting, management, and marketing literature (Sharma and Henriques, 2005; Burritt and

Schaltegger, 2014; Adams, 2017a; Bui and de Villiers, 2017; Varadarajan, 2017; Tiwari et al., 2021). Organisations affirmed their responsibility towards the whole society in both commercial and non-commercial operations (Valdez-Juárez et al., 2018). Integrating social and environmental concerns into operations is a way for organisations to take their moral roles and it is deemed to have an influence on the supply chain parties (Burritt and Schaltegger, 2014; Tiwari et al., 2021). Prior studies (Pagell and Wu, 2009; Walker and Jones, 2012; Jabbarzadeh et al., 2018) found that socially and environmentally responsible organisations got more secure supply chain contracts, and these organisations demanded their supply chain parties to be equally responsible. This means that the responsible behaviour is expected to be transferred along with the whole supply chain. Suppliers and customers, therefore, may be concerned about the sustainability issues and performance of their trading partners, such as child labour, workplace safety, and environment-friendly products (Burritt and Schaltegger, 2014; Deegan and Islam, 2014). On the contrary, if an organisation failed to demonstrate sustainability in its business activities (e.g. decreasing value or damaging reputation, refers to Adams and McNicholas (2007) and Bebbington et al. (2008) for more information), it might also negatively affect other supply chain parties' businesses and sustainability performance (Gimenez and Tachizawa, 2012; Varadarajan, 2017).

To conclude, suppliers and customers are concerned about opportunistic behaviours of transaction parties when making trading and investment decisions. This concern can be reduced by building a long-term and trusted relationship with an organisation. To build this type of relationship, suppliers and customers would demand forward-looking information to assess an organisation's future performance. In turn, organisations would disclose forward-looking information to signal performance and reputation, especially in the sustainable supply chain, to attract suppliers and customers.

2.5.2 Other stakeholders' Information Needs

This sub-section reviews prior studies on other stakeholders' information demands for forward-looking information disclosure concerning suppliers and customers. This line of research is reviewed, because other stakeholders, such as investors, analysts, governments, and regulators have significant influences on reporting behaviours. As presented in Section 2.5.1, organisations incorporate suppliers' and customers' interests into forward-looking information disclosure in response to suppliers' and customers' information demands. In addition to this reason, organisations may disclose forward-looking information concerning suppliers and customers with an aim to respond to other stakeholders' information demands.

Investors and Analysts

Literature suggests that investors and analysts consider forward-looking information when making investment decisions and assessing an organisation's performance. For example, Hussainey et al. (2003) stated that narrative forward-looking information on profits helped investors to predict future earnings changes more accurately. Kempf et al. (2015) suggested that investors would be better off relying on forward-looking information when selecting an optimal portfolio. From Hassanein et al.'s (2019) investigation of the relationship between narrative forward-looking information in the annual reports and investors' valuation of UK companies, the authors suggested that investors' valuation of an organisation was positively influenced by forward-looking information audited by a larger auditor.

As for the analysts' perception of forward-looking information, Beretta and Bozzolan (2008) applied a self-developed framework to examine the influence of forward-looking information disclosure on analysts' forecasts in Italian companies. The paper illustrated that forward-looking information disclosure enhanced the accuracy and decreased the dispersion of analysts' forecasts. Bozzolan et al. (2009) carried out a similar study using a sample of cross-listed European companies and identified the same effects. Based on these works, Bozanic et al. (2018) further classified forward-looking information disclosure into "forecast-like" (quantitative statements about earnings) and "other"/"non-forecast-like" (qualitative descriptions). Analysing with the modified framework, this paper indicated that the disclosure of quantitative information (e.g. earnings announcements) together with a greater proportion of qualitative forward-looking information improved the accuracy of analyst earnings estimates.

Research on the importance of forward-looking information specifically concerning suppliers and customers to investors and analysts is scarce. Giannakis and Papadopoulos (2016) argued that forward-looking information regarding the sustainable supply chain, supplier and customer relationships, and associated risks triggered intense reactions from investors and analysts. Therefore, it is reasonable to expect that organisations may disclose forward-looking information concerning suppliers and customers because of investors and analysts.

Governments and Regulators

Governments and regulators are powerful stakeholders in driving sustainability development, especially for sustainable supply chain development (Kaur and Lodhia, 2018). Multiple studies attempted to explore their influences on certain types of forward-looking information disclosure, namely sustainability information and risk information disclosures; yet few studies investigate whether these stakeholders specifically demand forward-looking information disclosure concerning suppliers and customers.

From the investigation of 99 Spanish companies, Prado-Lorenzo et al. (2009) found that governments and regulations, together with the strategic posture of an organisation, had an important effect on the publication of sustainability reports. The study further indicated that governments and regulations brought strong momentum for changing and affecting the practice of sustainability reporting. Frost et al. (2012) concluded the same findings by using a case study of an Australian local council. Kaur and Lodhia (2018) carried out a case study of Australian local councils to explore how governments and regulators were engaged in the sustainability accounting and reporting processes. This paper found that the involvement of government and regulatory bodies in the reporting process encouraged an organisation's sustainable supply chain strategy development and relevant disclosures. In terms of the influence of governments and regulators on risk disclosures, Manes-Rossi et al. (2017) used content analysis to explore risk disclosure in management commentary in the annual reports and IR of Italian companies. The results illustrated that organisations paid great attention to environmental, health and safety, and customer satisfaction after adopting IR, and governments and regulators played significant roles in promoting the extent of risk disclosures. These studies confirmed the role of governments and regulators in sustainability and risk information disclosures, which contain information in relation to supply chain management and associated risks. Therefore, organisations would disclose this information in order to comply with relevant laws and regulations. Hence, it is reasonable to expect that organisations integrate supplier- and customer-related information into forward-looking information disclosure for the purpose of responding to other stakeholders' demands.

2.6 The Credibility of Forward-looking Information Disclosure

Most types of forward-looking information disclosure are voluntary and are consisted of diverse subject matters presented in diverse forms, as mentioned in Section 2.2. That is, forward-looking information disclosure is at risk of lacking credibility and serving organisations' own interests (Dou et al., 2013; Quintana-García et al., 2021). In the following sections, literature regarding the incentives to misrepresent forward-looking information and the perceptions of stakeholders on the credibility of forward-looking information disclosure are presented respectively.

2.6.1 Organisation's Incentives to Misrepresent Forward-looking Information

Prior literature suggests that organisations have incentives to bias forward-looking information disclosure. Rogers and Stocken (2005) found that organisations often had incentives to misrepresent forward-looking information for self-interest. However, such reporting behaviour was constrained by the probability of misrepresented information being detected and punished. That is, the credibility of forward-looking information disclosure depends on both organisation incentives and the abilities of report users to discover the misrepresentations. For instance, Krause et al. (2017) stated that the litigation environment was associated with the credibility of forward-looking information disclosure as the litigation risk made it less likely for organisations to manipulate forward-looking information. However, a strict litigation environment may discourage organisations from making different types of forward-looking information disclosure unless it is mandatory (Johnson et al., 2001; Chen et al., 2008). Thus, the level of regulation needs to be balanced with the misrepresentation and promotion of forward-looking information disclosure.

Moreover, the competitive environment is also found to be a factor that influences the credibility of forward-looking information. For instance, prior studies argued that an organisation in a more competitive environment tended to disclose pessimistic prospects to prevent more competitors from entering the same industry (Newman and Sansing, 1993; Rogers and Stocken, 2005). Other studies demonstrated that organisations facing more competition were less likely to change forward-looking information disclosed in the organisational reports compare to previous reports (Brown and Tucker; 2011; Hassanein and Hussainey, 2015). Unchanged forecasts and other types of forward-looking information are less credible evidenced by the negative market reaction (Hirst et al., 2007; Ball et al., 2012). Therefore, the competitive environment in which an organisation operates is related to the credibility of its forward-looking information disclosure.

Furthermore, an organisation's financial conditions affect the credibility of its forward-looking information disclosure. For instance, Rogers and Stocken (2005) stated that organisations' incentives to issue distorted forward-looking information disclosure varied with their financial conditions. Specifically, organisations facing financial distress were more inclined to make optimistic forecasts to manipulate stakeholders' perceptions regarding their prospects (Rogers and Stocken, 2005; Shivakumar et al., 2011; Cheng et al., 2017). These optimistic forecasts, often referred to as "good news", were less credible than "bad news", such as negative earnings forecasts (Merkley et al., 2013; Guan et al., 2020). Prior studies found that stakeholders inherently reacted to "bad news" in relation to forward-looking information (Rogers and Stocken, 2005; Ng et al., 2013) even without verifiable statements (Hutton et al., 2003). Positive forward-looking information raises stakeholders' concerns that organisations may intend to avoid bad news and have not provided the whole picture of the organisation (D'Augusta, 2018). Therefore, the financial condition of an organisation is associated with the credibility of its forward-looking information disclosure.

2.6.2 The Perception of Stakeholders on the Credibility of Forward-looking Information Disclosure

As mentioned in the previous section, organisations' incentives to misrepresent forward-looking information are related to how stakeholders perceive the credibility of their forward-looking information disclosures (Rogers and Stocken, 2005). A great number of previous studies focused on examining the perceptions of analysts and investors about forward-looking information disclosure (Hussainey et al., 2003; Schleicher et al., 2007; Bozanic et al., 2018). In terms of analysts' perceptions, Hussainey et al. (2003) applied a content analysis software package to identify narrative forward-looking information in corporate reports, indicating that the level of forward-looking information disclosure was positively associated with share price anticipation of future earnings. Schleicher et al. (2007) reported a similar result and extended this finding to the loss firms. As for investors' perceptions, Kim and Shi (2011) stated that forward-looking information was associated with the cost of equity capital. Bozanic et al. (2018) found that forward-looking information influenced the perception of investors about the firm value. The revision of these studies shows that forward-looking information is useful for investors and analysts to make decisions. Yet, these prior studies did not provide clear evidence/conclusion on how investors and analysts perceive the credibility of forward-looking information disclosure.

There are studies on other stakeholders' perceptions of the credibility of forward-looking information disclosure. Concerning regulators' and policymakers' views, Elgammal et al. (2018) argued that the credibility of forward-looking information disclosure was of interest to regulators and policymakers as it was effective for them to set reporting requirements. Likewise, Menicucci (2018) stated that standard-setters placed their actions on report users' perceptions of organisational reports. These perceptions affected standard-setting and the promotion of relevant reporting frameworks (e.g. the <IR> Framework). In terms of suppliers' and customers' views, Bowen et al. (1995) stated that forward-looking information disclosure was less informative as organisations used earnings management to opportunistically influenced suppliers' and customers' perceptions of their future performance. The purpose of this action was to create short-term value. Building on this early study, Raman and Shahrur (2008) found that this earnings management did create short-term value for organisations. It was evident in this paper that suppliers and customers made more relationship-specific investments after an organisation showed a stable future performance using earnings management. However, the duration of these supplier and customer relationships was short. Contrarily, Hui et al. (2012) and Dou et al. (2013) argued that organisations disclosed forward-looking information to reduce information asymmetry and to improve the information environment to supply chain parties; thus, it contained an informational value for them to make decisions. Moreover, Chen et al. (2019) suggested that quality forward-looking information increased supply chain parties' investment efficiency. That is, suppliers and customers saw forward-looking information as credible information, and therefore, relied on this information to make relationship-specific investment decisions. In conclusion, different groups of stakeholders' perceptions of the credibility of forward-looking information disclosure were investigated; yet, no solid conclusion was drawn. This makes the investigation of the organisations' and stakeholders' perceptions of the characteristics that enhance the credibility of forward-looking information disclosure worthy.

Sustainability information is an important category of forward-looking information, as mentioned in Section 2.2. Organisations consider sustainability reporting a means to reflect the interest of various stakeholders in socially and environmentally responsible business practices (Karaman et al., 2018; Khan et al., 2021). Therefore, there is a stream of studies specifically examining the credibility of sustainability reporting. However, despite the growing trend of sustainability reporting, there are still questions and concerns about corporate hypocrisy to address (Dando and Swift, 2003; Tiwari et al., 2021). Corporate hypocrisy is defined as an organisation failing to deliver its commitments (Wagner et al., 2009). Accordingly, corporate hypocrisy can be reflected in a perceived gap by stakeholders between the business's Sustainable Development Goals (SDGs) and the organisation's practice towards the sustainable supply chain (Ha-Brookshire, 2017). Thus, it is vital for both organisations and stakeholders to verify the credibility of sustainability information and information relevant to the supply chain. In this sense, organisations have incentives to signal credible sustainability information. Bernardi and Stark (2018) found that this signal was positively related to financial performance. In a similar spirit, Feng et al. (2018) demonstrated that sustainability was favourable in terms of enhancing an organisation's reputation and can ultimately strengthen its financial performance. Contrarily, other studies (e.g. Boiral, 2013; Gold and Heikkurinen, 2017) stated that the sustainability disclosure in response to the stakeholders' information demands was merely impression management and generally lacked credibility and transparency. Therefore, further study is needed to explore such disagreements.

2.7 Summary of the Chapter

This chapter has reviewed the literature on forward-looking information disclosure, with an emphasis on the nature and the determinants of forward-looking information disclosure, motivations of making forward-looking information disclosure concerning suppliers and customers, and the credibility of forward-looking information disclosure as perceived by different stakeholders.

This chapter first discusses information categories and the emergence of forward-looking information. It then reviews the literature on the determinants of making forward-looking information disclosure and reveals that internal contextual factors are less examined than general contextual factors. It highlights the need to examine the motivations for making forward-looking information disclosure by engaging with organisations.

This chapter then reviews the literature on corporate reporting and supply chain management. The review confirms the importance of forward-looking information for various stakeholders to make decisions and suggests motivations for organisations to make forward-looking information disclosure. It is important to state that forward-looking information is essential for suppliers and customers to make trading and investment decisions, in turn, organisations rely on suppliers' and customers' resources for survival. However, relevant literature indicates that current studies paid less attention to how do suppliers and customers engage with organisations on forward-looking information disclosure.

This chapter finally reviews studies in relation to the credibility of forward-looking information disclosure. Several studies questioned the credibility of forward-looking information disclosure and identified incentives for organisations to misrepresent forward-looking information disclosure. Furthermore, stakeholders' perceptions of the credibility of forward-looking information disclosure vary. Hence, this literature review identified that the topic of the credibility of forward-looking information disclosure needs further exploration, especially the aspect of how to enhance the credibility of this disclosure practice. Noteworthily, no prior studies specifically focused on the credibility of forward-looking information disclosure concerning suppliers and customers. In addition, the investigation of the characteristics that enhance the credibility of forward-looking information disclosure concerning suppliers and customers will add value to the exploration of the motivations for forward-looking information disclosure.

The next chapter introduces the context and the background of this thesis.

CHAPTER THREE: BACKGROUND OF INTEGRATED REPORTING

3.1 Introduction

The previous chapter reviews the literature on forward-looking information disclosure. This chapter presents studies on forward-looking information in IR, where this study situates. The number of research on IR published in top accounting journals (e.g. Critical Perspectives on Accounting; Accounting, Auditing and Accountability Journal; British Accounting Review) has been increasing in recent years (Adams, 2015; Bernardi and Stark, 2018; Cerbone and Maroun, 2020). Considered a new reporting approach, both academia and the accounting industry still suggest that there are many issues to be addressed (Steyn, 2014; Flower, 2015). This chapter presents the information and literature about IR in order to provide a clear overview of this thesis's research background. In this chapter, Section 3.2 describes the background of IIRC and the Value Reporting Foundation (VRF). Section 3.3 introduces IR and integrated thinking with definitions of key terminologies. Section 3.4 explains the emergence of IR and different approaches to IR. Critiques of IR are presented in Section 3.5 for the purpose of offering critical views of IR. Narrowing down the focus of IR based on the research objectives of this study, the revision of the literature on the promotion of IR and forward-looking information disclosure practice in the integrated reports are discussed in Section 3.6 and Section 3.7 respectively. Finally, Section 3.8 summarises this chapter.

3.2 Background of IIRC and the Value Reporting Foundation

Formed by the Global Reporting Initiative (GRI) and the Prince of Wales' Accounting for Sustainability Projects in August, the International Integrated Reporting Council (IIRC) pursues the aim of creating a conceptual framework for the preparation of a concise and user-oriented corporate report. This specific form of report is entitled "Integrated Report" (IIRC, 2010). According to its self-description, IIRC is "a global coalition of regulators, investors, companies, standard setters, the accounting profession, academia and NGOs" (IIRC, 2021). Regarding this council's objectives, it aims to bring together "the view that communication about value creation, preservation or erosion is the next step in the evolution of corporate reporting" (IIRC, 2021). Holding such a motivation, IIRC issued the first discussion paper "Towards Integrated Reporting – Communicating Value in the 21st Century", also known as the "IIRC pre-2013 Guidelines", for triggering the development of an International Integrated Reporting Framework (the <IR> Framework) in September 2011. This discussion paper was open for public comments to anyone with an interest in IR regarding a set of questions raised by the IIRC. The respondents included standard-setters, companies, professional bodies, accounting firms, coalitions, academics, stock exchanges, and not-for-profit organisations. Given that this discussion paper stressed shareholder value creation, the respondents raised different concerns regarding the scope of the audience, materiality issues, and the relations between IR and other existing reporting frameworks (Reuter, M. and Messner, 2015). Also, this discussion paper examined the issues raised by a subcommittee of the International Association for Accounting Education and Research (IAAER) comprising international accounting academics. After receiving a great number of stakeholders' comments, the IIRC released the Consultation Draft of the <IR> Framework in April 2013 (IIRC, 2013b). Several months later in December 2013, after due process and with consideration of all stakeholder comments, the IIRC launched the first final draft of the <IR> Framework. This final draft of the <IR> Framework established Fundamental Concepts with seven Guiding Principles, namely the Strategic focus and future orientation, Connectivity of information, Stakeholder Relationships, Materiality, Conciseness, Reliability and Completeness, Consistency and Comparability. Also, nine Content Elements, including Organisational overview and external environment, Governance, Business model, Risks and opportunities, Strategy and resource allocation, Performance, Outlook, Basis of preparation and presentation and General reporting guidance (IIRC, 2013).

To enhance the quality, consistency, and accountability of corporate reporting, five leading framework and standard-setting organisations, namely the Carbon Disclosure Project (CDP), the Climate Disclosure Standards Board (CDSB), GRI, IIRC, and the Sustainability Accounting Standards Board (SASB), announced a shared vision for a comprehensive corporate reporting system in September 2020 (SASB, 2020). This reporting system, which is connected via IR, includes both financial accounting and sustainability (SASB, 2020). Finding the collaborative work was essential for responding to global market demands for reporting framework convergence, IIRC and SASB both expressed their intentions to merge into a unified organisation, the Value Reporting Foundation (VRF). The merging act represents significant progress towards simplifying the corporate reporting landscape since both entities are focused on enterprise value creation (IIRC, 2021; SASB, 2021). The merger was formalised in June 2021 (VRF, 2021).

VRF deems itself as a global non-profit organisation that help businesses and investors develop a shared understanding of enterprise value—how it is created, preserved, or eroded. VRF provides a sort of resources, including Thinking Principles, the <IR> Framework, and SASB

Standards, which businesses or investors can apply alone or in combination based on their individual needs (IIRC, 2021; SASB, 2021, VRF, 2021). Meanwhile, VRF builds a relationship with the International Financial Reporting Standards (IFRS) Foundation, which is an International Accounting Standards Board and issues accounting standards. Both share a similar motivation for developing corporate reporting. Following a consultation on the creation of a Sustainability Standards Board, the IFRS Foundation has acknowledged the urgent demand for global consistency and comparability in sustainability disclosure. The VRF supports this direction and believes that existing frameworks and standards, together with the Task Force on Climate-related Financial Disclosure's (TCFD) recommendations, should act as the building blocks for the IFRS to develop global sustainability standards relevant to enterprise value creation (IIRC, 2021).

3.3 Introduction to Integrated Reporting and Integrated Thinking

An integrated report, as IIRC (2021, p.10) defines, is "a concise communication about how an organisation's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation, preservation or erosion of value over the short, medium and long term". IR, considered the latest innovation of corporate reporting (Lodhia, 2015), provides a holistic picture of an organisation by not only focusing on financial performance but also integrating economic, social, and environmental issues (Adams, 2015). What makes IR a reporting innovation is its ability to address sustainability issues which traditional corporate reporting practices fail to tackle as well as its contribution to a broader value-creation concept in responding to the constantly-changing business environment (Adams and Simnett, 2011; Adams, 2015). Regarding the aims of IR, on the one hand, IR provides insight into the resources employed and relationships affected by an organisation. These resources are categorised as "the six capitals" in the <IR> Framework, namely financial, manufactured, intellectual, human, social and relationship, and natural capitals. On the other hand, IR seeks to explain the interactions between an organisation and its external environment and capitals. This specifically helps the stakeholders to understand the creation, preservation, or erosion of value over the short/ medium/ long term. In other words, an integrated report benefits not only providers of financial capital but also all stakeholders (e.g. employees, customers, suppliers, business partners, local communities, legislators, regulators and policymakers) interested in an organisation's ability to create value over time (IIRC, 2021). It is important to note that IR does not merely serve as a combination of the financial and sustainability reports. Yet, it is a concise document that explains how sustainability is incorporated and implemented within an organisation's strategies and business models, how an organisation manages its diverse stakeholder relationships, and how financial and non-financial capitals are used in the value creation process over time (Atkins and Maroun, 2014; de Villiers et al., 2014; de Villiers and Maroun, 2018). In conclusion, an integrated report represents a shift to present a holistic picture of an organisation.

One notion of the value creation process lies in the concept of integrated thinking (Rinaldi et al., 2018). Integrated thinking is defined as "the active consideration by an organisation of the relationships between its various operating and functional units and the capitals that the organisation uses or affects." (IIRC, 2021, p.3). This concept enables the discussion of the connectivity and interdependencies between an array of factors influencing an organisation's ability to create value over time. For instance, a number of studies (e.g. Steyn, 2014; Adams, 2015; Al-Htaybat and von Alberti-Alhtaybat, 2018) showed that organisations had applied this concept to determine the capitals used to create value and trade-offs between these capitals, the organisation's ability to respond to stakeholders' legitimate needs and interests, business model change in response to risks and opportunities and performance outcomes over time. IIRC (2021) claimed that integrated thinking led to integrated decision-making and actions that consider the creation, preservation or erosion of value over the short, medium and long term. Also, integrated thinking was expected to lead to better integration of the information systems that support internal and external reporting and communication, including the preparation of the integrated report (IIRC, 2021).

Revising the definitions, objectives, and expectations of IR and the integrated thinking concept in the <IR> Framework, a clear interrelation was identified between these two. IR supports integrated thinking development as IR brings the concept of integrated thinking into practice. In turn, integrated thinking facilitates IR by producing a concise report incorporating all information that stakeholders demand to describe the value creation process over time (de Villiers et al., 2017; Al-Htaybat and von Alberti-Alhtaybat, 2018). Hence, the more integrated thinking is embedded into an organisation's daily activities, the more natural information will influence one's decision-making and reporting. However, the implementation of integrated thinking can be challenging (refer to section 2.5), and the adoption of IR must be built on a solid foundation of integrated thinking. Otherwise, the application of the concept of integrated thinking and the employment of IR cannot be carried out at the practical level (Lodhia, 2015). In the <IR> Framework, IIRC (2021) explained the rationale of an organisation's implementation of IR and integrated thinking as follows.

> "At the core of the organisation is its business model, which draws on various capitals as inputs and, through its business activities, converts them to outputs (products, services, by-products and waste). The organisation's business activities and outputs lead to outcomes in terms of effects on the capitals. The capacity of the business model to adapt to changes (e.g. in the availability, quality and affordability of inputs) can affect the organisation's longer-term viability." (IIRC, 2021, p.21)

3.4 Emergence of IR and Approaches

The term IR reflects various reporting approaches rather than a particular kind of corporate reporting (Dumay et al., 2016; Kannenberg and Schreck, 2019). Despite the fact that IIRC directs the development of IR policies and practices dominantly, IIRC was not the first one to promote such a concept in this field (de Villiers et al., 2014). Before IIRC launched the first version of the <IR> Framework, some organisations had already adopted an integrated approach to corporate reporting by integrating social and environmental information into annual or financial reports (Haller and Van Staden, 2014). Regarding the similarity between an integrated approach and IR, both share the aim of integrating financial and non-financial information in one report (Kannenberg and Schreck, 2019). However, as aforementioned, an integrated report is more than a combination of the financial and sustainability report (Atkins and Maroun, 2014; de Villiers et al., 2014; de Villiers and Maroun, 2018). Adopting an integrating approach to corporate reporting cannot be directly considered as an integrated report, nor does it adhere to the <IR> Framework (de Villiers et al., 2017.) Because of the diversification and closely-related bonds of reporting approaches in nature, extent and motivation (Rowbottom and Locke, 2013), an organisation might find it challenging to differentiate IR from other approaches.

Based on the revision of studies on early IR practice, Dumay et al. (2016) identified four reporting approaches to IR, namely the King III Report on Governance for South Africa, One Report, IIRC pre-2013 guidelines and IIRC 2013 final guidelines. As King IV was released on 1 November 2016 and has been effective for financial years commencing from 1st April 2017, this thesis replaced the King III Report with the King IV for comparing different approaches. In addition, as IIRC released an updated version of the IR Framework in 2021, the IIRC 2021 approach to IR was added for the comparison.

The main differences between these reporting approaches lie in the governance focus, intended audience, and the level of integration, as presented in Table1. Regarding the different governance foci, the King IV Report is the only approach that includes a corporate governance framework; yet, the other approaches are not corporate-governance-oriented and only recommend disclosing governance-related issues. In terms of the different target audiences, the King IV Report and One report are intended to satisfy all stakeholders' information needs, while the two IIRC guidelines place major emphasis on the providers of financial capital. As for the level of integration, the King IV Report allows IR to take the form of a single report or dual reports (a distinguishable, prominent, and accessible part of another report which also includes the annual financial statements and other reports that must be issued in compliance with legal provisions) (King IV Committee, 2016). On the one hand, one report is presented with a single document including both financial and non-financial information as well as the impacts on each other (Eccles and Krzus 2010). On the other hand, IIRC pre-2013 guidelines recommended organisations apply an IR as their primary report (IIRC, 2011). The IIRC 2013 guidelines allow organisations to adopt an IR alone or to position IR as a prominent part of other reports (IIRC, 2013). Developing from the IIRC 2013 guidelines, the IIRC 2021 Framework further allows organisations to see this new approach as a prominent part of other communications, such as analyst calls, or on a website (IIRC, 2021). This latest version released by IIRC in January 2021 clarified concepts and simplified the guidance with the aim of ensuring that the <IR> Framework is more applicable and robust (IIRC, 2021) (refer to Appendix 1 for a detailed comparison of the 2013/2021 IIRC guidelines).

In short, the diversity of integrated reporting approaches leads to challenges for organisations when they applied them in their annual or financial reports. Each of these IR approaches shares similarities and differences in different aspects (e.g. the governance focus, intended audience, and the level of integration).

Table 1: Differences in IR approaches

	Governance focus	Intended audience	Level of integration
King IV (Report on Governance for South Africa, 2016)	Prescribes the provision of a corporate governance framework alongside sustainability issues that have an impact on the business and its financial performance	Benefit all stakeholders	Integrated reporting can take the form of a single report or dual reports
One Report (Eccles and Krzus 2010)	No emphasis on governance-related issues, but recommend disclosing	Stakeholders at large	Recommend a single document which includes financial and non-financial information and their impact on each other
IIRC pre-2013 guidelines (IIRC 2011)	No emphasis on governance-related issues, but recommend disclosing	Primarily financial capital providers, but also benefit other stakeholders	Integrated report is a single report that incorporates financial information with sustainability information. The IIRC anticipates the integrated report becomes an organisation's primary report, replacing rather than adding to existing requirements
IIRC, 2013 Guidelines (IIRC,2013)	No emphasis on governance-related issues, but recommend disclosing	Primarily financial capital providers, but also benefit other stakeholders	Incorporating financial information with sustainability information either in a standalone integrated report or be included as a distinguishable, prominent and accessible part of another report

IIRC, 2021 Framework (IIRC, 2021)	No emphasis on governance-related issues, but recommend disclosing	Further emphasis on financial capital providers, but also other key stakeholders, such as, employees, customers and regulators	Incorporating financial information with sustainability information either in a standalone report or be included as a distinguishable, prominent and accessible part of another report or communication

Based on the studies by Dumay et al. (2016) and Kannenberg and Schreck (2019)

3.5 Critiques of IR

With the increasing number of adoptions and developments of IR, multiple studies examined the usefulness of IR and raised questions about how IR influences organizational changes, stakeholder accountability, and reporting quality. The following sections look into these three questions respectively.

3.5.1 Organisational Change

Based on the calls for reporting reform, IR intends to drive organizational change by integrating the issues that shape organizational performance through integrated thinking (IIRC, 2013; Feng et al., 2017; Higgins et al., 2019). Early IR advocates were optimal and ambitious, arguing IR can lead to a significant change in organizational behaviours (Eccles and Krzus, 2010). These advocates expected the change could further influence strategic decision-making, improvements in systems, and resource allocation. Thus, organisations could be more sustainable (Eccles and Krzus, 2010; Roberts, 2011; IIRC, 2013). Studies on IR, integrated thinking, and associated organisational changes presented four optimistic outcomes. Firstly, IR could align sustainability with the value creation process through integrated thinking (Adams, 2015; Coulson et al., 2015; Al-Htaybat and von Alberti-Alhtaybat, 2018). Secondly, IR provided more meaningful information about organisations' current and future performance to a wide range of stakeholders (Eccles and Krzus, 2010; de Villiers and Maroun, 2018). Thirdly, IR strengthened materiality processes and increased reliability due to the information disclosed being more connected (Haji and Anifowose, 2016). Lastly, IR offered organisations opportunities to respond to SDGs (Adams, 2017b). Generally speaking, it is proven that IR and integrated thinking have positive relationships with organisational changes.

Several studies questioned the usefulness of IR in driving organisational changes (see Higgins et al., 2019), although the abovementioned studies identified positive outcomes of adopting IR. For example, Higgins et al. (2019) explored three types of organisational change, namely structural changes, cultural changes, and reporting practice changes. Regarding Higgins et al.'s (2019) findings, structural changes were not observed, and there was some evidence showing better internal collaboration across the organisation but limited changes to management systems. Cultural changes were observed evidenced by the improved insights into decision-making and business activities through a mindset change and approach to value creation and materiality. Also, the authors reported that reporting practice change was the most significant change as continuous improvements in reporting were found in all interviewed organisations. This showed a direction of presenting holistic and meaningful discussions of value-relevant information and more stakeholders inclusive. These results indicated that organisations were utilising the ideas from the <IR> Framework rather than applying it as a reporting template.

Other studies also challenged IR's importance on organisational changes. Flower (2015) argued that IR was unlikely to reduce the unsustainable consequences of corporate activities significantly because of IR's contradicted objectives, the incompatibility of conventional reporting practices, the business case and investor dominance. Such an argument was seen in Brown and Dillard's (2014) and Stubbs and Higgins' (2014) works. That is, no evidence, or little evidence, showed IR stimulated changes to corporate norms. The privilege of financial value creation over stewardship further constrained IR from moving towards a robust sustainability paradigm. Based on Flower's (2015) argument, Thomson (2015) further stated that IR was too deeply rooted in the business case for sustainability instead of the sustainability case for business. In addition to this criticism, Higgins et al. (2019) questioned the extent to which organisational changes have extended beyond reporting to integrated thinking and other changes. Multiple studies (e.g. Lodhia, 2015; Robertson and Samy; 2015) showed that if an organisation only increase the amount of disclosure without fully embracing the notion of integrated thinking, there would be no enhancement of reporting quality or positive organisational changes. Al-Htaybat and von Alberti-Alhtaybat (2018) provided a suggestion that a mindset shift was needed even before adopting IR.

Although IIRC stated that organisations can tailor the application of the <IR> Framework to their own strategies and situations (Gibassier et al., 2018), this flexibility was criticised for limiting an organisation's broader ideas regarding the usefulness of the framework. Robertson and Samy (2015) argued that this flexibility made organisations may merely copy the best practice. The <IR> Framework might fail to facilitate organisational changes as it is becoming institutionalised as a tick-box reporting practice rather than stimulating the transition of integrated thinking and the understanding of value creation (Vesty et al., 2018). In conclusion, adopting IR might not bring immediate and far-reaching organisational changes; yet, this issue is expected to be resolved over time as academia provides insight into it (Rinaldi et al., 2018; Higgins et al., 2019).

3.5.2 Stakeholder Accountability

Multiple studies (e.g. Brown and Dillard, 2014; van Bommel, 2014; Flower, 2015; Thomson, 2015; de Villiers et al., 2017) have criticised the <IR> Framework for the diversion of IIRC's claim in the accountability to stakeholders. As shown in Table 1, IR mainly places the emphasis on stakeholder management rather than accountability to stakeholders (Brown and Dillard, 2014). The specific focus as set out in the <IR> Framework, on "value to investors" rather than "value to society", decreases IR's effect on accountability to stakeholders (Flower, 2015). Investors demand information in relation to an organisation's own long-term profitability, whereas a society requires broader information irrespective of corporate interest. Flower (2015) argued that since an organisation is not obligated to report activities that negatively impact other capitals (e.g. natural capital) in the <IR> Framework, the subsequent impact on an organisation's long-term profitability cannot be examined fully. However, it is this type of information that values to society at large. That is, if one adopts the <IR> Framework, which focuses on investors (i.e. financial stakeholders), it will be difficult to achieve stakeholder accountability.

In addition to the criticism of stakeholder accountability, prior studies (e.g. Barth et al., 2015; Bernardi and Stark, 2018) explored the views of diverse stakeholders regarding the decision usefulness of IR. Quantitative research using South African data dominated early capital markets studies on IR. Some argued that IR contained information valued to investors and analysts, evidenced by the increased firm value (Barth et al., 2015; Lee and Yeo, 2016) as well as the decline of analysts' forecast error (Zhou et al., 2016; Bernardi and Stark, 2018). Yet, Slack and Tsalavoutas (2018) expressed the opposite view of IR's usefulness. From the interviews of both equity analysts (sell-side) and fund managers (buy-side), they argued that the usefulness of IR to equity market actors was low, and IR was not embedded into mainstream investment thinking due to the concerns about the framework design and the capital market culture of short-termism. Similar criticism was suggested by Humphrey et al. (2017), indicating IIRC's prospects for success in reconfiguring the corporate reporting field depended on its ability to reconfigure the mainstream investment field.

Besides investigating financial stakeholders' views, prior studies also examined other stakeholders' views on the social value of IR, and contrasting findings were revealed. A line of research concluded that IR had not (yet) satisfied the information needs of broader stakeholders and gained legitimacy in society (van Bommel, 2014; Flower, 2015; Humphrey et al., 2017; de Villiers and Sharma, 2020). For instance, Van Bommel (2014) argued that stakeholder inclusiveness has not been achieved in IR as not all stakeholders' concerns and interests were considered by organisations when preparing an integrated report. De Villiers and Sharma (2020) held the similar view that IR was unlikely to subsume traditional financial reporting, nor would it be able to provide all demanded information. From the revision of literature, three reasons for IR's failure in creating "value to society" are identified, namely lack of stakeholder engagement (Ruter and Messner, 2015), strong market orientation (De Villiers and Sharma, 2020), and inability to deal with conflict interests of various stakeholders (van Bommel, 2014). Although there were some criticisms of IR's usefulness, IR's potential of achieving "value to society" was identified in previous literature. Adams (2015) suggested that IR generated different ways of thinking about value creation. The integration of stakeholders' financial and non-financial information needs in the IR brought an indirect impact on society, such as high-quality reporting benefits economic and social well-being (Adhariani and de Villiers, 2019). Cerbone and Maroun (2020) further explained that the extent to which IR achieved its legitimacy to society depended on whether an organisation was market-focused or stakeholder-focused. Another survey-based study (Steyn, 2014) on managers of JSE (Johannesburg Stock Exchange) listed companies indicated that the role of IR perceived by managers was enhancing corporate reputation and managing stakeholder relationships, but not satisfying the investors' needs. Steyn's (2014) study revealed that economic value creation was not the main motivation for IR adoption, because the targeted audiences of IR recognised by managers were diverse stakeholders instead of only investors. This finding was proved in EY's (2020) report, in which 45% of respondents claimed their integrated reports were aimed at various stakeholders (32% in 2019). This subtle increase showed a shift from shareholder focus to stakeholder inclusiveness.

Clarifying value creation processes to stakeholders helps address the accountability tensions (Thomson et al., 2014). Throughout these processes, preparers play a significant role undoubtedly (Thomson et al., 2014; Lai et al., 2018). In practice, Lie et al. (2019) found that the extent to which value creation stories were made visible in the integrated reports varied significantly. These differences could be explained by the interpretation of value creation and the targeted audience of preparers. Regarding the role of preparers, Lodhia's (2015) case study of a customer-owned bank found that preparers may assume other stakeholders' needs were similar to those of the financial capital providers. In Lai et al.'s (2018) work, a similar finding showed that preparers did not recognize the need to customize the IR to different expectations of financial and non-financial stakeholders. In conclusion, to optimise IR's adoption, one needs to consider both preparers' and stakeholders' views so that IR can hold advantages over other reporting practices (Chaidali and Jones, 2017; Adhariani and De Villiers, 2019). Moreover, in order to achieve stakeholder accountability, IR serves to educate and influence broader thinking about value creation and diverse stakeholder expectations.

3.5.3 Reporting Quality

IIRC claimed that the <IR> Framework was designed to "improve the quality of information available to providers of financial capital to enable a more efficient and productive allocation of capital" (IIRC, 2021, p.5). One important thing to consider is that the <IR> Framework does not provide a prescribed format but only leaves reporting quality to the discretion of prepares. Investigating IR's enhancement of reporting quality, multiple studies (e.g. Eccles and Serafeim, 2015; Pistoni et al., 2018; KPMG, 2020) have been critical and reported mixed findings on this situation. The following paragraphs discuss these critical reviews of IR's issue of improving reporting quality.

Based on the reporting purposes of organisations, Cerbone and Maroun's (2020) work categorised corporate reporting into three types, namely the market logic, professional logic, and stakeholder logic, to analyse the reporting quality. Firstly, market logic, defined as the ability and efficiency in maximisation of financial returns (Cerbone and Maroun, 2020), is considered an indicator of quality reporting. That is, the market logic show's one's capability to reduce information asymmetry and manage agency problems and costs (Jensen and Meckling, 1976). In this sense, firm value, accounting performance, and future operating cash flows (Lee and Yeo, 2016; Barth et al., 2017) were found to be positively associated with IR quality. This proves that IR holds the credit for allowing investors to assess more transparent information and decrease information process costs (Lee and Yeo, 2016). However, from the limited number of studies on IR quality, there is an agreement that the overall quality of IR was low, and it failed to provide extensive, comparable, material, and reliable information to the market (see Eccles and Garegnani et al., 2015; Jaffar et al., 2018; Pistoni et al., 2018; Adhariani and de Villiers, 2019). For example, by comparing the extent of information disclosures before and after adopting IR in Asia, Jaffar et al. (2018) found that organisations only disclosed more information concerning governance, resource allocation, and outlook after adopting IR. Yet, there was a lack of connectivity among different types of information. Furthermore, Adhariani and de Villiers (2019) identified that current IR practice had not yet achieved the expected transparency reporting alongside the increased extent of reporting.

Regarding the second type of corporate reporting, organisations that adopted professional logic to prepare organisational reports aim to show the highest levels of technical and professional practice (Edgley et al., 2015). The act of ensuring compliance with reporting guidelines and codes of good governance signals an organisation's awareness of the reporting requirements and shows its efforts of publishing a high-quality report (Cerbone and Maroun, 2020).

Regarding the <IR> Framework's influence on the report users, studies argued that report users found it challenging to assess whether an integrated report provided a "true and fair view" of an organisation's activities and long-term sustainability (de Villers et al., 2017; Cerbone and Maroun, 2020). As the reporting process brings a substantial influence on the reporting practice and the reporting quality (Robertson and Samy, 2015), a detailed and transparent reporting process is required to enhance the quality of IR (Steyn, 2014).

Thirdly, stakeholder logic demonstrates a holistic presentation of the value creation process (Cerbone and Maroun, 2020). High-quality IR, in this regard, commits to highlighting new areas for management review and control in order to drive financial and non-financial performance (McNally and Maroun, 2018). Analysing the sample of JSE-listed companies, Wang et al. (2020) reported that IR quality had increased over time, especially when sustainability-oriented corporate governance mechanisms (i.e. sustainability committee and non-financial performance measures in executives' compensation contracts) were implemented. Also, de Villiers et al. (2017) found that the level of environmental and social aspects of sustainability information had increased after organisations adopted IR. However, it has been criticised that the current IR practice has not fully responded to information demands from stakeholders. For instance, Pistoni et al. (2018) stated that IR reporters focused more on format rather than content. Bernardi and Stark (2018) further argued that mandate IR did not increase the level of environmental, social, and governance (ESG) disclosures but established better links between ESG and financial information. Also, Puroila and Mäkelä (2019) argued that disclosing non-financial information may be used as a tool by organisations to discharge their legitimacy instead of improving the reporting quality. In short, despite that stakeholders consider IR's connectivity of information an important characteristic of high-quality reporting, there is a need to be aware of whether IR just becomes a tool for benefiting certain groups of stakeholders (e.g. finical investors).

In some cases, either a dominant or hybrid logic emerges due to the tension caused by the inconsistencies among logics to reflect the diverse objectives of the organisation (Besharov and Smith, 2014). Without a clear hierarchy of logics (Cerbone and Maroun, 2020), the management department will find it difficult to agree with the key objectives and, therefore, inform the business strategies. Competing logics also causes ambiguities in the application of a reporting framework to explain the variations (Lounsbury, 2008). This adversely affects internal efficiency, operating dynamics and maintaining legitimacy (Pache and Santos, 2010; Besharov and Smith, 2014).

The IIRC’s 2020 annual report showed a growing global adoption of IR and 77% of respondents in the annual stakeholder survey rated the quality of integrated reports published in the last year as good or better. However, there is still room for improving its quality. . ACCA’s analysis of IR participants noted that “the overall quality of the reporting has declined in the period”, though to an extent. This can be explained by a learning curve for new adopters (ACCA, 2020). IIRC acknowledged the quality issues and sought a technical project to identify existing standards (particularly SASB) that support consistent and high-quality integrated reporting as well as gaps where further standards were required (IIRC, 2020).

Assurance is viewed as an important element of ensuring stakeholders a more reliable and higher quality IR (Briem and Wald, 2018; Maroun, 2018; Caglio et al., 2019). In recent years studies had pointed out practical challenges, including the application of conventional standards for assuring an integrated report, problems of cultivating more sophisticated assurance skills, technical challenges, and the ways of assuring forward-looking information (Maroun and Atkins, 2015; Simnett and Huggins, 2015; Farooq and de Villiers, 2017; Maroun, 2018). To address these problems, IIRC makes continuous efforts to assist the development of IR assurance and the International Auditing and Assurance Standards Board’s (IAASB) Extended External Reporting Assurance guidance has now aligned to IR (IIRC, 2020).

3.6 The Adoption and Promotion of the <IR> Framework

South Africa is argued to be the first country to embrace the concept of IR back to 1994 (Dumay et al., 2016). A committee led by the High Court Judge, Mervyn King, developed South Africa’s first King Code of Corporate Governance Principles (known as “King I”) (Rowbottom and Locke, 2013). After around twenty years of development, in 2010, IR became mandatory for companies listed on the JSE through the King III principles on an apply or explain basis. IIRC and the <IR> Framework have been endorsed by both the South African government and major accounting firms (e.g. Deloitte 2016; E&Y, 2019; PWC, 2019; KPMG, 2020), professional accounting organisations (e.g. CIMA, 2014; ACCA, 2020) and standard setters (e.g. IIRC and IFRS Foundation, 2013; GRI, 2017). These bodies formalised the endorsements through several Memoranda of Understanding (MoU) with the IIRC which aimed to diminish duplication and demonstrate reciprocity between standards as well as a commitment to IR without colonising existing reporting approaches (Humphrey et al. 2014).

In recent years, the level of adoption of IR has increased gradually and globally. According to a range of third-party reports conducted in 2020, KPMG claimed that 16% of N100[2] companies and 22% of the 250 largest global companies prepared a (self-labelled) integrated report. Compared to the figures of 11% and 15% in 2015 respectively, a slightly increasing number of companies that adopted IR can be seen. Most of these companies applied the <IR> Framework for IR (KPMG, 2020). In addition, WBCSD (World Business Council for Sustainable Development) member companies that titled their reports "Integrated" had increased from the figure of 6% in 2015 to 16% in 2020 (WBCSD, 2020). According to a KPMG's survey (KPMG, 2020), IR is currently a major reporting practice in South Africa, Japan and Sri Lanka. Also, significant growth in IR adoption has also been seen in France, India, and Malaysia since 2017 (IIRC, 2020; KPMG, 2020; Securities Commission Malaysia; 2020). There is also a trend of integrating concepts and elements from the <IR> Framework into reporting practices, although these reports are not titled "integrated report". For instance, in Australia, the percentage of ASX 200 companies that focused on reporting longer-term value to investors and other stakeholders, rather than just short-term financial earnings, increased significantly from 14% in 2016 to 79% in 2020 (KPMG, 2020). However, the growth in IR is limited in certain countries as IR adoption is still voluntary in other countries except in South Africa.

Academia expressed mixed opinions about whether voluntary adoption can promote IR (Steyn, 2014; Zhou et al., 2017; Adhariani and De Villiers, 2019). Regarding the opinions on the relation between an IR's adoption and an organisation's financial performance, firstly, both Lee and Yeo's (2016) and Barth et al.'s (2017) works found the adoption of IR influenced organisations' financial performance positively. In addition, by adopting IR, an organisation can attract more long-term investors (Davies et al., 2014). However, some questioned the usefulness of IR to investors (Flower, 2015; Rowbottom and Locke, 2016). Thus, there is still an ongoing debate about whether financial performance improvement and investor attraction are prominent benefits of IR adoption. In terms of whether the adoption of IR can reduce costs, multiple studies (García-Sánchez et al., 2013; Lee and Yeo, 2016) suggested that IR reduce costs for both organisations and stakeholders in complex operating and information environments. More specifically, on the one hand, IR reduced information processing costs for organisations as stakeholders' information needs are presented in a concise report. On the other hand, IR reduced information acquiring costs for stakeholders because of the decreased information asymmetry. However, voluntary adoption of IR is an additional form of disclosure

[2] The top 100 companies by revenue in the largest 52 economies

to an organisation's existing financial reporting practice. Therefore, without gaining huge benefits, organisations may be reluctant to move from existing reporting practices to IR as it might add extra costs to preparing IR (Adhariani and De Villiers, 2019). Accordingly, organisations may not be easily lobbied towards IR if they have not adopted some forms or approaches of IR or consider doing so (Reuter and Messner, 2015). Thus, some studies on the cost and benefit of IR adoption provided the justification for voluntary IR adoption; yet, it still needs further investigation (de Villiers et al., 201; Adhariani and De Villiers, 2019; Salvi et al., 2020).

With regard to the level of application of the <IR> Framework, empirical studies found a significant increase in non-financial disclosure adopting the <IR> Framework (Solomon and Maroun, 2012; Setia et al., 2015; Obeng et al., 2021). The narrative mode which was considered one of the key characteristics of IR enhanced these disclosures' accountability (Lai et al., 2018). Furthermore, Bernardi and Stark (2018) reported that IR practice in South Africa has increased the number of sustainability disclosure, which gained positive feedback from capital markets. From the revision of these studies, it can be concluded that IR benefits investors from the increase in information availability. However, since the <IR> Framework is targeted for providing information for the financial capital providers, several researchers (e.g. Flower, 2015; Rowbottom and Locke, 2016) expressed their concerns about the usefulness of IR to other stakeholders. For instance, Steyn's (2014) survey of managers of JSE-listed companies indicated that these managers perceive the roles of IR were about enhancing corporate reputation and managing stakeholder relationships, rather than satisfying investors' needs. From the results, Steyn (2014) argued that economic value creation was not the main driver of IR adoption, because managers saw diverse stakeholders as the targeted audiences of IR, instead of only investors. Another study by Adhariani and De Villiers (2019) suggested that it required both preparers' and stakeholders' positive views for enhancing the popularity of IR. Also, expressing a positive view towards IR's usefulness, these authors claimed that IR held advantages over other reporting practices. In short, the aforementioned studies proved the significant role of IR in non-financial disclosures. Yet, since the explicit providers of financial capital focus is not a necessary component in this framework, the challenge for IR is to the incorporation interests of different stakeholders. This challenge was argued to be one of the barriers to IR adoption (Flower, 2015).

Another line of research focused on the practical issues of IR adoption. Among these issues, the need for improving the clarity of the <IR> Framework had been highlighted in the early IR studies (Stubbs and Higgins, 2014; Higgins et al., 2014; van Bommel, 2014). The principle-based IR results in flexibility regarding the details of information disclosure and the need of professional judgement for adopting the <IR> Framework in different organisational circumstances. However, this flexibility might cause negative outcomes. For instance, organisations exclusively reported favoured positive outcomes (Solomon and Maroun, 2012), and the rhetoric used in IR was merely window dressing (Higgins et al., 2014). Such outcomes/ behaviours diminished the credibility of IR (Flower, 2015). To address issues raised by academia, the <IR> Framework has further clarified some concepts with simplified guidelines (refer to the comparison table in Appendix 1) (IIRC, 2021). For example, the updated <IR> Framework further clarified the term "outcome" in response to the concern that positive outcomes dominated the disclosures by stating "an integrated report describes key outcomes…Outcomes are the internal and external consequences (positive and negative) for the capitals as a result of an organisation's business activities and outputs" (IIRC, 2021, p.42). Also, instead of merely focusing on value creation, the updated <IR> Framework emphasises the description of the process of value creation, presentation, and erosion to encourage both positive and negative outcome disclosures.

In conclusion, although there were increasing trends of IR adoption, practical issues need to be addressed by improving the clarity of the <IR> Framework in order to make IR more attractive and applicable for different organisations globally.

3.7 Forward-looking Information Disclosure in IR

The <IR> Framework requires organisations to disclose their outlook, including future objectives, the challenges and uncertainties, and strategies to address these possible issues (IIRC, 2013; 2021). Therefore, an organisation has to conduct a forward-looking assessment of its business, for instance, periodical objectives and the measurement of achievement, analyses of potential risks and opportunities with encountered strategy plans, and the management of multiple capitals for creating value and ensuring sustainability (Simnett and Huggins, 2015; Maroun, 2017).

Different from traditional financial reporting which mainly focuses on historical data, the main characteristics of IR data are about future-orientation, describing value creation, preservation or erosion over the short, medium, and long term by using multiple capitals (financial, manufactured, intellectual, human, social and relationship, and natural capital) (Higgins et al., 2014; IIRC, 2021). The use of multiple capitals and the stress of a more forward-looking perspective create opportunities for an organisation to enhance accountability and trust through increased transparency (Adams and Simnett, 2011). Thus, by adopting the <IR> Framework, an organisation will provide more forward-looking information for stakeholders. In turn, this type of information allows stakeholders to assess an organisation's ability to create and sustain value over time comprehensively.

According to the content elements and guiding principles in relation to forward-looking information in the <IR> Framework, a well-established integrated report should demonstrate the challenges and uncertainties that an organisation is likely to encounter in pursuing its strategy, and the potential implications for its business model and future performance (IIRC, 2021). In addition, an integrated report should explain the connectivity of forward-looking information with other information (Lodhia and Stone, 2017; IIRC, 2021). More specifically, an integrated report needs to include the discussion with implications of how the external environment, risks, and opportunities affect the achievement of strategic objectives, and how the availability, quality, and affordability of capitals that an organisation uses affect an organisation's ability to create value over time (IIRC, 2021). Also, the forward-looking information disclosure in an integrated report should be explained with include both quantitative and qualitative comparative information for prior periods and targets for future periods (IIRC, 2021).

There were limited studies ((Lodhia, 2015; Adams, 2017a; Kılıç and Kuzey, 2018; Menicucci, 2018) paying attention to the issues of forward-looking information disclosure in the integrated reports. Since IR aims to direct a shift of focus (from historical to forward-looking), some studies (e.g. Steyn, 2014) reported the difficulties of disclosing forward-looking information. Regarding IR practitioners' views, Steyn (2014) considered the determination of the content of the forward-looking statements as the most difficult challenge for managers of South African companies when implementing IR. Also, through the engagement with organisations, Lodhia (2015) and Adams (2017a) both found that organisations were reluctant to disclose forward-looking information. Furthermore, due to the concerns of commercial sensitivity and directors' liability, forward-looking information disclosure in current integrated reports might just be general descriptions and lack of assurance (Lodhia; 2015; Adams, 2017a). However, the updated <IR> Framework has not revised any terms in relation to the outlook, forward-looking information, or the future-orientation (refer to Appendix 1). Hence, further exploration is needed for helping to advance relevant reporting frameworks or guidelines. On the one hand, exploring the factors that possibly influence disclosures of forward-looking information can allow an organisation to make better judgements in determining its contents. In this sense, an organisation can take these factors into consideration for measuring the potential cost of disclosures. On the other hand, engaging with organisations to investigate forward-looking information disclosure practices can actually address the practical issues from the adoption of the <IR> Framework and, therefore, advance relevant reporting frameworks.

Given the fact that studies in this area focused on the influence of general contexts and firm characteristics on forward-looking information disclosure and lack of engagement with organisations (Kılıç and Kuzey, 2018; Menicucci, 2018). In response to the call of Adams (2002) to have more engagement studies, engaging with organisations to explore the internal contextual factors that influence an organisation's decision to make forward-looking information disclosure in the context of IR is fruitful.

3.8 Summary of the Chapter

This chapter has introduced the background, notions, and critiques of IR to give an overview of this thesis's context. The revision of literature in relation to forward-looking information disclosure (Chapter 2) indicates that reporting framework influences forward-looking information disclosure practice. Following this indication, this chapter has discussed forward-looking information disclosure practices in IR to further clarify the research context.

This chapter explains the emergence of IR and different approaches to IR. Then, the critiques of IR are presented, including IR's usefulness in organisational changes, stakeholder accountability, and reporting quality. The promotion and adoption of IR are also presented, followed by forward-looking information disclosure in IR practice. IR provides a fruitful research background to forward-looking information disclosure as IR aims to represent a shift from a historical view to a forward-looking view. Prior studies pointed out that there are unsolved issues of disclosing forward-looking information in current IR. Since IR's future is uncertain after the IIRC merged with SASB into VRF, research on the factors that influence forward-looking information disclosure in the context of IR will bring implications for both reporting framework advancement and forward-looking information disclosure in practice.

The next chapter presents the theoretical foundation of this thesis.

CHAPTER FOUR: THEORETICAL FRAMEWORK

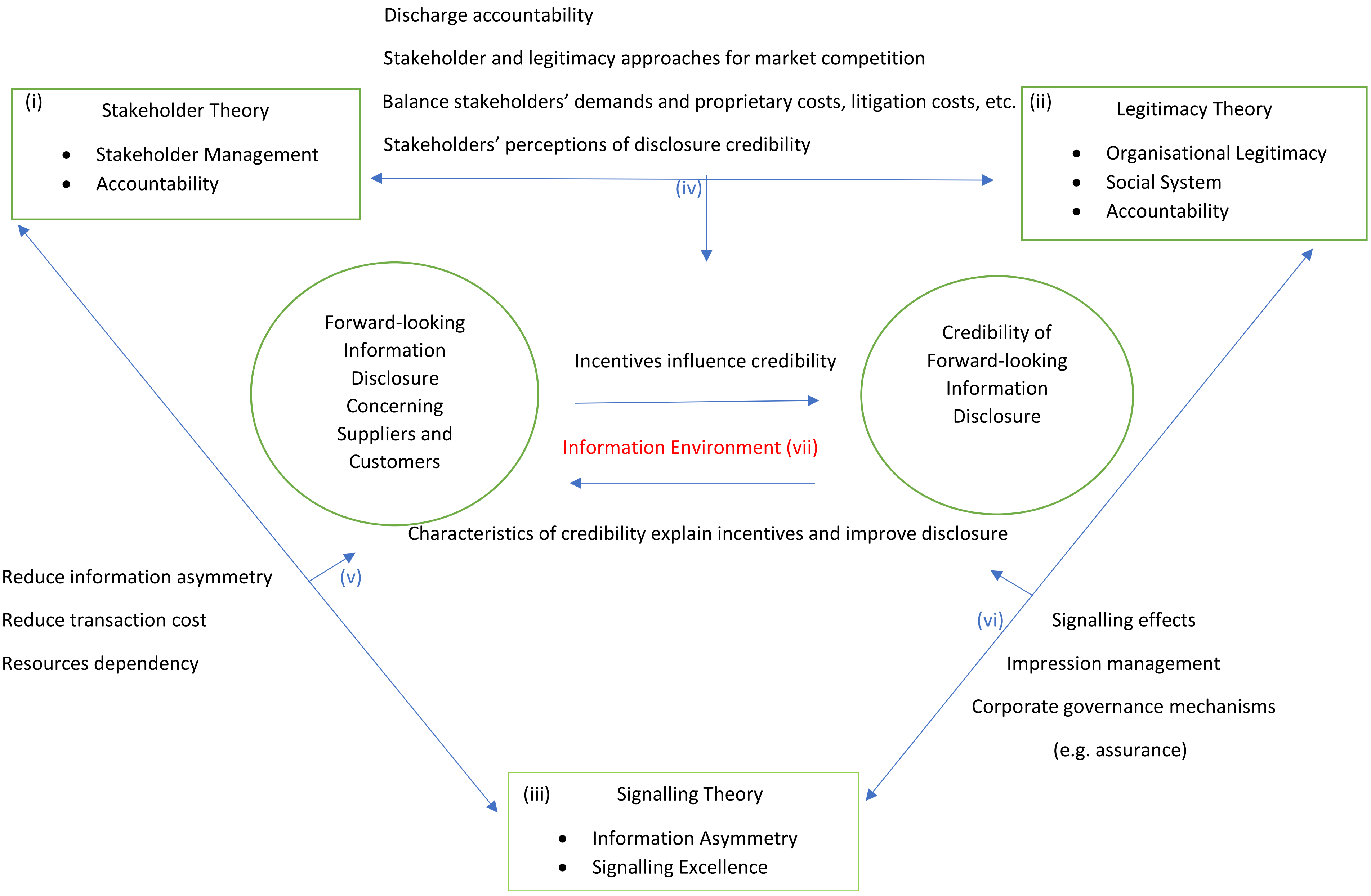
4.1 Introduction

Previous two chapters presented literature on forward-looking information disclosure and IR context, with emphasis on the nature of forward-looking information disclosure, motivations for adoption, and the credibility of this disclosure practice. The literature review highlights a gap in exploring whether and how suppliers and customers influence forward-looking information and its credibility under the IR context. In exploring this gap, this study raises three RQs (refer to Chapter 1). This chapter discusses the theoretical framework to investigate these questions.

Prior studies adopted different theories to provide evidence that stakeholders have a great impact on reporting behaviours. These theories are stakeholder theory, legitimacy theory, and signalling theory. This study utilises these three theories as main theories to investigate the influence of suppliers and customers on forward-looking information disclosure and the credibility of this disclosure practice.

In this chapter, the theoretical framework in which this research grounds is discussed in three sections. Section 4.2 explains relevant theories in addressing voluntary disclosures and forward-looking information disclosure. In turn, the stakeholder theory, legitimacy theory, and signalling theory are introduced for the rationales for making such disclosures. By combining theories and literature, Section 4.3 discusses considerations in the influence of suppliers and customers on forward-looking information disclosure to address RQ1and RQ2. Section 4.4 presents the considerations in the credibility of forward-looking information disclosure concerning suppliers and customers to address RQ3. Finally, a summary of the chapter is presented in Section 4.5. The following Figure 1 illustrates how these relevant theories and literature (Chapter 2) connect with each other and inform the conceptual framework of this research.

Figure 1:Conceptual framework for analysing the influence of suppliers and customers on forward-looking information disclosure



Note: This conceptual framework shows connectivities of theories and relevant literature (Chapter 2)

Reference: (i) Deegan and Unerman (2006), Guthrie et al. (2006), Gary et al. (2010); (ii) Lindblom (1993), Suchman (1995), Deegan (2000), Campbell et al. (2003), Mobus (2005); (iii) Spence (1973), Giner (1997), Erdem and Swait (1998), Athanasakou and Hussainey (2014), Balvers et al. (2015), Dyer et al. (2018); (iv) Guthrie and Parker (1989), Adams (2002), Mobus (2005), Tata and Prasad (2015), Adams (2017a), Abad and Bravo (2018), Crifo et al. (2019), García-Sánchez et al. (2019), Hollindale et al. (2019), Arayssi et al. (2020), Enache and Hussainey (2020), Wang et al. (2020); (v) Brush et al. (2012), Dou et al. (2013), Burritt and Schaltegger (2014), Chen et al. (2019), Crawford et al. (2020); (vi) Rogers and Stocken (2005), Chen et al. (2008), Coram et al. (2009), Ball et al. (2012), Steyn (2014), Pérez et al. (2017), Varadarajan (2017), D'Augusta (2018)Cho et al. (2020); (vii) Giner (1997) Healy and Palepu (2001), Athanasakou and Hussainey (2014), Cade et al. (2020).

4.2 Theories of Voluntary Corporate Disclosures and Forward-looking Information Disclosure

Rooted from Watts and Zimmerman's (1986) pioneering work, Deegan (2004) argued that positive theories are designed to explain and predict why an organisation adopts a particular accounting approach. Yet, positive theories do not suggest which approach an organisation should apply. Concerned with explaining accounting practice, two of the positive theories, legitimacy theory and stakeholder theory (managerial branch), provide alternative explanations about the drivers of an organisation making voluntary disclosures without prescribing particular actions or disclosure methods (Deegan, 2000 Deegan, 2004). Positive accounting theories treat corporate reporting as a communication tool to stakeholders to gain stakeholders' trust and increase firm value (Chen and Roberts, 2010). In the case of this research, forward-looking information disclosure is considered a voluntary disclosure since the contents are discretionary according to relevant reporting frameworks. Therefore, positive accounting theories could provide explanations for organisations' adoption of forward-looking information disclosure.

According to Guthrie and Parker (1990), from the political economy perspective, researchers deem accounting reports as social, political, and economic documents. However, legitimacy theory and stakeholder theory (managerial branch) are argued to be inadequate for explaining the motivations for voluntary disclosures when considering broader social, political and economic environment contexts (Adams and Harte, 1998; Dmytriyev et al., 2021). In response to such arguments, Deegan (2004, p.11) suggested that normative theories in accounting, which "prescribe (as opposed to describe) particular actions", are expected to further explain voluntary disclosure practice. Various stakeholders' perspectives on reporting lead to different perceptions of the process and content of corporate disclosures (Reynolds and Yuthas, 2008). According to Mathews (1997), normative solutions for accounting attempt to (1) change current financial reporting, (2) improve non-financial reporting, and (3) develop new measures and means to examine the results of actions for sustainable development. Establishing effective normative solutions for accounting requires credible and rigorous accounting systems, such as qualitative features of verifiability, transparency, and stakeholder involvement (Lamberton, 2005). Therefore, stakeholder theory (accountability/normative branch) also explains the motivation of organisations to make disclosures to various stakeholders.

Signalling theory describes that an organisation's voluntary disclosure is seen as a signal to show its commitment to responding to diverse stakeholders' information needs and efforts to make credible information disclosures (Spence, 1973; Erdem and Swait,1998; Athanasakou and Hussainey, 2014).

In the following sections, details about these three main theories: stakeholder theory, legitimacy theory, and signalling theory are discussed to explain the incentives of organisations making forward-looking information disclosure concerning suppliers and customers and how these theories inform the conceptual framework of this study.

4.2.1 Stakeholder Theory

Stakeholder theory places emphasis on the recognition and identification of all groups of stakeholders as well as the impact of an organisation's activities on its stakeholders (Roberts, 1992; Gray et al., 1996; Deegan, 2006). According to Donaldson and Preston (1995), there are three aspects of stakeholder theory, namely (1) descriptive accuracy, (2) instrumental power, and (3) normative validity. These three aspects are interrelated and mutually supportive (Donaldson and Preston, 1995). That is, stakeholder theory is descriptive as it presents a model describing what a corporation is. This theory is also instrumental in providing a framework for examining the connection between the practice of stakeholder management and a corporation's achievement/goals. Most importantly, the normative aspect is considered the core of the theory as it identifies moral guidance on corporate management and operation (Donaldson and Preston, 1995).

Gray et al. (1996) and Deegan and Unerman (2006) further divided stakeholder theory into sub-classifications: managerial (organisational or positive) branch and accountability (ethical or normative) branch. Firstly, the managerial branch of stakeholder theory is instrumental and descriptive. This branch focuses on the management of relationships between an organisation and its critical stakeholders (Van der Laan Smith et al., 2005; Deegan and Unerman, 2006). More specifically, it asserts that an organisation attempts to address the expectations of stakeholders who control the critical resources required by an organisation (Deegan, 2009). Gray et al. (2010) argued that the managerial branch is organisation centred. Also, this study considered that stakeholder involvement is important to an organisation as it can positively/negatively influence an organisation. However, the limitation of the managerial branch of stakeholder theory was imposed by the fact that critical stakeholders may have different and conflicting interests (Roberts, 1992; Gray et al., 1996). To address this problem, organisations can use corporate reporting to balance different stakeholders' claims (Guthrie et al., 2006). Corporate reporting can also enable an organisation to obtain the support and approval from their stakeholders (Reynolds et al., 2006) or to distract their disapproval (Gray et al., 1996). Hence, the managerial branch of stakeholder theory is claimed to be useful for an organisation to decide how to allocate resources to different stakeholders (O'Riordan and Fairbrass 2008). Cooper et al. (2001) stated that when this theory is applied as a managerial tool, it specifically focuses on the interests of stakeholders who comprise the organisational environment rather than the entire organisational environment. Consequently, the main challenge to organisations is to decide to which stakeholders they are responsible and to what extent that responsibility extends (O'Riordan and Fairbrass 2008).

Secondly, the accountability branch of Stakeholder theory stresses an organisation's duty to discharge accountability to all relevant stakeholder groups who might be affected by organisational activities, regardless of their power (Deegan, 2013). Instead of assuming that shareholders are more privileged than other stakeholders, this branch emphasises the need of balancing different stakeholders' claims (Ruf et al., 2001; Orts and Strudler, 2002). This branch also suggests that an organisation is expected to discharge their accountability to stakeholders by undertaking activities approved by stakeholders and by reporting information to them (Guthrie et al., 2006). From Stoney and Winstanley's (2001) explanation, the accountability branch of stakeholder theory emphasises the ethical treatment of stakeholders, which requires economic motives for an organisation to take account of its moral role. Similar to the managerial branch, the main limitation of the accountability branch is how an organization treat stakeholders with equal attention, especially when stakeholders have different and conflicting interests. Hasnas (1998) suggested that when conflicts of interest exist, an organisation should attain the optimal balance and resolve these conflicts through innovative thinking (Dmytriyev et al., 2021). Yet, some researchers questioned the possibility of creating mutual values for all relevant stakeholders (Darnall et al., 2010; Hall et al., 2015). Also, the accountability perspective of stakeholder theory was argued to show little explanatory or descriptive power in a voluntary disclosure context (Gray et al., 1996).

With regard to developing this study's conceptual framework (Figure 1 (i)), based on stakeholder theory, organisations disclose forward-looking information to discharge accountability to their stakeholders, more specifically, to economically powerful stakeholders in the managerial branch and to all stakeholders in the accountability branch. By engaging with stakeholders and preparing forward-looking information disclosure, organisations clearly accept the ethical concept that stakeholders have the right to understand certain aspects of an organisation's performance. This needs to categorise stakeholders into different levels for effective management. From a stakeholder's perspective, Gray et al. (1995a) stated that voluntary disclosures were advantageous for building the relationship between an organisation and its stakeholders. However, despite the fact that forward-looking information is demanded by various stakeholders gradually, some organisations still do not meet stakeholders' expectations in disclosing such information (Tayles et al., 2007). As mentioned in the literature review (Section 2.4.2.1), an organisation can benefit from reporting forward-looking information regarding improving its reputation (Varadarajan, 2017), lowering the cost of capital (Kim and Shi, 2011), and gaining support and approval from wider stakeholder groups (Kaur and Lodhia, 2018). In turn, these benefits can be motivations for making forward-looking information disclosure reinforce the relationships between an organisation and its stakeholders, including suppliers and customers. Hence, stakeholder theory and relevant studies inform the conceptual framework of this study.

4.2.2 Legitimacy Theory

Legitimacy theory is another theory which is often used to explain voluntary disclosures (Mobus, 2005). Legitimacy is "a generalised perception or assumption that the actions of the entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definition' (Suchman, 1995, p. 574). Bailey et al. (1998) argued that an organisation largely depends on societal systems for resources, such as infrastructures, natural capital, human capital, and customers. However, an organisation has no inherent rights to these resources. In order to allow an organisation to gain access to these resources, society would expect that the benefits are higher than the costs to society (Mathews, 1993).

A "social contract" exists between an organisation and members of society (Shocker and Sethi, 1974, p.67). It contains explicit terms in the form of legal requirements as well as implicit terms in the non-legal form of social expectations (Gray et al., 1996). Legitimacy theory argues that an organisation can only exist when its value system matches that of the society where it operates (Deegan, 2006; Magness, 2006). That is, under the "social contract", an organisation needs to operate within the norms and expectations of various stakeholders in society rather than merely within those of shareholders. It is crucial for an organisation to ensure that stakeholders perceive its activities as legitimate (Deegan, 2000). An organisation's failure of meeting society's expectations (e.g. whether the legitimacy of an organisation is established) can lead to revocation of the "social contract", and ultimately, jeopardies an organisation's survival (Deegan and Rankin, 1996; Deegan, 2000).

In some cases, a legitimacy gap arises when an organisation fails to notice the changing societal expectations (Sethi, 1977; O'Donovan, 2002). The legitimacy gap, as Sethi (1979, p.65) puts it, is the gap "between business performance and societal expectations caused by certain business actions or changing expectations". Wartick and Mahon (1994) stated that the legitimacy gap shows the miscommunication of an organisation between its performance and societal expectations. This performance-expectation gap is not only limited to the financial aspect but also extends to non-financial aspects (Sethi, 1979). Therefore, an organisation should minimise the legitimacy gap in order to survive in the society in which it operates. From the revision of literature (see Dowling and Pfeffer, 1975; O'Donovan, 2002), it was suggested that an organisation can adopt some techniques or processes to minimise the legitimacy gap, including (1) identifying the stakeholders which the organisational legitimacy is dependent upon, (2) recognising stakeholders' perceptions and expectations regarding an organisations' activities, (3) informing stakeholders about the organisational performance, and (4) adopting new goals, methods, and processes considered legitimated in the situated society. These measures are taken to improve organisational performance in line with the stakeholder expectations.

Legitimacy theory predicts that when an organisation is aware of the existence of a legitimacy gap, it is likely to implement different strategies. Prior studies (Lindblom, 1993; Suchman, 1995) listed multiple strategies of legitimation. For instance, Lindblom (1993) identified four strategies that organisations applied to narrow the gap, namely educating and informing the public, changing the perceptions of the public, manipulating the perception of the public, and changing external expectations of the public. Developed from Lindblom's (1993) work, Suchman (1995) classified relevant strategies into three groups regarding their objectives: gaining, maintaining, and repairing legitimacy. This doctoral research applies Suchman's (1995) strategy categorisation to discuss and analyse different strategies mentioned in relevant studies. The following paragraphs present these three categories respectively.

Firstly, gaining legitimacy is undertaken by an organisation when entering a new market or starting a new operation in the existing market (Suchman, 1995). Following Suchman's (1995) categorisation, Mobus (2005) argued that an organisation makes substantial efforts in this situation as it may need to define the concept and negotiate the parameters of legitimacy with the relevant public. An organisation may also need to cultivate relationships with the relevant public for encouraging the public to perceive its activities as legitimate against the proposed parameters.

Secondly, maintaining legitimacy is a continuous process with less effort (Suchman, 1995). The scrutiny from the relevant public will be loosened once an organisation has gained legitimacy or when the relevant public is satisfied with the evidence of ongoing performance within the proposed legitimacy parameters (Ashforth and Gibbs, 1990). Yet, the challenges of maintaining legitimacy may arise because of inconsistencies in organisational performance, an organisation's misconduct, and/or the shift of societal values (Suchman, 1995). In addition, organisational legitimacy can be maintained regardless of isolated dissatisfactions of societal expectations, while it cannot be sustained without a history of consistent compliance with norms, beliefs, and values (Mobus, 2005). The relevant publics evaluate an organisation's legitimacy based on perceptions and/or assumptions as to the congruence between their expectation and organisational values (Suchman, 1995). This implies that an organisation may materially diverge from societal expectations; yet, it still maintains legitimacy if the relevant public does not perceive the divergence. To maintain legitimacy, Lindblom (1993) also suggested two strategies. The first strategy is to change the perception of society regarding organisational behaviour, but not the behaviour itself. An organisation might employ this strategy to satisfy stakeholders' expectations and to further influence their perceptions regarding its position towards broader societal issues (Cormier and Gordon, 2001). Gray et al. (1995a) interpreted this strategy as it can adjust public misperception instead of manipulating the public's perception. Another strategy attempts to indoctrinate society in order to modify its expectations and adjust them to the organisation's ends. However, Dowling and Pfeffer (1995) argued that this strategy is the most difficult and not likely to succeed. In short, an organisation should apply different strategies to maintain its legitimacy and see legitimation as a continuous work instead of a completed task.

Thirdly, repairing legitimacy is a reactive action to a legitimacy crisis caused by a discrete event and requires considerable effort (Suchman, 1995). Commonly seen, when an organisation is satisfied with its routines of maintaining legitimacy and fails to notice the change in societal expectations, it will leave an organisation unaware of the widening legitimacy gap (Mobus, 2005). Therefore, when a discrete event occurs, the legitimation process used to maintain legitimacy may no longer be effective and even require the repairment of legitimacy. There are strategies with different intentions which can be employed by an organisation to repair legitimacy. For example, the strategies of correcting organisational behaviour and realigning it with society's desire are effective in this circumstance (Lindblom, 1993). Corporate disclosures are used here to communicate actual changes that have been made and regain stakeholders' confidence (Buhr, 2002). Another strategy is to transform society's perception regarding organisational behaviour by manipulating, deceiving, or simply distracting the attention of society (Lindblom, 1993). Similarly, Deegan (2006) and Archel et al. (2009) argued that voluntary disclosures provide an opportunity for an organisation to deflect the attention of society from the principal negative effects of an organisation's activities. Additionally, the strategies that intend to indoctrinate the society with an aim to modify its expectations and that adjust the society to an organisation's ends may also be useful here (Gray, et al., 1995).

In terms of the development of the conceptual framework of this study (Figure 1 (ii)), according to legitimacy theory, an organisation is forced to respond to various social issues caused by its activities and to gain society's confidence in business (Tinker and Neimark, 1987). Adopting this stance, Guthrie and Parker (1989) argued that voluntary disclosures are made as reactions to economic, social, and political pressures and to legitimate an organisation's existence and activities. The additional voluntary disclosures can help to satisfy, gain, and maintain societal expectations (Wilmshurst and Frost, 2000; Archel et al., 2009). Hence, voluntary disclosures of forward-looking information not only serve the role of offering information but also represent an organisation's awareness of societal expectations. Additionally, forward-looking information disclosure, especially narrative information, is argued to be commonly used by an organisation to manipulate stakeholders' perceptions regarding its performance and activities (Dou et al., 2013; Quintana-García et al., 2021). That is, forward-looking information disclosure can be used to repair legitimacy.

Furthermore, legitimisation can be done through both traditional corporate reporting and voluntary disclosures included in other sections of an annual report or integrated report (Thornburg and Roberts, 2008). From the viewpoint of legitimacy theory, Preffer and Salancik (1978) argued that organisations should voluntarily disclose additional information that stakeholders expect as it generates continued inflows of capitals. In this sense, forward-looking information disclosure enables organisations to gain access to more capital inflows, such as financial capitals or social and relationship capitals (Lee and Yeo, 2016; Chen et al., 2019). Legitimacy theory provides explanations of why organisations voluntarily disclose forward-looking information. However, Campbell et al. (2003) argued that legitimacy theory does not provide enough attention to the conflict of interests of stakeholders and needs further exploration.

The success of implementing any strategy to reduce the legitimacy gap depends on the extent to which it addresses societal values and expectations of key stakeholders (Lewis and Unerman, 1999). It implies that the legitimacy strategies are stakeholder-oriented. That is, legitimacy theory and stakeholder theory share some similar perspectives rather than contradictions. On the one hand, legitimacy theory considers the interests of society at large. On the other hand, stakeholder theory states that for an organisation to survive, it needs to manage other groups of stakeholders as an organisation is part of a wider social system. Similar to legitimacy theory, stakeholder theory deems that different stakeholders' expectations and interests affect an organisation's operation and disclosure practice. From the viewpoint of the managerial branch of stakeholder theory, an organisation would respond to stakeholders who are more powerful rather than responding to all stakeholders equally (Deegan, 2000). Each stakeholder's activities may affect other groups, therefore, safeguards or solutions to the conflict must be found. Consequently, the investigation of the motivations for disclosing forward-looking information in this study aims to address this gap.

4.2.3 Signalling Theory

Signalling theory is another theory which is often referred to in studies on voluntary disclosures, especially in the investigation of forward-looking information disclosure. Signalling theory was initially developed to explain behaviours in the labour market (Spence, 1973) and later used for analysing voluntary disclosures (Ross, 1977). Signalling is a reaction to information asymmetry as insiders have superior information and an organisation's actual commitments cannot be observed by outside stakeholders directly (Connelly et al., 2011). This information asymmetry leads to sending signals to outsiders for the purpose of reducing adverse selection problems (Spence, 1973).

From the stance of signalling theory, voluntarily disclosed information can be considered as a signal for capital markets to reduce information asymmetry (Giner, 1997). An organisation can benefit from such disclosures regarding the enhancement of firm value (García-meca et al., 2005). Signalling theory also suggests that an organisation can also benefit from disclosing information to other stakeholders. For instance, suppliers and customers perceive voluntary forward-looking information disclosure as signals of quality products and willingness to build sound supply chain relationships (Dyer et al., 2018). In return, an organisation can create value with increasing customer satisfaction and favourable trading terms (Balvers et al., 2015). Such benefits can be used to explain why an organisation would disclose more information voluntarily than the extent required by laws and regulations.

Grossman (1981) argued that when information is costless, insiders will disclose both favourable and unfavourable information to outsiders as outsiders would apply the worst interpretation on non-disclosures. In a similar spirit, Skinner (1994) stated that an organisation might disclose both good and bad news voluntarily. On the one hand, organisations with good news make voluntary disclosures to distinguish themselves from organisations with bad news. On the other hand, organisations with bad news (e.g. losses) make voluntary disclosures to signal their capabilities and strengths in eliminating losses in the future. Signalling theory predicts that healthy organisations tend to disclose more information than distressed organisations (Ross, 1979). One reason is that robust accounting systems and organisational performance are interrelated. Another reason is that corporate reporting is seen as a powerful means to signal information by both organisations and stakeholders (Bromwich, 1992). In this regard, by applying signalling theory, an organisation may take advantage of forward-looking information disclosure for reducing the information asymmetry, enhancing the corporate image, and improving stakeholder relationship management.

Regarding the development of the conceptual framework of this study (Figure 1 (iii)), given the importance of public disclosures, managers should be aware of the influence of signalling on their stakeholders. This influence is critically related to the credibility perceived by these stakeholders (Erdem and Swait,1998). In this regard, prior studies identified several benefits of publicising disclosures, firstly, management has incentives to signal misleading information to boost short-term profitability (Balvers et al., 2015). Also, management may also signal credible information, because misleading disclosure may damage reputation and decrease value in the long run (Spence, 1973). Secondly, as Spence (1973) stated, an organisation cannot be distinguished from others unless it sends costly signals. That is, simple voluntarily positive disclosure will be viewed as "cheap talk" because it does not influence the payoffs (Leland and Pyle, 1977). Information presented with commitments, including providing measurement and assurance, will be perceived by stakeholders as credible information (Balvers et al., 2015). It is an ongoing issue to verify forward-looking information, thus stakeholders may believe that an organisation has incentives to be misleading at the time of the disclosure (Athanasakou and Hussainey, 2014). Furthermore, disclosing forward-looking information containing sustainability issues is a way to manage organisational reputation risks (Bebbington et al., 2008). In short, an organisation needs to balance the cost of forward-looking information disclosure and the credibility of such disclosure as perceived by stakeholders when making disclosure decisions. To conclude, signalling theory can be used to explain the motivations of forward-looking information disclosure and its credibility.

4.3 Considerations in the influence of Suppliers and Customers on Forward-looking Information Disclosure

The objective of this section is to discuss factors in Figure 1 that relate to RQ1 and RQ2 (refer to Chapter 1). The discussion combines relevant theories and the literature to explain the influence of suppliers and customers on forward-looking information disclosure. According to Graham et al. (2005), determinants of voluntary disclosure fall into incentives and constraints. Details regarding each aspect are presented separately as follows.

4.3.1 Incentives for Forward-looking Information Disclosure

Prior literature examines organisations' incentives for disclosing forward-looking information concerning suppliers and customers from the perspectives of information asymmetry, transaction cost and resource dependency. Organisations disclose forward-looking information to reduce information asymmetry and create value (Menicucci and Paolucci, 2018). Then, the reduced information asymmetry can decrease the transaction cost of each supply chain party (Williamson, 1979). Additionally, dependent on their suppliers and customers for resources, organisations are likely to publish more disclosures to satisfy suppliers' and customers' information needs (Larrinaga-Gonzalez et al., 2001). Literature and theories regarding the motivations for making forward-looking information disclosure concerning suppliers and customers are reflected in the conceptual framework of this study (see Figure 1). The following paragraphs introduce each aspect respectively with the discussion of relevant theories and literature.

Information Asymmetry

Information asymmetry is considered one of the most relevant concepts to accounting theories and forward-looking information disclosure (Menicucci and Paolucci, 2018). Information asymmetry arises from the imbalance of information availability between insiders and outsiders (Healy and Palepu, 2001). It has been well established that organisations make voluntary disclosures to reduce information risk as investors request an information risk premium in the context of information asymmetry (Meerton, 1987; Graham et al., 2005).

More studies (e.g. Fama and Laffer, 1971; Wallace, 1988; Spence et al., 2010; Hickman, 2020) argued that other stakeholders also request voluntary disclosures to improve their decision-making in such a situation. In this regard, forward-looking information disclosure is a signal or means to moderate the tension of information asymmetry between organisations and stakeholders (Menicucci and Paolucci, 2018). For instance, Hickman (2020) argued that non-owner stakeholders play an important role in reporting behaviours and reinforce the link between information asymmetry and forward-looking information disclosure. Hence, it is reasonable to argue that organisations would consider different stakeholders, including suppliers and customers, when making forward-looking information disclosure decisions.

Based on the above discussion, Figure 1 (v) shows that an organisation would use forward-looking information disclosure as a signal to stakeholders to reduce information asymmetry.

Transaction Cost

The various propositions of transaction cost theory are used to specifically explain the influence of supply chain parties on reporting behaviours (Coase, 1937; Williamson, 1979). Transaction cost theory explains that transaction parties have incentives to behave opportunistically under information asymmetry (Coase, 1937). Based on transaction cost theory, Williamson (1979) analysed transactions between an organisation and its suppliers and customers. The paper argued that opportunism is the main concern of every supply chain party when making transactions. These transactions can be further classified into three types (Williamson, 1979). Firstly, discrete transactions are explicitly contracted agreements with short-term nature. Secondly, long-term transactions are incompletely contracted agreements with contingent claims under uncertainties. Thirdly, relational transactions normally require contracting parties to maintain long-term relationships with each other and involve relationship-specific investments.

Corporate reporting can help reduce information problems in each type of supply chain transaction. Regarding discrete transactions, suppliers and customers have concerns that the organisation may not meet their short-term trading requirements, they can use published reports to assess the short-term performance of an organisation (Hui et al., 2012). As for long-term transactions, suppliers and customers have concerns about an organisation’s ability to fulfil their long-term implicit claims. Bull (1987) argued that suppliers and customers see reputation as an important factor for fulfilling implicit claims before deciding to trade with a particular organisation. Consequently, an organisation’s act of disclosing positive prospects in the corporate reports is a signal of good reputation showing they are more likely to fulfil its implicit claims (Bowen et al., 1995). Concerning relational transactions, financial reports have been found to influence suppliers' and customers' decisions to make relationship-specific investments (Dou et al., 2013). This kind of investment is risky because the value created by these investments highly depends on the continued relationships with the organisation as well as its future performance (Brush et al., 2012). Thus, to make relational transactions with suppliers and customers, organisations have motivations to signal their future performance and willingness to build long-term relationships.

Based on the above discussion about theories and literature, Figure 1 (v) shows that an organisation would disclose forward-looking information concerning supplies and customers to reduce transaction costs.

Resource Dependency

Resource dependency theory recognises the influence of external factors on organisational behaviours and explains how organisations strategically reduce interdependence and uncertainty. According to Pfeffer (1987), an organisation is constrained by a network of interdependencies with other organisations. These interdependencies lead to a situation in which an organisation's survival and success are uncertain. An organisation, therefore, takes actions to manage external interdependencies, even though such actions produce new patterns of dependence. In turn, these patterns of dependence create inter-organisational and intra-organisational power, which has effects on organisational behaviours. The concept of power, which is the control over vital resources, is central to organisational strategic actions to manage external resource dependency (Ulrick and Barney, 1984).

As stakeholder theory states, stakeholders have different and conflicting interests. Frooman (1999) applied resource dependency theory and explained how stakeholders influence organisational behaviours through either resource control strategies or pathway strategies. Firstly, resource control strategies can be further divided into withholding strategy and usage strategy. In withholding strategy, stakeholders discontinue supplying resources that an organisation needs until it changes its behaviour. In usage strategy, stakeholders continue to provide resources with conditions, with the expectation that the organisation will change its behaviour. Secondly, pathway strategies can be further classified as direct strategy and indirect strategy. Direct strategy is applied when stakeholders control the resources that an organisation needs. In contrast, indirect strategy is applied when some stakeholders do not have a direct relationship with an organisation, but they can also manipulate the flow of resources to an organisation.

The degree of dependency for resources between an organisation and a stakeholder determines which strategy is adopted to influence organisational behaviour (Frooman, 1999). If an organisation and a stakeholder are highly dependent on each other for resources, the stakeholder will use a direct-usage strategy to induce the organisation to change its behaviour. On the contrary, if an organisation is highly dependent on some stakeholders, but these stakeholders' degree of dependency on the organisation for resources is low, the stakeholders will adopt a direct-withholding strategy to influence the organisation's activities. Another situation is that if stakeholders are highly dependent on an organisation, but these stakeholders do not supply critical resources to this organisation, these stakeholders have limited influence over the organisation. No efficient strategy can be used by stakeholders in this circumstance. Finally, when the degree of dependency of both an organisation and its stakeholders for resources on each other is low, an indirect strategy will be adopted (Sharma and Henriques, 2005).

The above discussion highlights that an organisation needs to manage relationships with more stakeholders. The dependency of an organisation for resources on its stakeholders is a driver of the change in its accounting practices (Larrinaga-Gonzalez et al., 2001). It is obvious that organisations are dependent on their customers, suppliers, and other stakeholders for resources. From Section 2.5.1, suppliers and customers demand forward-looking information for better decision-making due to the information asymmetry and the concern about opportunistic behaviours. Organisations would respond to their information needs, especially key suppliers and customers, as organisations highly depend on them for resources. Further, investors, governments, regulators, and other stakeholders may also be interested in forward-looking information concerning suppliers and customers. Therefore, an organisation's dependency on various stakeholders for critical resources provides an incentive to make forward-looking information disclosure concerning suppliers and customers (see Figure 1 (v)).

4.3.2 Constraints on Forward-looking Information Disclosure

Forward-looking information disclosure concerning suppliers and customers is not a primary reporting practice. It is constrained by proprietary costs, litigation costs, agency problems, commitment costs, and reporting standards (e.g. Nagar et al., 2003; Singh et al., 2008; Haji and Anifowose, 2016). The following paragraphs discuss these constraints respectively.

Proprietary Costs

Proprietary costs arise because of the existence of proprietary information. Proprietary information, as Cormier and Gordon (2001) defined it, is value-relevant private information. It is used by competitors, customers, suppliers, and other third parties for self-interests (Cormier and Megnan, 1999).

Proprietary costs are significant concerns of organisations when making forward-looking information disclosure, especially involving information regarding suppliers and customers, products and services, and supply chains (Singh et al., 2008). Organisations do not prefer to be exposed to competitors and/or to lose competitive advantage in product markets (Jarratt and Stiles, 2010). Competitors may use the disclosed information in the organisational reports to adjust their product plans. Such action may restrict the level of voluntary disclosures (Lev, 1992). Yet, this type of information may still be available in other sources (Lev, 1992). When investigating this situation, Healy and Palepu (2001) stated that proprietary cost theory can be applied to explain the consequences of full disclosure, whereby the threats of competitors will motivate organisations not to disclose information is greater than any benefit offered by disclosure.

Based on the above discussion on theories and relevant studies, proprietary costs increase when an organisation is operating in a highly competitive industry or with strong government regulations (Meek et al., 1995). The extent to which proprietary costs discourage forward-looking information disclosure concerning suppliers and customers is related to the nature and level of competition in the organisation's operating industry. Hence, the proprietary cost is a concern for an organisation when making forward-looking information disclosure decisions (see Figure 1 (iv)).

Litigation Costs

Litigation costs affect forward-looking information disclosure in two ways. Firstly, litigation encourages organisations to disclose more information, especially negative outcomes of organisational activities. Haji and Anifowose (2016) argued that organisations may exaggerate positive information whilst obscuring or dismissing negative information. Furthermore, due to the managers' career concerns, their managers are unwilling to report negative prospects (Nagar et al., 2003; Graham et al., 2005) and/or are afraid of negative market reactions (Kothari et al., 2009). Thus, it is reasonable to assume that organisations may not disclose more and broader forward-looking information concerning suppliers and customers due to litigation costs. Secondly, relevant literature suggests that litigation costs reduce organisations' incentives to disclose forward-looking information, especially future forecasts (Skinner, 1997; Johnson et al., 2001; Chen et al., 2008; Athanasakou and Hussainey, 2014). In addition, Adams (2017a) found that the concern of directors' liability is a significant barrier to IR in Australia.

Based on the above discussions on theories and the literature, Figure 1 (iv) shows that litigation costs concern is related to an organisation's decision to make forward-looking information disclosure.

Other Constraints

Figure 1 (iv) shows that there are other constraints on forward-looking information disclosure concerning suppliers and customers, such as agency problems, disclosure precedent, and reporting framework. The following paragraphs explain each constraint by discussing with theories and the relevant literature.

Firstly, agency problems, arising from a situation where one party holds an information advantage over another party, constrain disclosures of different types of forward-looking information (Nagar et al., 2003). It occurs as organisations intend to avoid the unfavourable attention of stakeholders (Berger and Hann, 2003). When organisations anticipate negative prospects, they are reluctant to disclose actual forecasts for maintaining shareholder confidence and surviving in the market (Kothari et al., 2009). Therefore, organisations may ignore forward-looking information concerning suppliers and customers if they are experiencing supply chain management issues.

Secondly, setting a disclosure precedent is another constraint of forward-looking information disclosure (Bushee et al., 2003; Graham et al., 2005). According to signalling theory, when using corporate reporting as a means to signal performance, managers should be aware of the influence of signalling on their stakeholders (Connelly et al., 2011). To manage stakeholders' perceptions of the signalling effect, organisations should maintain the same pattern/level of disclosures in the future since stakeholders would not accept any lower level of disclosures (Graham et al., 2005). Furthermore, achieving disclosure precedent involves commitment costs to maintain the level of disclosures (Graham et al., 2005). That is, the signalling effect would be negative if an organisation is unable to maintain a disclosure precedent. Thus, disclosure precedent may constrain forward-looking information disclosure concerning suppliers and customers as collecting information regarding suppliers and customers involves a great deal of commitment, and the level of this disclosure is hard to maintain.

Thirdly, reporting standards or frameworks can be the other constraint of forward-looking information disclosure concerning suppliers and customers. This type of information is generally disclosed on a voluntary basis according to managerial discretion (Clarkson et al., 2008). Therefore, it is reasonable to argue that organisations may not disclose information-looking information in relation to suppliers and customers when no standard/framework requires organisations to do so.

4.4 Considerations in the Credibility of Forward-looking Information Disclosure Concerning Suppliers and Customers

This section discusses factors in Figure 1 that relate to RQ3 (refer to Chapter 1). The discussion combines relevant theories and the literature to explain factors regarding organisations' incentives for disclosing both credible and misleading forward-looking information. These factors include information environment, market competition, signalling effect, and the role of corporate governance. The following sub-sections present details of each factor.

4.4.1 Information Environment

Information environment is inherently relevant to an organisation's decision of disclosing forward-looking information. More specifically, a high level of information asymmetry leads to adverse selection (Akerlof, 1970). Verrecchia's (1983) early theoretical work indicated that voluntary disclosures reduce information asymmetry and improve an organisation's information environment. Relevant studies had confirmed this theoretical position with evidence that organisations increased the frequency of voluntary disclosures when information environment is poor (Waymire, 1985; Lang and Lundholm, 1993; Tasker, 1998). Making voluntary disclosures is a strategy for organisations to reduce information asymmetry (Giner, 1997; Healy and Palepu, 2001). Athanasakou and Hussainey (2014) stated that organisations made more forward-looking performance disclosures when their income streams are less predictable or they experience volatility and uncertainty in their operations. However, organisations have incentives to make credible or untrustworthy disclosures if the purpose of forward-looking information disclosure is to mitigate information asymmetry. On the one hand, providing credible information in relation to future performance may raise stakeholder confidence even when the organisation is experiencing difficulties. The extent to which this action can raise stakeholder confidence depends on the organisation's reputation (Athanasakou and Hussainey, 2014). On the other hand, stakeholders believe that organisations purposely use disclosures to convey the certainty of future performance, thus some types of forward-looking information may not be credible to stakeholders unless data verification mechanisms have been implemented (Cade et al., 2020). Hence, managerial incentives at the time of publishing forward-looking information disclosure determine its credibility.

Based on the above discussion on theories and literature, Figure 1 (vii) shows that the incentives for disclosing forward-looking information concerning suppliers and customers and the credibility of this disclosure practice are interrelated in the information environment.

4.4.2 Legitimacy and Stakeholder Approaches for Market competition

As mentioned in Section 4.2.1 and Section 4.2.2, legitimacy theory and stakeholder theory suggest that organisations voluntarily disclose more information to fulfil their commitments to various stakeholders and society, such as a reaction to environmental pressures (Guthrie and Parker, 1989), a response to the changes of social expectations (Chelli et al., 2014), and a response to diverse information needs of stakeholders (Tayles et al., 2007). From the strategic view of legitimacy theory and stakeholder theory, organisations receive pressure from the environment in which they compete to behave in an acceptable way (Mobus, 2005; Tayles et al., 2007). Moreover, Graves and Waddock (1994) stated that stakeholders' long-term perspectives of an organisation were related to the organisation's legitimation and capacity to compete in the markets. In this regard, DiMaggio and Powell (1983) argued that organisations will imitate the successful practices or behaviours carried out by their peer organisations. That is, if most organisations in the same industry or market have adopted mechanisms to enhance the credibility of forward-looking information disclosure, including forward-looking information disclosure concerning suppliers and customers, the others will be forced to carry out a similar practice for survival. Hence, Figure 1 (vi) shows that legitimacy and stakeholder concerns determine the credibility of forward-looking information disclosure concerning suppliers and customers.

4.4.3 Signalling Effects

The conceptual framework of this study (Figure 1 (vii)) shows that organisations consider signalling effects when making forward-looking information disclosure and signalling effects are related to the credibility of forward-looking information disclosure. Specifically, organisations would use forward-looking information disclosure concerning suppliers and customers to signal their sustainability performance and compliance with relevant regulations. However, stakeholders have different perceptions of these signalling effects. The following paragraphs present details.

Signal Sustainability Performance

As mentioned in Section 4.2, theories predict that organisations would use various organisational reports to signal their sustainability performance to improve their reputation (Steyn, 2014; Pérez et al., 2017; Varadarajan, 2017). From impression management perspectives, individuals and organisations may select specific aspects of their identities to present in a particular encounter (Goffman, 1959). Multiple studies have adopted these perspectives and reported different findings. For example, Tata and Prasad (2015) stated that effective sustainability communication via organisational reports was important for organisations to signal sustainability performance and manage stakeholders' impressions. Furthermore, by combining legitimacy theory perspectives, organisations may also use organisational reports as an impression management tactic to restore legitimacy after controversial events that threaten organisational image (Ravasi and Schultz, 2006) or proactively increase acceptance of disputable decisions and activities (Elsbach et al., 1998; Siegel and Brockner, 2005).

The revision of literature (Section 2.6.2) indicates that organisations have incentives to misrepresent sustainability reports and stakeholders' perceptions of the credibility of sustainability information vary. In this regard, Coram et al. (2009) stated that a linkage exists between sustainability performance and the credibility of relevant non-financial disclosures. Based on this statement, Wang and Tuttle (2014) argued that sustainability performance served as a significant factor in the stock valuation process in the absence of correlated and observable variables. In a similar spirit, Brown-Liburd and Zamora (2015) found that the credibility of CSR disclosure was correlated to CSR performance. The paper further explained that the demands for the justification of CSR disclosure credibility increased when managerial pay is tied to CSR performance. Thus, management has incentives to signal sustainability performance, and these incentives are concerns of stakeholders when evaluating the credibility of sustainability reporting/CSR disclosure.

Based on these theoretical perspectives and relevant literature, organisations would disclose their actual sustainability performance as credible disclosures are positively related to financial performance (Bernardi and Stark, 2018) and the improvement of reputation (Hodge et al., 2006). In contrast, others argued that sustainability disclosure in response to the stakeholders' information demands may lack credibility and transparency as the information is purposely selected for impression management (Boiral, 2013; Gold and Heikkurinen, 2017). Therefore, current theories explain the incentives of organisations making both credible and misleading disclosures; yet, how organisations enhance the credibility of sustainability information disclosures and mislead stakeholders has not been fully addressed.

Sustainability information, including sustainable supply chains, is a part of forward-looking information disclosure (see Section 2.5). Hence, the concerns of organisations regarding singling effects of sustainability performance would be applicable to forward-looking information disclosure concerning suppliers and customers (see Figure 1(vi)).

Compliance with Regulations

Forward-looking information disclosure is encouraged by regulatory bodies (Wang and Li, 2016). Accordingly, the tendency to regulate non-financial disclosures is growing, and this trend will affect the credibility of relevant disclosures since organisations have to inform about other activities (del Mar Miras-Rodriguez and Di Pietra, 2018). Hiatt et al. (2015) argued that forward-looking information disclosure might be treated as cheap talk unless it is regulated with consequences. This is because forward-looking information disclosure is overwhelmingly dominated by positive outcomes (Cho et al., 2020). In addition, del Mar Miras-Rodriguez and Di Pietra (2018) found that organisations in regulation-based countries tended to get non-financial disclosures assured to enhance the credibility of disclosures and to legitimate themselves to stakeholders. Industry's self-regulation is also useful in terms of encouraging organisations to behave in a socially responsible manner (Campbell, 2007). Thus, it is reasonable to argue that regulation stimulates organisations to increase the credibility of disclosed information.

Despite the fact that regulation positively influences the credibility of non-financial disclosures, Wang and Li (2016) found that this effect was limited to a certain degree of regulation, and it is not applicable to mandatory disclosures. Specifically, this study argued that although regulated mandatory non-financial disclosure allows organisations to communicate their other commitments and achievements to society, such disclosures may be seen as simply a signal of fulfilling regulatory obligations. Therefore, pushing mandatory forward-looking information disclosure, including forward-looking information disclosure concerning suppliers and customers, is a way to enhance disclosure credibility but both regulators and organisations need to consider the perceived signalling effect by stakeholders.

The Perceived Credibility of Forward-looking Information Disclosure

The literature review of this study (Section 2.6.2) indicates that stakeholders have different perceptions of the credibility of forward-looking information disclosure. Voluntary disclosure is a legitimate strategy/tool for organisations to manage stakeholder relationships and their impressions (Mobus, 2005). Impression management involves an attempt to ensure that the purposely selected images by an organisation can be perceived accurately by audiences (Goffman, 1959). In this regard, Carter (2006) argued that stakeholders and audiences play important roles in organisational impression management. Furthermore, how audiences perceive the organisational image motivates an organisation to decrease the incongruence with the organisation's desired image (i.e. how the organisation would like its image to be perceived by the target audience) through corporate disclosures (Tata and Prasad, 2015). That is, stakeholders' perceptions of the organisational reports influence how organisations present the information to satisfy stakeholders' different information demands and concerns.

Despite the fact that large evidence indicated stakeholders recognised the content and value of forward-looking information disclosure variously, research on the credibility of forward-looking information disclosure as perceived by different stakeholders is scarce (Athanasakou and Hussainey, 2014). As signalling theory suggests, organisations should be aware that the effect of signalling on their stakeholders critically depends on the credibility as perceived by these stakeholders (Erdem and Swait,1998). That is, organisations may adjust their disclosure strategy according to how stakeholders perceive the credibility of disclosed information. Hence, it is crucial to investigate the characteristics that make stakeholders believe would increase the credibility of forward-looking information disclosure as these characteristics influence the incentives of organisations making such a disclosure.

Based on the above discussion on theories and the literature, Figure 1 (vi) shows that organisations may use impression management to influence stakeholders' perceptions of the credibility of forward-looking information disclosure.

4.4.4 The Role of Corporate Governance

Corporate governance, with particular references to governance structure and principles, is found to be important as it enhances the credibility of forward-looking information disclosure (Jizi et al., 2014). It is argued that voluntary disclosures are camouflaging and do not represent better performance or even distract stakeholders from an organisation's actual performance (Michelon et al., 2016). Del Mar Miras-Rodriguez and Di Pietra (2018) argued that the management team should take a leadership role in enhancing the usefulness of corporate governance mechanisms that ensure the credibility of organisational reports. Following this agreement, Crifo et al. (2019) suggested that theories need to move beyond the paradigms of agency theory to extend the explanation of the role of corporate governance in forward-looking information disclosure.

Multiple studies examined how governance structure, principles, and the expertise of the management determine the mechanisms used by organisations to enhance the credibility of corporate disclosures. For instance, del Mar Miras-Rodriguez and Di Pietra (2018) found that organisations with more concentrated ownership would choose to assure their voluntary disclosures. This decision indicated these organisations monitor their management's activities. Furthermore, Hodge et al. (2006) pointed out that the level of discretion given to the management when preparing organisational reports influenced how stakeholders considered the incentives of organisations making voluntary disclosures. Moreover, Chan et al. (2014) stated that corporate governance quality, including transparency, accountability, and independence, adds credibility to voluntary disclosures. In addition, by extending this research area to IR, Wang et al. (2020) found that traditional governance mechanisms (i.e. the board and the audit committee) were positively related to the reporting quality of IR and the use of credibility-enhancing mechanisms (CEMs). This paper further identified that sustainability-oriented corporate governance mechanisms (i.e. sustainability committee and the use of non-financial performance measures in executives' compensation contracts) have a greater effect on enhancing the quality of reporting. This study concluded that the effectiveness of these corporate governance mechanisms depended on the diligence and expertise of the board of directors and audit committee, and the independence of a sustainability committee. Based on these previous studies, it can be argued that corporate governance is an essential factor when examining the credibility of forward-looking information disclosure concerning suppliers and customers (see Figure 1 (vi)).

To conclude this sub-section, the conceptual framework of this study (Figure 1) shows that the credibility of forward-looking information disclosure is essential for organisations if they want to legitimate themselves to stakeholders and create values. To achieve so, organisations may implement various mechanisms. The incentives of adopting these mechanisms are interrelated to the perceived disclosure credibility by stakeholders. Therefore, exploring the characteristics that stakeholders believe can assist the analysis of incentives for making credible forward-looking information disclosure concerning suppliers and customers.

4.5 Summary of the Chapter

This chapter has considered various theories in forward-looking information disclosure and explained how relevant theories and literature inform the conceptual framework of this study.

Stakeholder theory, legitimacy theory, and signalling theory provide various explanations of the motivations of organisations to make forward-looking information disclosure. These theories can also be used to understand how motivations influence the credibility of forward-looking information disclosure. Stakeholder theory predicts that organisations use forward-looking information disclosure to discharge their accountability to stakeholders and better manage stakeholder relationships. Legitimacy theory sees forward-looking information disclosure as a tool for organisations to gain, maintain, and repair legitimacy. Signalling theory explains that organisations have different intentions to signal credible or misleading forward-looking information.

Many studies focused on how various stakeholders motivate organisations to disclose forward-looking information in light of stakeholder-legitimacy theory. However, little attention was given to the question of whether an organisation will consider suppliers and customers (as primary stakeholders) when making forward-looking information disclosure decisions. This study discusses considerations in the influence of suppliers and customers in an organisation's decision to make forward-looking information disclosure from three perspectives: information asymmetry, transaction cost, and resource dependency. Firstly, forward-looking information disclosure is argued to be useful in reducing the information gap and solving the information asymmetry problem between an organisation and its suppliers and customers. Organisations, in turn, would also benefit from making more voluntary disclosures. Secondly, the reduced information asymmetry decreases the transaction cost of an organisation and helps to build reputation with suppliers and customers. A good reputation and sound relationships with suppliers and customers enable organisations to continually create value. Thirdly, from the resource dependency view, organisations benefit from forward-looking information disclosure as organisations depend on their suppliers and customers for resources. Responding to their information needs is useful in securing resources from them. Therefore, this study argues that an organisation would consider suppliers and customers when making forward-looking information disclosure decisions.

The motivations and the credibility of forward-looking information disclosure are interrelated since how stakeholders perceive the disclosure credibility would affect the motivations and the extent of forward-looking information disclosure. Therefore, this study discuss considrations in exploring the credibility of forward-looking information concerning suppliers and customers from perspectives of information environment, market competition, singling effects, and the role of corporate governance. Through the lenses of stakeholder theory and legitimacy theory, this study argues that information environment and market competition influence the extent to which an organisation make efforts to enhance the credibility of forward-looking information disclosure. Furthermore, organisations consider signalling effects when deciding the content of forward-looking information disclosure and mechanisms adopted to enhance credibility. Moreover, stakeholders' perceptions of signalling effects are influenced by concerns about impression management. In addition, corporate governance plays an important role in deciding which mechanisms to implement to enhance the credibility of forward-looking information disclosure. Based on the revision of relevant studies, it is reasonable to argue that the influential factors of the credibility of forward-looking information disclosure would also have an impact on the credibility of forward-looking information disclosure specifically concerning suppliers and customers. Consequently, it is crucial to consider the credibility of forward-looking information disclosure concerning suppliers and customers to fully investigate the motivations for making such a disclosure.

The next chapter presents the research methodology of this thesis.

CHAPTER FIVE: RESEARCH METHODOLOGY

5.1 Introduction

This chapter presents the methodological design of this doctoral research. The following sections provide the justification for why these methodologies are applied throughout the data collection and analysis process in light of the research philosophy.

In this chapter, Section 5.2 presents the philosophical foundation grounded in this study's theoretical background (Chapter 4). It then justifies the rationale for adopting the multi-method approach which includes the methods of content analysis and interview. Section 5.3 introduces the research design, including the procedure for conducting content analysis (Phase 1) and interviews (Phase 2). It first describes the content analysis technique applied to data collection from organisational reports. Then, it introduces the design of interviews. This sub-section addresses participant selection, interview question development, conducting interviews, data coding and analysis, as well as consideration of conducting interviews. Section 5.4 explains the validity and reliability of the research design. Section 5.5 summarises the chapter.

5.2 Research Philosophy, Multi-method and Content Analysis and Interview

This section describes the philosophical foundations underpinning this research, followed by the justification for adopting the multi-method approach which combines content analysis and interview as methods for conducting this study.

5.2.1 Research Philosophy

Research in each discipline is developed within a particular paradigm. The concept of paradigm, initially mentioned by Kuhn (1962), refers to the set of practices defining a scientific discipline during a particular period of time. This concept fits accounting and other social sciences since the object of social sciences is always a practice (Nørreklit et al., 2010). The paradigm influences research objectives, research questions, methodology and methods adopted to collect and analyse data, as well as the interpretation of the results (Lukka, 2010). As the choice of paradigm ultimately relates to this study's philosophical assumptions and methodological approach, it is important to first understand different paradigms in accounting research.

Modell (2010) broadly classified accounting research paradigms into the mainstream paradigm and alternative paradigm. The mainstream paradigm is rooted in economics-based functionalist perspectives, whereas the alternative paradigm is sociology-based and informed by interpretive and critical perspectives (Ryan et al., 2002). The functionalist perspective is problem-oriented and concerned with “provide practical solutions to practical problems” (Burrell and Morgan, 1979, p. 26). That is, the functionalist perspective assumes that organisations are rational entities and provide rational solutions to address rational problems. In this sense, the ontological position of the mainstream paradigm is objectivism. Objectivism assumes that social phenomena and their meanings are objective conceptions of reality, and human behaviour is constrained by the external social environment at different levels (Burrell and Morgan, 1979; Bryman, 2016). Referring to the concept of functionalism, Modell (2010) argues that the mainstream paradigm is rooted in positivist epistemology. This epistemological stance reflects how researchers apply economic theories (e.g. positive accounting theories) to develop hypotheses and how they rely heavily on quantitative methods (e.g. using large samples) to explain and predict substantive accounting phenomena.

Unlike the mainstream paradigm which assumes that all people are opportunistic and wealth accumulation is the centre of all rational decisions (Deegan, 2004), the alternative paradigm is sociology-based and is used to address issues of morality, loyalty, and social responsibility (Ryan et al., 2002). It combines interpretivism and critical realism. The interpretive perspective is associated with constructionism ontology which states that “social phenomena and their meanings are continually being accomplished by social actors” (Bryman, 2016, p. 33). It implies that social phenomena are produced through social interaction and in a status of constant revision. From this implication, interpretive accounting research aims to determine the meaning of an action by the actors around it within the wider social framework (Ansari and Bell, 1991; Hopper and Powell, 1985; Lukka, 2010). Interpretivists argue that generalisation is not of crucial importance in research as the interpretive paradigm requires researchers to understand and explain a specific situation/phenomenon (Saunders et al., 2009). Further, critical realism accepts the existence of some reasonably stable and mind-independent reality but rejects the possibility of verifying research findings in any absolute or “objective” sense (Modell, 2009).

When taking into account the philosophical assumptions, methodological approaches, and theoretical underpinnings, this study suits the alternative paradigm and holds the interpretive perspective in guiding inquiry. This study applies such an approach for the following reasons.

As this study aims to investigate reporting practices and justify a solution to the reporting issue (i.e. an approach to including supplier and customer when making forward-looking information disclosure to respond to stakeholders’ information demands), it involves collecting and analysing a large sample of organisational reports adopting the content analysis method and interview data adopting semi-structured interview method. With the application of a combination of positive accounting and normative accounting theories (refer to Chapter 4), this study carries out the inquiry from the interpretivist's stance. Interpretivism allows researchers to reveal different possible scenarios from a given text or narrative through interpretation (Unerman and Chapman, 2014). In the case of this study, organisational reports and interviews are analysed separately, and the findings are discussed integratedly to provide evidence-based insights into current accounting practices. On the one hand, this philosophical stance can address the purposes of this study which are the applicability of the approach to supplier and customer inclusiveness when making forward-looking information disclosure and the credibility of this reporting practice. On the other hand, the interpretivist's perspective resonates with this study's investigation of the richer contexts for the relationships between humanity and nature (Lehman and Kuruppu, 2017). Thus, the interpretivism approach is appropriate for enquiring into the role of suppliers and customers in forward-looking inforamttion disclosure and revealing hidden insights about change and possible unintended consequences.

In conclusion, the phenomenon being studied suggests that this study applies the interpretivism approach using the multi-method. This approach not only describes and explores the socially-constructed reality of the researched phenomenon but also increases the predictive understanding of the phenomenon or even generalises various accounting phenomena (Modell, 2010). The next section details the rationale for the use of the multi-method in this study.

5.2.2 Rationale for Multi-method Approach

The ontological and epistemological views underpin research approaches, and they are reflected in the methodology and methods chosen for addressing the research questions (Corbin and Strauss, 2008; Scotland, 2012). The objectives of this study are twofold. (1) To identify the causal relationships among elements (i.e. suppliers and customers and an organisation's decision to make forward-looking information disclosure) and (2) to describe the underlying complex pattern and roles of the elements of a research phenomenon (i.e. how suppliers and customers influence an organisation's decision on making forward-looking information disclosure and the credibility of this disclosure practice). Considering the research paradigm and the objectives of this study, the multi-method approach containing quantitative and qualitative data is appropriate for this study as it enables researchers to gain rich descriptions of a social phenomenon (Lukka, 2009; Modell, 2009; 2010).

The quantitative research approach is reality-based through empirical testing to gain objective knowledge about the research phenomenon (Richardson, 2012). This type of research approach also allows other researchers to reproduce similar investigations in other contexts (Bryman, 2016). However, quantitative studies typically provide surface depictions of the effects of causal powers in a particular social context and, therefore, are insufficient for producing causal explanations (Modell, 2009). To address the need for an in-depth understanding of the underlying complex patterns, Sayer (2000) suggested that qualitative probing, such as interviews, can be an important complement to statistical analyses. Qualitative methods enable researchers to engage with participants and to discover their experience of a social phenomenon and its meaning (Adams and Larrinaga-González, 2007; Adams and McNicholas, 2007). The qualitative method resonates with the critical realist's view, which accepts an objective reality exists and aims to explain particular social problems and generate practical outcomes (Houston, 2010). As the purpose of this study is to provide insights into the empirical manifestations of the causal powers embedded in real mechanisms (Mingers, 2000), a multi-method research approach is adopted.

From a practical perspective, the multi-method improves the validity of results and findings as the deficiencies of one method can be compensated by the strengths of another method (Miles et al., 2014). Many prior studies focused on the role of suppliers and customers in forward-looking information disclosure using large-sample quantitative methods to provide statistical explanations (Chen et al., 2019). However, these studies have limitations in terms of choosing variables and proxies. Firstly, large-sample analyses may not always be able to explain the phenomenon completely since regression analysis may contain variables with measurement errors. Secondly, there are difficulties in choosing appropriate proxies for both supplier and customer relationships and forward-looking information disclosure. Besides, prior studies adopted different models and proxies, so it is challenging to examine these results. Thirdly, quantitative methods do not allow researchers to test which theory can best explain the phenomenon because different theories may be proxied by the same variables (Beattie et al., 2004; Alsaeed, 2006; Kılıç and Kuzey, 2018; Menicucci, 2018). For example, firm size is proxied to explain cross-sectional variation in reporting decisions in many studies (Kılıç and Kuzey, 2018; Menicucci, 2018). The variation may be caused by firm risk, stakeholder pressure, or political costs and the results can be explained by stakeholder theory, political economy theory, and/or other theories. In addition, merely depending on quantitative data is unable to fully address the research questions. Hence, quantitative data (e.g. quantitative analysis of organisational reports) is insufficient to explore the role of suppliers and customers in forward-looking information disclosure, this study also collects qualitative data via qualitative analysis of organisational reports and the means of the interview to compensate for the weakness of the quantitative approach.

In conclusion, the integration of quantitative and qualitative evidence strengthens the analytic findings when the results of each method support, corroborate, or contradict each other (Miles et al., 2014). It is possible that the findings are consistent or contradicted based on the analysis of organisational reports and interview data. Thus, the adoption of the multi-method collecting data from different sources offers an opportunity for this study to provide extensive evidence on forward-looking information disclosure research.

5.2.3 Content Analysis and Interview as Methods

The research paradigm, research questions, and theoretical framework determine which research methods to be used (Yin, 2009). As this study explores a contemporary phenomenon in a close-up manner, it relies heavily on multiple sources of evidence. Besides, as the boundaries between phenomenon and context cannot be clearly distinguished (Modell, 2009), a combination of content analysis and interview seems to be appropriate for this study.

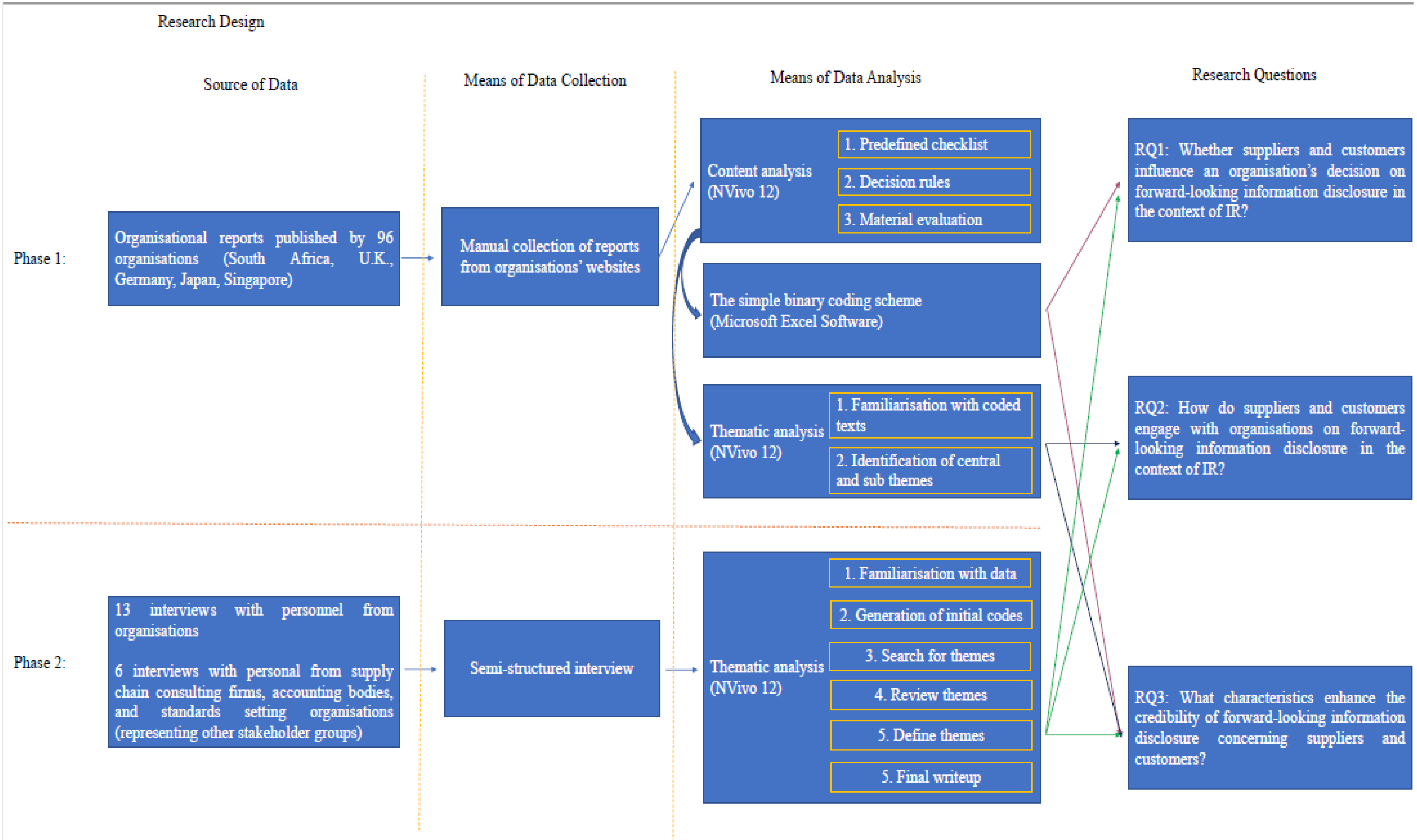
According to Holsti (1969, p.14), content analysis is "any technique for making inferences by objectively and systematically identifying specified characteristics of message" and aims to reduce the raw data into manageable amounts for analysis. Content analysis has been widely used in studies on narrative disclosures as it enables both qualitative and quantitative information to be coded into predefined categories; therefore, derives patterns from the presentation and reporting of information (Guthrie et al., 2004; Guthrie and Abeysekera, 2006). According to this study's theoretical framework (Chapter 4), managers have different incentives to use forward-looking information disclosure as a means to communicate with various stakeholders. It is appropriate to adopt the method of content analysis to gain initial knowledge as to whether organisations consider suppliers and customers when making forward-looking information disclosure decisions and the patterns of disclosures via a large sample of transitional reports. In addition, this study also aims to explore the credibility of forward-looking information disclosure. Based on the signalling theory (Section 4.2.3), if the commitments (e.g. external assurance and measurement) are absent, forward-looking information disclosure might simply be used to comply with regulation and/or enhance corporate image, rather than signalling credible information to report users. Therefore, using content analysis to distinguish the simple signal of forward-looking information disclosure from a credible signal with commitments is appropriate to analyse the credibility of forward-looking information disclosure. Finally, since few studies are focusing on forward-looking information disclosure in the context of IR, quantitative data is also collected via content analysis with an aim to have a better understanding of the context and identify potential interviewees and develop interview questions before engaging with the organisations.

A social phenomenon cannot be fully understood without considering the context, for example, the individual organisation, industry membership, and political background (Buhr, 1998). To gain an insight into the organisations' incentives of making forward-looking information disclosure and the characteristics of credibility perceived by stakeholders, interviews were conducted as it enables closely engagement with organisations and various stakeholders. The results of the interviews can enhance the knowledge of the current practice of forward-looking information disclosure, the role of suppliers and customers in an organisation's process of making disclosure decisions, and how interviewees perceive the credibility of current forward-looking information disclosure. Furthermore, this method is applied in response to Adams' (2002) call for more engagement studies examining the influence of internal factors (e.g. reporting processes and management attitudes) and Dumay et al.'s (2016) identification of the research gap that most of the IR studies did not engage with individual organisations. Regarding the other advantage of using such a method, this study discussed the findings of the interviews with content analysis data to internal check on the validity of different sources of data; and therefore, enhanced the reliability of the data. This process was referred to as data triangulation (Webb et al., 1996; Yin, 1981; Hoque, 2018). Therefore, conducting a content analysis of organisational reports and then followed by interviews with organisations and stakeholders is argued to be an appropriate method and sequence for this study.

5.3 Research Design

The following sections present the research design, showing the logical sequence for conducting the research (how data was collected and analysed). Figure 3 shows the summary of the research design of this study. The processes of conducting content analysis and interviews are explained respectively.

Figure 2:Summary of the research design



5.3.1 Content Analysis

The first phase of research design is content analysis. The purpose of using content analysis is to address RQ1: How well does forward-looking information disclosed by organisations address suppliers' and customers' information needs in the context of IR?; RQ2: How do suppliers and customers engage with forward-looking information disclosure in the context of IR?"; and RQ3: What characteristics enhance the credibility of forward-looking information disclosure concerning suppliers and customers?. The content analysis of organisational reports allows this study to determine whether organisations disclose forward-looking information that suppliers and customers demanded. Yet, this study is aware that the use of content analysis may not be able to fully address RQs due to the inability of this method to gain evidence from the viewports of report preparers and stakeholders. Hence, this study interviewed both people from organisations and other stakeholders during the second phase of data collection (refer to Section 5.3.2 for details).

Content analysis is a method used for gathering data from texts which involves codifying both qualitative and quantitative information into categories based on predetermined criteria (Krippendorff, 1980; Guthrie et al., 2004). It is commonly used in studies on corporate reporting (e.g. Unerman, 2000; Wilmhurst and Frost, 2000; Stubbs and Higgins, 2014; Setia et al., 2015; Robertson and Samy, 2015), including IR studies, to understand its trends and patterns. According to Krippendorff (1980), the process of carrying out content analysis includes the steps of material collection, category and decision rules development, and material evaluation. Material collection includes selecting sample organisations to be analysed and identifying the unit of analysis in organisational reports. Category and decision rules development involves developing checklists and decision rules regarding the research topics to record, classify, and assist analysis of selected materials. Material evaluation is achieved by applying categories and decision rules developed from the previous step to analyse the coded data. These steps of Krippendorff's (1980) approach were followed systematically in this study.

Four objectives of content analysis were set before undertaking the first phase of the research design. The first one was to assess whether suppliers and customers have an influence on the forward-looking information disclosure made by sample organisations. This is, to examine the extent to which the sample organisations reported forward-looking information in which the suppliers and customers were interested. The second objective was to explore how suppliers and customers influence forward-looking information disclosure. That is, to examine the influence of suppliers and customers on forward-looking information disclosure. The third objective was to investigate which characteristics of credibility are displayed in the sample reports. That is, to examine how the sample organisations measure, manage, and disclose forward-looking information. The final objective was to identify potential interviewees and develop interview questions based on the findings of the content analysis. The following sections present the application of Krippendorff's (1980) approach in more detail.

5.3.1.1 Material Collection

This section explains the reasons and processes for selecting sample organisations and defining the unit of analysis.

5.3.1.1.1 Sample Selection

The initial sample selected for content analysis includes a total of 100 organisations' organisational reports published by the top 20 listed companies on five different countries' stock exchanges (i.e. South Africa, U.K., Germany, Japan, and Singapore) ended from August 31st, 2018, to June 30th, 2019. The reason for selecting reports from these countries is that these regulatory environments are supportive of this study's objectives. The relevant reporting requirements and recommendations in each country are summarised in Table 2. Detailed explanations of why each country is suitable for this study are presented later in this section.

Table 2: Reporting requirements concerning forward-looking information disclosure in each country (the applied requirements are in italic)

South Africa	*2010*	• Mandatory IR for JSE listed companies.
	2016	• The King Committee released King IV Report on Corporate Governance emphasising on IR and IT.
UK	*2006*	• Strategic Report and Directors' Report are required by the Company Act.
	2011	• Institute of Chartered Accountants in England and Wales issued Recommendations on risk reporting.
	2018	• PRA Pension Disclosures required disclosing policy on financial material considering ESG factors. • UK Corporate Governance Code required disclosing longer-term viability statement.
	2019	• Mandatory greenhouse gas reporting was updated and extended to cover large unquoted companies • Companies Act integrates European NFRD requiring companies to disclose non-financial information. • Directors must issue a statement on engagement with employees, suppliers, customers and others.
	2020	• The TCFD recommendation apply to UK listed companies in the financial and non-financial sectors.
	2024	• Energy consumption reporting is mandatory applying Energy Savings Opportunity Scheme.
Germany	*2017*	• CSR-Richtlinie-Umsetzungsgesetz requires all listed companies and all financial companies with more than 500 employees to report on certain sustainability information.
	2019	• German law – the Commercial Code (HGB) requires publicly traded parent organisations to provide a separate audited Group Management Report containing forward-looking information.
Japan	*2018*	• Japanese Ministry of Economy, Trade and Industry published TCFD Guidance for companies.
Singapore	*2016*	• Annual sustainability report is mandatory on a "comply or explain" basis for listed companies.
	2020	• Monetary Authority of Singapore issued Guidelines on Environmental Risk Management for banks, insurers and asset managers.

Furthermore, the samples used in this study are publicly traded organisations as they are more likely to voluntarily disclose non-financial information (Gray et al., 1995). In line with prior studies (e.g. Steyn, 2014; Martini et al., 2016), the criterion used for the selection of organisations is to choose the largest 20 organisations in each stock exchange by market capitalisation for the year 2019, which is the most recent and applicable information. The names and websites of sample companies are obtained from each Exchange's website. The final sample includes a total of 96 companies across various sectors, as there are four multi-listed companies.

In terms of the selection of specific organisational reports for conducting this study, Unerman (2000) stated that choosing appropriate documents for analysis is an important step in demonstrating the rigorous reliability of the content analysis. Early studies on non-financial disclosure and studies on stakeholder accountability (e.g. Tilt, 1994; Deegan and Rankin, 1997) selected annual reports as the main source of data. However, others argued that exclusively focusing on annual reports may result in an incomplete picture of disclosure practices as annual reports offer a snapshot of the management's mindset in a particular period (see Roberts, 1991; Gray et al., 1995). Recent studies found that more types of organisational reports emerged as mediums for organisations to communicate their sustainability performance, organisational vision and mission, and other non-financial information to a larger number of stakeholders (Steyn, 2014; Pérez et al., 2017; Varadarajan, 2017). Moreover, Unerman (2000) argued that determining the impact of different reports requires an analysis of both the attitudes of management writing the reports and the impact of these reports on the behaviour and views of reports users. Varadarajan (2017) stated that an increasing number of organisations are engaging with sustainability/CSR reporting to enhance reputation and better communicate with stakeholders. Therefore, other types of organisational reports have become a common reporting practice and important sources for stakeholders to get non-financial information. Furthermore, not all organisations that adopted/applied the <IR> Framework labelled their reports as "Integrated Report". To conduct a comprehensive analysis of forward-looking information disclosure practice, this study manually collected data from the sample organisations' reports, including integrated reports, annual reports, sustainability/CSR reports, and/or strategic reports.

Moreover, reports of sample organisations ended on different dates. The reports ended from August 31st, 2018, to June 30th, 2019, published by sample organisations were selected for conducting content analysis. These reports were the most recently available reports of each sample organisation at the commencement of this study. The summary and the detailed list of sample organisations by counties and sectors are presented in Tables 3 and 4.

Table 3: Summary of Sample Organisations for Content Analysis

Country	Total no. of sample organisations	Sectors	Report date	Market Capitalisation range ($B)
South Africa	20	Communications, Consumer Staples, Financials, Industrials, Materials, Technology	31.12.2018-30.06.2019	3.9-173.16
UK	17	Communications, Consumer Discretionary, Consumer Staples, Energy, Financials, Health care, Materials, Technology, Utilities	31.12.2018-30.06.2019	28.55-161.97
Germany	20	Communications, Consumer Discretionary, Consumer Staples, Financials, Health care, Industrials, Materials, Technology	30.09.2018-31.12.2018	23.94-153.13
Japan	20	Communications, Consumer Discretionary, Financials, Health care, Industrials, Materials, Technology	31.08.2018-31.03.2019	34.76-184.99
Singapore	19	Communications, Consumer Discretionary, Consumer Staples, Financials, Health care, Industrials	30.09.2018-31.03.2019	7.08-49.24

Table 4: List of sample organisations for content analysis

South Africa			
Organisation	Sector	Report date	Market Capitalisation ($B)
1. ABSA Group Ltd.	Financials	31.12.2018	7.83
2. Anglo American Plc	Materials	31.12.2018	37.35
3. Anglo American Platinum Ltd.	Materials	31.12.2018	28.58
4. Anheuser-Busch InBev SA/NV	Consumer Staples	31.12.2018	173.16
5. BHP Group Plc	Materials	30.06.2019	141.69
6. British American Tobacco PLC	Consumer Staples	31.12.2018	82.34
7. Compagnie Financiere Richemont SA	Consumer Staples	31.03.2019	52.26
8. Discovery Ltd.	Financials	30.06.2019	15.56
9. FirstRand Ltd.	Financials	30.06.2019	24.73
10. Glencore PLC	Materials	31.12.2018	44.13
11. Mondi PLC	Industrials	31.12.2018	11.63
12. MTN Group Ltd.	Communications	31.12.2018	19.69
13. Naspers Ltd.	Technology	31.03.2018	106.87
14. Nedbank Group Ltd.	Financials	31.03.2018	15.42
15. Old Mutual Ltd.	Financials	31.12.2018	13.63
16. Sanlam Ltd.	Financials	31.12.2018	7.49
17. Sasol Ltd.	Materials	30.06.2019	13.8
18. South32 Ltd.	Materials	30.06.2019	11.28
19. Standard Bank Group Ltd.	Financials	31.12.2018	13.98
20. Vodacom Group Ltd.	Communications	31.03.2019	14.28
Total number: 20			

UK			
Organisation	Sector	Report date	Market Capitalisation ($B)
1. AstraZeneca PLC	Health care	31.12.2018	112.64
2. Barclays PLC	Financials	31.12.2018	32.32
3. BP PLC	Energy	31.12.2018	135.32
4. Compass Group PLC	Consumer Discretionary	30.09.2018	40.18
5. Diageo PLC	Consumer Staples	30.06.2019	99.32
6. GlaxoSmithKline PLC	Health care	31.12.2018	103.28
7. HSBC Holdings PLC	Financials	31.12.2018	161.97
8. Lloyds Banking Group PLC	Financials	31.12.2018	45.69
9. London Stock Exchange Group PLC	Financials	31.12.2018	28.55
10. National Grid PLC	Utilities	31.03.2019	35.06
11. Prudential PLC	Financials	31.12.2018	53.68
12. Reckitt Benckiser Group PLC	Consumer Staples	31.12.2018	54.94
13. RELX PLC	Technology	31.12.2018	46.21
14. Rio Tinto PLC	Materials	31.12.2018	96.12
15. Royal Dutch Shell PLC	Energy	31.12.2018	57.35
16. Unilever PLC	Consumer Staples	31.12.2018	158.38
17. Vodafone Group PLC	Communications	31.03.2019	48.85
Total number: 17			

Germany			
Organisation	Sector	Report date	Market Capitalisation ($B)
1. Adidas AG (Germany term for PLC)	Consumer Staples	31.12.2018	63.92
2. Allianz SE	Financials	31.12.2018	99.41
3. BASF SE	Materials	31.12.2018	62.03
4. Bayer AG	Health Care	31.12.2018	61.13
5. Beiersdorf AG	Consumer Staples	31.12.2018	26.93
6. Bayerische Motoren Werke (BMW) AG	Consumer Discretionary	31.12.2018	48.9
7. Continental AG	Consumer Discretionary	31.12.2018	28.46
8. Daimler AG	Consumer Discretionary	31.12.2018	56.72
9. Deutsche Post AG	Industrials	31.12.2018	41.15
10. Deutsche Telekom	Communications	31.12.2018	80.1
11. Fresenius SE & Co KGaA	Health Care	31.12.2018	34.09
12. Fresenius Medical Care AG	Health Care	31.12.2018	21.06
13. Henkel AG & Co KGaA	Consumer Staples	31.12.2018	42.8
14. Infineon Technologies AG	Technology	30.09.2018	23.94
15. Linde PLC	Materials	31.12.2018	103.4
16. Munich Re Group	Financials	31.12.2018	41.91
17. SAP SE	Technology	31.12.2018	153.13
18. Siemens AG	Industrials	30.09.2018	89.47
19. Volkswagen AG	Consumer Discretionary	31.12.2018	87.33
20. Vonovia SE	Financials	31.12.2018	27.17
Total number: 20			

Japan			
Organisation	Sector	Report date	Market Capitalisation ($B)
1. Daiichi Sankyo Co. Ltd.	Health Care	31.03.2019	39.66
2. Fast Retailing Co., Ltd.	Consumer Discretionary	31.08.2018	61.58
3. Honda Motor Co. Ltd.	Consumer Discretionary	31.03.2019	43.92
4. Japan Post Bank Co. Ltd.	Financials	31.03.2019	34.76
5. KDDI Corporation	Communications	31.03.2019	61.36
6. Keyence Corporation	Industrials	20.03.2019	70.5
7. Mitsubishi Corporation	Industrials	31.03.2019	28.3
8. Mitsubishi UFJ Financial Group. Inc.	Financials	31.03.2019	62.38
9. Nintendo Co. Ltd.	Technology	31.03.2019	43.99
10. Nippon Telegraph and Telephone Corporation	Communications	31.03.2019	84.61
11. NTT Docomo. INC.	Communications	31.03.2019	79.61
12. Oriental Land Co. Ltd.	Consumer Discretionary	31.03.2019	44.3
13. Recruit Holdings Co. Ltd.	Industrials	31.03.2019	57.21
14. Shin-Etsu Chemical Co. Ltd.	Materials	31.03.2019	42.7
15. SoftBank Corp.	Communications	31.03.2019	83.07
16. SoftBank Group Corporation	Communications	31.03.2019	107.32
17. Sony Corporation	Technology	31.03.2019	70.79
18. Sumitomo Mitsui Financial Group. Inc.	Financials	31.03.2019	48.26
19. Takeda Pharmaceutical Co. Ltd.	Health Care	31.03.2019	52.05
20. Toyota Motor Corporation	Consumer Discretionary	31.03.2019	184.99
Total number: 20			

Singapore			
Organisation	Sector	Report date	Market Capitalisation ($B)
1. CapitaLand Ltd.	Financials	31.12.2018	13.36
2. CapitaLand Mall Trust	Financials	31.12.2018	7.08
3. Dairy Farm International Holdings Ltd.	Consumer Staples	31.12.2018	10.15
4. DBS Group Holdings Ltd.	Financials	31.12.2018	49.24
5. Genting Singapore Ltd.	Consumer Discretionary	31.12.2018	8.13
6. Great Eastern Holdings Ltd.	Financials	31.12.2018	8.82
7. Hongkong Land Holdings Ltd	Financials	31.12.2018	14.28
8. IHH Healthcare Bhd	Health Care	31.12.2018	12.25
9. Jardine Cycle & Carriage Ltd.	Consumer Staples	31.12.2018	
10. Jardine Matheson Holdings Ltd.	Consumer Discretionary	31.12.2018	46.14
11. Jardine Strategic Holdings Ltd.	Consumer Discretionary	31.12.2018	31.91
12. Keppel Corp Ltd.	Industrials	31.12.2018	8.52
13. Oversea-Chinese Banking Corporation Ltd.	Financials	31.12.2018	35.95
14. Singapore Airlines Ltd.	Consumer Discretionary	31.03.2019	8.36
15. Singapore Telecommunications Ltd.	Communications	31.03.2019	28.56
16. Singapore Technologies Engineering Ltd.	Industrials	31.12.2018	8.48
17. Thai Beverage PLC	Consumer Staples	30.09.2018	15.3
18. United Overseas Bank Ltd.	Financials	31.12.2018	32.27
19. Wilmar International Ltd.	Consumer Staples	31.12.2018	18.44
Total number: 19			

The following paragraphs describe the five countries where the sample organisations locate.

South Africa

As mentioned in Section 3.6, South Africa is a pioneer of IR, being the first country to adopt this disclosure tool and publishing integrated reports is one of the listing requirements of the Johannesburg Stock Exchange (JSE) (Dumay et al., 2016). In line with international trends, South African organisations have paid more attention to social and environmental dynamics during the past two decades (EY, 2020), and played an important role in the movement towards CSR, non-financial disclosures, and IR (Haji and Anifowose, 2016). IR has also been found to be useful in enhancing the quality and quantity of information disclosed on sustainability issues (Eccles et al., 2012; KPMG, 2020). Therefore, South Africa provides a practical context for investigating forward-looking information disclosure.

South Africa explicitly advocates for an inclusive reporting approach that considers the interests of various stakeholders because of the ongoing corporate governance reforms and the embedded IT in the business models (West, 2006). IR approach recognises that the ability of an organisation to create value for itself is interrelated with the value that the organisation creates for stakeholders and society (IIRC, 2021). The IR journey in South Africa began with the release of South Africa's first King Code of Corporate Governance Principles (Known as "King I") in 1994. Named after Mervyn King, organically a justice of the Supreme Court of South Africa, King I was especially noted for its stakeholder inclusive (rather than mere shareholder) view of corporate governance (Gleeson-White, 2014). The current IR in South Africa is emanated from King III (2009). King IV (2016) was then released to recognise the shift from financial capitalism to inclusive capitalism, from the short-term view to the long-term and sustainable view, and from siloed reporting to IR. As for the credibility of IR, the IIRC released "Assurance on <IR>: an introduction to the discussion" and "Assurance on <IR>: an exploration of issues" in 2014 to help stakeholders understand the role of assurance and initiate a global discussion on its benefits and challenges. Thus, South Africa provides a unique setting to examine the approach to supplier and customer inclusiveness when making forward-looking information disclosure and the credibility of such disclosure.

United Kingdom

The UK is considered one of the leading countries regarding forward-looking information disclosure (Chen and Bouvain, 2009). The *Companies Act 2006* in the UK requires companies to disclose Strategic Report and Directors' Report. The Department for Business Innovation and Skills (BIS) further developed narrative reporting regulations in the form of a strategic report, which has been effective in 2013. In addition, according to the Financial Reporting Council (FRC), the strategic report in the UK aims to improve the quality of narrative disclosures and to demonstrate a holistic picture of an organisation's business model, position, and prospect in a concise way (FRC, 2018). The FRC claims that the <IR> Framework and the guidance on the strategic report encourage similar qualitative characteristics and content of the report (FRC, 2018). Robertson and Samy (2015) claimed that larger UK organisations had started to address some fundamental issues of IR, albeit at a broader level. Thus, the strategic report paves the way for the diffusion of IR in the UK.

Moreover, the UK regulatory requirements of narrative reporting (e.g. IASB) recommend that forward-looking information should be incorporated into narrative analysis and discussion, and companies should provide this type of disclosure. A recent UK survey (PwC, 2021a) identified that over 60% of FTSE 350 companies integrated forward-looking information into organisational reports and increasingly presented the linkage between forward-looking information, business model, and strategy.

UK organisations are aware of the various stakeholders' needs and interests when making forward-looking information disclosure as most FTSE companies in the UK have a clear strategy for managing stakeholder relationships, CSR programs, and relevant reporting (Knox et al., 2005). For instance, Chen and Bouvain (2009) found that UK organisations placed high importance on community and employee matters in organisational reports. Similarly, Hughes (2001) argued that UK consumers had a strong awareness of ethical sourcing issues. This situation reminded UK organisations to put a greater emphasis on the supplier- and customer-related issues in their CSR reports. Based on a survey of 119 manufacturing companies in the UK, Alghababsheh and Gallear (2017) further indicated that the relational capital, which is recognised and established in the supplier-customer relationship management, had a positive impact on the social performance of both supplier and customer in a transaction. However, variations exist among UK organisations in terms of forward-looking information disclosure practices (Hussainey et al., 2003). Researchers in this field have raised concerns about the usefulness of this type of disclosure to stakeholders in the UK (Hussainey et al., 2003; Hassanein et al., 2019). Thus, it is reasonable to carry out research regarding the practicability of the approach to supplier and customer inclusiveness when making forward-looking information disclosure in the UK. A large amount of using third-party assurance on

CSR/sustainably repots in the UK (PwC, 2021b) further justified that research on UK forward-looking information disclosure practice and its credibility is fruitful.

Germany

In Germany, the foundations for enhanced reporting under the <IR> Framework are already in place, although uptake of IR to date has been relatively limited. According to joint research carried out by the IIRC and Kirchhoff Consult AG (2020), the management report in Germany contained certain content elements and followed certain reporting principles which could equally be the features of an integrated report. By interviewing German investors and analysts, the joint research claimed that these stakeholders valued information on the business model and multiple capitals and found a stakeholder-based approach to reporting was useful for enhancing firm value and image.

In addition, the German regulatory environment and culture stimulate non-financial disclosures. The German Federal Ministry of Justice and Consumer Protection (BMJV) has appointed the Accounting Standards Committee of Germany (ASCG) to conduct a stakeholder survey involving preparers, auditors, and users regarding their expectations of current non-financial disclosure practices (ASCG, 2020a). This action indicates German regulatory body's commitment to driving non-financial disclosure practices. Furthermore, Chen and Bouvain (2009) claimed that German organisations had recognised that they have a responsibility to participate in the social and political process at the national level. By studying non-financial disclosure in European countries, Eccles et al. (2019) stated that driven by both cultural and regulatory factors, the non-financial report quality was higher in Germany among European countries. Moreover, several studies (e.g. Tate et al., 2010; Paulraj et al., 2017) stated that the moral motive was the key driver for German organisations to engage in strategic supply chain management, develop sustainable supply chain strategy, and incorporate suppliers' and customers' interests into their reporting decision-makings. Therefore, Germany provides a context for investigating the role of suppliers and customers in non-financial disclosures.

In terms of forward-looking information disclosure in Germany, German law, *the Commercial Code* (Handelsgesetzbuch (HGB)), requires publicly traded parent organisations to provide a separate audited Group Management Report containing forward-looking information (ASCG, 2020b). These requirements are specified in the German Accounting Standard (GAS 20) but lack detailed prescriptions. That is, forward-looking information provided by German public organisations has characteristics of both mandatory and voluntary disclosure (Krause, 2017).

Despite the legal requirement eliminating the concerns of whether to provide forward-looking information disclosure, the vagueness of the requirements may result in significant cross-sectional variation related to the structure, scope, and assumption of the disclosed forward-looking information. Furthermore, mandatory audits of German forward-looking information disclosure ensure a minimum level of reliability. This is useful for investigating the credibility of forward-looking information disclosure.

In conclusion, based on the aforementioned points, the German setting is supportive of exploring the influence of suppliers and customers on forward-looking information disclosure and the characteristics that enhance the credibility of forward-looking information disclosure concerning suppliers and customers.

Japan

Literature suggests that Japan provides a supportive environment for IR research (de Villiers et al., 2014; Eccles et al., 2019). According to Value Reporting Foundation (VRF), Japan's Ministry of Economy and Trade and Industry has endorsed IR as a means of communicating the long-term value creation proposition of companies[3]. Japan shows a high level of enthusiasm for IR as 382 companies listed in the First Section of the Tokyo Stock Exchange issued integrated reports. These companies counted for 58 % of the total market capitalisation of this group by 2018 (KPMG, 2019). It is noteworthy that IR is completely voluntary in Japan. The Japan Stewardship Code and the Japan Corporate Governance Code have clearly played an important role in promoting IR. However, although some leading Japanese organisations have made good progress in improving the IR quality (KPMG, 2021), the low overall IR quality does not match the rapid growth of IR in Japan and there is no ready explanation for this (Eccles et al., 2019).

Japanese business leaders are long-term thinking and have started to make forward-looking information disclosure, such as risks and opportunities, outlooks, and relevant materiality issues (KPMG, 2021). Furthermore, large Japanese organisations have integrated IR into the formal control systems in order to achieve both financial and non-financial goals from a long-term perspective (Hosoda, 2020). In terms of stakeholder inclusiveness when making disclosure decisions, Japanese organisations publish integrated reports for a range of

[3] Value Reporting Foundation <IR> Framework: Adoption of integrated reporting. https://www.integratedreporting.org/when-advocate-for-global-adoption/find-out-what-is-happening-in-your-region/.

stakeholders by considering the needs of stakeholders for sustainability information. For instance, KMPG's (2020) survey showed that 100% of the top companies in Japan report on sustainability in response to diverse stakeholders' information needs. Besides, SDGs were well recognised by Japanese companies thanks to the efforts of the government and the Japan Business Federation. According to prior studies (e.g. Gray, 1988; Hosoda, 2020; Westney and Piekkari, 2020), in Japanese culture, there is a strong expectation for organisations to follow commonly accepted reporting practices and to exceed or keep up with peers. Japanese organisations also tend to learn and compete with peers in Europe in terms of sustainability performance as relevant concepts, frameworks, and guidelines are innovative.

In addition, managers of Japanese companies believe that a sound supplier-customer relationship and interfirm trust are key factors that facilitate exchange and create competitive advantages (Hill, 1995). Dyer and Chu (2003) further indicated that there was greater information sharing and lower transaction costs among Japanese organisations. Thus, it is reasonable to expect that Japanese organisations would consider suppliers' and customers' interests when making reporting decisions.

Furthermore, driven by the demand for increasing the reliability of ESG data, sustainability information, and relevant narrative disclosures, the Japanese Institute of Certified Public Accountants issued the Auditing Standards Committee Statements (ASCS)720 in 2021. This statement sets out the auditor's responsibilities relating to narrative information. Therefore, Japan provides a comparative setting for this study to explore the role of suppliers and customers in forward-looking information disclosure, disclosure credibility, as well as the similarities and differences of this practice with other sample countries.

Singapore

Singapore has been a strong advocate of IR since its introduction. The Singapore Accountancy Commission (SAC), the Institute of Singapore Chartered Accountants (ISCA), and other bodies have launched various initiatives to promote <IR> in Singapore (PwC, 2014). The dialogues among policymakers, preparers, investors, and other stakeholders in relation to IR development in Singapore have also progressed constructively (Kee et al., 2014).

The IR research in Singapore indicated that IR had a positive impact on Singaporean organisations with respect to reporting transparency, completeness, and materiality issues (de Villiers et al., 2014; Tjahjadi et al., 2020). In practice, Singaporean organisations that voluntarily adopted IR covered most of the content elements and guiding principles set out in the <IR> Framework (Tiahiadi et al., 2020). In addition, PwC's (2021b) survey showed that 69% of Singapore CEOs had increasingly made long term investments in sustainability and ESG initiatives and incorporated long-term views into strategic management. The majority of Singapore CEOs prioritised social and relationship capital and intellectual capital as important inputs for business success. That is, Singaporean organisations have embraced the concepts of "future orientation" and "multiple capitals" in the <IR> Framework. Furthermore, prior literature suggested that Singaporean organisations had shown great awareness of strategic supply chain management because of the statutory control, intensified competition, and pressure from various stakeholders (Thai and Jie, 2018).

With respect to the credibility of forward-looking information disclosure, grounded in the Singapore Code of Corporate Governance, attention is paid by organisations to ensure that robust governance (e.g. external assurance) exists to result in satisfying information disclosures to investors and other stakeholders. According to KPGM (2020), Singapore had gained the greatest growth in the independent assurance of sustainability reporting since 2017.

As discussed above, Singapore is argued to be a suitable setting for this study. Firstly, the concept of IR has been accepted by Singapore organisations, and IR adoption is increasing in Singapore. Secondly, relevant bodies in Singapore issue initiatives and reporting guidelines to encourage forward-looking information disclosure, promote stakeholder inclusiveness when making disclosure decisions, and ensure the credibility of forward-looking information disclosure (e.g. sustainability information and risk information). Thirdly, strategic supply chain management is an emerging topic and value relevant for both organisations and stakeholders in Singapore. Therefore, Singapore provides a comparative setting to carry out this study.

5.3.1.1.2 Unit of Analysis

The selection of a unit of analysis to identify and code corporate disclosures is another essential part of the material collection in content analysis. According to Holsti (1969, p.116), a unit is "the specific segment of content that is characterised by placing it into a given category". The determination of the unit of analysis is related to the research questions of one study (Yin, 2009). Furthermore, Milne and Adler (1999) argued that content analysis should assist researchers to capture a richer picture of non-financial information and provide a meaningful foundation to address research questions. In this research, the aims were to critically investigate the influence of suppliers and customers on forward-looking information disclosure and to acknowledge the characteristics that enhance the credibility of current forward-looking information disclosure. Hence, to address research aims, this study's content analysis focused on the language of management in relation to forward-looking information.

One of the key assumptions underlying organisational reporting research using content analysis is that the quantity of disclosure manifests the importance of the item being disclosed (Krippendorff, 1980). Early studies (e.g. Deegan and Rankin, 1996; Linsley and Shrives, 2006) used numbers of words, sentences, and page proportions as units of analysis to quantify non-financial disclosures. Yet, no uniform method of measurement has evolved (Unerman, 2000). A problem with using page proportions to measure disclosures is that such a measurement causes subjective judgement in terms of the treatment of blank parts of a page (Gary et al., 1995). Besides, using numbers of words is problematic as this measurement concerns individual word in isolation (Linsley and Shrives, 2006). To carry out a reliable analysis of non-financial disclosures, researchers should understand the meaning of each disclosure (Milne and Adler, 1999). Using sentences for measurement and codification is likely to provide complete, reliable, and meaningful data for further analysis (Hackston and Milne, 1996; Linsley and Shrives, 2006). Moreover, sentences enable judgement in determining the hidden messages conveyed in the narratives (Krippendorff, 1980). Therefore, it is reasonable for this study to choose sentences as units of analysis for coding.

5.3.1.2 Category and Decision Rules Development

In order to conduct a rigorous and reliable content analysis, researchers need to clearly define detailed categories and decision rules before the start of the coding process (Milne and Adler, 1999). When analysing less reliable types of disclosures (e.g. energy disclosures), researchers especially need decision rules to govern the coding procedure and judgement when interpreting the results (Milne and Adler, 1999). Moreover, Unerman (2000) suggested that researchers should choose appropriate criteria of adequate reliability according to specific studies. Given the lack of specific guidance and assurance standards concerning forward-looking information disclosure, report users may believe organisations have incentives to be misleading at the time of making such disclosure (Athanasakou and Hussainey, 2014). Therefore, forward-looking information disclosure can be argued to be a less reliable type of disclosure, and rigorous categories and decision rules are needed for this particular topic.

Very few prior studies specifically focused on systematically analysing the influence of suppliers and customers on corporate reporting (refer to Section 2.4 and Section 2.5), thus, to the best of the author's knowledge, there is no holistic categorisation of forward-looking information that suppliers and customers demanded as well as categorisation for examining the credibility of these disclosures. To address this issue, this study explores the role of suppliers and customers in forward-looking information disclosure by proposing self-constructed checklists. The proposed checklists could then later be used as a framework for further studies.

The following sections explain the process of developing relevant checklists and decision rules. In this step of content analysis, this study followed Weber's (1985) guideline, the checklists were primarily developed based on prior studies and relevant frameworks. Then, these checklists were modified via pilot testing to increase their adaptability in the research context.

5.3.1.2.1 Development of Relevant Checklists

When determining a comprehensive list of items that capture the role of suppliers and customers in forward-looking information disclosure and the characteristics of credibility in the context of IR, this study considered several prior studies (e.g. Dou et al., 2013; Burritt and Schaltegger, 2014; Deegan and Islam, 2014; Pérez et al., 2017; Dyer et al., 2018) and the <IR> Framework (IIRC, 2013; 2014) as the basis for the development of checklists.

As for the development of the checklist for addressing RQ1 and RQ2 (refer to Chapter 1), this study aimed to design the checklists which assess the importance of suppliers and customers in running the business and whether and how organisations respond to their information needs. Thus, the checklist contains categories and items that suppliers and customers are willing to see in the organisational reports based on the conclusion of the aforementioned relevant studies. These categories and items include supplier and customer relationships, collaboration and partnership, outlook, and sustainability. In addition, the checklist is also designed to assess the extent to which the various categories of forward-looking information concerning suppliers and customers are represented in the organisational reports of the sample organisations. As official guidance for the preparation of the integrated report, the <IR> Framework identifies several categories and items concerning forward-looking information (IIRC, 2013; 2014); therefore, the other categories and items of forward-looking information disclosure are drawn from the <IR> Framework. Finally, a checklist of the approach to including suppliers and customers when making forward-looking information disclosure was produced. This checklist contains a total of 26 items under 7 categories which is presented in Table 5 below.

Table 5:Checklist for forward-looking information disclosure concerning suppliers and customers (Checklist 1)

Category	Description	Items	Sources	Example
A. Supplier and customer relationships	The organization's relationships with its suppliers/customers, including how and to what extent the organization understands their needs and how the relationships influence value creation over time.	1. General relationships	IR Framework	A positive reputation and quality relationship with customers, and suppliers is the foundation of our ability to generate revenue. (Tesco)
		2. Forward-looking relationships	Pilot testing	Our goal is to provide the most engaging customer experience. (Vodacom)
		3. Collaboration and partnership	Burritt and Schaltegger, 2014	Through our strategic supplier partnerships, we jointly identify opportunities and deliver on our innovation roadmaps. (Anglo American)
		4. Identifications of suppliers'/customers' legitimate needs and interests	IR Framework	Priority interests of suppliers-Timely payment and fair terms. Improving health and safety standard. Partnering on environmental solutions. (Vodacom)
B. Strategic objectives	The organisation's long-term objectives and strategies to achieve them through resource allocation plan.	5. Objectives	IR Framework	Our strategic objective is to ensure that Vodacom is the customer brand of choice, with a strong purpose-driven brand and a deserved reputation for accelerating socioeconomic transformation through digital solutions, and for showing leadership in promoting Black Economic Empowerment (BEE) in South Africa. (Vodacom)
		6. Strategies and resource allocation plans	IR Framework	A positive reputation and quality relationship with customers, suppliers and communities is the foundation of our ability to generate revenue. Investing in social capital often requires short- and medium-term financial capital inputs, but generally generates positive return across most capitals. (Vodacom)
C. Investment	Specific investment activities in products and services that may affect the organisation's long-term value creation.	7. Investment projects or plans	IR Framework	The Group will continue to maintain optionality to progress with value-accretive projects… The project will deliver around 300,000 tonnes per annum of copper equivalent production on average in the first 10 years of operation. (Anglo American)
		8. Research & Development	IR Framework	We make significant investments in research and development to deliver innovations that satisfy or anticipate consumer preferences and generate growth for the business across all categories. (BAT)

D. Reputation and image	The reputation that an organisation has gained in different aspects.	9. Brand, products and services	Pérez et al., 2017	The trusted AngloAmerican brand is a key asset in developing new relationships and growing our Marketing business. (Anglo American)
		10. Customer/Supplier satisfaction	Pérez et al., 2017	Customer feedback continues to improve, reflecting our work to serve shoppers a little better every day… Our supplier feedback score remains at a high level, despite inflationary challenges. (Tesco)
		11. CSR	Pérez et al., 2017	Anglo American has a longstanding reputation as a leader in sustainable mining. (Anglo American)
E. Sustainability	Specific performance or activities in different aspects that may affect the organisation's sustainability performance.	12. Environmental aspect	Deegan and Islam, 2014; IR Framework	We have 6 000 sites that are either free cooled or built as outdoor cabinet sites. These sites consume R72 million less energy. (Vodacom)
		13. Social aspect	Deegan and Islam, 2014; IR Framework	Little helps plan sets out how we will make a positive contribution to our colleagues, customers and communities – as a sustainable business that also takes a lead on issues of societal importance, such as health and tackling food waste. (Tesco)
		14. Economic aspect	Raman and Shahrur, 2008; Dou et al, 2013	On the reduced-risk products (PRRPs) front, the revision of supplier contracts has led to significant savings, as has integrating the growth of our vapour, tobacco heating and oral product portfolios, which has allowed the Group to both leverage economies of scale and reduce complexity. (BAT)
		15. Supply chain	Dyer et al., 2018	With 25 of our largest suppliers, we have announced a joint commitment to adopt UN Sustainable Development Goal…We are planning to build on this work over the coming year across more of our supply chains and communicate with customers on how they can reduce food waste in the home. (Tesco)
F. Risks and Opportunities	Specific sources of risks and opportunities that may affect the organisation's long-term value or	16. Economic and financial risk	Linsley and Shrives, 2006; IR Framework	Our sustainable finance commitments reflect our ambition to be a leading global partner to the public and private sectors in helping with the transition to a low-carbon economy, achieving the SDGs, and supporting positive societal impacts. (HSBC)
		17. Socio-political risk	IR Framework	Failure to prepare for the UK's departure from the EU causes disruption to and creates uncertainty around our business that could

	prospects, including how risks and opportunities are identified, the assessment of the level of risks and opportunities and the specific steps being taken to mitigate risks or to create value from opportunities.			have an adverse effect on our business, financial results and operations. (Tesco)
		18. Environmental risk	IR Framework	For Anglo American, water shortage is a principal risk as 70% of our sites lie in water-scarce areas. (Anglo American)
		19. Industrial and market risk	IR Framework	We continue to face the ongoing challenge of a changing competitive landscape and price pressure across most of our markets. (Tesco)
		20. Operational risk	Linsley and Shrives, 2006; IR Framework	Long-term: Inability to develop, commercialise and roll-out Potentially Reduced-Risk Products. Potentially missed opportunities, unrecoverable costs and/or erosion of brand. (BAT)
		21. Technology risk	Linsley and Shrives, 2006; IR Framework	An external cyberattack, insider threat or supplier breach could result in service interruption and/or the breach of confidential data, with resulting negative impacts on customers, revenues and reputation, and potential costs associated with fraud and/or extortion. (Vodacom)
		22. Growth opportunities	IR Framework	Our potentially reduced-risk product business has seen outstanding growth... with a growing consumer base of over one billion smokers and nicotine users in the world, the opportunities presented by these new categories are huge. (BAT)
G. Outlook	The challenges and uncertainties that the organisation is likely to encounter in pursuing its strategy, and the potential implications for its future performance.	23. Economic outlook	IR Framework	The fundamentals for growth in Asia remain strong in spite of a softer regional economic outlook… The US economy and the influence of the Federal Reserve remain central to global sentiment. (HSBC)
		24. Industrial outlook	IR Framework	In the mobile sector, the fastest growth area is in data, driven by increasing uptake of smart devices, improved networks, connected devices and the increased availability of data content. (Vodacom)
		25. Performance outlook (Positive)	Dou et al, 2013; IR Framework	Looking forward, we still believe there is significant further improvement ahead. By 2022, we are targeting an additional $3-4 billion annual underlying EBITDA run-rate improvement, relative to 2017. (Anglo American)
		26. Performance outlook (Negative)	Pilot testing	We experienced an unfortunate challenge with the outsourced maintenance of our mobile network, following the decision by an incumbent supplier to terminate their contract which has been in place since March 2016. (Vodacom)

In terms of the checklist for addressing RQ3 (refer to Chapter 1), this study aimed to develop a checklist for accessing the credibility of forward-looking information disclosure concerning suppliers and customers based on relevant frameworks, standards, and prior studies (e.g. Simnett et al., 2009; IIRC, 2013; 2014; AccountAbility, 2018). The <IR> Framework provides several guiding principles to enhance the trust of the users in the information published in the integrated reports (IIRC, 2013; 2014). Furthermore, in order to enhance the overall credibility of IR, the IIRC published “Assurance on <IR>: an exploration of issues” which was released based on 63 written submissions in response to the assurance issues (IIRC, 2014). These documents discussed the nature of assurance, methodology issues (e.g. future-oriented information, soft narrative, and completeness of a report), materiality issues, reporting boundary, and different mechanisms’ contributions to credibility and trust. The IIRC identified several existing assurance/related standards (e.g. AA1000 Assurance Standard (AA1000AS)) that have potential application to IR. Similarly, PwC (2007) issued a “Guide to forward-looking information” to talk about the ways of increasing the credibility of forward-looking information disclosure with practical examples. This study’s checklist for addressing RQ3 contains categories and items from the abovementioned frameworks and standards. In addition, this study took prior studies that examined the credibility of other types of organisational reports as references, including sustainability reports (O’Dwyer et al., 2011), CSR reports (Edgley et al., 2010; Michelon et al, 2015), and other narrative disclosures (Beretta and Bozzolan, 2004). The final version of the credibility of forward-looking information disclosure concerning suppliers and customers checklist was produced. This checklist is constructed with 15 items under 6 categories (Table 6).

Table 6: Checklist for the credibility of forward-looking information disclosure concerning suppliers and customers (Checklist 2)

Category	Description	Items	Sources	Example
A. Stakeholder engagement	The process of interacting with stakeholders to understand their needs and interests and the organisation's actions in response to their needs.	1. Communications and dialogues	O'Dwyer et al., 2011; IR Framework	Speak up channels-The system includes a website available in multiple languages, and local language hotlines for our markets, and enables improved global oversight of all reported issues in real time. (BAT)
		2. Actions taken in response to stakeholders' needs	Edgley et al., 2010	Speak up channels- Of the total number of Standards of Business Conduct (SoBC) incidents reported in 2018 set out above, 138 were brought to management's attention through whistleblowing reports from employees, ex-employees, third parties or unknown individuals reporting anonymously. (BAT)
B. Assurance	External assurance provider and internal assurance system in relation to the forward-looking items.	3. Internal assurance	Assurance on IR	The Group's financial, operating, compliance and risk management controls are assessed by the Group's internal audit function, which is overseen by the Audit, Risk and Compliance Committee. (Vodacom)
		4. External assurance	Simnett et al., 2009; Assurance on IR	Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to: – the Directors' confirmation within the viability statement that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity. (BAT's Independent auditor's report by KPMG)
C. Reporting process	The mechanisms employed to ensure reliability and completeness including both positive and negative information, using	5. Reliability	IR Framework	The Board, through the Audit Committee, fulfils its responsibility in reviewing the effectiveness of the system of risk management and internal control through review of reports submitted over the course of the year covering the risk management process, adequacy of the internal control environment, consideration of risk appetite, in-depth reviews of specific risks and the results of external audit work. The Sustainability Committee also reviews technical and safety risks in detail and reports its findings to the Board. (Anglo American)

	the data of reliable third parties and robust internal control systems.	6. Completeness	Michelon et al, 2015; IR Framework	Some of the sustainability targets are not met during the year. (Anglo American)
		7. Source of information	AA1000AS; Guide to forward-looking information	Customer recommendation index- Surveys are based on a relevant and representative subset of the market. Data provided by Kantar. (HSBC)
D. Measurement and monitor	Specific processes used to measure and monitor forward-looking items.	8. Assessment methods and underlying assumptions	IR Framework	The assessment of viability has been made with reference to the Group's current position and expected performance over a three-year period, using budgeted product prices and expected foreign exchange rates. The financial forecast is based on a number of key assumptions, the most important of which include product prices, exchange rates, estimates of production, production costs and future capital expenditure. (Anglo American)
		9. Monitor process	IR Framework	We use a range of tools to monitor and manage our non-financial risks, including our risk appetite, risk map, top and emerging risks, and stress testing processes. (HSBC)
		10. Both qualitative and quantitative information with KPIs	Beretta and Bozzolan, 2004; Guide to forward-looking information	The Group risk appetite statement (RAS) consists of qualitative statements and quantitative metrics, covering financial and non-financial risks and is formally approved by the Board every six months on the recommendation of the Group Risk Committee. (HSBC)
E. Materiality	The description of the organisation's materiality determination	11. Process of identifying relevant matters and reporting boundary	IR Framework	The process of identifying and prioritising the material matters for inclusion in this report involved reviewing; Vodacom's business model; our interaction with the six capitals; our operating environment; and the interests of our key stakeholders as expressed during our normal business engagements with them. (Vodacom)

	process and key judgements.	12. The role of those charged with governance and key personnel in the identification of material matters.	IR Framework	Disclosure Committee-To verify the integrity of material information and ensure compliance with regulations. (Tesco)
F. Connectivity of information	A holistic picture of the combination, interrelatedness and dependencies between the factors that affect the organization's ability to create value over time.	13. Linking forward-looking information to strategy	Beretta and Bozzolan, 2004; IR Framework	Our affordable smart device strategy, coupled with 'Just 4 You' propositions in each of our markets, is helping to monetise data demand which remains a priority in our International markets. (Vodacom)
		14. Linking forward-looking information to governance	IR Framework	In carrying out responsibilities, the Group Risk Committee (GRC) is closely supported by the Group Chief Risk Officer, Group Chief Financial Officer, Group Head of Internal Audit, Group Financial Controller, Global Head of Compliance and Global Head of Risk Strategy, all of whom regularly attend GRC meetings to contribute their subject matter expertise and insight. (HSBC)
		15. Linking forward-looking information to capitals	IR Framework	Our exploration teams discover mineral deposits in a safe and responsible way to replenish the resources that underpin our future success. (Anglo American)

5.3.1.2.2 Decision Rules Development and Reliability

Content analysis is unavoidably subjective and thus the coding procedure needs to be reliable for drawing valid conclusions. According to Krippendorff (1980), there are three types of reliability for content analysis: stability, accuracy, and reproducibility. Stability refers to a coder being able to code the data consistently. Accuracy refers to the assessment of the coding performance with a set of predetermined standards. Reproducibility is concerned with the extent to which the coding produces the same results when the procedure is performed by multiple coders. Moreover, by discussing the reliability concept of Krippendorff (1980) and performing an experiment of reliability testing, Milne and Adler (1999) concluded that well-specified coding categories with detailed decision rules may produce few discrepancies even by relatively inexperienced coders. Accordingly, Linsley and Shrives (2006) stated that reliability could be improved by creating unambiguous decision rules that the coder can refer to when using a single coder to conduct the content analysis. As the content analysis of this study was carried out by a single coder (the author), to ensure reliability and validity, a set of detailed identification and classification rules to guide the researcher to conduct content analysis had been developed. In addition, to ensure valid conclusions can be drawn, the results of the content analysis will be supplemented and discussed with interview data.

An initial sample of five organisations' reports, namely, HSBC, Tesco, AngloAmerican, British American Tobacco (BAT) and Vodacom (four of them are included in the sample list while one is not in the sample list), were coded with the predefined categories and items in Table 5 and Table 6. The purpose of this pilot testing is to develop decision rules for the consistent coding and analysing of the total sample of 96 organisations' reports. These decision rules demonstrate details of how to identify relevant sentences to be coded in relation to the context of this study, the sections that are excluded in the content analysis, and rules to code sentences into different items identified in the checklists. Details about decision rules for coding sample reports are presented in Appendix 2.

5.3.1.3 Material Evaluation

This section explains the third step of conducting content analysis. The software package NVivo12 was used to facilitate the analysis of sample reports. As for the details of using NVivo12, the items under each category attached with descriptions (referred to nodes in the software) were first set up within the program. These descriptions were useful in the early stages of the coding process as they allowed the researcher to determine which sections of texts fitted a particular node. Then, the researcher imported 96 sets of sample reports into NVivo 12.

These reports were read thoroughly and repeatedly. In the meantime, the researcher identified the sections of texts with the aforementioned decision rules. After all units of analysis were identified, the target texts were further linked to the nodes accordingly within NVivo 12. Examples in relation to each item under all categories are presented in Table 5 and Table 6.

According to the research objectives, this study focused on the presence or absence of forward-looking information disclosure concerning suppliers and customers and the credibility characteristics of such disclosure. Thus, after delineating the target sections of texts from every sample report, in order to address RQ1 and RQ3 using quantitative data, this study adopted the simple binary coding scheme for quantitative analysis of sample reports (Buhr and Freedman, 2001). According to this coding scheme, the occurrence of disclosures in the sample reports which is related to any of the predefined disclosure items, regardless of the number of occurrences as repetitious information bears no information value in disclosures (Buhr and Freedman, 2001), a score of one is given, otherwise zero. The final score of each checklist was ranked by categories and items to assist qualitative analysis, and the quantitative data was organised and managed using Microsoft Excel software. Lastly, the results were compared by countries and sectors to identify patterns of forward-looking information disclosure and critically analyse the RQs.

To fully address RQ2 and RQ3, the method of thematic analysis was employed for qualitative analysis of the target sections of texts in the sample organisational reports (Phillips, 1994; Bryman, 2016). Thematic analysis is a technique whereby categories for analysis are identified in a predetermined coding scheme (Phillips, 1994). According to Bryman (2016), it is necessary to construct an index of central themes and subthemes. Referring to this study, the data (sections of texts) was firstly analysed based on the categories and items presented in the developed checklists (refer to Table 5 and Table 6). Then, the researcher identified themes through carefully reading the sentences (sections of texts) coded against the checklists. During the identification of central/sub-themes, NVivo 12 was also used to keep track of the codes and their related examples. The central themes and subthemes, related codes, and examples are presented in Section 6.3 in more detail.

In conclusion, in the step of material evaluation, with predefined checklists, the researcher firstly located the target units of analysis from organisational reports. Then, the researcher conducted a quantitative analysis to address RQ1 and RQ3, and a qualitative analysis to address RQ2 and RQ3. However, as the contents of organisational reports did not provide a full picture of the research target, after conducting both quantitative and qualitative analysis, the researcher used the results of the content analysis to develop interview questions. Thus, this study can achieve the objective of investigating this situation from report preparers' and other stakeholders' points of view.

5.3.2 Interview

Regarding the second phase of data collection, this study applied the interview method for two reasons. Firstly, interviews allow a deeper investigation of the RQs by engaging with participants (i.e.organisations and stakeholders in this study) (Bryman, 2016). Secondly, the multi-method improves the validity of results and findings as the deficiencies of one method can be compensated by the strengths of another method (Miles et al., 2014). Referring to this study, the interviews can provide supplementary evidence to the findings of content analysis from the viewpoints of both people working within the organisation and stakeholders outside the organisation.

There are two main types of qualitative interview, unstructured and semi-structured interview (Bryman, 2016). For the purpose of this study, the semi-structured interview was adopted to examine the specific topic and potentially gain further insights into the relevant issues. The semi-structured interview increases the degree of flexibility and enables participants to reply to the probing questions (Bryman, 2016). Also, the interview guide ensures completeness in converting the terms of reference of the study in each interview (Lillis, 1999). Therefore, before the commencement of interviews, an interview guide based on central themes was produced to explore the views of interviewees on certain issues and topics.

To fully address RQs, the interview guide was designed and included various topics, namely the purpose of forward-looking information disclosure, risk disclosure and sustainability disclosure, motivations of such disclosures, the role of stakeholders in these disclosures, reporting process, monitoring of the reporting process, measurement of forward-looking information, the assurance on theses disclosures, the linkage between these disclosures and strategies and governance, and ways of improving the credibility of these disclosures. Details of the interview guide are presented in Appendix 3.

The following sections explain the details of the interview process, starting with participant selection, research question development, approaching participants, and conducting the interviews, followed by the coding and analysis of interview data and the consideration of conducting interviews.

5.3.2.1 Participant Selection

This study adopted the strategic and purposive sampling approach for interviewee selection (Miles et al., 2014). In order to fully address RQs, the interviews are carried out with both personnel from organisations as well as different stakeholder groups. This is to strategically and purposively seek both sides' views on forward-looking information disclosure issues.

Seven groups of personnel from organisations (both sample organisations in content analysis and other listed organisations in five countries) were targeted as potential interviewees, namely board members, members of sustainability committee, risk committee, audit committee, stakeholder/public relations department, finance/accounting department, and supply chain department. The role of the board is to establish the mission and vision, develop long-range plans and strategies to ensure long-term viability, and sign off organisational reports. Sustainability people are typically responsible for the development, implementation, and monitoring of sustainability strategies as well as sustainability reporting (Adams and McNicholas, 2007). They are also involved in the IR (Stubbs and Higgins, 2014). Moreover, Cohen et al. (2017) found that risk management practices varied widely among organisations. This was caused by the fact that people in many departments have primary responsibility for risk management, such as people in the risk committee and audit committee. Therefore, interviewing these people is helpful to further investigate the reasons behind such differences by understanding their unique organisational backgrounds. Furthermore, people in the stakeholder relations department corresponded with employees and external stakeholders to inform them of the organisational changes. They were found to play an important role in sustainability reporting (Adams, 2002; Stubbs and Higgins, 2014). In addition, finance and accounting people are included because of the emphasis on value creation in the <IR> Framework and they are responsible for the preparation of organisational reports. Finally, supply chain people who oversee every stage of supply chain management (i.e. from purchasing raw materials from suppliers to the delivery of final products to the customers) will help to understand the role of forward-looking information for them to make strategic decisions. They are also involved in organisational sustainability and reporting initiatives (Burritt et al., 2002). Given the fact that IR enables collaborations between different departments (Adams, 2015), it is reasonable to assume that all these people are involved in the IR process or will be involved with the implementation of IR. All abovementioned interviewees were expected to share their opinions both as an individual organisation and as a supplier or a customer to other organisations.

Apart from interviewing people working within organisations, other groups of stakeholders were also approached as interviewees to enrich the data. Firstly, people who work in a supply chain consulting firm were chosen to be potential interviewees because of their experience and knowledge in supply chain management. Their clients may be from a wide variety of industries; therefore, the data can be enriched by asking about their clients' perceptions of forward-looking information disclosure and probing the differences across industries. Secondly, people from accounting firms were chosen to be interviewees as forward-looking information disclosure and associated credibility issues can be explored from the auditors' points of view. In addition, investors' interests and needs regarding forward-looking information can also be explored since accounting firms may work with institutional investors. Thirdly, people from standard setters (e.g. IIRC) were chosen as interviewees. By interviewing these people, this study can investigate standard setters' viewpoints of the purpose of mandating/encouraging forward-looking information disclosure, the role of suppliers and customers expected in the reporting process, and gaps between expectations and current forward-looking information disclosure practice levels.

5.3.2.2 Interview Questions Development

The most important purpose of interview questions is to capture the views of interviewees on the topic discussed for critically analysing and better understanding their behaviours (Seidman, 2006). To articulate the expectations of this study, the interview questions need to be open-ended and solidly grounded in the literature. The interview questions consisted of both directive and nondirective questions based on three broad theoretical perspectives (stakeholder, legitimacy, and signalling) as presented in Chapter 4, recent relevant literature, and the findings of content analysis (Lindlof and Taylor, 2011). Given that there were different groups of interviewees, the interview questions were amended to explore the research targets in a way which was more related to the role of interviewees and their experience.

Interview questions related to RQ1 and RQ2 for personnel from organisations were designed to explore the background of forward-looking information disclosure in each organisation, reporting process, motivations for disclosure, the role of suppliers and customers in the disclosure decision process, and issues surrounding the communication of forward-looking information to stakeholders. These questions also enabled the researcher to find the gap between the disclosure practice and standards so that the results can contribute to the related standards or framework development. These interview questions, except the background of the organisation and reporting process, were also asked other stakeholders to gain their opinions on the same issues. It is also useful in identifying the expectation gap between stakeholders and actual forward-looking information disclosure practice.

The interview questions to investigate RQ3 were designed to understand all participants' views on characteristics that enhance the credibility of forward-looking information disclosure concerning suppliers and customers, the organisation's efforts to increase the credibility of this type of disclosure (e.g. stakeholder engagement, assurance, and linking forward-looking information to strategies and governance), and their concerns regarding the credibility of forward-looking information disclosure, especially these disclosures concerning suppliers and customers.

Furthermore, interview questions for addressing each RQ are interrelated. For example, interview questions to investigate the credibility of forward-looking information disclosure concerning suppliers and customers (RQ3) allow a critical analysis of the motivation of making forward-looking information disclosure concerning suppliers and customers (RQ1 and RQ2). In addition, the interview questions about reporting process (for RQ1 and RQ2) also enabled a deeper analysis of RQ3. This is because these questions also captured the process of collecting forward-looking information, assessing and monitoring forward-looking information disclosure, and the department and personnel involved in the forward-looking information disclosure.

5.3.2.3 Approaching Participants, Conducting the Interviews, and Data Saturation

Approaching potential interviewees was made through web searches of company contact details, personal contacts identified on the company's website, and/or through personal contacts. Firstly, the potential participants were approached via email which explains the purpose of the interview, a general description of the interview process, and the feedback that can give to the interviewees. This email also contained the ethical approval form obtained from Durham University. If there was no response email received, follow-up emails were sent a month later. Furthermore, the snowball technique was used to approach potential participants (Minichiello et al., 1995). That is, when getting initial contact with participants, ask them to put the researcher in touch with people in their networks and find the potential participants who fit the criteria for the research subject.

To ensure the validity and reliability of the interview method, the researcher undertook interview preparation which involved the familiarisation with the background of the interviewees and the organisational reports published by their organisations. The organisational reports were analysed applying the same checklists (Table 5 and Table 6) developed for content analysis in this study before conducting interviews to identify issues specific to each interviewee. Furthermore, the organisational reports were also re-read after interviews to check the consistency of the responses of the interviewee and the content of their organisational reports.

Regarding the procedure of conducting interviews, interviewees were asked to sign a consent form and were given a withdrawal of consent form at the beginning of each interview. The participants were also assured that their responses would be kept confidential, and neither their personal information nor organisational information would be shown in the writing of this study. The permission to record was asked before the interviews. Then, the interviews began with initial questions to stimulate reflection. Follow-up questions were asked to obtain deeper insights into the relationships between the factors being considered.

As for data saturation, Fusch and Ness (2015) stated that data saturation is reached when there is enough information to replicate the study, when the ability to obtain additional new information has been attained, and when further coding is no longer feasible. In this regard, Bernard (2012) stated that the number of interviews needed to reach data saturation is the number that the researcher takes what he/she can get. In this study, data coding and data analysis were undertaken while conducting interviews. This study continued to conduct interviews until it reached the point of data saturation. That is, no more new central themes and sub-themes (see Tables 11, 12, and 13) were identified, and every new item can fit into existing categories. Furthermore, according to Guest et al. (2006), the data saturation can be further enhanced if the interview questions were structured to facilitate asking multiple participants the same questions. In this study, interview questions were developed to ask multiple interviewees the same questions (see Section 5.3.2.2). Moreover, the application of data triangulation in this study, as mentioned in Section 5.2.3, ensured data saturation through multiple data sources (Bekhet and Zauszniewski, 2012; Fusch and Ness, 2015).

After taking into account the research objectives, research design, and data saturation, this research conducted a total of 19 interviews, 13 personnel from organisations and 6 personnel from supply chain consulting firms, accounting bodies, and standards-setting organisations representing other stakeholder groups. This whole process was conducted from April 2020 to February 2021. All participating organisations are FTSE250 companies which are suitable for this study by considering the research objectives and practical issues, such as difficulties in approaching interviewees due to Covid-19. Each interview lasted from 30 minutes to one hour and was conducted online. All interviews were conducted and recorded with the videoconferencing software Zoom, Teams, Skype, or similar according to the preferences of the interviewees. These recordings were later transcribed audially for further analysis. The recordings had been listened to multiple times before the next interview. This was to ensure that important issues appearing in the previous interview could be probed thoroughly in subsequent interviews. Detailed information about the interviewees is presented in Table 7 below.

Table 7: List of interviewees

Interview number	Position	Country	Industry	Duration in minutes	Date	Interviewee Abbreviation
1	Sustainability manager, Supply chain consultant to international organisations	U.K.	Supply chain consulting firm	60	27.04.2020	Con1
2	Head of sustainability	U.K.	Media	45	08.06.2020	Org1
3	Stakeholder relationship Manager	U.K.	Media	30	08.06.2020	Org2
4	Sustainability and Stakeholder relationship manager	U.K.	Mining	60	12.06.2020	Org3
5	Consultant of sustainability	U.K.	Accounting firm	30	12.06.2020	AF1
6	Group risk officer	U.K.	Packaging	45	24.06.2020	Org4
7	Risk and Insurance Analyst	U.K.	Packaging	45	24.06.2020	Org5
8	Group Corporate Affairs and Sustainability Director	Germany	Materials	30	09.07.2020	Org6
9	Sustainability Reporting Manager	U.K.	Pharmaceuticals	45	29.07.2020	Org7

10	Procurement Director	U.K.	Industrials	45	15.09.2020	Org8
11	Head of investor relations	U.K.	Technology	45	05.10.2020	Org9
12	Director of Business and Stakeholder Engagement	U.K.	Standards setting	45	12.10.2020	SS1
13	Chief Strategy Officer	U.K.	Standards setting	45	14.10.2020	SS2
14	Vice President	South Africa	Mining	30	20.11.2020	Org10
15	Vice Chair and Head of ESG	U.K.	Accounting firm	45	27.11.2020	AF2
16	Project Director: Integrated Reporting	South Africa	Accountancy body	45	17.12.2020	AB1
17	General manager	South Africa	Retail	45	26.01.2021	Org11
18	Head of Corporate Risk and Sustainability	South Africa	Mining	30	08.02.2021	Org12
19	Risk and Compliance Manager	South Africa	Mining	30	09.02.2021	Org13

5.3.2.4 Interview Data Analysis and Coding

As this study was informed by prior literature, theories, and relevant reporting standards/frameworks to develop the understanding of the researched phenomena, regarding the method of analysing interview data, this study applied thematic analysis to identify patterns and themes arising from the coding process to address RQs (Boyatzis, 1998). The following paragraphs describe the steps of conducting thematic analysis and the software which assisted the researcher to code the data.

In terms of how thematic analysis was conducted, this study followed Boyatzis's (1998) guidelines of thematic analysis. The first step is to become familiar with the data. This step was done by listening to the interview recordings and reading the transcripts several times to get a high level of familiarity with the data. In this step, the researcher also followed Miles et al.' (2014) and Adams' (2017a) guidelines for achieving data condensation. The second step of thematic analysis is to generate initial codes. The researcher organised the data in a meaningful and systematic way. That is, the researcher worked through each transcript and coded the segments of text that seemed to be relevant to or specifically address RQs. The unit of coding is "sections of text" from the interview transcripts as words may be related to different meanings or different words may be used for the same meaning (Grbich, 2007). The third step is to search for themes, which refer to patterns that capture something significant or interesting about the data and/or RQs. In order to facilitate displaying and analysing data in relation to each RQ, three summary tables containing themes, sub-themes, and a summary of key findings were presented. Three summary tables are (1) factors that influence the approach to including suppliers and customers when making forward-looking information disclosure, (2) the engagement of suppliers and customers in forward-looking information disclosure, and (3) interviewees' penceptions of the credibility of forward-looking information disclosure concerning suppliers and customers (refer to Chapter 7 for details). The fourth step is to review themes. The researcher began to organise the data based on some similarities and identified a hierarchical relation of code -> subtheme -> central theme. In other words, the central themes were firstly created based on literature, theories, findings of content analysis, and common patterns identified through interviews. Then, these central themes were broken down into a series of sub-themes which emerged entirely from the interview data to further indicate different circumstances in more detail. The fifth step is to define themes. The researcher saw this step as the final refinement of the themes and aimed to "identify the 'essence' of what each theme is about" (Braun and Clarke, 2006, p.92). The last step is to write up the analysis.

Conclusions are drawn through the interpretation of the noting patterns, explanations, causal flows, and propositions and verified as the analyst proceeds (Miles et al., 2014). In this study, the findings of interviews were also checked with findings from the first phase of research design (content analysis) analysis to see the consistency of the final conclusions. This study's thematic analysis was carried out as a continuous and interactive process, which the researcher reviewed interview transcripts and other notes during writing for drawing a solid conclusion.

In terms of the software assisting thematic analysis, the researcher used the software NVivo12 to code the interview transcripts. The nodes codes were firstly set up within the software with each node attached a description describing the nature of the items. The interview transcripts were then imported into the software and read carefully to identify sections of text as to a particular code (Step 2 of thematic analysis) and were then linked to the relevant node within NVivo12 (Step 3 of thematic analysis).

5.3.2.5 Consideration of Conducting Interviews

In the following sub-sections, the considerations of the transcribing interviews and ethical issues are explained respectively.

Transcription of Interviews

In many studies that conduct interviews to collect data, transcription is usually viewed as the researcher's first attempt of familiarising with the data, in which audio/video recordings are transformed into textual form (Davidson, 2009). The transcription process allows the researcher to acknowledge the interviews thoroughly and to further identify the recurring patterns/themes/codes. Yet, it is noteworthy that transcription involves the transcriber's (the researcher in this study) subjective interpretation of data (Duff and Roberts, 1997). Since transcription is more or less a representation of the data, some information of discourse might be omitted when transcribing (Duff and Roberts, 1997). To address such an issue and to improve the credibility of transcription, the Jefferson system of transcription notation[4] was employed. This transcription was selected as it captures the verbal discourse systematically and critically.

Ethical Concerns

[4] Jefferson's (2004) transcription conventions which is commonly used for transcribing details of spoken interview.

In this study, the researcher aimed to not only provide the information of the interviewees but also protect participant confidentiality. It is essential to be cautious about the issue of revealing participants' private information. Hence, the researcher followed Patton's (2002) ethical guidelines and Durham University's ethical forms to protect the anonymity of the participants. Also, the participant information sheet (Appendix 4) was provided to every participant before conducting the interviews to inform participants of the purpose of the study and to ask them for agreement on the use of collected data.

5.4 Validity and Reliability of the Research Design

Validity and reliability issues arise regardless of the types of research. This study followed certain strategies to ensure the quality of the research (see Krippendorff (1980) and Waweru et al. (2004) for details).

- This study used multiple sources of evidence that involves organisational reports and semi-structured interviews (i.e. triangulation of data sources).
- Internal validity was addressed through pattern matching, concentrating on the results gained from different sources data (i.e. sample reports and interviews in this study) were consistent or inconsistent with the theoretical propositions (Waweru et al., 2004).
- Inter-coder reliability estimation is critical for establishing the reliability of data generated through content analysis. This study used a second coder who has coding experience and is familiar with voluntary disclosure research. The second coder performed the content analysis of reports for a sub-sample representing around 10 percent of the whole sample. Inter-coder reliability was tested using intra-class correlation coefficient and Krippendorff's ά test (Hayes and Krippendorff, 2007) and was found to be 0.96 and 0.98, respectively, indicating excellent inter-coder agreement. Hence, the scores of content analysis can be considered reliable.
- A pilot testing of five organisational reports was conducted to ensure effective and efficient conduct of content analysis.
- NVivo 12 software package was used for coding and managing the interview data which enabled the researcher to systematically revisit the summarized data and refer to the original documents. Thus, the coded data were auditable back to the transcript even when taken from the original context.

- This study followed Jefferson's (2004) transcription conventions which is commonly used for transcribing details of spoken interview to ensure the reliability of the coding procedure for interviews.

5.5 Summary of the Chapter

This chapter discussed the methodological issues and research design of this doctoral study. The phenomenon chosen for this study suggested that this research lies in the alternative paradigm which applies the interpretivism approach using the multi-method (Modell, 2010). This is considered to be the consequence of the adoption of both positive and normative accounting theories in this study (refer to Chapter 4). This study chose the combination of content analysis of organisational reports and interviews to address RQs. From a practical perspective, the combination of content analysis and interview methods can improve the validity of the research approach. Besides, the use of two sources of data, organisational reports and interviews, strengthened the reliability of the findings as each set of data may support, corroborate, or contradict each other (Miles et al., 2014).

The research design of this study involved two phases for collecting both quantitative and qualitative data. In the first phase of this research (content analysis), two pre-defined checklists were developed based on the research objectives. These two checklists were set to investigate the extent to which sample organisations make forward-looking information disclosure concerning suppliers and customers and the extent to which the various characteristics of credibility are presented in the sample reports. Then, considering the regulatory and reporting environment, this study selected organisational reports published by top 20 organisations by market capitalisation from five countries (i.e. South Africa, U.K., Germany, Japan, and Singapore) for content analysis. Sentences were chosen as the unit of analysis to code sample reports with pre-defined checklists. Meanwhile, decision rules were also established to guide the analysis. This is to ensure the reliability of the coding procedure. The coded data is used for both quantitative and qualitative analysis applying the thematic analysis approach.

Regarding the second phase of this research (interview), in-depth semi-structured interviews with 19 participants were carried out. The selection of participants and the interview questions were based on the research objectives, the conceptual framework, and the findings of content analysis. To make the analysis of interview data trustworthy and transparent, this study followed systematic procedures of thematic analysis. Also, well-established transcription conventions were adopted when transcribing the interviews to make sure that the verbal discourse was fully presented.   The evidence gathered from interviews was used to enrich the data and internal check the validity of the findings of content analysis.

The following two chapters present the results and findings of content analysis and interviews respectively.

CHAPTER SIX: FINDINGS OF CONTENT ANALYSIS

6.1 Introduction

The objective of this chapter is to present the findings of content analysis regarding RQ1: How well does forward-looking information disclosed by organisations address suppliers' and customers' information needs in the context of IR?, RQ2: How do suppliers and customers engage with forward-looking information disclosure in the context of IR?, and RQ3: What characteristics enhance the credibility of forward-looking information disclosure concerning suppliers and customers?.

In this chapter, Section 6.2 presents an overview of the application of the approach to including suppliers and customers when making forward-looking information disclosure made by sample organisations. It aims to address RQ1 and RQ3 based on the quantitative data collected using content analysis. Through a qualitative analysis of the sample reports, Section 6.3 discusses how suppliers and customers influence forward-looking information with quantitative data to address RQ2. With a similar data analysis technique, Section 6.4 aims to address RQ3 in more detail by analysing the credibility of forward-looking information disclosure concerning suppliers and customers made by sample organisations and the factors influencing the credibility of such disclosure. Section 6.5 summarises the chapter.

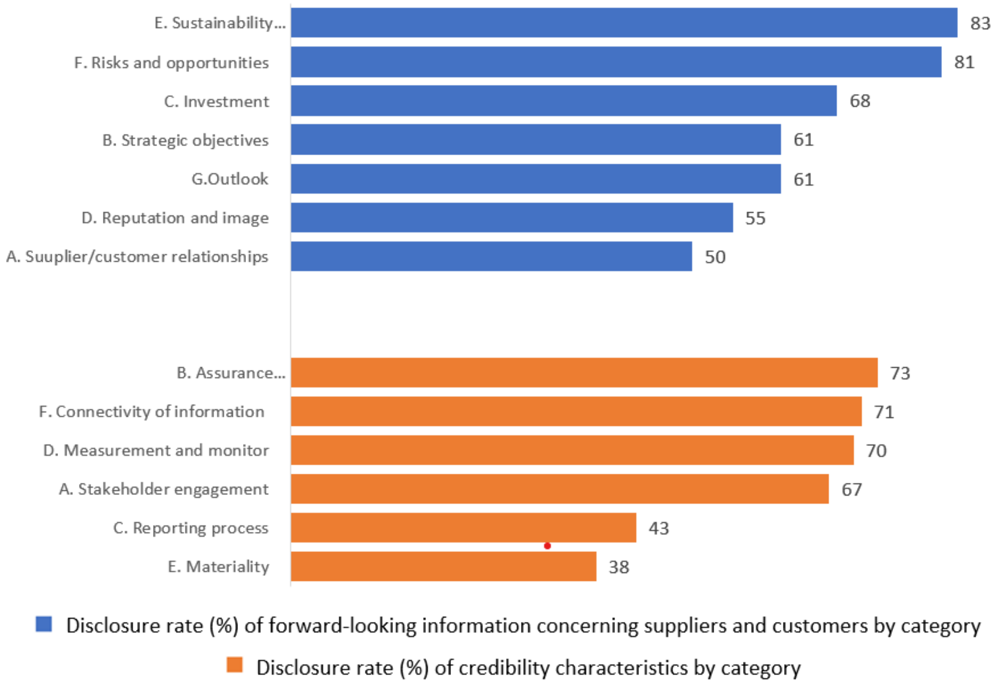
6.2 The Application of the Approach to Including Suppliers and Customers When Making Forward-looking Information Disclosure

This section demonstrates the results of the quantitative analysis which aims to address RQ1 and RQ3. Firstly, for addressing RQ1, this section presents the level of incorporating suppliers' and customers' interests into forward-looking information disclosure, including different forward-looking categories and items. Secondly, the overall credibility of forward-looking information disclosure is presented to answer RQ3. Finally, patterns of forward-looking information disclosure in five different countries are discussed in Section 6.2.3.

6.2.1 The Level of Incorporation of Suppliers' and Customers' Interests into Forward-looking Information Disclosure

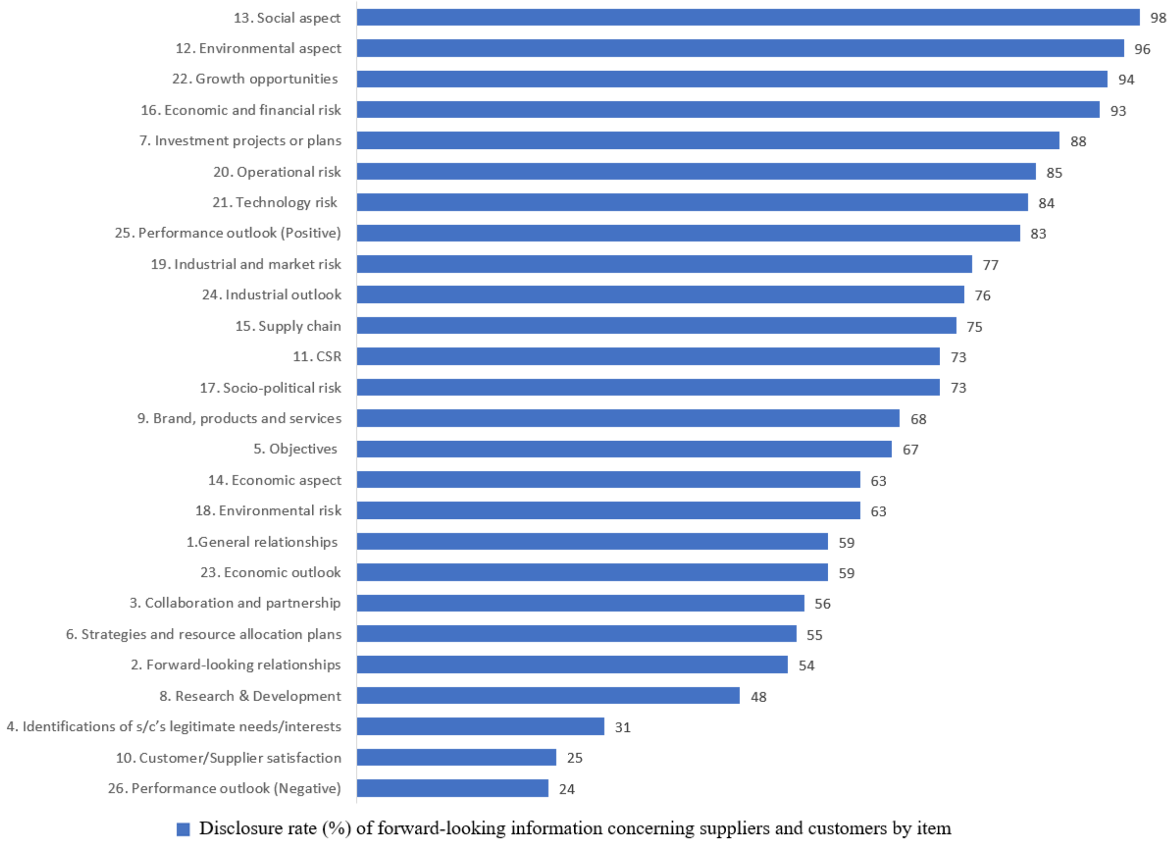
This subsection presents an overview of the level of the incorporation of the interests of suppliers and customers into forward-looking information disclosure by sample organisations. Based on the results of content analysis against Checklist 1 (The approach to including suppliers and customers when making forward-looking information disclosure, refer to Chapter 5), it indicated that all sample organisations has begun to address suppliers' and customers' needs in forward-looking information disclosure. However, from a close-up look at these results, it was identified that forward-looking information categories and items concerning suppliers and customers were disclosed at different levels.

Figure 3: Overall results of forward-looking information disclosure concerning suppliers and customers and characteristics of credibility at category level (from highest to lowest)



As shown in Figure 3, the most reported category is Sustainability (specific activities and targets in different aspects that may affect the organisation's sustainability performance), while 83% of sample organisations disclosed relevant information. The second most disclosed category is Risks and opportunities (specific sources of risks and opportunities that may affect the organisation's long-term value or prospects) with the number of 81%. In line with prior studies (Linsley and Shrives, 2006; Dumay and Hossain, 2019; Gazzola et al., 2019), the sample organisations had recognised the importance of sustainability and risk issues. Such an awareness was reflected in the organisational reports. Regarding specific forward-looking items in the Sustainability category and the Risks and opportunities category (see Figure 4), among all three aspects of sustainability, nearly all sample organisations disclosed the social aspect and the environmental aspect of sustainability with the disclosure rates of 98% and 96% respectively. Yet, the economic aspect was disclosed the least (63%). Inconsistent with Huq et al. (2016) that social sustainability lagged behind environmental and economic sustainability being addressed by organisations, this study's results indicated that organisations had started to address and report social sustainability recently. In addition, 75% of sample organisations disclosed information about the sustainable supply chain. This was previously shown in Vurritt and Schaltegger's (2014) study indicating that wider recognition had been given to the importance of a sustainable supply chain. Concerning items in the Risks and opportunities category, all risk items were disclosed at relatively high levels (i.e. Economic and financial risk: 93%; Operational risk: 85%; Technology risk: 84%; Industrial and market risk: 77%; Socio-political risk:73%; Environmental risk:63%).

Figure 4: Overall result of forward-looking information disclosure concerning suppliers and customers at item level (from highest to lowest)



Regarding the results of other categories, the Investment category (specific investment activities in products and services that may affect the organisation's long-term value creation) ranks third place. In terms of the specific item disclosures in this category, 88% of sample organisations reported their investment projects or plans in the reports. However, fewer organisations invested in R&D as only 48% of sample organisations disclosed relevant information.

The Strategic objective category (long-term objectives and strategies to achieve them through resource allocation plan) ranks as the fourth most disclosed category. As shown in Figure 3, 61% of sample organisations talked about relevant information in their organisational reports. Referring to specific items in this category (Figure 4), it was surprising to notice that 67% of sample organisations mentioned their objectives related to products and services development, whereas not all of them (55%) reported strategies and resource allocation plans to achieve the identified objectives. That is, some organisations may simply use reports to show positive prospects by disclosing product and service development goals, but the lack of detailed plans may make such disclosure less credible.

As for the Outlook category (challenges and uncertainties that the organisation is likely to encounter in pursuing its strategy, and the potential implications for its future performance), 61% of sample organisations reported relevant information in the organisational reports (Figure 3). Narrowing down to specific items in this category (Figure 4), most sample organisations (83%) chose to report a positive performance outlook even when the economic and industrial environment were challenging. Furthermore, as defined in the <IR> Framework, when disclosing outlook, organisations should identify challenges and uncertainties that they are likely to encounter and discuss the potential implications for future performance (IIRC, 2013; 2021). Although the majority of organisations disclosed operational risk and technology risk that might negatively influence their future performance, only 24% of organisations reported a negative performance outlook. In line with Haji and Anifowose (2016), the result suggested that organisations continued to exaggerate positive information whilst obscuring or dismissing negative information. The results that sample organisations did not fully discuss the potential implications of uncertainties or they are not willing to report a negative performance outlook can be possibly explained by the manager's career concern (Nagar et al., 2003; Graham et al., 2005) and/or afraid of negative market reaction (Kothari et al., 2009). Details regarding the reasons for the low disclosure rate of negative performance outlook are presented later in this chapter and in the interview findings chapter (Chapter 7).

Reputation and image (reputation that an organisation has gained in different aspects) is the second last disclosed category (55%) as shown in Figure 3. At the item level of this category, the extremely low disclosure rate of supplier/customer satisfaction (25%) was seen in Figure 4. Instead, sample organisations showed a good reputation and image by reporting their excellent products and services (68%) and CSR performance (73%).

The least disclosed category is Supplier and customer relationships (includes how and to what extent the organization understands suppliers' and customers' needs and how the relationships influence value creation over time) with a disclosure rate of 50%. Narrowing down to individual items in this category (Figure 4), 59% of sample organisations discussed general relationships in their reports and 54% of them showed a willingness and reported ways to build long-term relationships with their suppliers and customers. However, only a third of organisations identified the interests and needs of suppliers and customers. Surprisingly, as primary stakeholders (Clarkson,1995), organisations should interact with suppliers and customers on a regular basis to show their responsibility in action and discharge accountability (Deegan, 2002). As Roslender and Nielsen (2020) pointed out the need for research in social accounting and IR concerning suppliers and customers, the results further confirmed that one of the challenges in this field is to develop a means of accountability to suppliers and customers.

In conclusion, the overall result illustrated that all sample organisations have begun to address suppliers' and customers' needs in the forward-looking information disclosure. However, the extent to which various categories and associated items were reported varied among sample organisations. Sample organisations expressed a particular interest in reporting information related to sustainability and risks and opportunities, whereas they were less motivated to talk about the negative effects and specific supplier- and customer-related information. Details of how suppliers and customers engage with forward-looking information disclosure is presented in Section 6.3.

6.2.2 The Credibility of Forward-looking Information Disclosure Concerning Suppliers and Customers

The following paragraphs present an overview of the credibility of current forward-looking information disclosure concerning suppliers and customers. This overview is based on the results of content analysis against Checklist 2 (The credibility of forward-looking information disclosure concerning suppliers and customers checklist, refer to Chapter 5). As shown in Figure 3, Assurance (external assurance and internal assurance on the forward-looking information) is the most displayed characteristic at the category level, with a rate of 73%. This can be explained by previous studies' findings. According to Hodge and Stewart (2009), report users perceived assured corporate reports as credible information sources. Hence, organisations that seek to increase the credibility of disclosures were more likely to have their reports assured (Simnett et al., 2009). In contrast, Materiality (the description of the organisation's materiality determination process and key judgements) ranks as the lowest credibility characteristic. This was caused by the extremely low rate of the role of those charged with governance and key personnel in the identification of material matters (16%) under the Materiality category, as shown in Figure 5.

Figure 5: Overall result of characteristics that enhance the credibility of forward-looking information at item level (from highest to lowest)

In contrast to Deloitte (2015), the results indicated that organisations had recognised the importance of linking disclosed forward-looking information to other supportive evidence. The Connectivity of information (presentation of the combination, interrelatedness, and dependencies between forward-looking information and other factors that affect the organization's ability to create value over time) is the second most identified characteristic of credibility (71%) as shown in Figure 3. It implies that the clarity of the concept of connectivity of information had been improved and been well-understood by organisations. Specifically, Figure 5 shows that most organisations linked forward-looking information to governance and strategy (98% and 91% respectively), while only 24% of sample organisations extended this linkage to capitals. In line with prior literature (Rodrigue et al., 2013; Flammer et al., 2019), the results indicated that corporate governance and effective strategy underpin organisational prospects. Besides, consistent with Wang et al., (2019), the results demonstrated that reflecting the linkage of different kinds of non-financial information in the reports is a commonly used mechanism to enhance the credibility of disclosures. Details in this regard are presented later in this Section (Section 6.4) and the interview findings chapter (Chapter 7).

In terms of the Measurement and monitor category (specific processes used to measure and monitor forward-looking information disclosure), 70% of sample organisations reported this category as shown in Figure 3. Consistent with prior literature (Wang et al., 2019; Thoradeniya et al., 2021), the results indicated that measurement and monitoring is a traditional way to enhance the credibility of forward-looking information disclosure concerning suppliers and customers. Narrowing down to item level in this category, it indicated that sample organisations commonly informed report users about how they measured and monitored forward-looking information by talking about underlying assumptions (73%) and both quantitative and qualitative information (60%), as presented in Figure 5.

Stakeholder engagement was another means that was often used by organisations to increase the credibility of forward-looking information disclosure concerning suppliers and customers, as 67% of sample organisations reported relevant information (Figure 3). This finding is in line with Farooq and de Villiers (2019) that organisations reported stakeholder engagement to increase reporting transparency and accountability. However, further analysis suggested that such a means was employed to fulfil reporting requirements and manage legitimate risks rather than responding to stakeholders' concerns, an issue highlighted by several prior studies (Deegan, 2002; Hess, 2008; Joseph, 2012). It was evident by the fact that 91% of sample organisations had communications and dialogues with stakeholders while only 44% of them took actions in response to stakeholders' needs (Figure 5). Details about stakeholder engagement are presented in Section 6.4.1.1 and Section 7.2.2.

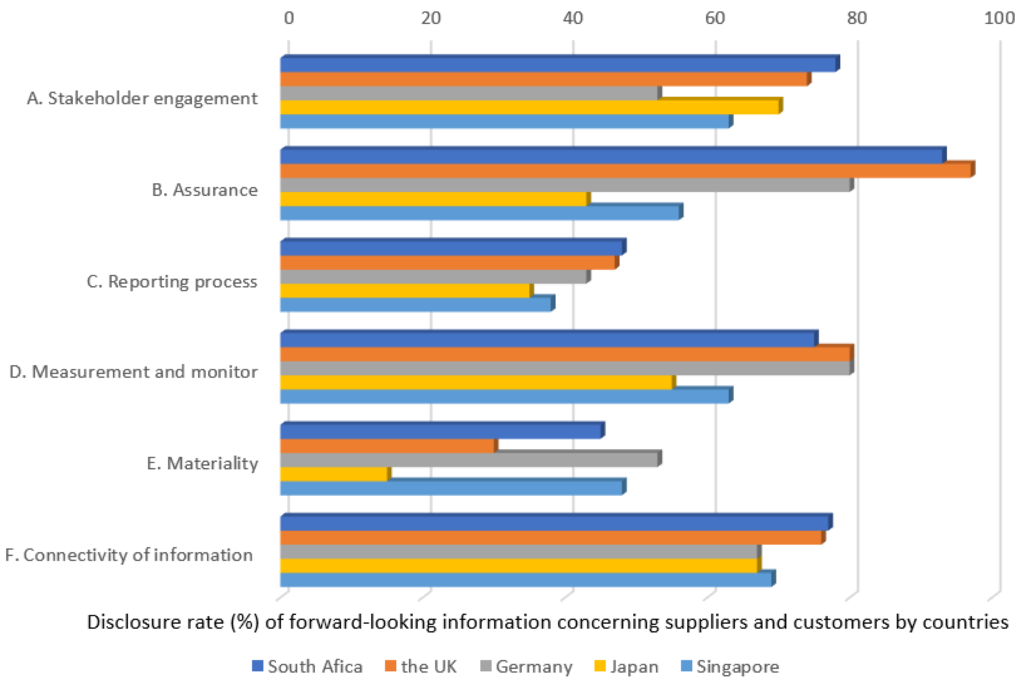
As can be seen in Figure 3, organisations should make efforts to enhance the credibility of forward-looking information disclosure during reporting process since only 43% of sample organisations showed commitments in this regard. Specifically, in line with Liesen et al. (2015) and Haji and Anifowose (2016), the results indicated that current forward-looking information disclosure practice made by sample organisations was still at a low level of completeness (22%) as shown in Figure 5. Furthermore, most sample organisations reported forward-looking information without referring to the source of data (23%). This is seen as less credible information by stakeholders ((Kurpierz and Smith, 2020).

In conclusion, quantitative analysis of the credibility of forward-looking information disclosure concerning suppliers and customers firstly demonstrated that assurance was the most used mechanism by sample organisations to enhance the credibility of this disclosure practice. Secondly, the importance of presenting the connectivity of information had been recognised by sample organisations. Thirdly, sample organisations measured and monitored the disclosed forward-looking information to show the credibility of disclosure. Fourthly, stakeholder engagement was used by sample organisations to respond to external pressure rather than as a key mechanism to enhance the credibility of forward-looking information disclosure concerning suppliers and customers. Details of how organisations use various activities to increase the credibility of forward-looking information disclosure concerning suppliers and customers are presented in Section 6.4 and Section 7.4.

6.2.3 Patterns of Forward-looking Information Disclosure in Different Countries

Following prior studies on corporate reporting across different countries (Hofstede, 2001; Habisch et al., 2011), it is necessary to mention the patterns of organisational reports in sample countries to gain a deeper understanding of the research topic. The patterns of forward-looking information disclosure amongst five sample countries presented both similarities and differences. According to Figure 6, organisations in all countries disclosed much information in relation to categories of Sustainability and Risks and opportunities. Yet, the disclosure about Supplier and customer relationships and Reputation and image was relatively less than other categories. Furthermore, Figure 6 illustrates considerable variations in respect of disclosures concerning Strategic objectives, Investment, and Outlook. Specifically, Japanese organisations disclosed the most Strategic objectives while they disclosed much less information about Outlook than other countries did. German organisations made more Investment and Outlook disclosures. South African and Singapore organisations disclosed less information relating to Strategic objectives and Investments.

Figure 6: Forward-looking information disclosure by countries



The high disclosure rates of Sustainability and Risks and opportunities in all countries can be explained by the reporting requirements or recommendations as summarised in Table 2 in Chapter 5 (Table 8 below extracts reporting requirements about the disclosure of sustainability and risk information from Table 2). All five countries require or encourage organisations to disclose their activities and commitments in relation to sustainability. Moreover, South Africa, U.K., and Germany either require or recommend organisations to make risk reporting (except mandatory financial risks disclosure), while Japan and Singapore do not have specific requirements or guidance on risk reporting. Thus, the higher disclosure of Risks and opportunities in South Africa, U.K., and Germany can be explained by the difference in reporting requirements.

Table 8: Reporting requirements concerning sustainability and risk disclosures

South Africa	Mandatory IR; King IV Report
U.K.	Strategic Report and Directors' Report; ICAEW: Recommendations on risk reporting
Germany	EU Non-Financial Reporting Directive
Japan	TCFD Guidance; Environmental Reporting Guidelines
Singapore	Annual sustainability reporting has become mandatory on a "comply or explain" basis; Guidelines on Environmental Risk Management for banks, insurers, and asset managers

German organisations reported the most sustainability information among all five countries. Apart from regulation pressure, the financial system and labour and education system also promote sustainability reporting in Germany. Germany is one of the first countries to have a socially responsible investment stock market index, signalling investor pressure on companies to improve sustainability performance and reporting (Ioannou and Serafeim, 2012). Moreover, union density is extremely high in Germany which provides unions with the power to force organisations to manage their social responsibility (Ioannou and Serafeim, 2012). According to Jackson and Apostolakou (2010), German society is more individualistic, thus, organisations are more likely to undertake explicit CSR activities and relevant disclosures in order to fulfil a broader range of stakeholders' expectations.

Despite the fact that many countries require organisations to disclose many aspects of sustainability issues, it appeared that even though sample organisations are these largest organisations in each country, this was not always the case as the disclosure rate of sustainability was not 100%. Not surprisingly, other types of forward-looking information disclosure in the absence of legal requirements were even less. For example, in line with Haji and Anifowose (2017), the level of Supplier and customer relationships disclosure was quite low compared to other categories. Organisations were not forced/required to disclose such information as there is no specific reporting requirement in this regard, except IR encourages organisations to report social and relationship capital (IIRC, 2013; 2014; 2021). Therefore, IR reporters were expected to report more on the relationships with suppliers and customers.

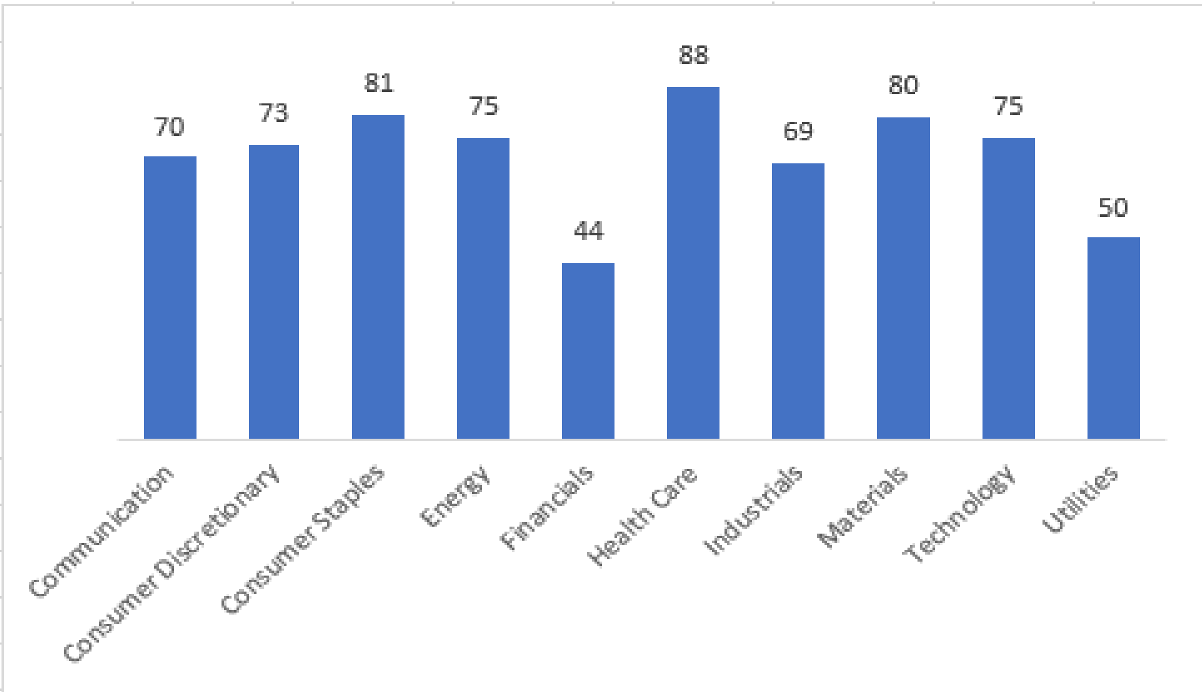
However, it was unexpected to observe that the South African sample ranks the lowest in Supplier and customer relationships category disclosure (Figure 6). This result is inconsistent with Setia et al. (2015) that the disclosure of social and relational capital had increased after the introduction of IR in South Africa, and they had made commitments to manage the relationships with suppliers and business partners. In this study, the results indicated that South African organisations did not emphasise information concerning suppliers and customers even though there had been an increase in social and relational capital disclosure found by prior studies (e.g. Setia et al., 2015). A possible reason is that since the <IR> Framework is principle-based, organisations may choose not to disclose more about suppliers and customers due to the proprietary cost (Singh et al., 2008) or fears of losing competitive advantage (Jarratt and Stiles, 2010). Furthermore, given the market capitalisation of the South African sample (as shown in Table 3 in Chapter 5) was relatively smaller than other countries, smaller-sized organisations tend to delay or not disclose forward-looking information concerning supply chain relationships when they experience business crises compared to larger organisations (Cen et al., 2018). Such an agreement can also be applied to Singapore samples which also showed a low disclosure rate of supplier and customer relationships.

By contrast, the UK sample outperformed other sample countries in terms of Supplier and customer relationships disclosure. This result is consistent with Li et al. (2008) that relational capital was the most disclosed intellectual capital by UK organisations. This result further confirmed the effectiveness of the "The UK Corporate Governance Code" issued by FRC, which aimed to provide guidance on effective board practice (FRC, 2016), as good corporate governance of UK organisations contributed to the high disclosure rate of suppliers and customer relationships (Li et al., 2008). Considering the above analysis, although there are reporting frameworks (e.g. the <IR> Framework) which emphasise the importance of social and relationship capital, the supplier and customer inclusive approach to reporting is at an early stage since the disclosure rate of Supplier and customer relationships is not high enough, even in developed countries as shown in this study.

In terms of the category of Reputation and image, the overall disclosure level amongst all sample countries was quite low. As identified earlier, organisations tended to disclose the quality of products and services instead of supplier/customer satisfaction to show organisational reputation and image. It is possible that supplier/customer satisfaction was not high enough for organisations to disclose in their organisational reports or organisations believed that signalling excellent quality of products and services is more efficient to gain reputation for business survival in the long run.

As for the disclosure of the Investment category, the German samples disclosed more investment information while the South African and Singapore samples relatively had less to say about investment. This can be explained by the sector grouping. As demonstrated in Figure 7, organisations in the Health Care sector disclosed relatively more investment information while organisations in the Financials sector had an extremely low rate of disclosure of Investment. This result reflects the findings of Bukh et al. (2005) that R&D intensity determines the disclosure of information related to products and services development and innovation, as Health care is classified into a high-intensity industry and Financials is a non-intensity industry (Henderson and Cockburn, 1993). In the sample organisations, 38% of organisations in the Health Care sector are German organisations, and a total of 56% of financial organisations are either South African or Singapore organisations.

Figure 7: Investment disclosure by sectors



With respect to the Outlook category, it is particularly noticed that Japanese organisations were reluctant to talk about their views on outlook. This can be explained by the different national cultures between Japan and the other four countries. Based on Hofstede's (2003) culture dimensions, Japan is classified as high Masculinity. This indicates that society will be driven by competition, achievement, and success, with success being defined by the winner or best in the field (Scores: South Africa; 63; UK:66; Germany: 66; Japan: 95; Singapore: 48). According to the decision rules of content analysis (Appendix 2), the outlook disclosures include items regarding challenges that an organisation is going to face and negative performance outlook; therefore, Japanese organisations may be reluctant to disclose much negative information about their future performance. It was further supported by the fact that only one (5%) Japanese organisations reported negative performance outlooks (South Africa: 30%; UK: 24%; Germany: 30%; Singapore: 32%). This result is in line with the prior study by Kato et al. (2009) which concluded that Japanese managers usually optimised prospects to convince constituents (the board, shareholders, employees, etc.) that they are doing a good job.

The legitimacy theory can be employed to explain the similar and different patterns of forward-looking information disclosure mentioned above. Organisations are considered as a part of the social system that interacts with society; therefore, they aim to reduce uncertainty and ensure survival and growth (Aguilera and Jackson, 2003). Furthermore, different levels of pressure generated from regulations encourage organisations to mandatorily and/or voluntarily disclose information so as to meet the "social contract" with society (Cormier et al., 2004) and to be acceptable by society (Chen and Roberts, 2010). In conclusion, the emerged patterns of forward-looking information disclosure might be the result of regulatory pressure and the different patterns may reflect the organisation's recognition of its role in society.

6.3 The Engagement of Suppliers and Customers with Forward-looking Information Disclosure

Prior sections illustrated that suppliers and customers have an influence on an organisation's decision on forward-looking information disclosure. The contents of sample reports are explored in this section to address RQ2 (How do suppliers and customers engage with forward-looking information disclosure in the context of IR?). Considering the conceptual framework of this study (Figure 1), which is constructed with stakeholder theory, legitimacy theory, resources dependency theory, and transaction cost theory, this study identified three central themes, namely motivations of forward-looking information disclosure concerning suppliers and customers, the role of suppliers and customers in strategic decisions, and the use of forward-looking information disclosure for the stability of supply chain. These three themes are discussed respectively in the following sections. The summary of themes and issues that emerged from content analysis drawing on some exemplar quotes extracted from the sample reports are presented in Table 9.

Table 9: Evidence of content analysis regarding how suppliers and customers engage with forward-looking information disclosure

Themes	Sub-themes	Summary of key findings	Illustrative examples
Motivations for disclosing forward-looking information concerning suppliers and customers	Stakeholder accountability	Organisations incorporate suppliers'/customers' feedback into strategic decision making and disclose forward-looking items (e.g. strategic objectives and R&D) to show stakeholder accountability.	"With the aid of the "customer Insights" process and our global network of research and development centre, we promptly identify constantly changing consumer wishes and successfully reflect them in our product development and make our customers' workflows even more efficient and effective." (Beiersdorf AG
	Legitimacy concerns	Legitimacy concern is an important factor encouraging organisations to adopt the approach to including suppliers and customers when making forward-looking information disclosure. forward-looking information disclosure is used to gain, maintain, and repair legitimacy.	"The success of a business requires the commitment of meeting social values and expectations, such as transparency, respect, integrity and accountability […] Underpinned by these values and expectations, we invest in R&D to bring new and innovative products to create value for various stakeholders and we recognise the importance of solid supply chain relationships in this process." (GlaxoSmithKline PLC) "Through engagement, if a gap is found between suppliers' and customers' expectations and the organisation's activities, corrective actions will be taken to narrow the gap." (Bayer AG).
	Resource dependency perspective	The dependency of an organisation for resources on its (key) suppliers and customers is a driver to make forward-looking information disclosure since losing key supply chain partners results in decreased stakeholder confidence.	"AB InBev relies on key third parties, including key suppliers, for a range of raw materials […] The termination of or a material change to arrangements with certain key suppliers or the failure of a key supplier to meet its contractual obligations could have a material impact on AB InBev's production […]and have a material adverse effect on AB InBev's business […] Certain of AB InBev's subsidiaries may purchase nearly all of their key packaging materials from sole suppliers under multiyear contracts. The loss of or temporary discontinuity of supply from any of these suppliers without sufficient time to develop an alternative source could cause AB InBev to spend increased amounts on such supplies in the future." (Anheuser-Busch InBev)

	Transaction cost perspective	Disclosing forward-looking information regarding long-term relationships, strategies, and supply chain management plans is a way to build long-term trusted relationships with suppliers and customers. This relationship enables transaction parties to receive mutual benefits from transactions.	"Our strategic priority is to manage supplier relationships [….] a finance programme is offered to help suppliers manage their cash flows. Suppliers can access a platform to check their invoices and payment dates as well as claim an early payment […] We believe this programme offers a benefit to our suppliers, as it provides visibility and flexibility to manage their cash flow […] we believe our manufacturing and supply function supports our Return to Growth". (AstraZeneca PLC)
The influence of suppliers and customers on strategic decisions	Risk management strategy	Supply chain risks shape supply chain strategy. Incorporating risk information into organisational reports is a part of the risk management strategy to highlight the independence from external risks and the implementation of strategies to deal with internal risks	"Purchasing and procurement risk: the loss of a key supplier could affect our production and increase our costs […] Strategies: purchase raw materials and parts from numerous external suppliers and making sure suppliers are satisfactory in relation to contracts and business […] we aim to sustain the procurement of good products at reasonable prices in a timely manner." (Honda Motor Co. Ltd.)
	Directing product development	Engaging and collaborating with suppliers and customers offers opportunities and new concepts for an organisation's product development. This information is reflected in organisational reports.	"Strong partners from the supplier industry are also essential for our effort to develop and offer new concepts […] and through the partnership, we aim to ensure that the Group retains the key technological expertise it needs in order to maintain the uniqueness of our brands and to safeguard the future". (Siemens AG)
	Sustainable supply chain management	Suppliers and customers have a significant influence on the organisational sustainability strategy establishment and implementation, as well as the content of sustainability reporting.	"Our sustainability strategy is aligned with our supply chain management strategy […] We work with customers, suppliers and other value chain participants to seek to influence emissions reductions across the life cycle of products." (BHP Group Plc) "Reducing operational emissions is vital to our position as an ethical and responsible business […] we take this position seriously and seek to both maximise value and minimise risk throughout our interactions with our supply chain partners." (National Grid PLC)
Use of forward-looking	Building long-term relationships	Making forward-looking information disclosure is a means to show a willingness to build long-term	"We have multiple suppliers for each of our operations and our centralised procurement teams work closely with our operations in

information disclosure for the stability of the supply chain		relationships with suppliers and customers. This is achieved by identifying responsibility for each function within an organisation regarding relationship management.	actively pursuing longer-term agreements with strategic suppliers." (Mondi PLC)
	Influencing perceptions of suppliers and customers	forward-looking information disclosure is used to influence suppliers' and customers' perceptions of an organisation's prospects, reputation, and trustworthiness.	"Building trust requires more than just complying with the law. Trust is also about perception. If people perceive you as not sharing their values, concerns or hopes for the future, they are unlikely to trust you […] we engage with our supply chain partners to identify their concerns […] and we believe by constantly demonstrating the unquestionable integrity of our businesses, people and partnerships, we can earn and keep their trust over the long term." (Old Mutual Ltd.)

6.3.1 Motivations for Disclosing Forward-looking Information Concerning Suppliers and Customers

The theme "motivations for disclosing forward-looking information concerning suppliers and customers" refers to the reasons why organisations would make forward-looking information disclosure considering the interests of suppliers and customers. This theme includes stakeholder accountability, legitimacy concern, resource dependency perspective, and controlling transaction cost perspective.

6.3.1.1 Stakeholder Accountability

The codes related to the sub-theme "stakeholder accountability" include forward-look items regarding (1) supplier and customer expectations and (2) strategies and actions in response to their expectations. The findings of the content analysis confirmed the central principle of stakeholder theory that organisations believe the interplay with each stakeholder group needs to be managed in order to further the interest of the organisation (Gray et al., 1996). Kaur and Lodhia (2018) argued that organisations showed poor stakeholder accountability since they are unwilling to incorporate stakeholder feedback into decision-making and reporting. Inconsistent with this view, the results indicated that suppliers' and customers' feedback was given high priority in the strategic planning process at many sample organisations. The feedback was sought through customer surveys (SA 3[5]), regular supplier meetings (S 15), and various stakeholder engagement instruments (G 5). For example, organisations engaged with suppliers and customers in order to "identify optimization potentials" in the production area (G 5), "discuss key sustainability-related matters" (SA 3) and reduce supply chain risks by "concluding long-term agreements" with suppliers (G 4). Through engagement, if a gap was found between suppliers' and customers' expectations and the organisation's activities, corrective actions will be taken to narrow the gap. The process of engaging with suppliers and customers and the outcome of the engagement were reflected in organisational reports. This implied that sample organisations recognised suppliers and customers as important stakeholder groups and made strategic and reporting decisions according to the interests and needs of these stakeholders. That is, certain forward-looking categories/items, such as sustainability issues, strategies objectives, and risks and opportunities, were an outcome of supplier and customer engagement. In turn, the reporting of these forward-looking categories/items was a response to suppliers' and customers' information needs. This finding is consistent with Imoniana et al.

[5] When presenting the quote from a particular sample report, the format of the abbreviation of the country plus organisation number is used. SA stands for South Africa, UK stands for the UK, G stands for Germany, J stands for Japan and S stands for Singapore. E.g. SA 3 stands for the South African organisation number 3.

(2012) that stakeholder engagement plays a critical role in accounting and defining the contents of organisational reports. Other critical roles of stakeholder engagement in reporting are analysed with other evidence later in Section 6.4.1.1.

Considering the above discussion, this study identified three findings. Firstly, in line with Bellucci et al. (2019), this study provided evidence that organisations had committed to a two-way dialogue with stakeholders. Secondly, listed international organisations tend to disclose supplier- and customer-related forward-looking information, which is consistent with Campopiano and de Massis (2015). Lastly, extending the findings of Harrison et al. (2010) and Dyer et al. (2018) to forward-looking information disclosure concerning suppliers and customers, this study indicated that organisations reported forward-looking information for suppliers and customers to discharge accountability.

6.3.1.2 Legitimacy Concerns

The codes related to the sub-theme "legitimacy concerns" include forward-looking items in relation to (1) sustainability, (2) reputation and image, (3) investments, and (4) outlooks that show organisational legitimacy. Content analysis indicated that the approach to including suppliers and customers when making forward-looking information disclosure was influenced by an organisation's legitimacy concern.In line with legitimacy theory (Suchman, 1995), sample organisations made such disclosures to gain, maintain, and repair legitimacy.

Sample organisations made forward-looking information disclosure to gain legitimacy, especially when entering a new market or launching new products (SA 15, UK 6, G 4). As illustrated in Table 9, the success and the survival of a business required the organisation to fully align the social values and expectations (e.g. transparency, integrity and, accountability). Grounded in these social values, organisations made commitments, such as making investments to develop sustainable products and supporting local distribution channels. Therefore, it can be confirmed that organisations intended to gain legitimacy with various stakeholders (including suppliers and customers) when developing new products (Suchman, 1995) and such an intention was reflected in the organisational reports.

Sample organisations have committed to maintaining legitimacy by disclosing social matters concerning suppliers and customers, such as inclusive procurement (SA 2), responsible sourcing (G 4), and safety performance (SA 11). These commitments were motivated by the intention to "increase social accountability, conduct business fairly, and with integrity and deliver value through supplier partnerships" (SA 2). Several organisations also reported the comparison of the targeted performance and achieved results in relation to sustainable supply chain performance which was disclosed in the KPIs section of the sample reports (e.g. SA 13, UK 4, and S 7). This can be explained by the legitimacy theory that maintaining legitimacy requires consistent compliance with social norms, beliefs, and values (Mobus, 2005).

Legitimacy theory states that an organisation would use corporate reporting to communicate organisational changes and enhance stakeholder confidence if the organisation is facing legitimacy crises caused by a discrete event (Buhr, 2002; also refer to Section 4.2.2 for more explanations). Adhering to this view, there is evidence that forward-looking information disclosure was used as a tool to repair legitimacy when they forecasted a negative performance outlook (by analysing sample reports that disclosed negative performance outlooks). This was done by disclosing strategies and plans to reverse the negative effect of a damaged reputation. For example, SA 20 stated that they "experienced an unfortunate challenge with the outsourced maintenance of our mobile network, following the decision by an incumbent supplier to terminate their contract" which may negatively impact the future performance. They then disclosed initiatives and strategies regarding supply chain management to attract suppliers and satisfy customers. Consistent with the view of Archel et al. (2009), the voluntarily disclosed supply chain strategies and plans can be interpreted as an intention to deflect the attention of existing and potential suppliers and customers from the event of unfortunate contract termination. Yet, SA 20 provided no explanation of why the contract was terminated by an incumbent supplier in its report. It implies that the disclosure of supply chain management initiatives and plans was a sign of repairing legitimacy with supply chain partners. Furthermore, since SA 20 is a mandatory IR reporter, this finding offers some solid evidence to prior studies (Beck et al., 2017; Muldowney, 2018; Casonato et al., 2019), showing that IR had helped organisations restore legitimacy and repair reputation by focusing on the relational capitals.

In conclusion, in line with O'Donovan (2002), this study's findings indicate that organisations inform stakeholders about their commitments and performance to minimise the legitimacy gap. Also, organisational reporting is confirmed to be one of the techniques of informing stakeholders.

6.3.1.3 Resource Dependency Perspective

The codes related to the sub-theme "resource dependency perspective" include forward-looking items in relation to (1) the importance of major/key suppliers and customers to the business and (2) strategies to manage relationships with them. The content analysis revealed that sample organisations had recognised suppliers as the main source of supply providers and customers as the main source of revenue that organisations rely on for operating the businesses, especially those major/key suppliers and customers. Consistent with Larrinaga-Gonzalez et al. (2001), the dependency of an organisation for resources on its stakeholders was a catalyst to the change of its accounting practices, in this case, forward-looking information disclosure practice. This finding can be explained by considering the motivations of disclosing forward-looking information from the view of resource dependency. For example,

> "AB InBev relies on key third parties, including key suppliers, for a range of raw materials […]. The termination of or a material change to arrangements with certain key suppliers or the failure of a key supplier to meet its contractual obligations could have a material impact on AB InBev's production […]and have a material adverse effect on AB InBev's business […]. Certain of AB InBev's subsidiaries may purchase nearly all of their key packaging materials from sole suppliers under multiyear contracts. The loss of or temporary discontinuity of supply from any of these suppliers without sufficient time to develop an alternative source could cause AB InBev to spend increased amounts on such supplies in the future [...] we are leveraging new technologies to better engage with them" (SA 4, Integrated Report, pp.65-66)

Sample organisations' concerns of losing key supply chain partners decreased stakeholder confidence and drove the organisation to report certain types of forward-looking information. These types of information are risks associated with the supply chain and plans of resolving these risks via effective supplier and customer engagement.

Furthermore, by revising the coded data, the industry effect in Japan was noticed in terms of the role of supply chain parties in forward-looking information disclosure. For instance, J 3 reported that "Japanese industry, in general, is heavily dependent on foreign suppliers for substantially all of its raw materials", and they then disclosed strategies and plans regarding supply chain management. J20, which is in the same industry as J3, placed a high priority on supply chain partners in their guiding principles for business, stating that "we respect our business partners such as suppliers and dealers and work with them through long-term relationships to realize mutual growth based on mutual trust". As for the strategy of dealing with the diversity of suppliers and sustainable supply chain, they "maintain fair and free competition in accordance with the letter and spirit of each country's competition laws". Thus, from a resource dependency view, suppliers and customers produced effects on forward-looking information disclosure and these effects were stronger when the whole industry is dependent on foreign or few key suppliers for resources.

6.3.1.4 Transaction Cost Perspective

The codes here include forward-looking items in relation to supplier and customer relationships. The conceptual framework (Figure 1 (v)) and the theoretical foundation (Section 4.3) of this study indicate that opportunism is the main concern of every supply chain party when making transactions due to information asymmetry (Williamson, 1979). The results of the content analysis indicated that organisations attempted to reduce information asymmetry between transaction parties by disclosing forward-looking information concerning suppliers and customers. This action showed an organisation's intention to alleviate suppliers' and customers' opportunism concerns. In line with prior studies (Hui et al., 2012; Dou et al., 2013), this study reported that organisations expressed their willingness to build long-term trusted relationships with supply chain parties for the purpose of receiving mutual benefits from transactions. This willingness was reflected in the organisational reports by introducing policies or programmes that support supply chain parties. For example, UK 1 offered a finance programme to help suppliers manage their cash flows. Suppliers can access a platform to check their invoices and payment dates as well as claim an early payment. They stated in its report that "we believe this programme offers a benefit to our suppliers, as it provides visibility and flexibility to manage their cash flow". This programme, in turn, would help to receive mutual benefits as UK 1 stated that "we believe our manufacturing and supply function supports our Return to Growth". In line with transaction cost theory (Section 4.4.1.2), organisations reported supply-chain-related plans and beliefs to build trust with supply chain parties. This can be recognised as a signal to reduce information asymmetry with supply chain parties. The reduced information asymmetry then impeded opportunistic behaviours between transaction parties. Therefore, the organisation and its suppliers and customers can receive mutual benefits.

6.3.2 The Influence of Suppliers and Customers on Strategic Decisions

The theme related to "the influence of suppliers and customers on strategic decisions" includes aspects of risk management strategy, product development, and sustainable supply chain management. These three aspects are discussed respectively in the following sections.

6.3.2.1 Risk Management Strategy

The sub-theme "risk management strategy" includes codes regarding (1) risk disclosures and (2) associated strategies. The results of content analysis added evidence to the view that organisations with further-oriented reporting strategies are likely to disclose third-party risks as prospects and supply chain continuity are highly interdependent (Hill and Short, 2009). The results also indicated that organisations used forward-looking information disclosure to show their awareness of the importance of supply chain risk management and then took action to reduce this risk. In contrast to Hill and Short (2009) that the extent of forward-looking information disclosure was negatively related to the detailed disclosure of risk management, the quantitative data of this study indicated that 85% of sample organisations identified detailed operational risk under which supply chain risk is classified (Figure 4). This can be explained by considering the costs associated with supply chain disruption and the increasing attention paid to supply chain risk management (Chopra and Sodhi, 2014). As presented in Table 9, sample organisations foresaw the consequences of the inability to manage supply chain risks effectively, such as increasing costs and affections on production. Organisational reports were also used to inform stakeholders about strategies and plans to deal with disclosed supply chain risks. In line with prior literature (Linsley and Shrives, 2006; Malafronte et al., 2016), the results of the content analysis indicated that the incorporation of risk information into organisational reports was part of risk management strategy, highlighting the independence from external risks and strategies to deal with internal risks.

Organisations may strategically select which risk categories to disclose to avoid the negative effect on corporate image and prospects in reporting practice (Elshandidy et al., 2018), although risk reporting accounting standards require organisations to disclose a certain extent of risk information. Consistent with this view, combining the above qualitative analysis of the sample reports and the quantitative data that 85% of sample organisations disclosed operational risks concerning the supply chain (Figure 5), this study confirms the important role of suppliers and customers in strategic decisions and reporting decisions.

6.3.2.2 Directing Product Development

The codes related to the sub-theme “directing product development” include forward-looking items in relation to product development objectives and plans. Figure 5 shows that most sample organisations reported objectives related to products and services development (61% of sample organisations) and associated strategies and resource allocation plans to achieve objectives (55% of sample organisations). A close-up analysis of the coded data indicated that the strategic decision concerning product development was influenced by the outcome of supplier and customer engagement. That is, sample organisations made product development decisions based on customers’ preferences and needs and suppliers’ resources and expertise. This sort of information was gathered via supplier and customer engagement. As Power (2004) stated, stakeholder engagement has become a mechanism for transforming stakeholders’ tacit knowledge into explicit knowledge.

The qualitative analysis of sample reports demonstrated that the product development plan involved long-term decisions and influenced different activities within an organisation, such as R&D and production activities. For instance, G 7 invested in R&D in order to develop and innovate products and services that "suit diverse customer needs" and "respond to customer demands in a faster, more flexible, and more precise manner". G 7 also collaborated and/or developed partnerships with suppliers and customers with an aim to effectively accomplish product development plans by information sharing and cost reduction. Hence, engaging and collaborating with suppliers and customers offers opportunities and new concepts for an organisation's product development, and this information is reflected in organisational reports.

6.3.2.3 Sustainable Supply Chain Management

The codes here are sustainability information specific to supplier and customer and/or supply chain. Content coding showed that suppliers and customers played a critical role in the organisational sustainability strategy establishment and implementation, as well as the content of sustainability reporting. Evidentially, as mentioned earlier in this chapter, 75% of the sample organisations report information about sustainable supply chains, including strategies, targets, and performance (see Figure 5). By looking at the content of sample reports, it indicated that organisations developed sustainable supply chains owing to the increased awareness of reducing operational emissions caused by stakeholder pressure (as shown in Table 9). For example, in response to stakeholders' environmental concerns, UK 11 realised that "reducing operational emissions is vital to our position as an ethical and responsible business", and they "take this position seriously and seek to both maximise value and minimise risk throughout our interactions with our supply chain". In addition, SA 6 claimed that "sustainable approach to sourcing, production, distribution, and marketing helps us to create value for a wide group of stakeholders". This is in line with prior studies (New, 2015; Nakamba et al., 2017), stating that the growing demand for supply chains to improve social standards, along with severe environmental problems, placed sustainability at the centre of supply chain management.

Sample organisations perceived the sustainable supply chain as a competitive advantage rather than a burden in running the business as they had recognised the critical role of the sustainable supply chain in the value creation process. Based on the content of sample reports, value creation via the sustainable supply chain was achieved in different aspects, namely environmental compliance, employee welfare, well-being, and operational performance. Different aspects of the supply chain were also linked with SDGs in most sample reports indicating organisational progress towards the achievement of SDGs. That is, in line with

Ashby et al. (2012), supply chain management emerged as an essential lens to consider how different aspects of sustainability can be addressed to achieve SDGs.

The results showed that the ultimate goal of sustainable supply chain management was not only for the organisation's own benefits but also for helping suppliers and customers to manage their supply chains. For example, "through supplier self-assessments, third-party audits, and bespoke supplier capacity-building programmes, we support suppliers to flag potential risks and improve their management controls. Where required, corrective actions are agreed and monitored" (SA 2). Furthermore, S 4 stated in the report that they "strive to influence our supply chain of 6,000 partners to adopt sustainable practices through the DBS Sustainable Sourcing framework". In short, organisations are using organisational reports to show how they manage sustainability along the whole supply chain.

6.3.3 Use of Forward-looking Information Disclosure for the Stability of Supply Chain

This theme relates to how organisations use forward-looking information disclosure for sustaining the stability of the supply chain. Two purposes of disclosing supplier- and customer-related forward-looking information were identified through content analysis. The first one was to build long-term relationships with suppliers and customers to gain favourable trading terms and avoid the disruption of the supply chain. The second purpose was to influence the perceptions of suppliers and customers regarding an organisation's prospects, reputation, and trustworthiness. Organisations believed that the stability of the supply chain would increase through perception management. Details related to this theme are presented in the following sub-sections.

6.3.3.1 Building Long-term Relationships

The codes related to the sub-theme "building long-term relationships" include (1) forward-looking supplier and customer relationships and (2) associated strategies and plans to manage these relationships. In line with Dou et al. (2013), the content analysis revealed that organisations used corporate reporting as a tool to show their willingness to build long-term relationships with their supply chain partners. By revisiting the coded data, it was noticed that disclosing forward-looking relationships with suppliers and customers, especially those that were critical to the organisation, was beneficial for gaining long-term contracts. For example:

> "The loss of a key supplier could affect our production and increase our costs … we purchase raw materials and parts from numerous external suppliers … but rely on certain suppliers for some of the raw materials and parts which it uses to manufacture products…to make sure suppliers are

> satisfactory…we aim to sustain the procurement of good products at reasonable prices in a timely manner". (J 3, Annual Report, pp,58-59.)

The above quote highlights that the strength of supplier and customer relationships affected an organisation's ability to obtain pricing and competitive trade terms (Dyer et al., 2018). This can be explained by the transaction cost theory (Section 4.3.1.2) that solid supply chain relationships increase information sharing and reduce opportunistic behaviour, which eventually benefits all transaction parties (Hui et al., 2012). This result also added evidence to the argument that organisations benefit from making voluntary forward-looking information disclosure to suppliers and customers in terms of favourable trading terms and supplier and customer satisfaction (Balvers et al., 2015; Dyer et al., 2018).

In addition, sample organisations disclosed commitments to build long-term relationships with suppliers and customers with an intention to reduce information asymmetry. The commitments included strategies and future plans dealing with production, procurement, and relationships with suppliers and customers. Sample organisations also reported board involvement in supplier and customer relationship management and identified key personnel who is responsible for those commitments. For example, G 4 stated that "long-term contracts and active supplier management for strategically important goods and services are important elements" in the supply chain relationship management section. Then, this organisation reported that strategies for supply chain relationship management were confirmed at the management level and identified responsibilities for each individual department involved (e.g. procurement and stakeholder relations), as well as collaborations among these departments. Signalling theory of this study (Section 4.2.3) argues that to manage supply chain relationships, organisations would voluntarily disclose more information to sustain sound relationships by reducing information asymmetry. This finding is consistent with previous studies (Ross, 1977; Balvers et al., 2015).

Also, sample organisations identified severe consequences of failing to maintain relationships with key supply chain parties in the long run, such as disruption of the supply chain (UK 12), reputation and brand damage (J 5), and loss of technological expertise (S 16). These consequences would negatively influence organisational future performance. This can be explained by the fears of possible supply chain disruptions caused by uncertainties and the vulnerability of modern supply chains, such as a lack of understanding about how to deal with the complexity of the business world, network design, and structure flaws (Mishra and Shah, 2009; Zhang et al., 2011). Therefore, organisations use forward-looking information disclosure to signal their willingness and commitment to building long-term relationships with supply chain partners to ensure the stability of the supply chain.

6.3.3.2 Influencing Perceptions of Suppliers and Customers

The codes related to the sub-theme “influencing perceptions of suppliers and customers” include forward-looking information regarding (1) outlooks and (2) reputation and image. The content analysis revealed that organisations used forward-looking information disclosure to influence perceptions of suppliers and customers regarding organisational prospects. Stakeholder theory and transaction cost theory of this study indicate that suppliers and customers are primary stakeholders holding critical resources for an organisation to survive (Clarkson, 1995; Bowen et al., 1995). Thus, the action that sample organisations reported positive forward-looking information can be explained by the intention to gain constant resources to run the business as suppliers and customers prefer to trade with organisations with thriving future performance (Dou et al, 2013). This result can also be used to explain the considerable higher disclosure rate of positive performance outlook than negative performance as shown in Figure 4 (83% and 24% respectively).

Apart from prospects, the results indicated that organisations also intended to influence the perceptions of suppliers and customers concerning their reputation and trustworthiness. Sample organisations had recognised the importance of reputation and trustworthiness to a business in their organisational reports (e.g. UK 3, UK 14, UK 15, J 3, S 8) (see also Graham et al, 2005; Raman and Shahrur, 2008, for similar findings). Some organisations also identified difficulties in building trust with suppliers and customers (UK 14, UK 15). As demonstrated in Table 9, building trust required that the shared values, concerns, and hope for the future can be perceived by stakeholders rather than just complying with the law. The process of building trust with suppliers and customers as identified in the sample report involved supplier and customer engagement, identification of their concerns and interests, developing strategies and plans in response to their requirements, and signalling integrity and promising prospects in the organisational reports. Regarding the reasons that organisations made such commitments to build trust with suppliers and customers, it can be explained by considering the legitimacy motivations including building and maintaining legitimacy and discharging accountability (refer to Section 4.4). In addition, the findings added evidence to the view that voluntary disclosure concerning prospects and reputation was essential to building long-term relationships between partners in the supply chain (Revilla and Knoppen, 2015). Finally, the intention of the organisation to build relationships and trust with suppliers and customers further explains the high disclosure rate of reputation and image with the figure of 55% (Figure 4), as found earlier in this chapter.

6.4 The Characteristics that Enhance the Credibility of Forward-looking Information Disclosure Concerning Suppliers and Customers

In this section, the contents of organisational reports are discussed to further address RQ3 (What characteristics enhance the credibility of forward-looking information disclosure concerning suppliers and customers?). Summarised themes and issues that emerged from content analysis drawing on some exemplar quotes extracted from the sample reports are presented in Table 10. The characteristics of credibility varied depending on the mechanisms used to enhance the credibility of disclosure and the level of implementation of these mechanisms. The adoption of credibility-enhancing mechanisms for forward-looking information disclosure concerning suppliers and customers was influenced by internal factors and the application of IR. Details are presented in the following sections.

Table 10: Evidence regarding the credibility of forward-looking information disclosure concerning suppliers and customers

Themes	Sub-themes	Summary of findings	Illustrative Examples
Internal factors	Organisational development	Organisations engage with various stakeholders for internal organisational development (e.g. strategy development and improving corporate governance). The disclosure of stakeholder engagement and connectivity of forward-looking information with strategies and governance are treated as commitments to enhance the credibility of relevant disclosures.	"We developed a blueprint for stakeholder engagement for the group and our operating companies… aims to facilitate quality reporting, assisting strategy development and delivery." (MTN Group Ltd.) "Our integrated governance framework allows for coherence between group strategy implementation and the long-term interests of stakeholders […] the board reviewed regular reports from group internal audit on any weaknesses in controls that were identified, including controls for the reliability of financial and non-financial reporting, and considered corrective actions to be implemented by management…We believe that regular and ongoing engagement with our key stakeholders is extremely important for improving corporate governance" (London Stock Exchange Group PLC)
	Performance measurement	Conducting performance measurement and reporting the detailed process of performance measurement and monitoring not only enables organisations to identify internal strengths and weaknesses but also increases the disclosure credibility to external stakeholders.	"Risk management process: risk planning, risk identification, risk analysis, risk response, risk validation and monitoring and risk reporting…We use various techniques both qualitative and quantitative risk analysis to identify risks […] using the connectivity model, we have been able to embed nonfinancial key performance indicators into our solutions. (SAP SE) Our Sustainability Strategy, built on 4 key pillars of Marketplace, People, Community and Environment… ensures that all ESG matters are factored in our strategic formulation…a list of ESG issues were reviewed and prioritised based on our materiality assessment exercise […] our initial alignment with the United Nations SDGs also means

			there will be more policies and practices inclined towards these areas. (Genting Singapore Ltd.)
	Internal control systems	Internal control systems (e.g. routine internal audits, integrated business management, transparency of reporting process) are adopted to increase the credibility of forward-looking information disclosure.	The Committee continued to focus on key issues related to the Group's financial reporting, such as accounting judgements, internal control activities, compliance matters and the ongoing quality of related disclosures […] We also covered other important areas such as a review of the Company's viability and going concern statements […] The Board's attitude to and appetite for risk are communicated to the Group's businesses through the strategy planning process. (Compass Group PLC)
The influence of IR on the credibility of forward-looking information disclosure	The usefulness of the <IR> Framework	Guiding principles and content elements set out in the <IR> Framework plays an important role in enhancing the credibility of forward-looking information disclosure, including the reporting of materiality issues, connectivity of information, and stakeholder relationships.	"the <IR> Framework provides them with ideas of how to identify and report materiality issues […] we adopt a three-pronged approach to identify as many materiality issues as possible, namely internal materiality review, external materiality review and materiality workshop." (Anglo American Platinum Ltd.) "Our integrated report is prepared in accordance with IR Framework […] to provide stakeholders with a concise and transparent assessment of our ability to create sustainable value […] and focus particularly on opportunities and challenges that impact materially on our ability to deliver values to shareholders and key stakeholders." (Nedbank Group Ltd.)
	The understanding of the relevant concepts in the <IR>	Organisations present different understandings of the concepts of "long-term value creation for stakeholders" and multiple capitals" in the <IR> Framework.	Long-term value creation for stakeholders: "The Board is confident that the Group's governance structure reinforces its ability to deliver the Group's strategy of growing value for shareholders over the long term through the sustained growth." (Compagnie Financiere Richemont SA)

	Framework by organisations		“We describe key components of the Naspers value chain (business model) that creates and sustains value for all our stakeholders.” (Naspers Ltd.) Multiple capitals: “Our capital allocation plan prioritises organic growth and stabilising leverage ahead of returning cash to shareholders. We remain confident in the Group’s ability to deliver long-term value to shareholders” (MTN Group Ltd.) “Social investment in our fenceline communities reduces our financial capital in the short term, but in the longer term enables growth in this capital stock.” (Naspers Ltd.)

6.4.1 Internal Factors

Internal factors refer to factors within an organisation that influence the adoption of credibility-enhancing mechanisms. This theme includes topics of organisational development, performance measurement, and internal control systems. Details including sub-themes and examples are discussed below.

6.4.1.1 Organisational Development

The codes related to the sub-theme "internal organisational development" include credibility-enhancing mechanisms that organisations also used for internal organisational development. Consistent with Jarratt and Stiles (2010), the content analysis revealed that organisations engaged with stakeholders in order to know their interests and needs because the information from stakeholders is useful for internal development. Apart from enhancing the quality and credibility of corporate reporting, stakeholder engagement was also employed to develop strategies based on the information gathered from stakeholders. For example:

> "We developed a blueprint for stakeholder engagement and reputation management for the group and our operating companies […] aims to facilitate quality reporting, assisting strategy development and delivery." (SA 12, Integrated report, p.28)

In line with Greenwood (2007), stakeholder engagement had been recognised beyond as a tool to discharge accountability to stakeholders by organisations, it was acknowledged as a mechanism for improving corporate governance. For instance, UK 9 had been actively engaged with various stakeholders, including suppliers and customers, and claimed that they "believe that regular and ongoing engagement with key stakeholders is extremely important for improving corporate governance".

As mentioned in Section 6.2.2, presenting the connectivity between forward-looking information and other supporting evidence has been widely used by sample organisations for credibility enhancement (71% of sample organisations disclose connectivity of information, Figure 3). It was evident in the sample reports that collaboration and communication among different functions across an organisation had emerged as an internal function because of stakeholder pressure and changing social values. This is similar to the view of Kumpulainen and Pohjola (2008). Organisations conveyed the process of functional developments by disclosing the linkage between forward-looking information (sustainability information for example) with governance. For instance:

> "Corporations must fully understand the extent of their impact if they are to grow sustainable in harmony with society […] The Fast Retailing Business Ethics Committee meets regularly to discuss issues related to business transactions between suppliers and companies of the FR Group. Chaired by the head of the Sustainability Department, the committee is primarily made up of full-time auditors, external auditors, legal advisors, and managers from relevant departments in the company. The committee has been conducting an annual survey of the FR Group's major business partners since 2003 [...] Survey results have led to improvements and been reflected in the guidelines in order to promote responsible procurement" (J 2, Sustainability report, pp.13-14)

In conclusion, the above discussions suggest that stakeholder engagement and reporting the connectivity of information are important characteristics showing the credibility of forward-looking information disclosure concerning suppliers and customers. Organisations engage with stakeholders for organisational development purposes, and they report relevant issues by connecting this information with strategies and governance. Thus, in addition to the critical role of stakeholder engagement in planning and defining the content of reports as discussed in Section 6.3.1.1, the results confirm the role of stakeholder engagement in strategic developments for organisations (Bellucci et al., 2019) and extend its role to the enhancement of the credibility of forward-looking information disclosure concerning suppliers and customers.

6.4.1.2 Performance Measurement

The sub-theme "performance measurement" refers to the detailed process of measuring and monitoring disclosed forward-looking information, including (1) relevant assumptions, (2) KPIs, and (3) key personnel involved in this process. The thematic analysis of sample reports indicated that the communication of organisations' actual commitments to reported forward-looking information was considered of great importance in relation to the credibility of forward-looking information disclosure concerning suppliers and customers. The commitments were communicated in the organisational reports by showing both financial and non-financial KPIs, progress in achieving KPIs, and plans and strategies when pre-defined targets were not achieved. For example, as can be seen in Table 10, a common process of risk disclosures identified in the sample reports included financial and non-financial risk identification, risk analysis, risk reporting, and risk management (SA 6, UK 12, G 17, J 18, S 19). These organisations assessed and reported the usefulness of risk mitigation plans by demonstrating the change and the trend of risk elements. In addition to enhancing the credibility of disclosed risk information, the purpose of this whole process was to assist the development and improvement of risk strategy. This finding further confirmed the trends of incorporating non-financial KPIs into performance measurement and their roles in corporate strategy (Arvidsson, 2011; Farooq et al., 2021).

A similar reporting process was also applied to the disclosure of sustainability information in the sample reports. As Balluchi et al. (2021) argued that the more an organisation committed itself to sustainability issues by obtaining certification from independent bodies, or by signing commitments recognised by international agendas (e.g. SDGs by United Nations), the more credible the information provided to its stakeholders. Consistent with this argument, the contents in the sample reports indicated that organisations disclosed considerable details about sustainability performance (e.g. KPIs, materiality matters, and strategies) and showed progress towards SDGs, as shown in Table 10. To ensure an organisation’s commitments to SDGs can be acknowledged by stakeholders, organisations also compared the sustainability performance with a set of pre-determined sustainability targets to check whether their sustainability performance was in line with stakeholders’ interests and expectations. Hence, organisations reported the process of sustainability performance measurement with an aim to enhance the credibility of sustainability information as perceived by stakeholders.

By revisiting the coded data regarding performance measurement, the results indicated that in the processes of the above-mentioned forward-looking information disclosures, organisations made such disclosures credible by collecting different sources of data to increase reliability, comparing the results with targets to increase completeness, and connecting the forward-looking information with governance and strategy. Therefore, disclosing detailed performance measurements not only enables organisations to identify internal strengths and weaknesses but also increases the credibility of forward-looking information disclosure to external stakeholders.

6.4.1.3 Internal Control Systems

The sub-theme “internal control systems” involves codes regarding internal control mechanisms that can enhance the credibility of forward-looking information disclosure concerning suppliers and customers, such as (1) routine internal audits, (2) integrated business management, and (3) transparency of reporting process. As mentioned in Section 6.2.2, the internal audit function was seen as an important and distinct governance mechanism to increase the credibility of forward-looking information disclosure concerning suppliers and customers to external stakeholders as most sample organisations ((76%) reported internal audit processes

(Figure 5). As Archambeault et al. (2008) argued that internal audit function benefited organisations in terms of accountability and stakeholder confidence in governance quality, although there were costs of internal audit. The qualitative analysis of sample reports confirmed this argument and further identified that the publication of the internal audit report was a complement to existing governance disclosures. A number of sample organisations across all sample countries claimed that a solid internal audit function and prompt communication of red flag issues within an organisation were vital for the long-term viability, regulation compliance, and reporting credibility (e.g. SA 5, UK 4, G 12, J 9, S 2). Apart from communicating identified issues from the board level to the department level, the internal audit report was also used to inform external stakeholders about the organisation's commitments to good corporate governance. For example:

> The Committee continued to focus on key issues related to the Group's financial reporting, such as accounting judgements, internal control activities, compliance matters and the ongoing quality of related disclosures… We also covered other important areas such as a review of the Company's viability and going concern statements […] The Board's attitude to and appetite for risk are communicated to the Group's businesses through the strategy planning process […] The Group Risk Management Committee (RMC), comprising a multi-disciplinary team of key individuals, assists the Audit Committee with its work… we track our performance against a mix of financial and non-financial KPIs, which the Board and executive management consider best reflect our strategic priorities. The Committee has considered these KPIs and is satisfied that the information that has been selected by the Board and the executive management will help to convey an understanding of the culture of the business and the drivers which contribute to its ongoing success and will be of interest to stakeholders. (UK 4, Audit Committee Report, pp.56-57)

Sample organisations reported detailed internal audit processes under the audit committee report section of the annual report/integrated report. The disclosure of these details was requested by the board and aimed to provide a fair, balanced, and understandable assessment of the organisation's prospects. Besides, according to the above quote, the internal audit function determined whether the current report had provided the information necessary for stakeholders to assess the organisation's position and performance, business model, and strategy. Hence, an internal audit is an important function to ensure the credibility of forward-looking information disclosure concerning suppliers and customers and the internal audit report is a means to discharge accountability and enhance stakeholder confidence.

Most sample organisations provided assurance (both internal and external assurance) mainly on sustainability and risk information, including internal audits on risk control systems, risk and sustainability reporting processes, relevant KPIs, and external assurance on sustainability reports (e.g. SA 1, 5, 18, UK 4, 10, G 12, J 4, S12). This finding indicated that assurance is a major tool to increase the credibility of risk disclosure and sustainability information disclosure (see also Hodge and Stewart (2009) and Simnett et al. (2009), for similar findings). Rivière-Giordano et al. (2018) argued that the level of assurance depended on the maturity of sustainability/risk reporting. That is, relatively, the practice of sustainability and risk reporting in all five sample countries is at the maturity stage. Previously mentioned factors, such as regulation, stakeholder pressure, and legitimacy concern, can explain the well-developed sustainability and risk reporting practice in these countries.

Sample organisations adopted several internal control systems in relation to reporting process to ensure the credibility of forward-looking information disclosure concerning suppliers and customers. These internal control systems involved a transparent approach to reporting critical sustainability issues (SA 18), setting reporting boundaries (SA 13), and collaboration between different functions (SA 3). However, the board and the audit committee only reviewed these internal control activities for reliable sources of information and lacked rigorous procedures for the completeness of reporting. It was evident that only 22% of sample organisations implement mechanisms to ensure the completeness of forward-looking information disclosure concerning suppliers and customers as shown in Figure 5, irrespectively to the reporting framework (e.g. the <IR> Framework) that emphasises and provides guidance on the completeness of reporting.

Figure 5 shows that only 38% of sample organisations reported materiality issues and even fewer of them provide a detailed materiality determination process (16%). Even so, a good example of the materiality matters determination process and how to communicate materiality issues in the reports were identified from the content of sample reports. For example, SA 3 took a three-pronged approach to identify as many materiality issues as possible, namely internal materiality review, external materiality review, and materiality workshop. A number of key stakeholders were engaged to identify issues that they consider material to the organisation's ability to create value over time. Then, a materiality workshop attended by a multidisciplinary team of internal and external stakeholders was held in order to give them opportunities to add material issues that were not identified through internal and external reviews.

In conclusion, organisations adopt several internal control systems to increase the credibility of forward-looking information disclosure concerning suppliers and customers. Among all types of forward-looking information disclosure concerning suppliers and customers, organisations specifically focused on increasing the credibility of sustainability disclosure and risk disclosure which may result in making other types of forward-looking information disclosure concerning suppliers and customers less credible to report users. The content analysis also reveals that organisations struggle to provide complete and balanced reports in practice (i.e. include all our material priorities in a balanced way, and without material error).

6.4.2 The Influence of IR on the Credibility of Forward-looking Information Disclosure

IR plays a role in enhancing the credibility of forward-looking information disclosure, especially forward-looking information disclosure concerning suppliers and customers. This theme includes topics of the implementation of the IR and the understanding of relevant concepts in the <IR> Framework by organisations. Details including sub-themes and examples are discussed below.

6.4.2.1 The Implementation of the IR

The <IR> Framework sets out many guiding principles and content elements regarding the credibility of disclosures (refer to Chapter 3). As this study was carried out in the context of IR, it is necessary to analyse the role of IR in increasing the credibility of forward-looking information disclosure. As the IIRC anticipated, the content analysis revealed that the reporting guidance described in the <IR> Framework helped to increase the credibility of forward-looking information disclosure. For example, SA 14 claimed that its integrated report was prepared in accordance with the <IR> Framework to "provide stakeholders with a concise and transparent assessment of our ability to create sustainable value". To increase the credibility of reporting, they applied "the principle of materiality in assessing what information should be included in the integrated report". Furthermore, SA 14 claimed that they "focus particularly on opportunities and challenges that impact materially on the ability to deliver values to shareholders and key stakeholders". Moreover, these material matters informed the organisation's "long-term strategies, targets and business plans". In addition, SA 14 applied a "coordinated assurance model" to assess and assure various aspects of the business operations. Similarly, SA3 claimed that the <IR> Framework provides them with "ideas of how to identify and report materiality issues". Thus, in line with Melloni et al. (2017), this study argues that IR works as a trigger for organisations to embrace a dynamic process of learning that can lead to the rethinking of their reporting systems and practice.

In addition, organisations that voluntarily applied the <IR> Framework to prepare organisational reports had noticed the potential of IR regarding the enhancement of the credibility of forward-looking information disclosure to stakeholders. For instance, S 8 prepared the annual report in accordance with the <IR> Framework to enhance “reporting connectivity while providing stakeholders with a more holistic view of how the Company creates and sustains value”. Another example is G 3 which had been actively engaging with the IIRC in order to “discuss experiences of integrated reporting with stakeholders” and “receive inspiration for enhancing reporting”. To increase the credibility of its report, they “demonstrate the relationships between financial and non-financial performance”, “use examples to illustrate how sustainability contributes to the long-term success”, and present how they “create value for customers, employees, shareholders, business partners, neighbours and the public”.

In conclusion, the content analysis adds evidence to the role of IR in enhancing the credibility of different types of forward-looking information disclosure, including forward-looking information disclosure concerning suppliers and customers. This finding contradicts Lodhia’s (2015) argument that IR had limited practicality to enhance the quality of reporting.

6.4.2.2 The Understanding of the Relevant Concepts in the <IR> Framework by Organisations

By revisiting the coded data, the sample reports reflected different understandings of concepts in the <IR> Framework. De Villiers et al. (2014) argued that the fast development of IR policy and the early stage of practice presented theoretical and empirical challenges due to the different ways in which IR was understood and enacted within organisations. The content analysis indicated a similar finding and further identified some specific concepts that were interpreted differently by sample organisations in the reports, namely “long-term value creation for stakeholders” and “multiple capitals”. As presented in Table 10, SA 7 emphasised the importance of “long-term value creation for shareholders” only and may ignore the legitimate needs of other stakeholders. While others, such as SA 13, described that “key components of the value chain” should serve to “create and sustain value for all stakeholders”.

As for the understanding of the concept of “multiple capitals”, although IR is focusing on creating value by using multiple capitals over time (IIRC, 2021), it was surprising to notice that very few organisations paid attention to the connectivity between forward-looking information and multiple capitals (24%, refer to Figure 5). From a qualitative analysis of sample reports, organisations that presented this linkage show different understandings of multiple capitals concept and different ways of disclosing. For instance, SA 11 linked prospects with capitals in the report by stating that “our capital allocation plan prioritises stabilising leverage ahead of returning cash to shareholders. We remain confident in the Group’s ability to deliver long-term value to shareholders”. The particular focus on financial capital implied a limited or incomplete knowledge of the “multiple capitals” concept. While SA 13 described their capital allocation plan with the trade-offs between capitals, stating that “social investment in our fenceline communities reduces our financial capital in the short term, but in the longer term enables growth in this capital stock”.

In conclusion, although IR is argued to be able to reduce costs for stakeholders in complex operating and information environments by providing more information about value creation (García-Sánchez et al., 2013; Lee and Yeo, 2016), the sample reports showed different understandings regarding the concepts of “long-term value creation for stakeholders” and “multiple capitals” as set out in the <IR> Framework. Therefore, the <IR> Framework needs to improve the clarity of some concepts and provide clearer guidance on how to present information in the report.

6.5 Summary of the Chapter

This chapter has considered the current state of the application of the approach to including suppliers and customers when making forward-looking information disclosure, the role of suppliers and customers in forward-looking information disclosure, and the credibility of forward-looking information disclosure concerning suppliers and customers. The results and findings are based on the content analysis of sample reports using both quantitative and qualitative data.

To address RQ1, content analysis based on quantitative data reveals that organisations consider the interests of suppliers and customers when making forward-looking information disclosure decisions. However, the forward-looking information categories and items requested by suppliers and customers are reported at various levels.

To address RQ2, content analysis applying qualitative data indicates that suppliers and customers have an influence on an organisation’s decision on forward-looking information disclosure. The dependency on suppliers and customers for resources motivates organisations to discharge accountability and gain legitimacy by satisfying these stakeholders’ information demands. In addition, suppliers and customers influence an organisation’s long-term strategic decisions. In turn, organisations use forward-looking information disclosure for the stability of the supply chain by signalling positive prospects and reputation and showing willingness to build long-term relationships with supply chain parties.

To address RQ3, content analysis shows that assurance is the most used mechanism to enhance the credibility of forward-looking information disclosure concerning suppliers and customers while there is a lack of rigorous materiality determination and reporting process. The adoption of IR is useful for enhancing disclosure credibility, especially for the application of the concept of materiality. However, the concepts of “value creation for stakeholders” and “multiple capitals” set out in the <IR> Framework should be clarified to guide organisations to prepare more credible integrated reports. Organisations consider the uniqueness of their business development, performance measurement, and internal control systems to decide which mechanisms to adopt to enhance the credibility of forward-looking information disclosure concerning suppliers and customers.

To fully address RQs, the analysis of interview data in response to each RQ is presented in the next chapter.

CHAPTER SEVEN: INTERVIEW FINDINGS

7.1 Introduction

The objective of this chapter is to present the findings based on interview data concerning RQ1: How well does forward-looking information disclosed by organisations address suppliers' and customers' information needs in the context of IR?, RQ2: How do suppliers and customers engage with forward-looking information disclosure in the context of IR?, and RQ3: What characteristics enhance the credibility of forward-looking information disclosure concerning suppliers and customers?.

A short summary of the findings of content analysis is presented firstly for refreshing readers. In response to RQ1, the content analysis (refer to Section 6.2.1) revealed that suppliers and customers influence an organisation's decision on forward-looking information disclosure. However, forward-looking information categories and items concerning suppliers and customers are disclosed at different levels.

Regarding RQ2, the findings of content analysis (refer to Section 6.3) indicated that suppliers and customers are powerful stakeholders and organisations depend on them for resources; thus, organisations disclose forward-looking information concerning suppliers and customers to discharge stakeholder accountability and gain legitimacy. Another finding is that suppliers and customers influence an organisation's long-term strategic decisions and relevant disclosures, including risk management, product development, and sustainable supply chain management. In turn, organisations used forward-looking information disclosure to influence the perceptions of suppliers and customers regarding an organisation's prospects and reputation. Organisations can then build long-term relationships with suppliers and customers and avoid the disruption of the supply chains when these stakeholders perceive a good reputation of the organisation.

Concerning RQ3, the content analysis (refer to Section 6.2.2 and Section 6.4) revealed that assurance is the most used mechanism to enhance the credibility of forward-looking information disclosure concerning suppliers and customers. The mechanisms adopted to enhance this disclosure practice are related to organisational development, performance measurement, and internal control systems of the individual organisation.

The interview data provide additional evidence from the viewpoints of report preparers and other stakeholders. Besides, the analysis of interviews enables a full investigation of RQs by engaging with report preparers. In this chapter, Section 7.2 presents the factors that preparers would consider in deciding whether to adopt the approach to including suppliers and customers when making forward-looking information disclosure. Section 7.3 reports on the analysis regarding how suppliers and customers engage in forward-looking information disclosure. Section 7.4 shows details regarding the findings of characteristics that enhance the credibility of forward-looking information disclosure concerning suppliers and customers in each phase. Finally, Section 7.5 presents the summary of this chapter.

7.2 The Consistency Between Suppliers' and Customers' Needs and Forward-looking Information Disclosure

As a supplement to content analysis, the interview data provide further insight into RQ1. This section discusses interviewees' perspectives on forward-looking information and the use of the approach to including suppliers and customers when making forward-looking information disclosure by interviewed organisations. By considering the relevant literature (Chapter 2 and Chapter 3), theoretical framework (Chapter 4), conceptual framework (Figure 1), and findings of content analysis (Chapter 6), three central themes including sub-themes arising from the interview data were identified and illustrated in Table 11 with a summary of key findings. Details regarding each theme are presented in the following sections.

Table 11: Factors that influence the approach to including suppliers and customers when making forward-looking information disclosure

Themes derived from the literature, theories, and content analysis	Sub-themes arising from the interview data	Summary of key findings from interviews
1. Reporting process	a. board involvement	• The level of board involvement in the reporting process is correlated to the extent that suppliers' and customers' interests are incorporated into strategic decisions and forward-looking information disclosure. • Greater level of board involvement encourages the consideration of the role of suppliers and customers in long-term value creation. • Lack of board involvement results in board sign-off, which is used as a symbolic action to show accountability.
	b. collaboration	• Collaboration between departments in the reporting process encourages organisations to integrate the interests of suppliers and customers into forward-looking information disclosure. • IR facilitates reporting practice to incorporate more meaningful discussions of value-relevant information and to become more stakeholders-inclusive than before.
	c. stakeholder inclusiveness	• The management's awareness of stakeholder inclusiveness encourages an organisation to discharge stakeholder accountability at the department level and to consider the interests of suppliers and customers when making reporting decisions. • Lack of awareness of stakeholder inclusiveness results in organisations' failure of discharging accountability to suppliers and customers in the organisational reports. This also leads to some organisations copying peer organisations' forward-looking information disclosures.
2. Engagement with suppliers and customers	a. low level of engagement	• Some organisations only have discussions about product quality, delivery, and business contract with suppliers and customers. This reflects a low level of engagement. • Low level of engagement results in organisations' failure of recognising a wider range of forward-looking issues concerning suppliers and customers.
	b. high level of engagement	• At a high level of stakeholder engagement, some organisations discharge accountability to suppliers and customers by discussing and disclosing additional topics (e.g. sustainability, risk management, and market trends).

3. External factors	a. regulation	• There are mixed views about the usefulness of regulation on reporting compliance, but it is agreed that the purpose of regulation is to increase accountability rather than promoting a "box-ticking" mentality. • Some organisations are concerned about the issue of directors' liabilities and the breach of relevant regulations when determining the content of forward-looking information disclosure.
	b. framework	• All interviewed organisations acknowledge their accountability to suppliers and customers; however, it is challenging to develop an effective means of reporting to suppliers and customers. • The desired framework for forward-looking information disclosure should leave flexibility to reporters, but certain rules should be established for guiding organisations to determine the content of the disclosure.

7.2.1 Reporting Process

Revisiting the interview data regarding the central theme of the "reporting process", it appears that the reporting process influences the contents of forward-looking information disclosure and the approach adopted by organisations to relevant disclosures. Three sub-themes are identified to explain factors that would influence organisations' decisions on the level of incorporating suppliers' and customers' interests in the forward-looking information disclosure, namely board involvement, collaboration within the organisation, and stakeholder inclusiveness. Details are presented as follows.

7.2.1.1 Board Involvement

Interview data regarding this sub-theme revealed that board involvement was a critical part of the reporting process as the board influences reporting strategy and signs off the reports, which is in line with Abad and Bravo (2018). Different levels of board involvement in the forward-looking information disclosure process were identified during the interviews with people working in organisations. On the one hand, the greater level of board involvement was where the board held accountability for forward-looking issue identifications and relevant strategy development. The greater level of board involvement was confirmed by interviewees (e.g. Org 1 and 3) to be a critical corporate governance mechanism for strategy development and implementation concerning stakeholder inclusiveness. It also encouraged organisations to integrate an approach to including suppliers and customers into reporting with mainstream accounting and accountability which less focus on suppliers and customers. For example, a Head of Sustainability stated:

> "The board holds accountability to ensure our sustainability strategies, of course, sustainable supply chain is part of it, are really built in… together with our governance structure fully allow us to pay attention to the interests of various stakeholders *[including suppliers and customers]* and achieve a really good disclosure *[forward-looking information disclosure] [emphasis added]*" (Org 1)

Similarly, in response to the question about the reporting process of forward-looking information disclosure, a Sustainability and Stakeholder Relationship Manager stated:

> "We hold meetings with… departments, accounting, supply chain, etc., to report issues identified in each department to the board and to make sure these issues have been included in the reports before signing off the final report." (Org 3)

When further probing specific issues in relation to suppliers and customers raised in the meeting with the board, Org 3 stated:

> "Stakeholder relationship management, of course, includes suppliers and customers, is a core part of our business…we *[stakeholder relations department and supply chain department]* engage with them through various channels…we have internal reports across departments *[stakeholder relation, sustainability, supply chain and accounting]* talking about issues like sustainability, customer satisfaction, trading terms with suppliers and reporting, etc…it's important we review the information with different areas before having the meeting with the board and the board prove the strategies and sign off the reports. *[emphasis added]*" (Org 3)

The above quotes indicate that the greater level of board involvement not only ensured the quality of forward-looking information disclosure but also encouraged the incorporation of stakeholder interests into strategic decisions. The board involvement promoted the approach to including suppliers and customers when making forward-looking information disclosure can be explained by the stewardship theory. Stewardship theory states that the motivation of stewardship by management is aligned with the objectives of principals whilst satisfying other stakeholders' interests (Davis et al., 1997; Muth and Donaldson, 1998). In this study, the finding that organisations with greater board involvement incorporated suppliers' and customers' interests into forward-looking information disclosure decisions supports the argument of Dumay et al. (2019) that organisations use forward-looking information disclosure to discharge their stewardship.

On the other hand, less board involvement in the reporting process was also found in some interviewed organisations. The reason for less involvement identified during interviews was that board members have limited knowledge about forward-looking information disclosure; therefore, they only signed off relevant reports, deemed as one of their obligations, without actually involving in the reporting process. A Head of Corporate Risk and Sustainability confirmed this situation and claimed that the board only participated in the final stage of reporting:

> "Basically, I explained everything to them *[the board]*, sustainability, materiality and reporting standards, like GRI standards… we usually don't need any further corrections *[of the relevant reports]* … then the board signs off the final report. *[emphasis added]*" (Org 12)

The less board involvement was further confirmed in this organisation as the interviewee then stated that "usually the board does not have comments or questions" about the forward-looking information disclosure to be signed off as the board is "not familiar with data collection, how the materiality is determined, etc.".

To conclude, board involvement in an organisation's forward-looking information disclosure process influences the level of addressing suppliers' and customers' needs in strategic decisions and reporting. However, the extent of such influence depends on the level of board involvement. Greater level of board involvement encourages the consideration of the importance of suppliers and customers to long-term value creation. On the contrary, less board involvement is seen when the board members have limited knowledge about reporting and relevant standards, only using sign-off as a symbolic action to show accountability and stewardship.

7.2.1.2 Collaboration Within an Organisation

Several interviewees (Org 1, 8, 11, and 12) stated that the ongoing communication within organisations widened reporting people's perspectives on forward-looking information disclosure. Reporting people would have a better understanding of suppliers' and customers' information demands when people from the supply chain department and stakeholder relations department were involved in the reporting process. Therefore, this collaboration is useful in enhancing the level of addressing suppliers' and customers' needs in the forward-looking information disclosure. For example, a Head of Sustainability stated:

> "The key is to get people involved, from the management to departments, because we need information and support to get the information…we also review the information with different areas… I learn a lot about different areas, because I'm not an expert, for example in responsible supply chains. These people provide me with a lot of information that what's happening in the market, what are suppliers and customers asking regarding sustainability in the supply chain, etc." (Org 1)

Internal collaboration across the organisation is argued to be an outstanding structural change due to the adoption of IR (Higgins et al., 2019). Supporting this argument, interviewees claimed that through collaboration with other departments in the reporting process, suppliers and customers were recognised to be more important in long-term value creation. For instance, one interviewee stated that "IR brings new concepts about how we can, or we should prepare the report". During the preparation process, they "acknowledge that supply chain is a big part of long-term strategies, policies, and governance" and "the management level has now seen the importance of social capital and long-term value creation" (Org 12).

Based on the above discussions, it appears that there was a collaboration among organisational staff on forward-looking information disclosure and regular discussion on forward-looking issues. This finding contradicts some earlier studies (e.g. Gray and Collison, 2002; Lamberton, 2005; MacKenzie, 2009; Jones, 2010) that claimed the absence of such communication. IR could be the reason that contributed to this change of reporting processand made isolated units collaborate/communicate more within an organisation regarding corporate reporting (see also Blacksun, 2012). In line with this view, Org 11 stated that "get silos to engage is what we've learnt from integrated reporting". Interviewees also observed a "supporting environment" within the organisation after adopting IR to be sure of "putting supply chain-related issues into the long-term business development process" (Org 8) and to "properly report relevant issues" (Org 11). That is, in accordance with Higgins et al. (2019), IR enables reporting practice changes, creating more meaningful discussions of value-relevant information and becoming more stakeholder-inclusive.

7.2.1.3 Stakeholder Inclusiveness

The interview data revealed that the level of awareness of stakeholder inclusiveness varied in the interviewed organisations. This awareness was related to the level of consistency between suppliers' and customers' needs and forward-looking information disclosed by organisations.

Based on the analysis of interview data, the management with mindsets of stakeholder inclusiveness encouraged the organisation to discharge stakeholder accountability at the department level. In this regard, the supplier and customer inclusiveness was reflected in their organisational reports. Prior research had found that good leadership is critical for firm performance and can balance different stakeholder claims which involved changing the culture (Hahn et al., 2014; Eisenbeiss et al., 2015). Consistent with this view, Org 11, a General Manager, perceived that stakeholder inclusiveness played a strategic role in the long-term value creation:

> "Strategic stakeholder relationship management has to be all-inclusive…and it needs to be integrated into business culture…for us, we use a top-down approach…from the top management to the frontline employee…because it is highly relevant to business going concern and value creation… it's *[IR]* bringing people together, talking about team objectives, then down to an individual's objectives...offers a way to present our commitments *[to stakeholder inclusiveness*]…customer care and supplier development program. *[emphasis added]*" (Org 11)

Org 6 shared the same opinion, stating that "conversations with suppliers and customers should not be an odd part to any business, it should be very much built into the business processes and stakeholder engagement strategy". The interviewee specified suppliers and customers were the target audiences of their forward-looking information disclosure:

> "We can never be sure any one stakeholder is more important than the other because it is a changing world…the robustness of the supply chain is important, and we need to know what our partners are expecting…they expect sustainable business, so we talk about carbon, modern slavery and responsible sourcing, etc… there should be enough information in there for them to start to understand what we are doing now and how we are doing it in the future." (Org 6)

However, Org 6 considered that "the stakeholder inclusiveness had long been a business culture" rather than a sudden change after adopting IR. The interviewee then acknowledged the role of IR in reporting in practice by commenting that "the IR framework guides us on how to present our commitments to stakeholders".

In addition, the process of preparing an integrated report led organisations to realise that they "should report against strategic planning … and the ongoing engagement with suppliers and customers is part of it *[strategic plan]*" (Org 12). This is the desired outcome of IR and integrated thinking (IIRC, 2021). From Org 12's perspective, the stakeholder inclusiveness mindset had also been extended to the forward-looking information disclosure as the interviewee believed that "if you're reporting on forward-looking issues and you're concerning your suppliers and customers, then you should actively manage it through the entire business".

The above evidence indicates that the thinking towards stakeholder inclusiveness shapes strategic planning (i.e. strategic stakeholder management) and encourages the incorporation of suppliers' and customers' interests into forward-looking information disclosure. This finding is consistent with Al-Htaybat and von Alberti-Alhtaybat (2018) that stakeholder inclusiveness stimulated the incorporation of more information that stakeholders demand in a concise report and extends this line of research to specific stakeholder groups (i.e. suppliers and customers).

On the contrary, the lack of awareness of stakeholder inclusiveness was also identified in some interviewed organisations, which negatively influenced the adoption of the stakeholder-inclusive approach to reporting. This was uncovered in the situation that no change of mindsets towards stakeholder inclusiveness at both management level and department level in the reporting process. For example, in response to the question of whether the interests of suppliers and customers would be considered when making forward-looking information disclosure, one Vice President stated:

> "No comments *[from different departments]* regarding the role of suppliers and customers in this process *[forward-looking information disclosure]* have been received…The current *[reporting]* practice was developed internally and driven by the business context, but we also have to be aware of

> stakeholders… we consider the views of our suppliers and customers, but there wouldn't be a radical redesign of existing reporting. *[emphasis added]*" (Org 10)

Similarly, Org 13 pointed out that "suppliers and customers is not a necessary part in the report, although we report, for example, relationships, supply chains, etc., according to the IR Framework". These responses implied that an integrated report was merely considered as an outcome or a product, which further highlighted the lack of thinking towards stakeholder inclusiveness as the <IR> Framework aimed to provide meaningful information to various stakeholders (IIRC, 2021). Hence, when adopting IR, organisations face the challenge of articulating the value creation process with the needs and expectations of different stakeholders.

The lack of thinking towards stakeholder inclusiveness was reflected in the interpretation of the period and content of forward-looking information disclosure. For example, when talking about forward-looking information, one interviewee (Org 8) referred to uncertainties and opportunities in the next 2-3 years in which short-term investors are interested; thus, potentially ignoring reporting to long-term investors and other stakeholders. Another interviewee (Org 13) described forward-looking information disclosure as detailed performance forecasting; thus, overlooking non-financial information concerning various stakeholders' interests that could significantly affect long-term value creation. The limited interpretation of forward-looking information in terms of period and content inevitably constrained their thinking when making forward-looking information disclosure. Furthermore, some organisations that lack awareness of stakeholder inclusiveness may fail to address the criticisms that current reporting approaches are mainly investor-focused rather than stakeholder-inclusive, an issue highlighted by Flower (2015).

The lack of stakeholder inclusiveness mindsets may lead to the reporting behaviour of coping peer organisations' reports. According to the interviews, report preparers had pressure to get the reports published in time as few interviewees (e.g. Org 1,4, and 10) mentioned a "huge workload with a tight schedule". These interviewees stated that the best practice reporting within a sector/industry was a "benchmark", and the format and contents would be "used for reference", especially when first reporting against IR. After adopting IR for several years and "learning from each other", Org 10 claimed that "I think by now, most companies in our sector know what is required *[to report in relation to forward-looking information]*". In line with Robertson and Samy (2015), the responses of interviewees indicated that the best practice reporting or a reporting practice made by the industry leader was widely adopted. Robertson and Samy (2015) referred to this reporting behaviour as mimetic isomorphism, which is the uniformity of practices and behaviours motivated by a perceived obligation to correspond to a wider industry or country norm. To this extent, organisations were unlikely to adopt the approach to including suppliers and customers when making forward-looking information disclosure if this approach was not adopted by the industry leader. Under a legitimacy theory perspective (Section 4.2.2), organisations follow the routines and reporting patterns of the industry leader, to reduce uncertainty and gain legitimacy from the external environment. Therefore, organisations that lack awareness of stakeholder inclusiveness fail to recognise the wider critical role of various stakeholders (including suppliers and customers) and forward-looking information disclosure is seen as a legitimate tool.

To conclude, the awareness of stakeholder inclusiveness enhances the consistency between suppliers' and customers' needs and the level of forward-looking information disclosure. In contrast, the lack of stakeholder inclusiveness mindsets makes organisations fail to recognise the wider critical role of suppliers and customers in the long-term value creation and reporting.

7.2.2 Engagement with Suppliers and Customers

Revisiting the interview data regarding the theme "engagement with suppliers and customers", different topics discussed between organisations and their suppliers and customers are identified reflecting various levels of engagement. Details regarding topics discussed when engaging with suppliers and customers are analysed under two sub-themes as follows, namely low level of engagement and high level of engagement.

7.2.2.1 Low level of engagement

From the analysis of interview data, focusing on discussions about common topics (e.g. product quality, delivery, and business contract) with suppliers and customers was an indicator of low engagement level with these stakeholders. For example, a Procurement Director described a number of different subjects that they discussed with their supply chain parties, such as "capability to fulfil orders on time, performance around delivery and quality, etc" (Org 8). The interviewee referred to these subjects as "normal discussion" when engaging with supply chain parties. Other interviewees (Org 1, 6, and 8) agreed that "normal discussion" is necessary when engaging with suppliers and customers "in order to reduce uncertainties around transactions with them". The uncertainties existed as each transaction party (either supplier or customer) had "concerns about whether the quality of products meets our requirements" (Org 1) and "whether the delivery from supplier fits our production schedule" (Org 8). When further probing whether forward-looking information was discussed with supply chain parties, Org 8 then identified several longer-term topics but showed limited knowledge about the periods and types of forward-looking information:

> "We do engage with some of our key supply chain partners about certain future trends… what are the opportunities for mutual growth over the next two-three years… we will also try and share a discussion around sustainability…no other kinds of forward-looking information at the moment… I think we are very much in the early stages of sharing discussions about future information." (Org 8)

Some organisations were more concerned about the ability of supply chain parties to meet the trading requirements in the future rather than other types of forward-looking issues. The exclusive focus on trading terms discussion with supply chain parties resonated with the principle of transaction cost theory (Section 4.3.1.2) that opportunism is the main concern of supply chain parties when making transactions under information asymmetry (Coase, 1937; Williamson, 1979). This concern will be exaggerated when the transaction involves contingent claims under uncertainties (Williamson, 1979), such as future production capability, product quality, and delivery.

7.2.2.2 High Level of Engagement

The trend of incorporating more topics into communication with suppliers and customers was also identified during the interviews. Interviewees (Org 1, 3, 4, 7, 11, and 13) mentioned additional topics to discuss when engaging with suppliers and customers, including sustainability, risk management, market trends, etc. This result reflects one finding of content analysis. As presented in Section 6.3.2, organisations disclosed many supplier- and customer-related sustainability issues, risk information, and objectives of product development in the organisational reports. These sorts of information are gathered through engagements with suppliers and customers.

The priority given to these additional topics reflected a higher level of engagement with suppliers and customers. Comments from many interviewees indicated that the awareness of the role of "social capital" (Org 7) in long-term value creation encourages this high level of engagement. For example:

> "Sustainability is something big for both us and our suppliers and customers, and we are responsible for sharing our sustainability performance and measurement with them… we all agree that the good relationships between us, what is referred to as "social capital", create mutual benefits perhaps not immediately but, in the future." (Org 7)

> "It's *[communicating various risks]* part of our due diligence with customers and suppliers… I believe we did benefit from it *[communicate risks with suppliers and customers]. [emphasis added]*" (Org 4)

> "Value, especially long-term value, is now regarded as being created by multiple capitals, including social capital, whereas previously only financial capital was considered…through the engagement with our supply chain partners, we also gained a deeper understanding of the importance of future information and issues, such as sustainability." (Org 1)

The above quotes add evidence to the view of Stoney and Winstanley (2001) that economic benefits motivate organisations to discharge accountability to stakeholders. To conclude, a higher level of engagement with suppliers and customers facilitates the organisation's understanding of forward-looking information and creates mutual value for both organisations and their suppliers and customers.

7.2.3 External Factors

The interview data reveal that regulation and frameworks of forward-looking information disclosure influence the approaches adopted by organisations to make relevant disclosures. The adoption of the reporting approach influences the consistency between suppliers' and customers' needs and the level of forward-looking information disclosure. Details of sub-themes "regulation" and "framework" are discussed as follows.

7.2.3.1 Regulation

Interviewees held different opinions about how to promote the approach to including suppliers and customers when making forward-looking information disclosure. On the one hand, one interviewee from an accounting firm supported mandatory reporting because "it is a way to improve companies' reporting with a greater focus around value creation and stakeholders, suppliers and customers in this case"; otherwise, "reporting to suppliers and customers won't happen any time soon" (AF 1). Another interviewee (Org 10), who works in an organisation, confirmed AF 1's concern because the interviewee had not paid attention to disclosing supplier- and customer-related forward-looking information in their integrated report. The interviewee then expressed an opinion that such a disclosure practice would not be widely adopted unless it is regulated. Org 10's lacking awareness of stakeholder inclusiveness could be a reason for not considering suppliers and customers when making reporting decisions, as analysed in Section 7.2.1.3. The views of Org 10 can still provide some support for Setia et al.'s (2015) argument that regulation is necessary to enhance the adoption of newly introduced reporting approaches.

On the other hand, other interviewees (AB 1 and Org 9) were against mandatory reporting. Both argued that mandatory disclosure would promote forward-looking information disclosure concerning suppliers and customers but could result in a "box-ticking" mentality. AB 1 stated that "if forward-looking information is a requirement, companies will do it, but in the most risk-averse way and in the most compliance tick-box way… companies will report forward-looking information due to peer pressure and compliance-driven rather than actually understand why it is important". This view echoes Overland's (2007) concerns regarding the usefulness of regulation on reporting compliance. Although interviewees held various views in this regard, there was an agreement that the purpose of regulation should be to increase accountability rather than promoting box-ticking. Hence, the opinions of interviewees indicated that mandatory IR may not be the best way to encourage more types of forward-looking information disclosure and wider stakeholder inclusiveness, as the <IR> Framework (IIRC, 2013; 2021) intended to. This finding contradicts Flower's (2015) argument that lack of force was the main obstacle to IR.

Findings of content analysis indicated that South African organisations did not report more forward-looking information and information relevant to suppliers and customers than other sample countries (refer to Section 6.2.3). It indicated that it is unlikely and impractical to mandate all kinds of forward-looking information disclosure, even in South Africa where IR (which promotes a future-oriented mindset to reporting) is mandated. In response to this situation, a South African interviewee argued that "the IR Framework is a guidance, and we choose the best way to tell our own story" (Org 10). In addition, Org 11 responded that when deciding the content of forward-looking information disclosure in the integrated report, they usually prioritised shareholders' information needs among all stakeholders. These arguments implied that information relevant to suppliers and customers in the forward-looking information disclosure was not seen as a necessary part of IR. This contrasts with stakeholder theory and legitimacy theory (refer to Section 4.2.1 and Section 4.2.2) since suppliers and customers might not be recognised as main stakeholders by these organisations. In this regard, another South African interviewee explained that the less forward-looking information disclosure relevant to suppliers and customers was because of "the consideration of survival in the competition" (Org 13). That is, organisations may be reluctant to disclose certain future information relevant to their competitive advantages.

Several interviewees (Org 5, 6, 9, and SS 2) raised varying levels of concern about directors' liabilities and breach of relevant regulations when determining the content of forward-looking information disclosure, issues highlighted by Simnett and Huggins (2015). In this study, a Standard-setter (SS 2), who had been working with companies to help them with corporate reporting practices for many years, identified that:

> "Legal concern in the UK is one factor that impedes organisations start reporting forward-looking information, because as directors, they are legally accountable for promising something that might happen in the future, especially involving ESG issues under *the Companies Act [2006], the Bribery Act [2010], the Modern Slavery Act [2015], etc*. I think this concern extends to reporting to suppliers and customers." (SS 2)

This argument was confirmed by Org 9. The interviewee noticed that when they have routine meetings regarding annual reports within the organisation, the legal team always suggested to "be careful what to say about future performance, forecasts, as well as outlook" and perhaps "reporting less necessary forward-looking information". Consistent with Adams (2017a), the responses of interviewees implied that the director's liability concern may discourage organisations from disclosing certain types of forward-looking information.

However, some interviewees criticised the role of legal function within an organisation. Org 8, a procurement director, saw "legal function's role is one of the supportive functions only". The interviewee expressed the belief that "there needs to be a more collaborative approach to determine the right level of forecasts, targets, and KPIs, etc…. making sure these are achievable, rather than avoiding saying it *[forward-looking information concerning suppliers and customers]* in the reports". This response implied that the obstacle to forward-looking information disclosure is the lack of a rigorous approach to determining the materiality of forward-looking information. However, when further probing issues and opinions on materiality, the interviewee showed a limited understanding of the concept of materiality. Hence, in line with Adams et al. (2021), it is pivotal to educate/remind different functions within an organisation applying the materiality concept to rethink their performance in a broader sense of value creation as well as reporting materiality matters to a wider range of stakeholders (refer to Section 7.4.1.2 for a detailed analysis of materiality).

7.2.3.2 Framework

Several interviewees (Org 1, 10, and 11) claimed that they acknowledged their accountability to suppliers and customers, not just shareholders. Yet, a Consultant of Sustainability claimed that some organisations "have not figured out a way to address other stakeholders' concerns and do it sincerely" (AF 1). This argument highlighted the need for moving from accounting-based accountability to accountability-based accounting. Dillard and Vinnari (2019) suggested that this shift might promote stakeholder inclusive approach to reporting. A Head of Sustainability described their current situation regarding disclosing forward-looking information to supply chain parties as:

> "We prepared this information because we need to have responses to customers… we are very worried about how we do business and tell them in a way that makes them believe we are responsible business…as for suppliers, we both demand sustainable supply chain…this whole process involves a lot of pieces of information, and it is hard to create a report that can answer everyone's question." (Org 1)

The above quote indicates that organisations were aware of reporting for suppliers and customers, the challenge is to develop an effective means of reporting to suppliers and customers, which is in line with Roslender and Nielsen (2020). Org 1 placed responsibility on standard-setting bodies for the development of reporting to suppliers and customers, stating that "the current frameworks do not have guidance on reporting to suppliers and customers...a more detailed guidance, specific to what aspect to report and how to report, is necessary for this practice to be adopted". Org 7 expressed a similar opinion that "forward-looking information disclosure concerning suppliers and customers is a challenging process because there is no sort of a set framework for judging customers or suppliers, for example, on ESG issues". That is, a rule-based framework should be established before the approach to including suppliers and customers when making forward-looking information disclosure can be widely adopted.

However, other interviewees were critical of rule-based frameworks that "reporting framework doesn't necessarily prescribe how you have to report because every business is unique" (Org 10) and "finding a way to telling own story is the beauty of principle-based framework" (SS 1). This argument is consistent with Siew (2015) that rule-based frameworks made organisations ignore business uniqueness and further improvements. Hence, the desired framework for forward-looking information disclosure should leave flexibility to reporters, but certain rules should be established for guiding organisations to determine the content of the disclosure.

7.3. The Engagement of Suppliers and Customers with Forward-looking Information Disclosure

This section aims to provide supportive evidence for the findings of content analysis and to identify new insights into how supplies and customers engage with forward-looking information disclosure. To address RQ2, interviewees' responses to the interview questions about motivations, benefits, and approaches to forward-looking information disclosure are discussed. Based on the conceptual framework (Figure 1), theoretical framework (Chapter 4), relevant literature (Chapter 2), and findings of content analysis (Chapter 6), three central themes including sub-themes arising from the interview data are identified and illustrated in Table 12 with a summary of key findings. Details regarding each theme are presented in the following sections.

Table 12: The engagement of suppliers and customers with forward-looking information disclosure

Themes derived from the literature, theories, and findings of content analysis	Sub-themes arising from the interview data	Summary of key findings from interviews
1. Business development	a. business model and product innovation	• Innovation in business model and/or in products and processes are fulfilled with consistent communication with suppliers and customers. • forward-looking information disclosure is an alternative channel for organisations to communicate business development to suppliers and customers.
	b. sustainability	• Different levels of awareness of sustainability issues related to suppliers and customers across organisations were identified. • The supply chain is considered essential to achieving SDGs. • Making more originations attach importance to sustainable supply chains and relevant disclosures requires a change of mindsets towards sustainability.
	c. disclosure of uncertainties	• Collaborating and engaging with suppliers and customers is a strategy to deal with uncertainties caused by dynamic technology and market trends. • The motivation to disclose uncertainties related to the supply chain is to raise stakeholder confidence under uncertainties.
	d. reputation and image	• The stakeholder inclusive approach to reporting enhances ESG reputation and image. • Some organisations disclose forward-looking information concerning suppliers and customers to influence stakeholders' perceptions of reputation and trust.

2. Satisfying stakeholder expectations	a. suppliers and customers	• Disclosing forward-looking information is an efficient way to manage supplier and customer relationships and to discharge accountability to them by responding to their expectations.
	b. investors and analysts	• Investors and analysts believe that forward-looking information and supply chain-related disclosures are value relevant. • Investors and analysts show low interest and understanding of suppliers' and customers' influence on forward-looking information disclosure.
	c. governments and regulators	• Regulations and government interventions in ESG issues encourage organisations to disclose forward-looking information concerning suppliers and customers.
3. Cost management	a. risk management	• Organisations consider risk disclosure a benefit rather than a compliance burden. • Making forward-looking information disclosure is a means to manage supply chain risk and, therefore, reduce business costs (e.g. cost to acquire social and relationship capital, insurance cost, inventory management cost and negotiation cost).
	b. cost of reporting	• Although voluntary reporting of forward-looking information and information relevant to suppliers and customers are costly to organisations, they have recognised longer-term benefits which balance reporting costs.

7.3.1 Business Development

Revisiting the interview data under the theme "business development", it appears that suppliers and customers have specific influences on disclosures of certain types of forward-looking information. These types of forward-looking information are summarised into four sub-themes for presenting the findings, namely business model and product innovation, sustainability, disclosures of uncertainties, and reputation and image.

7.3.1.1 Business Model and Product Innovation

Comments from interviewees regarding this sub-theme confirmed a finding of content analysis that engaging with suppliers and customers offered new concepts for business innovation, and the engagement process and business developments were reflected in organisational reports (Section 6.3.2.2). For example, a General Manager stated that:

> "With a small number of suppliers, we are having detailed interactions and looking for opportunities to collaborate and partner…we have this partnership type discussion where we look for innovation…and it's the same for some customers because we are now their suppliers, and we will also be a customer... we show how we engage with them, where we are aiming at in the report as we are a responsible business." (Org 11)

Similar thoughts were expressed as "engaging with supply chain partners is a process of knowledge sharing, gathering and creation" and it helped "product innovation to be more suitable for the markets" (Org 7). In addition, Org 4 claimed that supplier and customer engagement was useful for business innovation, "even business model innovation if it is necessary to innovate to be responsible for our stakeholders". The responses reaffirmed the views of Revilla and Knoppen (2015) and Herrera (2016) that business innovation can be achieved by continuously engaging with strategic supply chain partners. In addition, a Standard-setter expressed a concern that "helping organisations change their business models and recognise the importance of social and relationship capital are intentions of the reporting frameworks" (SS 2). It seemed that the relevant framework worked well with interviewed organisations in this regard.

When further probing how organisations integrated the interests of suppliers and customers into forward-looking information disclosure, several interviewees (Org 1, 2, 7, 8, and 11) responded that some market trends, outlooks, and opportunities were disclosed to respond to their information demands. Relevant disclosures were also used to "articulate how value could be generated in the long term to other stakeholders" (Org 7). Besides, a change to forward-looking information disclosure was noticed during interviews. For instance:

> "We now feel the value that suppliers and customers create for us …forward-looking disclosures give us an alternative to communicating the value we can create for them *[suppliers and customers]* and others…supplier and customer inclusiveness is a new way of reporting. *[emphasis added]*" (Org 11)

In line with resource dependence theory and Larrinaga-Gonzalez et al. (2001), this study argues that the organisation's dependency on stakeholders for resources (including knowledge and expertise) drives the change in its accounting practices.

7.3.1.2 Sustainability

The interview data revealed different levels of awareness of sustainability issues related to suppliers and customers. On the one hand, several interviewees claimed that supplier and customer-related sustainability issues are "urgent for organisations to resolve" as "supply chain is critical to achieving sustainability" (Org 6 and AF 2). Organisations resolved such issues by incorporating sustainability into business strategies which were developed through supplier and customer engagement (Org 3) and the materiality determination process (Org 6). Regarding motivations for reporting such information in the organisational reports, a Sustainability and stakeholder relationship manager stated:

> "Stakeholders are increasingly concerned about sustainable supply chain…it's also our responsibility to make sure our suppliers are operating against our standards…we report sustainability not only because it is a requirement, but also, we would like to inform our stakeholders we are a responsible business, and this is how we manage our supply chain responsively." (Org 3)

The above quote shed light on the two findings of content analysis (Section 6.3.2.3). The first one is that suppliers and customers had a great impact on the organisational sustainability strategy establishment and implementation as well as the content of sustainability reporting. The second one is that organisations used organisational reports to show how they manage sustainability along the whole supply chain.

On the other hand, inadequate attention to incorporating sustainability into strategy was identified in a few organisations during interviews, even though the content analysis revealed that most organisations (83%, Figure 3) disclosed sustainability-related issues (strategies, KPIs, etc.) in organisational reports. Org 1 and Org 4 pointed out that senior management put more weight on financial benefits "when granting a strategic contract with supply chain parties" because there was no "fully ESG issue analysis" in this process. Org 8, a Procurement Director, claimed that they were "facing challenges regarding forward-looking planning…sustainable supply chain …and suppliers and customers are not given priority in strategic decisions because people *[within the organisation]* are too short-term financial focus… they would concern about the costs investing in the sustainable supply chain". In this regard, according to Hahn et al. (2014), these organisations may adopt the business case approach to sustainability that aligns environmental and social concerns with economic objectives. With such an adoption, organisations may ignore the role of suppliers and customers in achieving sustainability if they believe the economic benefits of sustainable supply chains do not exceed the cost of managing them. However, SS 2 raised a concern that the return of the investment in a sustainable supply chain may not happen in the short run. In line with Nakamba et al. (2017), the trade-offs between social sustainability and economic performance appeared in supply chain management. Inadequate knowledge about supply chain-related sustainability issues led to this situation as two interviewees (Con 1 and AF 1), who are consultants to supply chain and sustainability, noted that most clients "have limited knowledge about sustainability or sustainability strategy" and they "need help from starch". In this regard, as Hermann and Bossle (2020) suggested, sustainability education and entrepreneurship cannot be separate.

In conclusion, based on the above discussions, suppliers and customers have a great influence on sustainability strategy development, implementation, and reporting. Making more organisations attach importance to sustainable supply chains and relevant disclosures requires a change of mindsets towards sustainability. This change needs the assistance of professionals.

7.3.1.3 Disclosure of Uncertainties

The interview data under this sub-theme indicated that one of the purposes of supplier and customer engagement was to deal with the uncertainties caused by dynamic technology and market trends. Supplier and customer engagement was recognised by several interviewees (Org 6 and 8) as a part of the information regarding the uncertainties collection process. For example:

> "We are talking about certain future trends, especially technology trends, with our supply chain partners because we face uncertainties and we need to know what we are facing in the future…we share views, and the purpose is to identify the outlook and uncertainties…and it's an efficient way." (Org 8)

Org 6 expressed a similar view that sharing knowledge with supply chain partners helped to identify future trends and potentially led to long-term strategy development, which had a huge impact on value creation under uncertainties. The responses reaffirmed Modi and Mabert's (2007) argument that knowledge and capabilities to deal with technological and market uncertainty were achieved by information transfer through the supply chain.

With respect to the motivations for reporting uncertainties with technology or product development plans, "to secure future income" (Org 8) and " to raise shareholder confidence under uncertainties" (Org 6) were the most mentioned ones. These responses were in line with Arya et al. (2017) that the benefit of disclosing information about technology development in the corporate reports will be reflected in the future increased share price. However, not all interviewees were positive about the return of technology or product development. Org 11 stated that "the payoff from the new product development is tied to customers' tastes and demands and the future income is not certain". This interviewee further stated that the key was to "constantly engage with customers" and make sure "the ability to turn uncertainties into value creation can be perceived by stakeholders". It implied that organisations may use forward-looking information disclosure to manipulate the perceptions of stakeholders about the organisation's ability to deal with uncertainties; therefore, this kind of forward-looking information should be interpreted with caution. The evidence from interviews extends the one finding of content analysis that organisations use forward-looking information disclosure to influence perceptions of suppliers and customers regarding future performance and uncertainties (Section 6.3.2.2) to other stakeholder groups. Therefore, suppliers and customers play a role in helping organisations deal with uncertainties and influence how originations disclose the uncertainties.

7.3.1.4 Reputation and Image

Interview data related to this sub-theme revealed that suppliers and customers were important stakeholders considered by organisations when managing reputation and image. For example, Org 11 claimed that "ESG reputation is a big concern when selecting supply chain partners" and "by helping suppliers meet responsible and ethical standards, we are able to offer customers greater choice, provide an opportunity for active customer engagement, and reduce supply chain and reputational risks". In line with legitimacy theory, this response indicated that the supply chain party selection process was important for organisations that sought to manage reputation and legitimacy (see also Nakamba et al., 2017).

Concerning the motivations for disclosing forward-looking information regarding reputation and image, most interviewees (in particular Con 1, AF 1, Org 10, and 12) confirmed that such information was useful in building long-term relationships with key supply chain partners. Consistent with stakeholder theory (Section 4.2.1) and signalling theory (Section 4.2.3), interviewees recognised their accountability to suppliers and customers and acknowledged the usefulness of IR in terms of signalling reputation to suppliers and customers. For example:

> "Enhancing corporate image and stakeholder trust is why we do integrated reporting…normal annual report is a shareholder report… suppliers and customers demand integrated report because it provides them with so much more information about how we do business across the value chain in the long run." (Org 10)

> "ESG issues have been causing material problems, not only for us but also for our supply chain partners…integrated report provides an opportunity to show our commitments to sustainability…it's important that our supply chain partners know about it." (Org 12)

The above quotes provide further support for one finding of the content analysis that organisations disclosed sustainability-related information with an intention to influence the perception of suppliers and customers regarding reputation and trust (Section 6.3.3.2).

7.3.2 Satisfying Stakeholder Expectations

Revisiting the interview data under the theme of "satisfying stakeholder expectations", it identifies that a range of stakeholders' information demands (i.e. supplies, customers, investors, analysts, regulators, and government) motivates an organisation to make forward-looking information disclosure. Details of how organisations apply the approach to including suppliers and customers when making forward-looking information to satisfy different stakeholder groups' expectations are presented as follows.

7.3.2.1 Suppliers and Customers

The interview data related to this sub-theme revealed that organisations used forward-looking information disclosure to respond to suppliers' and customers' information needs. Org 6, for instance, argued that "reports published on the website is an efficient way to describe strategies, value creation process, prospects, and R&D, especially useful in telling customers about our products". Another interviewee who is a Stakeholder Relationship Manager supported this view and further identified problems with current disclosure practice:

> "We need to handle a lot of questions from our suppliers and customers about our product development, our relationship with communities and how we do business now and, in the future…especially from those international suppliers and customers… maybe 30% of my time is responding to different questions from different stakeholders…our reports are there, but maybe they need a more concise version of that…it is not practical to present all information in a way that all stakeholders can understand." (Org 2)

The above quote implies that those advocating IR could reduce information processing costs for organisations since stakeholders' information needs are presented in a concise report (e.g.

Al-Htaybat and von Alberti-Alhtaybat, 2018) failed to consider the "practical issue of integrated reporting, which is the balance of conciseness and completeness" (Org 2).

Consistent with the findings of content analysis (Section 6.3.1.3 and Section 6.3.1.4), almost all interviewees believed that disclosing prospects and outlooks with supporting evidence was useful in "inclusive growth" (Org 3) and "creating mutual benefits" (Org 10) with supply chain partners. Transaction cost theory of this study indicates that it would be best for every supply chain party to maintain the stability of the supply chain by "knowing and responding to each other's demands" (Org 8). To summarise, forward-looking information disclosure is used as an efficient way to discharge their accountability to suppliers and customers by responding to their expectations as well as managing relationships with them.

7.3.2.2 Investors and Analysts

Based on interview data, investors' information demand was considered the most important factor when determining the content of corporate reports. Several interviewees, including people from organisations and standard setters, observed that "investors, especially long-term investors, are becoming more interested in forward-looking information and supply chain-related information to assess an organisation's overall performance prospects" (Org 5, 9, 11, and SS 1). This finding is in line with prior studies that management believed investors wanted more forward-looking information (Adams, 2017a) and investors demanded forward-looking information and supply chain-related information for making better investment decisions (Asay et al., 2017; Garanina and Dumay, 2017). Thus, the approach to including suppliers and customers when making forward-looking information disclosure was normally used to satisfy investors' demands. Apart from investors, interviewees (Org 5 and 11) demonstrated that analysts were also increasingly demanding forward-looking information concerning suppliers and customers for more accurate value assessment. For instance, Org 5 noted that "forward-looking information analysis, which includes different sort of information, has now been incorporated into analyst training…it enables analysis to incorporate more value-relevant information".

During the interviews, a Head of Investor Relations pointed out that investors and analysts preferred financial forecasts rather than narrative forward-looking information:

> Investors and analysts are interested in what is the company capable of delivering over the longer term…they are more and more interested in ESG, it's a really broad spectrum of stuff…it would be nice to have those narratives reported, but now most investors and analysts still prefer to see your

> performance forecasts, in financial term, even after we have this integrated report…we need to have those quantified data (Org 9)

This response contrasted with the view of Menicucci and Paolucci (2019) that qualitative forward-looking information dominated integrated reports. It can be explained by Bozzolan et al.'s (2009) study that verifiable financial forward-looking information enhanced the accuracy and decreased the dispersion of analysts' forecasts. Furthermore, by considering the fact that preparers may interpret forward-looking information as detailed performance forecasting only (refer to Section 7.2.1.3), this situation implied that a comprehensive understanding of value creation had not happened in the mindsets of some managers, investors, and analysts.

Although investors and analysts demanded information regarding the supply chain for assessment purposes, interviewees (Org 5, 9, and 11) perceived that they had low interest and understanding of the role of suppliers and customers in forward-looking information disclosure. This is perhaps not surprising because, as two interviewees responded:

> "Investors consider sustainable supply chain issues when making major investment decisions since it influences an organisation's existence in the future and acceptance by stakeholders…but it is the organisation who should figure out how to make a better disclosure." (Org 9)

> "Analysts demand this sort of information *[supplier- and customer-related forward-looking information]* for assessing and benchmarking. *[emphasis added]*" (Org 5)

The above quotes imply that stakeholders' demand for a better assessment of future performance drove organisations to make forward-looking information relevant to suppliers and customers. This reflects that an agency problem exists when one party in a particular agency setting has an information advantage over other parties (Healy and Palepu, 2001; An et al., 2011). Public reporting is required is to reduce this agency problem (Healy and Palepu, 2001). However, agency theory itself may not be able to fully explain this situation. Applying the managerial branch of stakeholder theory (Section 4.2.1), the interview data showed that investors' information demands still dominated the strategic decisions as to the content and the way of reporting since organisations considered investors are the most critical stakeholder for survival.

7.3.2.3 Governments and Regulators

The interview data revealed that governments and regulators are considered powerful stakeholders by organisations, which would influence the content of forward-looking information disclosure, especially for those international organisations. A Vice President mentioned one of the motivations for disclosing forward-looking information concerning suppliers and customers was:

> "We deal with government on a different basis based on different regulations…sometimes we negotiate long and hard with and different governments have different schemes…especially now it comes to more intangible issues called the social licence to operate… more governments are adopting sustainability-relevant reporting principles as a precondition for awarding licenses to operate." (Org 10)

When further probing the role of suppliers and customers in forward-looking information disclosure, the interviewee explained:

> "Speaking to local government is part of the external interview to identify materiality topics and key metrics for their business…social value is also what the government want to know about, …if reporting to suppliers and customers is a requirement, or if it is some indicators for sustainability, we would do it." (Org 10)

The responses indicated that materiality and sustainability indicators concerning suppliers and customers presented in forward-looking information disclosure were affected by regulations and governments. This is in line with Kaur and Lodhia (2018) that regulations and government intervention were seen as important drivers for change and affected forward-looking information disclosure practice, especially involving ESG issues.

Two standard-setters supported the critical role of government and regulator in corporate reporting reform, in this case, the approach to including suppliers and customers when making forward-looking information disclosure. SS 1 claimed that there was no observation of "a solid approach to supplier and customer inclusiveness was applied by organisations when disclosing forward-looking information". The interviewee further stated that it was necessary to "bring together all key stakeholders, including suppliers and customers" to develop solutions to "bring about change in forward-looking disclosure". The responsibility for making changes should lie with standard-setters, regulators, and governments as they are "powerful influencers" to change the "mindsets of companies" (SS 1). SS 2 held a similar view that "regulation and government trends" pushed companies to "take more non-financial factors into business" and "report them to their stakeholders".

7.3.3 Cost Management

Revisiting the interview data under the theme of "cost management", how organisations use forward-looking information disclosure to manage business costs is identified. The application of an approach to including suppliers and customers when making forward-looking information disclosure is specifically aimed at reducing the cost of risk management and cost of reporting. Details are presented as follows.

7.3.3.1 Risk Management

The interview data related to this sub-theme revealed that responding to suppliers' and customers' demands for forward-looking information was a way to manage supply chain risk and reduce business costs. The interviews resonated with one finding of content analysis that organisational reports are used by organisations to inform stakeholders about strategies and plans to deal with disclosed supply chain risks (Section 6.3.2.1). When probing the motivations for making forward-looking information concerning suppliers and customers, a Group risk officer responded:

> "The supply chain is a critical part of our business…We demand information regarding sustainability or product development or other further information from our suppliers and customers. In turn, they also demand such information to manage their supply chain risks…we have this cognition that the supply chain risks that each of us are facing and how we manage these risks should be clearly articulated…we usually have this conversation with key partners privately…we also do this in the reports as it is an efficient way to inform other stakeholders, not only our supply chain partners." (Org 4)

In regard to the benefits of risk disclosures concerning suppliers and customers, interviewees agreed on the view that risk management and disclosure "deliver benefits rather than a compliance burden for organisations" (Org 4, 5, and 8). The benefits identified by interviewees included reducing costs and building long-term relationships with suppliers and customers. The direct costs saved "when supply chain parties have sound risk management and supportive information disclosed include insurance cost, inventory management cost, and negotiation cost" (Org 5). Particularly, "when the long-term relationships have been built, the cost-saving will be more significant, and the benefit is for both sides of the supply chain" (Org 8). These responses confirmed that strategic supply chain management and communication along the supply chain were useful in cost-saving (see also Revilla and Knoppen, 2015 for similar findings).

Interviews confirmed that IR encouraged the approach to including suppliers and customers when making risk disclosures. One interviewee described the process of engaging with suppliers and customers and reporting risk information to them as "a process to gain social and relationship capital" (Org 4). The interviewee then claimed that IR did "bring new concepts to corporate reporting" and "the stakeholder inclusive approach is unfolding".

7.3.3.2 Cost of Reporting

Another influence of suppliers and customers on forward-looking information disclosure identified during interviews was reflected in the cost of reporting. All interviewees agreed that voluntary reporting or IR was costly to organisations, which is consistent with Adhariani and De Villiers (2019). Interviewees (Org 1, 3, 4, and 13) claimed that applying the approach to including suppliers and customers when making forward-looking information disclosure involved costs raised from both inside and outside the organisation, including data collection, communication with suppliers and customers, and associated audit costs. Apart from these direct costs of preparing the reports, litigation cost was also a concern of interviewees (Org 5, 6, and 9) when making forward-looking information disclosure as discussed in Section 7.2.3.1.

Although disclosing forward-looking information and information relevant to suppliers and customers was challenging and time-consuming for organisations, both interviewees within organisations and outside organisations (Org 4, 11, AF 1, and SS 1) had recognised longer-term returns that balance reporting costs. A General manager saw immediate reporting costs as potential income in the future:

> "this, so-called approach to inclusive suppliers and customers when making forward-looking information disclosures, makes us different to others…if you see it, at least from five years, the reporting is a contributor in terms of income rather than cost." (Org 11)

In response to the question regarding the motivation to implement IR with considerable costs, an issue posted by Adhariani and de Villiers (2019), this research suggested that some organisations had perceived the benefits would exceed the costs rather than not realising the actual costs of implementing IR. Therefore, applying the approach to including suppliers and customers when making forward-looking information disclosure has the potential to be a cost management tool for organisations.

7.4. The Characteristics that Enhance the Credibility of Forward-looking Information Concerning Suppliers and Customers

This section aims to provide supportive evidence to the findings of content analysis and identify further insights into the credibility of forward-looking information disclosure concerning suppliers and customers. Perspectives of both preparers and stakeholders on the credibility of current forward-looking information disclosure are selected for assisting analysis. Based on the conceptual framework (Figure 1), relevant literature (Chapter 2), theoretical framework (Chapter 4), and findings of content analysis (Chapter 6), three central themes including sub-themes arising from the interview data were identified and illustrated in Table 13 with a summary of key findings. Details regarding each theme are presented in the following sections.

Table 13: Interviewees' perceptions of the credibility of forward-looking information disclosure concerning suppliers and customers

Themes derived from the literature, theories, and findings of content analysis	Sub-themes arising from the interview data	Summary of key findings from interviews
1. Report preparation process	a. data collection	• Reporting departments in organisations have developed standardised data collection processes to ensure that the data is reliable and diversified. • The challenge of enhancing disclosure credibility is to communicate the data collection process with different stakeholders effectively.
	b. materiality	• All interviewed organisations consider materiality critical to the credibility of forward-looking information disclosure concerning suppliers and customers, but the disclosure of the materiality determining process is inadequate and the process is unclear. • Disclosure of materiality matters is compliance- and/or legitimacy-driven, and additional detailed disclosure with analysis is a cost burden to organisations. • Some organisations explain that already wordy organisational reports make it rather difficult to articulate the complicated materiality determination process.
	c. transparency	• Transparency is a main characteristic that enhances the credibility of forward-looking information disclosure concerning suppliers and customers.

		• The concepts of multiple capitals and the forward-looking view as indicated in the <IR> Framework offer an opportunity for organisations to enhance accountability and reporting credibility through increased transparency.
	d. completeness	• Engaging with suppliers and customers provides a chance for organisations to touch on all aspects of sustainability and report on both positive and negative related issues; yet, completeness has not been achieved in all organisations.
2. Assurance	a. internal assurance	• Internal assurance increases the credibility of forward-looking information disclosure concerning suppliers and customers throughout the entire reporting process, including data collection, data measurement, and data monitoring. • Internal assurance is crucial to identify any inconsistency between financial and non-financial data.
	b. external assurance	• Both report preparers and stakeholders believe that external assurance is a strong signal sent by an organisation for credible forward-looking information disclosure concerning suppliers and customers. • External assurance is limited to sustainability and risk information because of the nature of forward-looking information. • To enhance the external assurance practice on forward-looking information disclosure, assurance providers should emphasise the audit of the reporting process rather than the data.
3. Presentation	a. connectivity	• Connecting forward-looking information with strategies and governance is all agreed to be an indicator of credible disclosures.

		• Organisations are reluctant to report the connectivity between forward-looking information and capitals, especially trade-offs between capitals, because there may be negative effects if readers do not have enough knowledge about multiple capitals.
	b. consistency	• The consistency of forward-looking information, especially financial and non-financial information, enhances the disclosure credibility, and it is achieved by assessing and monitoring information disclosed over time. • Some organisations would choose to manipulate the forward-looking information or avoid disclosing negative effects in the reports if any inconsistency is found.
	c. comparability	• Organisations and stakeholders are more interested in the comparability of data within an organisation rather than cross-organisation comparability.

7.4.1 Reporting Preparation Process

Revisiting the interview data regarding the theme "reporting preparation process", it appears that good corporate governance in relation to reporting preparation is the starting point of ensuring the credibility of forward-looking information disclosure concerning suppliers and customers. Good corporate governance enhances the credibility of this disclosure practice in four aspects, namely data collection, materiality, transparency, and completeness. Details regarding these four sub-themes are presented as follows.

7.4.1.1 Data Collection

The interview data revealed that data collection was a critical part to ensure the credibility of forward-looking information disclosure concerning suppliers and customers. Most interviewees (Org 1, 3, 4, 10, and 11) stated that accounting or reporting functions had developed standardised data collection processes to ensure that data came from reliable and diversified sources. According to these interviewees, this rigorous data collection process involved three steps, namely (1) gathering data from different functions across the organisation, (2) checking the validity and consistency of the data, and (3) analysing the data against economic and market trends. However, interviewees also identified difficulties in the data collection process. The most mentioned one by interviewees who are the preparers of the organisational reports was how to communicate with different people about the data collection process effectively. Regarding data needed for forward-looking information disclosure concerning suppliers and customers, the leadership team should take responsibility to make sure "people inside and outside the organisation are on the same page" (Org 3, and 4). Collecting sustainability-related data for example:

> "Data is the basis for the credibility of disclosures… If you wanted to speak to other teams about sustainability, they would see it as a nice to have… but when it comes to data collection, there were questions…I think the problem is they take data collection as a burden, not a responsibility… I think it is going to be a transition period that different teams are starting to realise they actually own those sustainability targets…but it's not our team *[reporting team]* that is going to lead to these changes in the business…. with the leadership team, there's still some work to do. *[emphasis added]*" (Org 3)

In terms of communicating the forward-looking information concerning suppliers and customers collection process to stakeholders outside an organisation, "limited readers' knowledge about forward-looking information and relevant disclosures made it difficult to convince stakeholders that data collection adds credibility to forward-looking information disclosure" (Org 11). This argument is in line with Mercer (2005) that report users, especially inexperienced stakeholders, may not reward organisations for making more forward-looking information without knowing the preparer's intention. According to signalling theory of this study, communicating data collection with stakeholders is an indication that interviewees were aware that using corporate reporting for signalling critically depends on the credibility of reports perceived by stakeholders (Erdem and Swait, 1998). Communication is important as "there is a risk that reports readers may not perceive the forward-looking disclosures regarding suppliers and customers as credible information if organisations fail to communicate effectively about how the data is collected" (Org 13). However, an interesting finding of interviews was that although preparers doubted the reader's knowledge, all interviewees claimed that they had not received any feedback regarding forward-looking information disclosure when probing specific concerns raised by readers. The fact that these interviewed organisations did not actively educate readers about forward-looking information implies that they were happy with no feedback provided by stakeholders. This ultimately impeded organisations from making efforts to enhance the credibility of forward-looking information disclosure to stakeholders.

To conclude, organisations have implemented some mechanisms in the data collection process to ensure the validity of the data, but they may face difficulties in communicating and presenting forward-looking information concerning suppliers and customers credibly. However, organisations are less motivated to resolve these problems since no feedback was received from report readers in this regard.

7.4.1.2 Materiality

Most interviewees, including both preparers and stakeholders, mentioned that materiality determination was seen as a process to increase the credibility of forward-looking information disclosure concerning suppliers and customers. Moreover, interviewees (Org 11 and 12) claimed that IR and integrated thinking were useful for them to embrace the concept of materiality. Such a claim supported one finding of content analysis (Section 6.4.2.1). For example, one IR reporter stated that after adopting IR:

> "Our retrospective and forward-looking materiality determination process is an integral part of our efforts to embed integrated thinking and to identify the issues that should form the basis of our internal and external reporting." (Org 12)

However, it was seen in content analysis that very few organisations (16%, Figure 5) provided a detailed materiality determination process, the interviews revealed three motivations behind this situation. Firstly, the disclosure of materiality issues was compliance-driven, and additional detailed disclosure with analysis was a cost burden to organisations. For example, regarding the motivations for disclosing materiality, Org 1 explained that "we work with the GRI Standards, and they ask us to have a materiality process... So, we just follow the standard, in that case, nothing more as it's costly". Secondly, the disclosure of materiality matters indicated an organisation's awareness of material impacts on sustainability, but such disclosure may be used as a pure legitimacy tool in current reporting practice (see also Puroila and Mäkelä, 2019 for similar findings). It was evident when one interviewee commented that "SDGs have come into our core business…it's critical we have this foresight…identify environmental and social impacts through the lens of stakeholder materiality" (Org 12). Yet, no rigorous materiality determination process was provided as this interviewee explained that "but we are at the very beginning stage of investing in materiality". Thirdly, already wordy organisational reports made it rather difficult to articulate the complicated materiality determination process but it seems like an excuse for incomplete materiality disclosures. For example, a Group Corporate Affairs and Sustainability Director described their materiality process as:

> "Start with conversations with different functions about the materiality analysis… look at what affects our business… also have the different areas that our markets will be working in…there will be different value chains and different marketplaces exploring different things…Part of the materiality process is to bring all these together at different levels across the businesses in the matrix, which then leads itself to be developed into a high-level strategy that we all buy into… it's a complicated process and I don't think it's easy or necessary to say all processes in the reports, because the reports are already complained too long." (Org 6)

Signalling theory indicates that stakeholders may not perceive simple signalling as credible information unless the disclosure is presented with commitments, such as detailed measurement (Balvers et al., 2015). The interviewees' responses indicated that although materiality was seen as an indicator of the credibility of forward-looking information disclosure concerning suppliers and customers, report preparers had not developed a robust approach to identify and report material impacts.

In response to the practical issues regarding materiality, an interviewee from accounting firm argued that "a standardised reporting guidance to materiality is not practical" as "each individual company decides what's relevant to them" (AF 1). To address these issues, concluding from the interviews, this study suggests that education on broader materiality impacts on companies and society is a solution to inadequate materiality disclosures.

Based on the above discussion, it was agreed that disclosure of materiality matters increases the credibility of forward-looking information disclosure concerning suppliers and customers. However, this study points out that the disclosure of the materiality determining process is inadequate and the process is unclear (see also Guix et al., 2018; Puroila and Mäkelä, 2019; Farooq et al., 2021, for similar findings).

7.4.1.3 Transparency

By revising the interview data regarding this sub-theme, nearly all interviewees agreed that transparency was an important characteristic that enhances the credibility of forward-looking information disclosure concerning suppliers and customers. Several interviewees (Con 2, Org 1, 2, 12, and 13) claimed that the approach to including suppliers and customers when disclosing forward-looking information increased reporting credibility and stakeholder confidence as it enhanced reporting transparency. That is, suppliers and customers were powerful stakeholders to force organisations to increase the transparency of forward-looking information disclosure. This finding extends Fernandez-Feijoo et al.' (2014) work that stakeholder pressure positively affected reporting transparency to specific stakeholder groups (i.e. suppliers and customers). For example:

> "We live in an age of radical transparency now; customers and suppliers have access to information… if we want to be around and attract customers in the future, we've actually got to be able to tell a convincing story about how our business model connects to the aspirations and visions of our stakeholders and how we generate inflows in the future." (Org 1)

Another interviewee expressed a similar view and further articulated how they responded to suppliers' and customers' information demands and increased reporting transparency to stakeholders:

> "The starting point of telling a convincing story is really looking at that from the perspectives of them *[suppliers and customers]* and know what they are expecting from the company…disclosures about forward-looking information and social and relationship capital increase transparency because more non-financial information is included as the <IR> Framework suggested. *[emphasis added]*" (Org 13)

SS 1 supported this view from a standard setter's point of view:

> "Providing more and diverse forward-looking information shows you are being transparent about your business… which ultimately benefits the company since you align the business more internally and drive that integrated thinking, and you attract more long-term investors." (SS 1)

In line with Doane (2002), the above-mentioned quotes indicate that transparent reporting benefits organisations financially.

With respect to the critiques of IR concerning reporting transparency (Section 3.5.3), the above discussions add evidence to the view that the concept of "multiple capitals" and the forward-looking view as indicated in the <IR> Framework offered an opportunity for organisations to enhance accountability through increased transparency, which is consistent with the views of Adams and Simnett (2011). In contrast to Adhariani and de Villiers (2019), the interview findings indicate that, inspired by IR, applying the approach to including suppliers and customers when making forward-looking information disclosure increases transparency and credibility.

7.4.1.4 Completeness

By revisiting the interview data related to the sub-theme "completeness", it appears that engaging with suppliers and customers throughout the reporting process enhanced the completeness of forward-looking information disclosure concerning suppliers and customers; yet, complete forward-looking information disclosure had not been achieved in all interviewed organisations. The content analysis found that very few organisations (22%, see Figure 5) provided a complete forward-looking information disclosure concerning suppliers and customers which includes all dimensions of performance. The incomplete disclosure was argued to be an indicator of using corporate reports for greenwashing (Kurpierz and Smith, 2020). In response to this critique, interviewees from organisations pointed out that practical issues made them unable to provide more diverse forward-looking information. For example:

> "The information is quite dispersed across multiple functions… putting it in a format where it's easy to read, easy to link to, and how does this one issue impact our overall sustainability… makes it difficult to comprise all relevant information. *[emphasis added]*" (Org 11)

> "Our materiality process determines which areas we want to focus on during the year, and what information we report during the year, of course, these priorities can change over the years… it's not possible that we disclose all the information stakeholders required." (Org 3)

Although the practical issues in data collection and materiality determination existed, all interviewees agreed that these issues should not be excuses for incomplete forward-looking information disclosure. Regarding the solutions for these issues, Org 11 claimed that applying the <IR> Framework and engaging with suppliers and customers provided a chance for organisations to "touch on all aspects of sustainability and identify risks that threaten future performance". However, in practice, a preference for disclosing these risks in the report was "describing how risks can be managed rather than simply listing negative effects of these risks", the interviewee then stated. Considering the fact that only 24% of sample organisations disclose factors that would negatively influence future performance as found in content analysis (Section 6.2.2), the response of Org 11 implied that organisations may purposely select information disclosed in the reports rather than being unable to provide complete forward-looking information disclosure concerning suppliers and customers due to practical issues. It would result in an issue that corporate reports might be used to simply legitimate their activities and even mislead readers, an issue highlighted by Beske et al. (2020).

The advancement of relevant reporting frameworks is necessary where existing ones were proving to be inadequate in terms of reporting completeness. One standard-setter argued that regulation should keep pace with the reporting reform:

> "Reform is reasonable. Reporting guidance is there, completeness is one of the guiding principles of integrated reporting, but it depends on practices…I agree that the current framework doesn't go far enough in terms of forward-looking disclosures…it's very much in an emerging stage and is not yet mainstream…there is a need to put some rigour into practice." (SS 1)

Based on the above discussion, it is reasonable to conclude that the current forward-looking information disclosure practices lack completeness. This situation was previously identified by Ahmed Haji and Anifowose (2016). Although the approach to including suppliers and customers when making forward-looking information disclosure provides a chance to encourage reporting completeness, reporting framework advancement and regulation reform are necessary to achieve completeness at an acceptable level in practice.

7.4.2 Assurance

Figure 3 shows that assurance is the most used mechanism to increase the credibility of forward-looking information disclosure concerning suppliers and customers. The interview data provided supportive information on the role of assurance in enhancing the credibility of forward-looking information disclosure from both organisations' and stakeholders' points of view. Details are discussed through internal assurance perspective and external assurance perspective as follows.

7.4.2.1 Internal Assurance

Interview data confirmed a finding of content analysis that the internal audit function is seen as an important and distinct governance mechanism to increase corporate governance transparency and reporting credibility to external stakeholders. Most interviewees (e.g. Org 1, 3, 4, 9, 12) from organisations described the role of internal audit as to "communicate with those charged with governance regarding any concerns about forward-looking disclosures, such as suitability and risks". Through internal communication, internal assurance enabled the management to recognise the importance of "forward-thinking" (Org 1) and "governance transparency" (Org 12) in value creation. In addition, interviewees believed that internal assurance benefited both organisation and its stakeholders:

> "Internal auditing business continuity whilst liaising with all stakeholders raises awareness of our corporate responsibility to stakeholders…and risk management across the group…internal audit is a critical function for regulation compliance…and it adds credit to the reliability of reports." (Org 4)

> "Internal audit raised awareness of risk management of our customers and suppliers because they *[people in internal audit function]* speak to external stakeholders about our risk management and materiality matters during this internal auditing process…I believe this process increases the perceptions of stakeholders about the credibility of our reports *[emphasis added]*" (Org 10)

In line with Spira and Page (2003), the above quotes also imply that internal assurance is useful in identifying risk indicators through stakeholder engagement and it in return would enhance the credibility of reports as perceived by stakeholders.

Interviews revealed that internal assurance increased the credibility of forward-looking information disclosure during the entire reporting process (also see Wang et al., 2020 for similar findings), including data collection to data measure, data collection, and data monitoring. For example, Org 4 claimed that "internal assurance strategy is supporting improvements in collections and measures of supplier- and customer-relevant data in forward-looking information disclosure". Org 10 agreed and further identified that "any achievements and changes to supply chain KPIs will also back to internal audit before speaking to the public".

With respect to other aspects of reporting quality that increased by internal assurance, few interviewees (Org 6, 13) mentioned internal audit function is also crucial in identifying any inconsistency between financial and non-financial data. For example, Org 6 noted that "forward-looking information is reported throughout the whole report, both financial and non-financial term, ensuring the consistency of reported information is vital to show the reliability of the report, and it lies with internal audit". More details about the consistency of forward-looking information disclosure are presented in Section 6.4.3.2. To conclude, the overall findings are consistent with Prawitt et al. (2009), internal audit is vital in ensuring the quality and credibility of external reports.

7.4.2.2 External Assurance

External assurance was found to be the main consideration when implementing mechanisms to enhance the credibility of forward-looking information disclosure concerning suppliers and customers during interviews, although a few types of forward-looking information cannot be externally audited given the nature of such information. As found in content analysis (Section 6.4.1.3), external assurance is widely used to show the credibility of forward-looking information disclosure concerning suppliers and customers, interviews confirmed this finding from the viewpoints of both report preparers and stakeholders. In addition, interviews provided further insights into the role of external assurance in supply chain management:

> "We have our reports audited…We will also look at our supplier's report…their audit strategy…if it is externally audited, we will rely on the reported information because it is an obvious way and auditing is costly to a company." (Org 11)

The above quote implies that cost concern was one of the main reasons when considering getting corporate reports audited. Considering audit cost as a credibility indicator is in line with the signalling theory that an organisation cannot be distinguished from others unless it sends a costly signal (Spence, 1973), even when disclosures are unverifiable (Gigler, 1994).

In regard to the external assurance on specific forward-looking information items concerning suppliers and customers, in line with content analysis and prior studies (Hodge and Stewart, 2009; Simnett et al., 2009; Farooq and de Villiers, 2017), interviewees claimed they would seek assurance on sustainability information and risk information (Org 3, 9, 10, AF 1). They further provided explanations. The first reason was that they are easy to audit because "there are auditing procedures on such disclosures, and external auditors have worked for several years" (Org 3). Another interviewee (AF 1) who works in an accounting firm confirmed this situation and stated that "auditing sustainability information in numbers is much easier because the procedure is clear". These responses indicated that assurance providers faced challenges assuring prospective data and information that included a combination of qualitative and quantitative data (see also Maroun and Atkins, 2015; Farooq and de Villiers, 2017; Maroun, 2017, for similar findings). The second one was that "stakeholders are more interested in these disclosures *[sustainability and risks]*" (Org 10). A Head of Investor Relations pointed out another reason that "it's easier to audit numbers in sustainability reports rather than narratives in forward-looking statements" (Org 9). Auditing narrative information does not increase the credibility of disclosures as it was expected to be since "investors don't understand how narrative information could be audited", the interviewee then stated. That is, in addition to the challenges of assurance just mentioned, another challenge of educating stakeholders about assurance on forward-looking information disclosure, especially narrative ones, was identified during the interviews.

Although there are difficulties regarding assurance on forward-looking information disclosure concerning suppliers and customers, AF 1 and AF 2 stated that accounting professionals should take responsibility to advance assurance practice on non-financial information. In this regard, AB 1 claimed that "it should be focused on auditing the process rather than the data". The interviewee then stated that this is happening as "there were already organisations seeking to get their integrated reporting process assured", which includes different kinds of forward-looking information. although a number of challenges of assurance on IR as mentioned by prior studies (e.g. Maroun and Atkins, 2015; Farooq and de Villiers, 2017; Maroun, 2017), AB 1 was confident about this practice as relevant bodies are working on relevant procedures. That is, assurance is seen as one of the most important characteristics that reflects the credibility of forward-looking information disclosure concerning suppliers and customers. At the current stage, assurance on forward-looking information disclosure concerning suppliers and customers is limited to sustainability information and risk information, assurance providers and policymakers are responsible for the development of relevant auditing procedures on other forward-looking information items.

7.4.3 Presentation

Revisiting the interview data regarding the theme "presentation", it demonstrates that the presentation of connectivity, consistency, and comparability in the reports enhances the credibility of forward-looking information disclosure concerning suppliers and customers. Details in relation to each perspective are presented as follows.

7.4.3.1 Connectivity

The interview data corresponded to one finding of content analysis that connectivity of information is one of the most displayed credibility characteristics of current forward-looking information disclosure concerning suppliers and customers practices, especially connecting with strategies and governance (Section 6.2.2). Interviews provided evidence on how the connectivity of information enhanced the credibility of forward-looking information disclosure concerning suppliers and customers and the role of IR in this regard.

In terms of connectivity with strategies and governance, several interviewees (Org 3, 5, 12, and 13) confirmed that the connectivity principle in the <IR> Framework enhanced integrated thinking towards a holistic approach to reporting forward-looking information. From a report preparer's point of view, "linking forward-looking information with strategies and governance eases the data analysis process and enhances the conciseness of information" (Org 3). Through the data analysis process, "if you keep that connectivity in mind, you check the reliability of information gathered from different functions or externally when you are processing the data" (Org 12). Another interviewee claimed that "it *[connectivity between forward-looking information and strategies and governance]* enhanced the conciseness of information…readers can easily find where the supporting evidence is, why we confident about our future because we got the right strategies and corporate governance" (Org 13). From the viewpoint of a stakeholder, a risk analyst, who is responsible for processing internal information and external information from competitors' and supply chain parties' organisational reports, claimed that "connectivity of information is one of the indicators of reliability" (Org 5). These arguments were supported by AB 2, who further stated that the process of connecting forward-looking information with strategies and governance benefited organisations internally and externally. People within an organisation would know the "mutual goal for long-term value creation" and stakeholders outside the organisation would "perceive the connectivity as a characteristic of credible information" (AB 2). The responses further confirmed the signalling theory that stakeholders see corporate reports as credible information if presented with commitments (Balvers et al., 2015). Hence, in line with Zhou et al. (2017), this study identifies that the connectivity of information presented in the integrated reports enhances reporting credibility as perceived by both report preparers and stakeholders.

The connectivity of forward-looking information with strategies and governance mainly focuses on sustainability and/or risk information, as found in content analysis (Section 6.4.1.3). The interview data extended this connectivity to other types of forward-looking information, such as long-term organisational objectives, which were facilitated by a "control and culture" approach (Org 11). According to this interviewee, it was achieved by establishing and monitoring the organisation's culture and taking into account changes in the external environment to analyse how governance should influence the strategic direction of the organisation. This finding is consistent with the view of Massingham et al. (2019) that forward-looking-focused and internal interactive motivated organisational learning and growth. Few organisations may present this connectivity in public reports since this approach is used primarily for internal development.

With respect to the connectivity with capitals, as presented in the findings of content analysis, this connectivity is much less presented compared to connectivity with strategies and governance (Section 6.2.2). A similar reporting behaviour was found during interviews. Interviewees (Org 11 and 13) argued that there were difficulties to present connectivity and trade-off between forward-looking information and multiple capitals. For example, Org 11 argued that the multiple-capital model enhanced both the organisation's and stakeholders' perceptions of how the value was created, but it must be careful to present the trade-off between capitals. The interviewee explained that "readers would interpret the trade-off, especially when increasing other capitals while destroying financial capital, as a negative performance forecast if they do not have enough knowledge about multiple capitals" (Org 11). It implies that organisations may focus on disclosing positive information rather than presenting the trade-offs between capitals. Org 13 expressed the same view and raised another concern of losing competitive advantages if too many details about how multiple capitals were used to create value in the long term were disclosed in the organisational reports. This is in line with Grassmann et al. (2019) that the competitive environment was negatively associated with the extent of disclosed connectivity of multiple capitals in the context of IR. Hence, organisations acknowledge the role of connectivity of information in enhancing the credibility of reporting as perceived by stakeholders, but there is a need to educate organisations that connectivity serves to educate stakeholders about value creation rather than encouraging selective information disclosures.

7.4.3.2 Consistency

Nearly all interviewees mentioned the importance of consistency to ensure the credibility of forward-looking information disclosure concerning suppliers and customers to stakeholders, especially the consistency between financial and non-financial information. In line with Brazel et al. (2009), interviewees (Org 4, 8, and 10) had recognised that inconsistency between financial and non-financial information was an indicator showing a high likelihood of reporting fraud; thus, they had implemented mechanisms to ensure such consistency can be perceived by stakeholders, such as "audit committee with accounting experts" (Org 10), "risk committee to monitor any change of risk indicator over time" (Org 4), and "reporting function requests updated data from different departments on a regular basis" (Org 8). That is, consistency of forward-looking information disclosure concerning suppliers and customers was achieved by assessing and monitoring information disclosed over time. This strengthens the findings of content analysis that a rigorous monitoring process for forward-looking information disclosure concerning suppliers and customers is widely used by organisations to ensure the disclosure's credibility (refer to Section 6.2.2).

During the interviews, further questions were asked to investigate rectified processes and actions after any inconsistency of information was identified. Org 3 responded that:

> "If we really mess up a year, like did something wrong to the environment…we did not achieve environmental KPIs as we said we should have, we will not use reports to communicate…we would use other useful channels to communicate…we will focus on something positive in the reports". (Org 3)

Consistent with the findings of Li (2010), organisations tended to use a positive tone in their forward-looking statements. This response also implied that organisations might make selective disclosures to mislead stakeholders regarding prospects. Signalling theory of this study indicates that disclosures serve a signalling role to reduce adverse selection problems under information asymmetry (Spence, 1973). However, organisations have incentives to be misleading at the time of disclosures (Athanasakou and Hussainey, 2014), as the verification of forward-looking information is a continuous process. In this regard, interviewees who work in accounting firms and standard-setting organisations argued that "regulation should intervene" (AF 1) or "regulations could get involved while the process *[of enhancing the consistency of the disclosed forward-looking information]* is unfolding" (SS 1).

To summarise, consistency is seen as a main character that enhances the credibility of forward-looking information disclosure concerning suppliers and customers. However, organisations may manipulate the information or avoid disclosing negative effects in the reports if any inconsistency is found. Regulations should take a role in detecting and solving misreporting issues.

7.4.3.3 Comparability

As emphasised by IIRC (2021), IR intends to achieve a balance between allowing flexibility that recognises the variety of different organisations' circumstances and enabling a sufficient degree of comparability across organisations. In this regard, several interviewees (Org 3, 11, 12, and 13) agreed that comparability, as set out in the <IR> Framework, was a characteristic to show the credibility of forward-looking information disclosure. However, in practice, most interviewed organisations mentioned that the comparability of forward-looking information disclosure concerning suppliers and customers was achieved by monitoring and comparing KPIs and trends against organisational strategies and goals. It implies that some organisations focused on comparing quantifiable information over time and ignored comparing the information with peers. This was confirmed when a few interviewees identified that "the principle-based framework gives considerable discretion to organisations in determining how the requirements are met" (Org 9). Org 10 claimed that it is easier to collect data trends within an organisation. In this regard, as Solomon and Maroun (2012) suggested, the reporting practice would end up with less comparability across-company because of the flexibility of applying the reporting frameworks. Hence, the intention of IR to improve comparability across organisations cannot be achieved unless the practical issue of data collection could be resolved.

However, few interviewees believed that comparability was not the main characteristic of credibility because "even within the same section, there's a lot of differences, such as business models, risk profiles and strategies" (Org 9). Others raised concerns about the difficulties regarding quantifying qualitative information (Org 5) and the level of demand for comparability of non-financial information by stakeholders (Org 1 and AF 1). This argument is in line with Hsiao and Kelly (2018) that report users preferred financial information because of interpretation and comparability concerns. AB 1 observed the same phenomenon and stated that accountancy professions had a huge role in increasing the comparability of non-financial information.

In conclusion, in line with Stubbs and Higgins (2018), the overall findings regarding comparability indicate that organisations and stakeholders are more interested in the comparability of data within an organisation rather than cross-organisation comparability. The overall comparability should be improved, otherwise, it will ultimately decrease the credibility of forward-looking information disclosure concerning suppliers and customers.

7.5 Summary of the Chapter

This chapter has considered the factors that can influence the adoption of the approach to including suppliers and customers when making forward-looking information disclosure, the influence of suppliers and customers on forward-looking information disclosure, and the characteristics that enhance the credibility of forward-looking information disclosure concerning suppliers and customers. The results and findings are based on the analysis and interpretation of coded data from both interviewees who work in an organisation and stakeholders outside an organisation, and the findings of content analysis as presented in Chapter 6.

To address RQ1, it is argued that a rigorous reporting process encourages the adoption of the approach to including suppliers and customers when making forward-looking information disclosure. A rigorous reporting process requires board involvement and collaboration among different functions of an organisation and the awareness of stakeholder inclusiveness during the entire reporting process.

To address RQ2, it is evident that suppliers and customers play a critical role in forward-looking information disclosure. Suppliers and customers influence an organisation's business development, including business model and product innovation, sustainability, dealing with uncertainties, and reparation and image. These business developments are reflected in forward-looking information disclosure. In addition, the adoption of the approach to including suppliers and customers when making forward-looking information disclosure indicates an organisation's ability to satisfy stakeholders' expectations, including suppliers, customers, investors, analysts, governments and regulators. Furthermore, managing supplier and customer relationships is crucial to an organisation's cost management, including risk management costs and cost of reporting. Effective supply chain risk management reduces business costs. In this regard, risk disclosure is considered by organisations as a benefit rather than a compliance burden. As for the cost of reporting, although voluntarily reporting forward-looking information and information relevant to suppliers and customers are costly to organisations, they have recognised longer-term returns which balance reporting costs.

To address RQ3, it is found that, organisations have implemented mechanisms in each stage of forward-looking information disclosure concerning suppliers and customers to ensure its credibility. In the report preparation process, four aspects are placed emphasis, namely data collection, materiality, transparency, and completeness. However, there is a lack of completeness and rigorous materiality determination processes. Furthermore, assurance (both internal and external assurance) is seen as the most distinctive characteristic that enhances the credibility of forward-looking information disclosure concerning suppliers and customers by both organisations and stakeholders. This is because assurance is a costly signal for organisations to show their commitment to enhancing the credibility of disclosed information. Finally, when presenting the forward-looking information disclosure concerning suppliers and customers, three characteristics of credibility are identified in this study, namely connectivity, consistency, and comparability. Noteworthily, organisations and stakeholders focus more on the comparability of data within an organisation rather than cross-organisation comparability.

The cross-methods discussion about the findings in relation to RQs and theories based on the results of content analysis and interviews is presented in the next chapter.

CHAPTER EIGHT: DISCUSSION AND CROSS-METHODS ANALYSIS

8.1 Introduction

The objective of this chapter is to present a cross-methods analysis (sample reports and interviews) regarding RQ1: How well does forward-looking information disclosed by organisations address suppliers' and customers' information needs in the context of IR?, RQ2: How do suppliers and customers engage with forward-looking information disclosure in the context of IR?, and RQ3: What characteristics enhance the credibility of forward-looking information disclosure concerning suppliers and customers?.

The cross-methods analysis interprets the findings through the theoretical perspectives outlined in Chapter 4 to draw conclusions for this study. In response to each RQ, Section 8.2 explains the motivational factors underlying the adoption of the approach to including suppliers and customers when making forward-looking information disclosure. Section 8.3 examines how suppliers and customers engage with an organisation on forward-looking information disclosure. Section 8.4 outlines the characteristics that enhance the credibility of forward-looking information disclosure concerning suppliers and customers. Finally, a summary of this chapter is presented in Section 8.5.

8.2 Motivations for Adopting the Approach to Including Suppliers and Customers When Making Forward-looking Information Disclosure

The findings from content analysis and interviews, presented in the previous two chapters, suggest that organisations had begun to address suppliers' and customers' needs in forward-looking information disclosure. However, multiple factors influenced an organisation's adoption of the approach to including suppliers and customers when making forward-looking information disclosure. To address RQ1 "How well does forward-looking information disclosed by organisations address suppliers' and customers' information needs in the context of IR?", a cross-methods analysis of the motivations for disclosing forward-looking information concerning suppliers and customers is discussed in this section. This section also examines the theoretical implications of the findings from stakeholder, legitimacy, and resource dependency theoretical perspectives.

8.2.1 Stakeholder Accountability

The reporting behaviour of organisations disclosing forward-looking information concerning suppliers and customers conforms to the central principle of stakeholder theory. "The stakeholders are identified by the organisation of concern, by reference to the extent to which the organisation believes the interplay with each group needs to be managed in order to further the interest of the organisation" (Gray et al., 1996, p. 46). Resonating with this statement, this study's analyses (content analysis of organisational reports and thematic analysis of interviews) suggested that, when making forward-looking information disclosure, suppliers and customers were important stakeholders identified by organisations and supplier and customer relationships needed to be managed to further the interest of the organisation. The quantitative analysis of organisational reports (Section 6.2) indicated that all forward-looking information categories and items were reflected in the sample reports but the level of disclosure regarding each category and item was different. Furthermore, interviews provided supportive evidence in this regard and further identified factors that influence the report preparers' decisions on the content of forward-looking information disclosure.

Suppliers and customers are primary stakeholders, and organisations depend on these stakeholders for resources. In order to secure resources and survive in the market competition, organisations should discharge accountability to suppliers and customers. Therefore, addressing suppliers' and customers' concerns in the forward-looking information disclosure is one of the ways for organisations to discharge their accountability to these important stakeholders. Several actions were identified in this incorporation process, including (1) understanding the concerns and interests of suppliers and customers regarding organisational performance through engagement, (2) valuing suppliers' and customers' demands and interests in the strategic decisions, and (3) making relevant disclosures responsively by getting different functions within an organisation involved in the reporting process.

Engaging with suppliers and customers was identified by organisations as an important action to understand their concerns and interests and to discharge stakeholder accountability. This action also played a critical role in determining forward-looking information disclosure. The interviewees (report preparers) confirmed that they would consider the information gathered from supplier and customer engagements when making forward-looking information disclosure. Regarding the extent to which that information concerning suppliers and customers would disclose, this study found that the level of engagement with these stakeholders was a decisive factor. That is, the higher level of engagement by discussing additional forward-looking topics (e.g. sustainability, risks, market trends, etc.) with suppliers and customers encouraged organisations to incorporate more information relevant to these stakeholders in the forward-looking information disclosure.

Suppliers' and customers' demands and interests regarding forward-looking information were prioritised in the strategic decisions, such as product innovation, strategic supply chain management, risk management, and sustainability strategy development. These sorts of information were reflected in the organisational reports as a way of communicating the organisation's commitments to discharge accountability to suppliers and customers. Several interviewees who are managers in different functions confirmed that suppliers and customers were critical stakeholders for business survival and strategy development.

Enhancing the consistency between suppliers' and customers' needs and the level of forward-looking information disclosure required different functions within an organisation to involve in the reporting process. Board involvement in this process encouraged the consideration of the importance of suppliers and customers in long-term value creation and integrating these stakeholders' interests into strategic decisions and reporting. Furthermore, the awareness of stakeholder inclusiveness at the management level enabled the organisation to discharge accountability to suppliers and customers at the department level. Moreover, the collaboration between departments in the reporting process promoted the adoption of the approach to including suppliers and customers when making forward-looking information disclosure, especially when people from the supply chain department and stakeholder relations department were involved. This is because these people were closely engaged with suppliers and customers and would bring the concerns of suppliers and customers to the reporting people and the management.

In addition to the stakeholder theory perspective, the dependency of the organisation for resources on its suppliers and customers acts as a driver encouraging organisations to discharge accountability to these stakeholders (Frooman, 1999; Larrinaga-Gonzalez et al., 2001). In this study, the content analysis indicated that suppliers and customers were powerful stakeholders who influenced reporting behaviours. It was evident that some organisations explicitly disclosed the dependency on key suppliers and customers for resources with plans to manage such relationships in the reports. In this regard, interviews with organisations provided further evidence. In all interviewed organisations, suppliers and customers were perceived as important stakeholders as suppliers provided materials and knowledge required for production, and customers provided the main source of revenue on which organisations relied for survival. It was expected that their resource dependence would act as an impetus in the adoption of the approach to supplier and customer inclusiveness in reporting. There was evidence of these two being linked but depended on several factors, including regulations on relevant disclosures and the existence of reporting frameworks for organisations to apply. Hence, resource dependency theory can be applied to explain the influence of stakeholders in organisational reporting behaviours.

8.2.2 Legitimacy Theory

Across all data from content analysis and interviews, it was evident that the adoption of the approach to including suppliers and customers was influenced by an organisation's legitimacy concern. Content analysis revealed that organisations aimed to gain, maintain, and repair legitimacy by disclosing different types of forward-looking information. Firstly, forward-looking information related to investments in sustainable product development was used by organisations to gain legitimacy with various stakeholders (including suppliers and customers) when developing new products or entering a new market. Secondly, this study found that organisations regarded disclosing social matters concerning suppliers and customers, such as inclusive procurement, responsible sourcing, and safety performance, as a way to maintain legitimacy. This finding extended Mobus' (2005) work by identifying a new way for organisations to maintain legitimacy. Thirdly, this study reported that forward-looking information disclosure was used to repair legitimacy when organisations forecasted a negative performance outlook, which is consistent with Buhr (2002). This was done by disclosing strategies and plans to reverse the negative effect of the damaged reputation. In this regard, interviews demonstrated that forward-looking information disclosure was used by some organisations as a pure legitimacy tool for reputation management. This behaviour happened when the board only signed off the reports without actually involving in the reporting process and/or when the management lacked awareness of stakeholder inclusiveness. These may lead to organisations copying the content and format of peer organisations or industry leaders for the purpose to reduce uncertainty and gain legitimacy from the external environment. Therefore, the consistency between suppliers' and customers' needs and the level of forward-looking information disclosure would enhance when peer organisations' reports contained more relevant information.

Deegan and Blomquist (2006, p.349) suggested that "there is much overlap between stakeholder theory and legitimacy theory and to treat them as sharply discrete theories would be wrong". The above discussion demonstrates that organisations disclosed forward-looking information concerning suppliers and customers to legitimise their business activities. Furthermore, considering the discussion of the previous section (Section 8.2.1), by combining stakeholder and resource dependency perspectives, this study highlighted that organisations adopted the approach to including suppliers and customers when making forward-looking information disclosure to legitimise the resource availability from various stakeholders. Hence, empirical evidence in this study demonstrates a clear overlap between legitimacy theory, stakeholder theory, and resource dependency theory.

8.2.3 The Role of IR in Promoting the Approach to Including Suppliers and Customers

Content analysis revealed little evidence of the role of IR in reporting decisions. However, interviews provided evidence on the role of IR in forward-looking information disclosure from the viewpoints of organisations and stakeholders. It was found that IR enabled reporting practice changes to incorporate more meaningful discussions of value-relevant information and more supplier and customer inclusive. Interviewees (IR preparers and other department managers) acknowledged that IR brought new concepts about reporting, such as collaboration between departments when preparing reports, the recognition of social and relational capitals, and reconsidering value creation in a broader sense. In other words, considering these concepts during the entire reporting process encouraged the incorporation of suppliers' and customers' interests into the forward-looking information disclosure.

Despite the fact that report preparers perceived IR was useful for promoting forward-looking information disclosure concerning suppliers and customers, both report preparers and other stakeholders raised issues about mandatory IR. For example, mandatory IR would result in a "box-ticking" mentality (Section 7.2.3.1). In this case, driven by compliance concerns, organisations will report more forward-looking information concerning suppliers and customers without realising the value of such disclosures. In fact, South African organisations, where IR is mandatory, did not disclose more forward-looking information and information relating to suppliers and customers than those voluntary ones (Section 6.2.3). Hence, mandatory IR may not be the best way to encourage more types of forward-looking information disclosure and wider stakeholder inclusiveness, as IR intended.

Some report preparers claimed that the current <IR> Framework did not provide detailed guidance on reporting to suppliers and customers. A rule-based framework was demanded if the approach to including suppliers and customers when making forward-looking information disclosure can be widely adopted. However, other interviewees were critical of rule-based frameworks. These frameworks would make organisations ignore business uniqueness and further improvements. Therefore, the desired framework for forward-looking information disclosure concerning suppliers and customers should leave flexibility to reporters. but certain rules should be established for guiding organisations to determine the content of the disclosure.

To conclude, in response to RQ1, the above discussion highlights that organisations address suppliers' and customers' needs in forward-looking information disclosure in the context of IR. As the conceptual framework of this study presented (see Figure 1 (iv)), the findings of this study indicated that discharging accountability and addressing legitimacy exposure drove an organisation to incorporate suppliers' and customers' interests into forward-looking information disclosure.

8.3 The Engagement of Suppliers and Customers with an Organisation on Forward-looking Information Disclosure

Taking together the findings from content analysis (Chapter 6) and interview (Chapter 7), it suggested that suppliers and customers played a critical role in forward-looking information disclosure. In response to RQ2 "How do suppliers and customers engage with forward-looking information disclosure in the context of IR?", the following sub-sections discuss relevant findings with theories regarding the aspects of information asymmetry, internal business development, and constraints on forward-looking information.

8.3.1 Information Asymmetry Perspective

The findings of the content analysis indicated that responding to suppliers' and customers' forward-looking information demands was useful for maintaining the stability of the supply chain. This was because suppliers and customers preferred to maintain trading relationships with organisations that had positive prospects. The information asymmetry impedes suppliers and customers to assess an organisation's prospects; in this regard, forward-looking information disclosure reduces such information asymmetry. Several types of forward-looking information (e.g. long-term supplier relationships management and strategies dealing with production and procurement) reduce information asymmetry between an organisation and its suppliers and customers. The stability of the supply chain can be ensured when suppliers and customers perceived the organisation with a positive outlook and reputation. Interviewees (report prepares) confirmed this finding and claimed that forward-looking information disclosure was useful in creating mutual benefits with supply chain partners because of the reduced information asymmetry. From the transaction cost perspective, the reduced information asymmetry impedes opportunistic behaviours between transaction parties and therefore, receive mutual benefits (Williamson, 1979). Hence, forward-looking information disclosure is a way to reduce the information asymmetry between the organisation and its suppliers and customers.

Apart from suppliers and customers, interviews further identified other stakeholders that organisations considered when disclosing forward-looking information concerning suppliers and customers. These stakeholders were investors, analysts, governments, and regulators. It was found that investors and analysts demanded forward-looking information for a better assessment of future performance and the value of the organisation, but they had low interest and understanding of the role of suppliers and customers in forward-looking information disclosure. Agency theory (Healy and Palepu, 2001; An et al., 2011) and the managerial branch of stakeholder theory (Deegan, 2009) combined can provide explanations for this reporting behaviour. That is, organisations consider investors are the most critical stakeholder for survival and analysts' forecasts influence investors' investment decisions; therefore, investors' information demands dominate the strategic decisions as to the content of reporting.

As for governments and regulators, regulations are expected to encourage organisations to mandatorily and/or voluntarily disclose information so as to meet the "social contract" with society (Cormier et al., 2004) and be acceptable by society (Chen and Roberts, 2010). Interviewees who work within an organisation considered governments and regulators as powerful stakeholders influencing reporting decisions on forward-looking information. Standard-setters supported the critical role of governments and regulators in corporate reporting reform, in this case, the approach to including suppliers and customers when making forward-looking information disclosure.

8.3.2 Internal Business Development

Suppliers and customers played a critical role in internal business development for organisations and information related to business development and such a role was reflected in the forward-looking information disclosure. The content analysis indicated that sustainability was given high priority for business development and was the most disclosed forward-looking information category. Suppliers and customers had a significant influence on the organisational sustainability strategy establishment and implementation, as well as the content of sustainability reporting. In turn, organisations used organisational reports to show how they manage sustainability along the whole supply chain to stakeholders. Interview data provided supplementary evidence to this finding and found inadequate attention to incorporating sustainability into strategy in some organisations. Interviews further identified that making more organisations attach importance to the sustainable supply chain and relevant disclosures required a change of mindsets towards sustainability. This change needs the assistance of professionals.

Based on both quantitative and qualitative data in content analysis, organisations paid significant attention to risk management and reported different types of risk and associated risk strategies. The high disclosure rate (85%) of supply chain-related risks indicated the importance of suppliers and customers in risk disclosure. According to sample reports, organisations had recognised the consequences of the inability to manage supply chain risks and relationships with suppliers and customers, such as increased costs and affections on production. Interviews extended the influence of suppliers and customers on disclosures of risks to uncertainties. The motivations for disclosing risks and uncertainties related to suppliers and customers were to (1) inform stakeholders about strategies and plans to deal with disclosed supply chain risks and (2) secure future income under uncertainties by raising stakeholder confidence. This finding echoes the fact that organisations with a future-oriented reporting strategy are likely to disclose third-party (suppliers and customers) risks as prospects and supply chain continuity are highly interdependent (Hill and Short, 2009).

According to the findings of content analysis and interviews, suppliers and customers also influenced the forward-looking information disclosure regarding product/service developments and business innovation. Engaging with suppliers and customers had become a mechanism for transforming their tacit knowledge into explicit knowledge, which is in line with prior studies (e.g. Power, 2004; Modi and Mabert, 2007; Herrera, 2016). In addition, forward-looking information disclosure was recognised by organisations as an alternative way to communicate business innovation and value creation through collaboration with suppliers and customers. The dependency on suppliers and customers for resources (both tangible and intangible resources) motivated the forward-looking information disclosure concerning business development.

8.3.3 Constraints on Forward-looking Information Disclosure

The conceptual framework (Figure 1 (iv)) of this study argued that forward-looking information disclosure concerning suppliers and customers was not a primary reporting practice. It was constrained by proprietary costs, litigation costs, agency problems, commitment costs, and reporting standards. Through the content analysis and interviews, several constraints on this reporting practice were identified.

Quantitative analysis in content analysis indicated a relatively lower disclosure rate of specific forward-looking items regarding suppliers and customers, such as suppliers and customers satisfaction (25%), relationships in the long run (54%), and partnerships (56%) (refer to Figure 4). Interviews with report preparers discovered that proprietary cost concern was the main constraint discouraging organisations to disclose these types of information which contain value-relevant private information. Since organisations did not prefer to be exposed to competitors and/or fear losing competitive advantage in product markets, they would be cautious when deciding the level of disclosing private information.

As for the forward-looking category of Outlook, quantitative data of content analysis demonstrated a significant variation in terms of the disclosure rates of positive performance outlook (83%) and negative performance outlook (24%) (refer to Figure 3). The qualitative analysis of organisational reports indicated that the dependency of an organisation for resources on its (key) suppliers and customers encouraged organisations to signal positive prospects. It also suggested that organisations may strategically select which risk categories to disclose to avoid the negative effect on corporate image and prospects. This was because risk disclosure may be perceived as a negative factor influencing an organisation's performance outlook. Interviews provided supporting evidence in this regard and further revealed that selective disclosures aimed at legitimate business activities; and may result in misleading stakeholders about an organisation's prospects. Moreover, interviewees who are from organisations claimed that litigation costs discouraged disclosing factors that negatively influence future performance, especially those unnecessary ones.

Cost of reporting was another constraint on forward-looking information disclosure as identified during interviews. The cost of forward-looking information disclosure involved both internal and external costs, including data collection, communication with stakeholders, auditing costs, and litigation costs as just mentioned. Although these costs constrained forward-looking information disclosure to some extent, most interviewees had realised the longer-term benefits which balance reporting costs.

The lack of reporting standards/framework was another obstacle to forward-looking information disclosure, although the <IR> Framework provides guidance on this reporting practice. Interviews revealed that there was a slow development of the approach to including suppliers and customers when making forward-looking information disclosure, the challenge was to develop an effective means of reporting. Most advocates of rule-based frameworks were report preparers who demanded detailed guidance for judging customers and suppliers on forward-looking issues. Other interviewees, including both report prepares and stand-setters, were critical of rule-based frameworks and argued that these frameworks made organisations ignore business uniqueness. Hence, the contradicted opinions on the framework development constrained the forward-looking information disclosure concerning suppliers and customers.

To conclude, in response to RQ2, suppliers and customers influence an organisation's strategy developments, including sustainability/risk strategy, product development strategy, and reporting strategy. These developments are reflected in the forward-looking information disclosure. As the conceptual framework of this study proposed (Figure 1), the influence of suppliers and customers on forward-looking information disclosure can be explained by stakeholder theory, resource dependency theory, transaction cost theory, signalling theory, and legitimacy theory.

8.4 The Characteristics that Enhance the Credibility of Forward-looking Information Disclosure Concerning Suppliers and Customers

This section discusses the findings of the credibility of current forward-looking information disclosure concerning suppliers and customers practices through the lens of the conceptual framework (Figure 1). In this regard, the factors that influenced an organisation's effort to enhance the disclosure credibility are analysed through qualitative content analysis and interviews and discussed in relation to findings based on quantitative data. To fully address RQ3 (What characteristics enhance the credibility of forward-looking information disclosure concerning suppliers and customers?), the discussion about assurance, the implementation of internal control systems for reporting process, stakeholder engagement, and materiality are presented in the following sub-sections. Finally, the role of IR in enhancing the credibility of forward-looking information disclosure is discussed.

8.4.1 Assurance

The content analysis based on quantitative data indicated that assurance (both internal and external assurance) was the most used mechanism by organisations (73%) to enhance the credibility of forward-looking information disclosure concerning suppliers and customers. Qualitative content analysis revealed that the internal audit function was a distinct governance mechanism to increase governance transparency and reporting credibility to external stakeholders. Through interviews, the role of internal audit in reporting credibility was seen in the aspects of overseeing data measurement, data monitoring, and consistency of disclosed forward-looking information. Interviews also confirmed another finding of content analysis that organisations tended to provide assurance (both internal and external assurance) on specific forward-looking information categories (i.e. sustainability and risk information). According to report preparers, sustainability information and risk information was easy to audit, especially quantifiable ones as there were auditing procedures on these issues, and these procedures were understandable to investors. As the conceptual framework (Figure 1 (vi)) proposed, the implementation of appropriate corporate governance mechanisms (e.g. internal and external audits) enhances the credibility of forward-looking information disclosure concerning suppliers and customers.

8.4.2 Internal Control System for Reporting Process

The quantitative content analysis illustrated that, under Reporting process category, forward-looking information disclosure concerning suppliers and customers achieved a high level of reliability (82%), but a low level of completeness (22%) and ignored the identification of sources of information (23%) (Figure 5). Qualitative analysis of the organisational reports indicated that organisations had implemented internal control systems for reliable sources of information. Organisations did not identify sources of data in the organisational reports because of the difficulty to communicate the data collection process to external stakeholders. Interviews with report preparers found that report users with limited knowledge about reporting may not reward organisations for making more forward-looking information without knowing the preparer's intention. Yet, no feedback or queries from stakeholders about any types of forward-looking information disclosure had been received by interviewed organisations. That is, organisations were unwilling to disclose sources of data regarding forward-looking information in the report because stakeholders showed limited interest in these issues. It also implied that organisations were satisfied with the current situation of no feedback and left the approach to forward-looking information disclosure unchanged. Ineffective communication on forward-looking issues may result in an unfavourable effect on the stakeholders' perceptions of the credibility of forward-looking information disclosure, especially that concerning suppliers and customers.

In terms of completeness, interviews confirmed that the disclosure of forward-looking information concerning suppliers and customers was incomplete. These interviewees saw supplier and customer engagement during reporting process as one of the mechanisms to enhance completeness as more stakeholders' information demands were incorporated in the disclosures. However, these organisations may purposely select positive information to disclose in the reports. This inevitably reduced the completeness of overall forward-looking information disclosure. In this regard, other stakeholders agreed that reporting framework advancement and regulation reform were necessary to achieve completeness at an acceptable level in practice.

In addition, quantitative data showed that most organisations' forward-looking information disclosure concerning suppliers and customers (70%) displayed the characteristic of "measurement and monitor" (see Figure 3). Specifically, these organisations disclosed monitor process (78%), assessment methods and underlying assumptions (73%), and both quantitative and qualitative KPIs (60%) (refer to Figure 5). Qualitative analysis of organisational reports indicated that disclosing detailed measurements and monitoring processes enabled organisations to identify internal strengths and weaknesses and incorporating non-financial KPIs into performance measurement had become a corporate strategy. Interviews further identified that a rigorous monitoring process was considered by report preparers and stakeholders of great importance to enhance the credibility of forward-looking information disclosure concerning suppliers and customers. Interviewees perceived that a rigorous monitoring process was a mechanism to ensure the consistency and comparability of disclosed information. However, organisations may manipulate the information or avoid disclosing negative effects in the reports if any inconsistency was found. Moreover, the overall comparability of forward-looking information disclosure was low. This was because organisations and stakeholders paid more attention to the comparability of data within an organisation and overlooked the cross-organisation comparability. Interviewees agreed that regulations should take a role in detecting and solving these reporting issues; otherwise, the credibility of forward-looking information would be compromised.

8.4.3 Stakeholder Engagement

The content analysis based on quantitative data indicated that 91% of organisations disclosed communications and dialogues with stakeholders while only 44% of them reported actions taken in response to stakeholders' needs (refer to Figure 5). The results implied that stakeholder engagement was employed to be a legitimate tool which may not enhance the credibility of forward-looking information disclosure concerning suppliers and customers. Yet, qualitative analysis of organisational reports showed that stakeholder engagement can indirectly enhance disclosure credibility. This was because stakeholder engagement was recognised by organisations as an indicator of good corporate governance, and therefore, improved corporate governance can enhance the credibility of disclosure. In addition, both content analysis using qualitative data and interviews with report preparers revealed that stakeholder engagement was mostly used for information collection, business and strategy development, and discharging accountability. It is possible that organisations did not disclose detailed actions in response to stakeholders' concerns because these may involve sensitive information. Other stakeholders did not perceive simply describing the stakeholder engagement process as a signal of enhancing the credibility of disclosures, rather it was a signal of symbolic action. Hence, there is a risk that current stakeholder engagement may be employed by organisations as a legitimate tool to discharge accountability instead of a mechanism to enhance the credibility of forward-looking information disclosure, especially that concerning suppliers and customers.

8.4.4 Lack of Rigorous Materiality Determination Process

Content analysis indicated that materiality (38%) was the least displayed characteristic of credibility (Figure 3). The quantitative data further identified that organisations identified materiality matters (60%) in the reports but were unwilling to disclose key personnel in the identification of material matters (16%) (Figure 5). It implied a lack of a rigorous materiality determination process. Furthermore, based on qualitative analysis of organisational reports, organisations that disclosed key personnel in the identification of material matters showed better understanding and clearer materiality determination process. In this regard, interviews provided reasons for the inadequate disclosure of materiality. According to report preparers, the disclosure of material issues was compliance-driven, and additional detailed disclosure with analysis was a cost burden to organisations. Moreover, from the interviews, an excuse that already wordy organisational reports made it rather difficult to articulate the complicated materiality determination process was revealed. The unclear materiality determination process may result in materiality disclosure being used by organisations as a pure legitimacy tool (Puroila and Mäkelä, 2019). Other stakeholders agreed that materiality disclosure enhances the overall credibility of an organisation's reports. Yet, current materiality disclosure practices should be improved. To enhance materiality disclosure practice, interviewees who work in professional bodies claimed that education on broader materiality impacts on companies and society was a solution. Considering the theoretical framework presented in Chapter 4, the disclosure of materiality matters without a detailed process may be perceived by stakeholders as a pure legitimacy tool as they are costless signals. Hence, it indicates an interrelation between legitimacy theory and signalling theory.

8.4.5 The Role of IR in Enhancing the Credibility of Forward-looking Information Disclosure

The content analysis based on quantitative data illustrated that the "connectivity of information" was the second most displayed credibility characteristic of forward-looking information disclosure concerning suppliers and customers (71%, see Figure 3). Specifically, most organisations linked forward-looking information to governance (98%) and strategy (91%), while only 24% of them made this linkage to capitals (Figure 5). Qualitative analysis of organisational reports indicated that IR contributed to the high disclosure rates of linking forward-looking information to governance and strategy as connectivity is one of the guiding principles of the <IR> Framework (IIRC, 2013; 2021). As for this linkage to capitals, organisations' insufficient knowledge about the concept of "multiple capitals" resulted in fewer organisations presenting the connectivity between forward-looking information and capitals. Interviews found that both report preparers and stakeholders perceived connectivity of information as one of the main characteristics of disclosure credibility, especially connected with governance and strategy. Presenting the connectivity of information in the reports was seen by report preparers as an outcome of integrated thinking which was inspired by IR. Interviews further revealed that organisations were cautious about linking forward-looking information to capitals due to the fear of losing competitive advantages and the misinterpretation of report readers. According to report preparers, "multiple capitals" was relevant to value creation and any trade-off between capitals would be interpreted as a negative performance forecast if readers did not have enough knowledge about multiple capitals. Based on the theoretical framework presented in Chapter 4, stakeholders' perceptions of the credibility of disclosed information have a great impact on an organisation's disclosure strategy.

In terms of other characteristics of credibility, qualitative analysis of organisational reports revealed that the adoption of IR encouraged organisations to acknowledge the concept of materiality. Interviews confirmed the role of IR in promoting the materiality concept in forward-looking information disclosure concerning suppliers and customers, although there was still a lack of rigorous materiality determination process as mentioned in Section 8.4.4. Furthermore, interviews found that transparency and completeness of overall forward-looking information disclosure had increased after applying the <IR> Framework since more diverse information was incorporated into the reports. In conclusion, IR plays a role in enhancing the credibility of forward-looking information disclosure concerning suppliers and customers.

To conclude, in response to RQ3, the above discussion highlights that organisations have implemented several mechanisms to enhance the credibility of forward-looking information disclosure concerning suppliers and customers. As the conceptual framework of this study (Figure 1 (vi)) pointed out, an organisation's decision on the implementation of credibility-enhancing mechanisms is related to market competition, legitimacy concerns, signalling effects, and the structure of corporate governance.

8.5 Summary of the Chapter

This chapter presents a cross-methods analysis and interprets the findings in relation to the conceptual framework (Figure 1) to reach a generalised conclusion for the research questions.

As for RQ1 "How well does forward-looking information disclosed by organisations address suppliers' and customers' information needs in the context of IR?", the findings suggest that suppliers and customers have influences on forward-looking information disclosure. However, whether an organisation would adopt the approach to including suppliers and customers when making forward-looking information disclosure depends on its internal management decisions. These decisions include the board involvement in the reporting process, reporting strategy, and stakeholder engagement. Furthermore, this study argues that these internal management decisions are influenced by stakeholder pressure and legitimacy concerns. In this regard, the awareness of stakeholder accountability drives the incorporation of the interests of suppliers and customers into the forward-looking information disclosure. In addition, this reporting behaviour is stimulated by the desires of organisations to gain, maintain, and repair legitimacy. It is also argued that the dependency of organisations on suppliers and customers for resources contributes to the adoption of the approach to including suppliers and customers when making forward-looking information disclosure.

In addressing RQ2 "How do suppliers and customers engage with forward-looking information disclosure in the context of IR", as the conceptual framework (Figure 1) of this study suggests, the findings indicate that suppliers and customers engage in an organisation's forward-looking information disclosure in many aspects. The dependency of organisations on suppliers and customers for resources makes these stakeholders have the power to influence an organisation's reporting and strategic decisions. These decisions are reflected in the forward-looking information disclosure. The additional information concerning suppliers and customers reduces information asymmetry, assisting organisations to secure resources from these stakeholders. Furthermore, opportunism is the main concern of every supply chain party when making transactions, reduced information asymmetry is useful in alleviating this concern (Williamson, 1979). In this regard, the results suggest that, as posited, making forward-looking information disclosure enables supply chain parties to receive mutual benefits. In addition, additional forward-looking information concerning suppliers and customers enhances reputation and image to other stakeholders, including investors, analysts, governments, and regulators. The findings also reveal the influence of suppliers and customers on an organisation's internal business development and relevant disclosures, including sustainability development, risk management, and product/service innovation. However, although suppliers and customers have an influence on forward-looking information, findings demonstrate several constraints of this reporting practice. Proprietary cost is one of the main concerns as forward-looking information concerning suppliers and customers involves value-relevant sensitive information for business development and disclosing this information may result in losing competitive advantages. Cost of reporting is another concern, but some organisations have recognised the longer-term benefits which balance reporting costs. Finally, the <IR> Framework is argued to be insufficient for promoting the approach to including suppliers and customers when making forward-looking information disclosure. The desired framework for forward-looking information disclosure concerning suppliers and customers should leave flexibility to reporters but certain rules should be established for guiding organisations to determine the content of the disclosure. Meanwhile, the relevant regulation should keep pace with the reporting reform.

Regarding RQ3 "What characteristics enhance the credibility of forward-looking information disclosure concerning suppliers and customers?", the conceptual framework (Figure 1 (vi)) of this study indicates that organisations would implement several mechanisms to enhance the credibility of forward-looking information for the purpose of signalling performance and legitimacy. In line with the conceptual framework of this study, this study identifies several mechanisms. Assurance is the most used one since stakeholders perceive assurance as a costly signal; thus, enhancing the credibility of forward-looking information disclosure concerning suppliers and customers. Furthermore, internal control systems for reporting process enhance disclosure credibility. This is because a solid procedure for data measurement and monitoring increases the reliability of the disclosed information, especially when non-financial KPIs are incorporated for performance measurement. Moreover, stakeholder engagement is seen by organisations as an indicator of good corporate governance and enhances disclosure credibility. However, the lack of disclosure about how organisations respond to stakeholders' concerns makes stakeholder engagement to be perceived by stakeholders as a legitimate tool to discharge accountability. In addition, the results also indicated a lack of rigorous materiality determination and reporting process, which reduces the credibility of forward-looking information disclosure concerning suppliers and customers. Furthermore, organisations and stakeholders are more interested in the comparability of data within an organisation rather than cross-organisation comparability due to the difficulties in data collection. The overall comparability should be improved, otherwise, it will ultimately decrease the credibility of reporting. Finally, IR is in enhancing the credibility of forward-looking information disclosure concerning suppliers and customers. The findings identify some characteristics of credibility that have been enhanced because of the adoption of IR although there is still a lot of room for progress, such as materiality, connectivity, completeness, and transparency. The perceived benefits of IR by organisations regarding the credibility of disclosures indicate the potential for IR adoption.

CHAPTER NINE: CONCLUSION

9.1 Introduction

Responding to stakeholders' increasing demands for more sophisticated information to assess an organisation's performance, this thesis explores the influence of suppliers and customers on forward-looking information disclosure and the credibility of this disclosure practice in the context of IR. This research combines three theories (i.e. stakeholder theory, legitimacy theory, and signalling theory) to thoroughly explain the motivations for incorporating the suppliers' and customers' interests into disclosures. The findings confirm the explanations offered by these three theories as being applicable to forward-looking information disclosure. Organisations use forward-looking information disclosure concerning suppliers and customers to signal their commitments to discharging stakeholder accountability and addressing legitimacy exposures. In addition, organisations are aware that these signalling effects critically depend on stakeholders' perceptions of the credibility of relevant disclosures. Hence, organisations have incentives to disclose both credible and misleading forward-looking information for impression management. In this regard, the desired framework for forward-looking information disclosure concerning suppliers and customers should leave flexibility to reporters, but certain rules should be established for guiding organisations to determine the content of the disclosure. The level of regulation needs to be balanced with the misrepresentation and promotion of forward-looking information disclosure.

This chapter discusses the summary of results and findings, the implications of the findings, the limitations of this study, and the scope for future research. In this chapter, Section 9.2 presents a summary of the results and findings in response to each RQ as introduced in Chapter 1. Section 9.3 presents the implications of the findings with respect to the theoretical assumptions developed in Chapter 4 and practical implications. Section 9.4 describes the contribution of this study to the literature, followed by the limitations of this study and the scope for future research presented in Section 9.5 and Section 9.6 respectively. Section 9.7 presents the final concluding remarks of this thesis.

9.2 Summary of Results and Findings

In exploring the reporting practice of forward-looking information disclosure concerning suppliers and customers, this thesis addresses three RQs: 1. Whether suppliers and customers influence an organisation's decision on forward-looking information disclosure in the context of IR?; RQ2: How do suppliers and customers engage with forward-looking information disclosure in the context of IR?; and RQ3: What characteristics enhance the credibility of forward-looking information disclosure concerning suppliers and customers?. The response to each RQ is presented in the following sections.

9.2.1 Motivations to Consider Suppliers and Customers When Making Forward-looking Information Disclosure

Organisations have different motivations to enhance the consistency between suppliers' and customers' needs and the level of forward-looking information disclosure. A summary of findings is presented as follows.

1) To discharge accountability to suppliers and customers as they are primary stakeholders. The dependency on suppliers and customers for resources acts as a driver for organisations to incorporate the interests of suppliers and customers into forward-looking information disclosure.
2) To address legitimacy exposures. Legitimacy concerns force organisations to disclose forward-looking information concerning suppliers and customers. Forward-looking information related to sustainable product development is used by organisations to gain legitimacy with various stakeholders (including suppliers and customers) when developing new products or entering a new market. Organisations see disclosing social matters concerning suppliers and customers (e.g. inclusive procurement, responsible sourcing, and safety performance) as a means to maintain legitimacy. forward-looking information disclosure is used as a tool to repair legitimacy when organisations forecasted a negative performance outlook.
3) To reduce the concern of opportunism. When making transactions with suppliers and customers, organisations disclose forward-looking information concerning suppliers and customers to show their willingness to build long-term trusted relationships with them. This disclosure helps both sides of the supply chain to receive mutual benefits from transactions.

9.2.2 Factors Influence the Adoption of the Approach to Including Suppliers and Customers When Making Forward-looking Information Disclosure

Whether an organisation adopts the approach to including suppliers and customers when making forward-looking information disclosure appears as an internal management concern. Several factors influence this internal management decision. These factors are summarised as follows.

1) A rigorous reporting process encourages the adoption of the approach to supplier and customer inclusiveness when making forward-looking information disclosure. A rigorous reporting process requires board involvement, collaboration among different functions within an organisation, and the awareness of stakeholder inclusiveness during the entire reporting process.
2) The level of stakeholder engagement affects the extent to which the interests of suppliers and customers are incorporated into the forward-looking information disclosure. More in-depth engagement with suppliers and customers is more likely that an organisation would adopt the approach to supplier and customer inclusiveness when making forward-looking information disclosure. This is because engagement with suppliers and customers enhances the awareness of organisations regarding stakeholder issues/perspectives.
3) Organisations consider external factors, such as regulation and reporting frameworks, when selecting the approach to forward-looking information disclosure. The desired framework for forward-looking information disclosure should leave flexibility to reporters, but certain rules should be established for guiding organisations to determine the content of the disclosure.

9.2.3 The Role of Suppliers and Customers in Forward-looking Information Disclosure

Suppliers and customers play a critical role in forward-looking information disclosure as they influence an organisation's strategy development and implementation, business development, reputation management, and cost management. The summary of the findings is presented as follows:

1) Suppliers and customers influence an organisation's strategic decisions and relevant reporting. Organisations have recognised the importance of the supply chain to achieving SDGs, relevant strategy development, and relevant disclosures. Besides, suppliers and customers influence risk strategy and disclosures. Furthermore, collaborating/engaging with suppliers and customers is a strategy to deal with uncertainties created by dynamic technology and market trends, and the disclosure of such information is used to raise stakeholder confidence under uncertainties.
2) Suppliers and customers influence an organisation's business development, including business model innovation and innovation in products and processes. It takes consistent communication with supply chain partners to achieve these business developments.

forward-looking information disclosure is an alternative channel for organisations to inform suppliers and customers regarding these innovation processes.

3) The approach to including suppliers and customers when making forward-looking information disclosure enhances an organisation's reputation and image. This is achieved by reducing information asymmetry with stakeholders as more value-relevant information is disclosed. In addition, both organisations and stakeholders perceive that this approach can specifically enhance the ESG/CSR reputation.
4) Managing supplier and customer relationships is crucial to an organisation's cost management. Specific costs influenced by suppliers and customers identified in this study are risk management costs and the cost of reporting. Effective supply chain risk management reduces these types of costs. In this regard, organisations consider risk disclosure a benefit rather than a compliance burden. As for the cost of reporting, although voluntarily reporting forward-looking information and information relevant to suppliers and customers are costly to organisations, they have recognised longer-term returns and benefits which balance reporting costs.

9.2.4 The Characteristics that Enhance the Credibility of Forward-looking Information Disclosure Concerning Suppliers and Customers

Current forward-looking information disclosure concerning suppliers and customers displays several characteristics of credibility. Organisations have implemented mechanisms in each stage of forward-looking information disclosure concerning suppliers and customers to ensure the credibility of disclosed information. Details are summarised as follows:

1) In the report preparation process, organisations claim that they enhance the credibility of forward-looking information disclosure concerning suppliers and customers by implementing mechanisms regarding data collection, materiality, transparency, and completeness. A solid procedure for data measurement and monitoring increases the reliability of the disclosed information, especially when non-financial KPIs are incorporated for performance measurement. A lack of rigorous materiality determination and reporting process is found in this study, even though organisations claim that the disclosure of materiality matters has improved. However, the transparency and completeness of forward-looking information have not been achieved at an acceptable level since most organisations do not disclose the source of information and may purposely ignore unfavourable forward-looking information in the reports.

2) Assurance, including both internal and external assurance, is seen as the most distinctive characteristic that enhances the credibility of forward-looking information disclosure concerning suppliers and customers by both organisations and stakeholders. This is because assurance is a costly signal for organisations to show their commitment to enhancing the credibility of disclosed information. However, the assurance is limited to disclosures of sustainability information and risk information.
3) Stakeholder engagement is another displayed characteristic of credibility in forward-looking information disclosure concerning suppliers and customers. On the one hand, organisations see stakeholder engagement as an indicator of good corporate governance and can enhance disclosure credibility. On the other hand, the lack of disclosure about how organisations respond to stakeholders' concerns makes stakeholder engagement to be perceived by stakeholders as a legitimate tool to discharge accountability.
4) When presenting the forward-looking information disclosure concerning suppliers and customers, three characteristics of credibility are identified in this study, namely connectivity, consistency, and comparability. Firstly, connecting forward-looking information with governance and strategy is used most by organisations to show disclosure credibility. Yet, few organisations report connectivity with capitals because of the limited knowledge about the concept of "multiple capitals" of both organisations and stakeholders. Secondly, a rigorous reporting process ensured the consistency of forward-looking information. However, organisations may manipulate the information or avoid disclosing negative effects in the reports if any inconsistency was found. Thirdly, organisations and stakeholders are more interested in the comparability of data within an organisation rather than cross-organisation comparability.

9.2.5 The Role of IR in Improving Forward-looking Information Disclosure Concerning Suppliers and Customers

IR has an impact on the adoption of the approach to including suppliers and customers when making forward-looking information disclosure. IR also helps enhance the credibility of forward-looking information disclosure concerning suppliers and customers. Details are presented as follows:

1) IR enables reporting practice changes to incorporate more meaningful discussions of value-relevant information. This reporting change is achieved through collaboration between departments during the entire reporting process.

2) IR plays some role in enhancing the management's awareness of stakeholder inclusiveness (even some organisations claim that stakeholder inclusiveness has long been a business culture before adopting IR). Specifically, the concept of "social and relational capital" and "value creation" as set out in the <IR> Framework encourage organisations to incorporate more supplier- and customer-related information into forward-looking information.
3) The guiding principles and content elements in the <IR> Framework enhance the credibility of forward-looking information in different aspects. IR promoted the disclosure of materiality matters, although current reporting practice is still at a low level of materiality disclosures. Furthermore, by applying the <IR> Framework, organisations claim that the disclosure of connectivity of information has improved. Yet, the disclosure rate of the connectivity between forward-looking information and capitals is low.

9.2.6 The Patterns of Forward-looking Information Disclosure in Five Sample Countries

The patterns of forward-looking information disclosure amongst five sample countries present both similarities and differences. In terms of similarities, organisations in all countries disclose much information in relation to sustainability and risks, including strategies and relevant KPIs. Furthermore, all organisations disclose relatively less information about supplier and customer satisfaction and supplier and customer relationships in the long run. As for the differences, there are considerable variations in respect of disclosures concerning strategic objectives (long-term objectives and strategies to achieve them through resource allocation plan), investment (R&D in products and services), and outlook (different aspects of outlook including challenges and uncertainties). Specifically, Japanese organisations disclose the most strategic objectives while they disclosed much less information about outlook than other countries. Moreover, German organisations make more disclosures about investment and outlook than others. Finally, South African and Singapore organisations disclose less information relating to strategic objectives and investments.

9.3 Implication of the Findings

9.3.1 Theoretical Implications

Three complementary theories, namely stakeholder theory, legitimacy theory, and signalling theory, are utilised to explain the inherent reasons for considering the interests of suppliers and customers when organisations make forward-looking information disclosure decisions. The proposed theoretical framework predicts that suppliers and customers play a role in forward-looking information disclosure since organisations have incentives to manage stakeholder relationships, address legitimacy exposures, and reduce information asymmetry. This study suggests that organisations have recognised supplies and customers as primary stakeholders that hold critical resources for organisations' survival. Organisations have also realised that they hold accountability to suppliers and customers. To better manage relationships with suppliers and customers, organisations apply the approach to including suppliers and customers when making forward-looking information disclosure. Hence, this reporting behaviour closes the boundary between the managerial branch and the accountability branch of stakeholder theory (Gray et al., 1996; Deegan and Unerman, 2006).

Furthermore, organisations disclose forward-looking information concerning suppliers and customers to gain, maintain, and repair legitimacy as organisational legitimacy helps organisations gain resources from society. Moreover, this study demonstrates that organisations disclosing forward-looking information concerning suppliers and customers is a signal of reducing information asymmetry with various stakeholders. However, organisations tend to signal positive forward-looking information for impression management or even manipulate stakeholders' perceptions of further performance. Consistent with the research expectation, it appears that the costly disclosures (e.g. disclosures with commitments and misleading disclosure results in severe consequences) enhance the perceived credibility of disclosed forward-looking information by stakeholders. Management is aware of the influence of signalling on their stakeholders and the influence critically depends on the credibility perceived by these stakeholders.

9.3.2 Practical Implications

9.3.2.1 Implications for Management

This thesis places great attention on an existing problem that management is facing regarding stakeholders' expectations and satisfaction with respect to the content of forward-looking information disclosure and its credibility in IR. The conceptual framework (Figure 1) depicts how suppliers and customers engage with forward-looking information disclosure in IR. It introduces a range of factors (including internal and external factors) being considered by organisations when making reporting decisions, especially IR decisions. These factors assist the management in developing and delivering reporting strategies to address more stakeholders' information needs. However, current integrated reports may not contain the information requested by all stakeholders due to the conflicting interests of stakeholders. Furthermore, the deficiency of the information collection process through stakeholder engagement may also cause incomplete disclosures. Then the problem of perceived disclosure credibility by stakeholders may follow.

The management can benefit from the implications of this thesis as it illustrates the usefulness of the supplier and customer inclusive approach to reporting applied by current IR adopters in extending the forward-looking information disclosure and enhancing its credibility. It is shown from the findings that the management's awareness of stakeholder inclusiveness when making reporting decisions facilitates effective stakeholder engagement and enhances the completeness of disclosures. In addition, management must reinforce a relationship of trust with stakeholders, the approach to including suppliers and customers when making forward-looking information disclosure could be a viable way to build this trust via increased governance transparency and reporting credibility. Any management team that goes beyond the bounds of legal requirements by reporting more suppliers and customers relevant forward-looking information and/or additional commitments is likely to considerably improve its credibility among stakeholders. IR should facilitate stakeholders to realise the management's purposes and to understand the organisation's future value creation process. In addition, better knowledge about the forward-looking information disclosure helps stakeholders to take a longer-term view of the organisation's capital allocation plans and business value assessment.

However, it is possible that amplified disclosure may lead to excessive information from stakeholders' perspectives and any such result could disprove some of the benefits debated above. In more detail, the extended forward-looking information disclosure in the integrated report concerning suppliers and customers may decrease an organisation's competitive advantages as additional information is exposed to competitors. This has raised some concerns amongst organisations. Some also fear that the increasing demand for forward-looking information could force organisations to expose to the threat of litigation. Hence, organisations need to understand which categories/items of forward-looking information are demanded and the commitments are appreciated as efforts to enhance the credibility of disclosure. Without such understanding, management would take fright at the call for forward-looking information disclosure. Moreover, simply release general statements about future revealing litter or just add noise to the reporting process.

Sheltering in bland information makes no benefit to stakeholders or organisations themselves. Hence, voluntary forward-looking information disclosure along with a number of risks for organisations that fail to implement a rigorous reporting process. Nevertheless, forward-looking information disclosure in IR should bring real business benefits, enhance relationships with stakeholders, and increase efficiencies resulting from the appropriate reporting and communication strategies, governance, and board effectiveness.

9.3.2.2 Implications for Standard-setters

The interrelationships in the conceptual framework (Figure 1) can inform national and global discussions on the appropriateness of current reporting frameworks (e.g. <IR> Framework) to achieve supplier and customer inclusiveness. The cross-country comparison allows an assessment of the extent to which different national contexts with differing governance and regulations leads to different reporting decisions on forward-looking information disclosures. New understandings arising from this thesis are recommendations for reporting framework developments which facilitate greater alignment of suppliers' and customers' needs with forward-looking information disclosure. Thus, the outcomes of this thesis have implications for standard-setters (e.g. VRF and IIRC). Firstly, the desired framework for forward-looking information disclosure concerning suppliers and customers should leave flexibility to reporters, but certain rules should be established for guiding organisations to determine the content of the disclosure. Secondly, most organisations report against the concepts and principles identified in the relevant frameworks (e.g. <IR> Framework) without detailed explanations, such as materiality determination process, outlook, and stakeholder engagement. Furthermore, the current forward-looking information disclosure lacks comparability across organisations. Therefore, to enhance the credibility of forward-looking information disclosure, the reporting framework should clarify the expected level and extent of information disclosure. Thirdly, although IR appears to have influenced the mindset of the management being stakeholder-inclusive and future-driven, organisations are still facing difficulties in changing towards a more forward-looking approach to reporting. Therefore, the <IR> Framework needs to be clearer to increase its influence on forward-looking information disclosure and promote IR adoption.

9.4 Contribution to the Literature

First, this thesis contributes to the literature on the factors that influence the extent of forward-looking information disclosure, especially in the context of IR (Li, 2010; Wang and Hussainey, 2013; Burks et al., 2018). Most relevant studies focused on the influence of corporate characteristics (e.g. corporate size, profitability, leverage, sector grouping, and cross-listing) (Kılıç and Kuzey, 2018; Menicucci 2018) or general contextual factors (e.g. social, political and economic factors, country of origin, and media pressure) (Simnett et al., 2009; Chan et al., 2014) on forward-looking information disclosure. Less studies (Abad and Bravo, 2018; García-Sánchez et al., 2019) focused on internal factors (governance structure and reporting process). This study shows that stakeholders, particularly suppliers and customers, have a great impact on forward-looking information disclosure in IR. This study also identifies factors that influence the adoption and implementation of the approach to including suppliers and customers when making forward-looking information disclosure. Hence, this attempt to fill the research gap facilitates future exploration of changes in management accounting.

Second, the findings of this thesis have strengthened the understanding of the role of suppliers and customers in forward-looking information disclosure, which is a less researched area. In the literature, forward-looking information disclosure had been used as a tool to manage supplier and customer relationships (Fontana and Egels-Zandén, 2019) and respond to diverse stakeholders' information demands (Bellucci et al., 2019). This study provides additional explanations of this reporting behaviour and identifies further insights into the role of suppliers and customers in forward-looking information disclosure by using both quantitative and qualitative data. The findings indicate that suppliers and customers influence an organisation's strategic decisions in the long run. In turn, organisations are motivated to report these strategies and plans to discharge stakeholder accountability, address legitimacy exposures, and influence stakeholders' perceptions of the organisation's prospects.

Third, this thesis adds empirical evidence to the knowledge about the mechanisms used to enhance the credibility of forward-looking information disclosure (Athanasakou and Hussainey, 2014; Bozanic et al., 2018). This study also extended this research line to forward-looking information disclosure specifically concerning suppliers and customers in the context of IR. According to the literature, assurance was the most used mechanism to enhance the credibility of forward-looking information disclosure. In general, forward-looking information disclosure lacked credibility and served organisations' own interests (Dou et al., 2013; Quintana-García et al., 2021). Furthermore, the area of perceptions of stakeholders regarding the credibility of forward-looking information is under-researched and there is no clear conclusion (Bozanic et al., 2018; Menicucci, 2018). The content analysis of organisational reports in this study indicates that, in addition to assurance, presenting connectivity of information is another distinctive characteristic of credibility. Besides, there is a lack of comparability and disclosure about the materiality determination process. Interviews reveal that the credibility of forward-looking information disclosure concerning suppliers and customers can be improved through the entire reporting process. Stakeholder engagement is perceived by some stakeholders as a symbolic action since most organisations do not report detailed plans to respond to stakeholders' demands. Hence, the credibility of forward-looking information disclosure concerning suppliers and customers has not been achieved at an acceptable level unless more details about the reporting process and organisations' responses to forward-looking issues are provided.

Fourth, this thesis contributes to the ongoing debates around IR. Some studies doubted the usefulness of IR in driving organisational change (Flower, 2015; Higgins et al., 2019). In response to this doubt, this study suggests that IR enables integrated thinking and better resource allocation, although some organisations claim that integrated thinking has already a business culture rather than a sudden change after adopting IR. In addition, multiple studies (e.g. Brown and Dillard, 2014; Flower, 2015; de Villiers et al., 2017) criticised the <IR> Framework for the diversion of IIRC's claim in the accountability to stakeholders. Findings in this study indicate that IR enables reporting practice changes to incorporate more meaningful discussions of value-relevant information and more suppliers and customers inclusive. Furthermore, the usefulness of IR in enhancing reporting quality had long been a debatable topic in academia (Eccles and Serafeim, 2015; Pistoni et al., 2018). Content analysis in this study indicates that the presentation of connectivity of information has improved because of the guiding principles of the <IR> Framework. Interviews reveal that the concept of "multiple capitals" and the forward-looking view as indicated in the <IR> Framework offers an opportunity for organisations to enhance accountability through increased transparency. Hence, IR plays some role in reporting reform.

Fifth, this study develops a checklist of the approach to including suppliers and customers when making forward-looking information disclosure and a checklist of forward-looking information disclosure credibility which can be used for further studies. The proposed checklists provide guidance to organisations preparing forward-looking information disclosure in response to stakeholders' demands, especially suppliers and customers, and/or to organisations that intend to engage in IR. The checklists also suggest activities that organisations can undertake to increase the credibility of forward-looking information disclosure concerning suppliers and customers.

Sixth, this thesis identifies the similarities and differences in terms of the patterns of forward-looking information disclosure amongst five different countries, which are IR-friendly countries (i.e. South Africa, U.K., Germany, Japan, and Singapore). To the best of the author's acknowledge, no prior studies had investigated this area.

9.5 Research Limitations

Several limitations should be taken into consideration when assessing this study's results and findings. First, the pandemic Covid-19, time, and cost considerations limited the sample selection and data collection. This study is restricted to organisational reports published by five countries (i.e. South Africa, U.K., Germany, Japan, and Singapore) in one financial year (i.e. 2018-2019). Interviews in this study were conducted with management people from organisations operating in certain industries (e.g. media, mining, packaging. pharmaceuticals, industrials, materials, technology, and retail) and stakeholders from standard-setting organisations, accountancy bodies, accounting firms, and supply chain consulting firms. The opinions of organisations operating in other industries and other stakeholders, such as employees, creditors, communities, and competitors were not considered in this study. Second, the self-developed checklists for conducting content analysis in this study were created based on the <IR> Framework, theories, and relevant literature, which have not been tested by other studies. Third, the use of semi-structured interview as a method of data collection for this study is also subject to criticism, for example, the possibility of biased responses from participants. To minimise this bias, interviewees were assured that their names, company names, and responses would be kept confidential. Furthermore, the application of the multi-method approach which combines content analysis and interview methods was used to overcome limitations regarding data selection.

9.6 Scope for Future Research

Beyond the exploration of the forward-looking information disclosure practice in the sample organisations from five countries (i.e. South Africa, U.K., Germany, Japan, and Singapore), there remain a plethora of areas where future research can be undertaken.

First, the sample organisations for content analysis in this study are from the above-mentioned five countries and the interviewees are from South Africa, U.K., and Germany. The same line of inquiry could be conducted in other countries to investigate the applicability of the theoretical basis used in this study.

Second, this study used the multi-method approach which combines content analysis and interview methods to identify the role of suppliers and customers in forward-looking information disclosure and its credibility. A questionnaire-based research approach could be of interest to examine it and generates results in a wider context.

Third, stakeholders, other than financial stakeholders, have a significant impact on reporting decisions and reporting behaviours (Williams and Adams, 2013; Harrison and van der Laan Smith, 2015; Bellucci et al., 2019; Egbon and Mgbame, 2020). Future studies could be undertaken to explore other stakeholders' (e.g. employees, governments, regulators, and communities) influences on forward-looking information disclosure.

Fourth, "Regulations, norms and cognitive systems do not appear instantaneously but develop over time; the diffusion of common activity patterns and structures through time is viewed as important evidence for the developing strength of an institutional pattern" (Scott, 1995, p. 197). Hence, a longitudinal study could be carried out to improve the understanding of the process of institutionalisation of the practice of forward-looking information disclosure concerning suppliers and customers and how it affects organisations.

Fifth, this study found changes in accounting systems and reporting processes in sample organisations and interviewed organisations. However, this study did not investigate the process of these changes within an organisation. Future studies could shed light on the process of these changes.

Sixth, this study identified characteristics that enhance the credibility of forward-looking information disclosure concerning suppliers and customers. Future studies could explain each characteristic in greater detail and extent this line of research to forward-looking information disclosure concerning other stakeholders.

Seventh, this study was carried out in the context of IR which is future-oriented. Further studies could explore forward-looking information disclosure in other contexts and compare the effectiveness of IR in terms of driving forward-looking information disclosure practice in the form of a comparative study.

9.7 Conclusion Remarks

Suppliers and customers indeed play a critical role in forward-looking information disclosure. Organisations incorporate the interests of suppliers and customers into forward-looking information disclosure because organisations are motivated to discharge accountability, address legitimacy exposures, and secure resources for survival. To attain these goals, organisations would adopt the approach to including suppliers and customers when making forward-looking information disclosure. Yet, the level of this practice depends on several factors, including the board involvement in the reporting process, the level of engagement with suppliers and customers, the management's awareness of stakeholder inclusiveness, and relevant regulations and availability of reporting framework.

Suppliers and customers influence forward-looking information disclosure in many aspects. Firstly, suppliers and customers influence an organisation's business and strategy development, including product and service development, supply chain strategy, sustainability strategy, and risk strategy. Information relevant to these developments is reflected in the forward-looking information disclosure. Secondly, organisations use forward-looking information concerning suppliers and customers to satisfy various stakeholders' information demands. Suppliers and customers show interest in how the organisations consider their demands, whereas other stakeholders are more interested in the availability of such information rather than how suppliers and customers influence their reporting decisions. Thirdly, suppliers and customers influence an organisation's cost of forward-looking information disclosure, including proprietary cost, litigation cost, and cost of reporting. Organisations that have realised longer-term benefits for balancing these costs are more likely to make forward-looking information disclosure concerning suppliers and customers.

To enhance the credibility of forward-looking information disclosure concerning suppliers and customers, organisations have implemented multiple mechanisms throughout the reporting process (i.e. from reporting preparation to reporting presentation). Among these mechanisms, assurance is the most used one. However, in general, the current forward-looking information disclosure lacks completeness and a rigorous materiality determination process, which reduces the perceived credibility of stakeholders. Furthermore, the overall comparability should be improved as organisations and stakeholders focus more on the comparability of data within an organisation rather than cross-organisation comparability due to the difficulties in data collection.

IR has an impact on the adoption of the approach to including suppliers and customers when making forward-looking information disclosure. IR also helps enhance the credibility of forward-looking information disclosure. However, the clarity of the contents in the <IR> Framework should be improved for the diffusion of IR.

In conclusion, this thesis addressed the research gap of lacking studies into suppliers' and customers' roles in forward-looking information disclosure. This thesis also identified the characteristics of credible forward-looking information disclosure concerning suppliers and customers from the perspectives of organisations and stakeholders. The findings and arguments made by this thesis can be used to develop the knowledge of forward-looking information disclosure in the context of IR.

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Appendices

Appendix 1: International <IR> Framework 2013/2021 comparison (extract information relevant to this study from IIRC (2021))

	International <IR> Framework, December 2013	International <IR> Framework, January 2021
	Preface	
About Integrated Reporting.		Further clarify what IR is: “Integrated reporting is part of an evolving corporate reporting system. This system is enabled by comprehensive frameworks and standards, addressing measurement and disclosure in relation to all capitals, appropriate regulation and effective assurance.”
	Part I: Introduction	
Using the <IR> Framework Responsibility for an integrated report.	Require an integrated report include a statement from those charged with governance, or if not, explain: • What role those charged with governance played in its preparation and presentation	Future emphasis on the role of corporate governance and further clarifies the applicability of IR with different organizational situations by adding: “[…] the organization will take into account its own governance structure, which is a function of its jurisdiction, cultural and legal context, size and ownership characteristics. It is important to consider the intent of paragraph 1.20 (Using the <IR> Framework Responsibility for an

	•What steps are being taken to include such a statement in future reports • The time frame for doing so	integrated report), which is to promote the integrity of the integrated report through the commitment of the body responsible for overseeing the strategic direction of the organization." Further clarify what information is expected in cases where legal or regulatory requirements preclude a statement of responsibility from those charged with governance: Disclosures about the process followed to prepare and present the integrated report are encouraged. Such disclosures can include: • Related systems, procedures and controls, including key responsibilities and activities • The role of those charged with governance, including relevant committees.
Fundamental Concepts Value creation, preserved or eroded for the organization and for others	[…] "That value has two interrelated aspects – value created for: • The organization itself, which enables financial returns to the providers of financial capital"	Emphasis on value creation, preserved or eroded instead of value creation only:

		[…] "That value has two interrelated aspects – value created, preserved or eroded for: • The organization itself, which affects financial returns to the providers of financial capital"
Fundamental Concepts The value creation process/Process through which value is created, preserved or eroded	Focus on value creation only Organization's activities […] "The organization's activities and its outputs lead to outcomes in terms of effects on the capitals."	Further explain how value can also be preserved or eroded: "although organizations aim to create value, the overall stock of capitals can also either undergo a net decrease or experience no net change. In such cases, value is eroded or preserved." Emphasis on the organization's business activities: […] "The organization's business activities and outputs lead to outcomes in terms of effects on the capitals."
	Part II: The integrated report	
Content Elements Business model		Further explain what key outcomes are:

	"An integrated report describes key outcomes, including: […] Both positive outcomes (i.e. those that result in a net increase in the capitals and thereby create value) and negative outcomes (i.e. those that result in a net decrease in the capitals and thereby diminish value)." No explanation about outputs and outcomes.	"An integrated report describes key outcomes. Outcomes are the internal and external consequences (positive and negative) for the capitals as a result of an organization's business activities and outputs. […] Both positive outcomes (i.e. those that result in a net increase in the capitals and thereby create value) and negative outcomes (i.e. those that result in a net decrease in the capitals and thereby erode value)." Explain the difference between outputs and outcomes using examples, including both positive and negative outcomes: A simple example illustrates the distinction between outputs and outcomes, and the importance of a balanced consideration of outcomes. "An automotive manufacturer produces internal combustion engine cars as its core output. Positive outcomes include increases in financial capital (through profits to the company and supply chain partners, shareholder dividends and local tax

		contributions) and enhanced social and relationship capital (through improved brand and reputation, underpinned by satisfied customers and a commitment to quality and innovation). Negative outcomes include adverse consequences for natural capital (through product-related fossil fuel depletion and air quality reduction) and reduced social and relationship capital (through the influence of product-related health and environmental concerns on social licence to operate)."
	No emphasis on balanced reporting and disclosing both qualitative and quantitative information.	Emphasis on the needs of balanced reporting and both qualitative and quantitative information: "An integrated report presents outcomes in a balanced way. Where practicable, it supports the organization's assessment of the use of and effects on the capitals with qualitative and quantitative information (see paragraphs 1.11, 3.44-3.45, 5.6-5.7.)"

General Reporting Guidance	General reporting guidance under Content Elements. No emphasis on individual organizational circumstances.	General Reporting Guidance is a standalone section. Further emphasis on the disclosure of material matters and individual organizational circumstances: "[…] It is important that disclosures are specific to the circumstances of the organization."
	Glossary	
Those charged with governance	Those charged with governance: The person(s) or organization(s) (e.g. the board of directors or a corporate trustee) with responsibility for overseeing the strategic direction of an organization and its obligations with respect to accountability and stewardship.	Further explanation: "[…] For some organizations and jurisdictions, those charged with governance may include executive management."

Appendix 2: Decision Rules for Coding Sample Reports

To identify forward-looking information disclosure, a broad definition of forward-looking information is adopted as explained below:

1. Sentences are to be coded as forward-looking information disclosure if the reader is informed of any opportunities, plans and forecasts that enable report users to assess an organisation's future performance or prospect; and of any risks, uncertainties or threats that may impact the value creation of an organisation over time.

2. Forward-looking sentences can be identified, but not limited to, by terms such as, "believe," "anticipate," "estimate," "predict," "may," "intend," "plan," "potential," "predict," "will," "expect," "aim," "project," "outlook", "target" and similar expressions.

3.. Although the definition of forward-looking information is broad, disclosures must be specifically stated and cannot be implied.

4. Tables, charts or diagrams that provide forward-looking information will be included and coded accordingly.

5. A sentence could be coded to different items if the sentence has more than one possible classification.

6. The following sections of reports will be excluded: Financial review; Business Review; Operating Review; Financial summary; Financial statements (notes in relation to assumptions and measurement of forward-looking information will be included); Director's remuneration report.

7. Any forward-looking information disclosure relating to employees will not be included unless it contains information about corporate social responsibility or reporting process, e.g. health and safety or employees' involvement in the process of reporting.

8. General discussions relating to supplier/customer relationships will not be included unless explicitly demonstrate the importance of supplier/customer relationships in the process of value creation over time, the strategies to manage these relationships or verifiable results, e.g. resources dependency, supplier/customer engagement plan or customer satisfaction survey.

9. Strategic objectives only include those discussions that can be linked to suppliers and customers, supply chain, distribution channels or products and services.

10. Investment activities in products and services are investments that aim to gain competitive advantages, such as the introduction of new products/services, product/service differentiation and production cost reduction.

11. Sentences of existing risks will not be included unless explicitly state the risks have a material impact on future value creation.

12. Sentences of risks in relation to products and services failure, product development, customer satisfaction and sourcing will be coded to operational risk. Sentences of risks in relation to cybersecurity, technology failure, information access and availability that will have a material influence on an organisation's reputation, customer satisfaction and value creation will be coded to technology risk.

13. Stakeholder engagement involves processes and plans that demonstrate how an organisation engages with different stakeholder groups. There will be zero score if investor or shareholder is the only engaged stakeholder group.

14. Risk and sustainability assurance will be categorised into Assurance. General discussions relating to internal assurance will not be included, unless specific internal assurance processes are identified, such as regular audit committee meetings.

15. The score of 1 or 0 is given based on the presence or absence of a disclosure item, but any disclosure that is repeated will be recorded each time it is discussed for qualitative analysis.

Appendix 3: Interview Guide

As described in Chapter 5, the interview guide is designed to list the questions that need to be addressed in order to fulfil the objectives of this study. The listed interview questions below are developed from different themes, literature, and theories covering all the research objectives. The participants are not asked these questions in sequence, rather a conversational style is used to seek answers from participants. Before conducting the interview, a brief introduction of the researcher and the study is made, and the interviewees are then asked about their roles and responsibilities in the organisation.

Guiding interview questions for personnel from organisations

Reporting process:

1. What are your views on forward-looking information disclosure, including risk disclosure and sustainability disclosure?

2. Are you following any guidelines for your forward-looking information disclosure? Or are you using other organisations' formats of forward-looking information disclosure as a model for your organisation? If yes, which guideline or organisation?

3. How is the report prepared? Can you describe the process?

4. How do you collect, assess, and monitor forward-looking information? Can you describe the procedures?

5. Who is involved in these processes and do different departments collaborate with each other? If the process involves different departments, how do they work with each other to collect information and how do they report to each other?

6. Is there any different views of people working in different functions across the organisation? Such as finance people may have different ideas about forward-looking information disclosure from sustainability people.

Stakeholder perspective:

7. Do you believe making forward-looking information disclosure is useful in building long-term relationships with stakeholders?

8. Do stakeholders' expectations influence your organisation's decision to disclose forward-looking information? If yes, which group of stakeholders are important? Why?

9. What do you think of the role of suppliers and customers in your decision of making forward-looking information disclosure, including risk disclosure and sustainability disclosure? Do you engage with them regularly and know their information needs?

Transaction cost and resource dependency perspectives:

10. When selecting supply chain partners, what kind of information do you expect from their reports? Do you think forward-looking information is important?

11. What are your concerns when selecting supply chain partners?

Legitimacy perspective:

12. What triggers your organisation moving towards a more forward-looking focus regarding corporate reporting?

13. What is your view on the importance of forward-looking information disclosure including risk disclosure and sustainability disclosure in the value creation process?

14. What are the perceived benefits of making forward-looking information disclosure?

15. Do you believe that forward-looking information disclosure will enhance your legitimacy in the society where you operate and please explain?

16. Does more non-financial information disclosure have any impact on your resource availability (e.g. financial resources, human resources, etc)?

Signalling perspective:

17. Do you think reporting forward-looking information enhances corporate image and stakeholder trust? Please explain.

18. What are your views on the credibility of current forward-looking information disclosure practices? How about those specifically concerning suppliers and customers?

19. Are you following any guidelines to enhance the credibility of forward-looking information disclosure? If yes, which guidelines?

20. Does your organisation make any efforts to enhance the credibility of the forward-looking information disclosure, especially those concerning suppliers and customers? What are these? Do you think they are useful?

21. What do you think of the credibility as perceived by report users of current forward-looking information disclosure concerning suppliers and customers? Do you think it is important to make forward-looking information disclosure credible to users?

22. What are your views on the expectation of report users from the forward-looking information disclosures, especially those concerning suppliers and customers? Do you engage with stakeholders? If yes, which group of stakeholders? How often? Are they involved in the decision of making forward-looking information disclosures?

23. What is the biggest challenge to enhance the credibility of forward-looking information disclosures, especially those concerning suppliers and customers?

Guiding interview questions for other stakeholder groups. Questions will be slightly changed based on the position of the interviewees.

1. What are your views on forward-looking information disclosure, including risk disclosure and sustainability disclosure?

2. Do you think corporate reports are an important source to get information for supply chain management?

3. What kind of information that you and your clients expect from supply chain partners? How important are these types of information in decision making? What kind of decisions? How about the supply chain management decisions?

4. Do you and your clients rely on forward-looking information to analyse a company's overall performance? Why? Whether your clients ask about forward-looking information?

5. Do your clients have concerns about sustainability, risks, and other types of forward-looking information? How about forward-looking information concerning suppliers and customers?

6. Is there any other concerns raised by your clients recently?

7. Do your clients in different industries have different views regarding forward-looking information disclosure? What are the differences?

8. What do you think are the motivations and benefits of companies making forward-looking information disclosure?

9. What do you think the role of suppliers and customers is in forward-looking information disclosure, including sustainability and risk disclosures?

10. Do your clients regularly engage with their suppliers and customers? For what purposes?

11. Do you think disclosing forward-looking information can enhance corporate image and stakeholder trust? Why?

12. Do you think disclosing forward-looking information can help build long-term relationships with stakeholders?

13. As report users, what do you think of the credibility as perceived by you and your clients of current forward-looking information disclosures, especially those concerning suppliers and customers?

14. Which characteristic of credibility that forward-looking information disclosure concerning suppliers and customers plays that you believe can enhance the credibility of this disclosure practice?

Appendix 4: Participant Information Sheet

Participant Information Sheet

Project title: The influence of suppliers and customers on forward- looking information disclosure: Integrated Reporting context

Researcher(s): Le Wang
Department: Durham University Business School- Accounting department
Contact details: le.wang@durham.ac.uk/ phone:07395779005
Supervisor name: Prof. Carol Adams and Dr. Hwa-Hsien Gary Hsu
Supervisor contact details: carol.adams@durham.ac.uk

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You are invited to take part in a study that I am conducting as part of my PhD programme at Durham University. This study has received ethical approval from Durham University Business School's Sub-Committee for Ethics of Durham University.

Before you decide whether to agree to take part it is important for you to understand the purpose of the research and what is involved as a participant. Please read the following information carefully. Please get in contact if there is anything that is not clear or if you would like more information.

What is the purpose of the study?

The aim of this study is to investigate whether and how suppliers and customers influence an organisation's decision to disclose forward-looking information in the context of Integrated reporting (IR) and the characteristics that enhance the credibility of forward-looking information disclosure concerning suppliers and customers.

Why have I been invited to take part?

You have been invited because your organisation has been publishing forward-looking disclosure including risk disclosure and sustainability disclosures. Your organisation's experience and knowledge in forward-looking disclosures are helpful in this research project and valuable in the development of forward-looking disclosures.

Do I have to take part?

Your participation is voluntary and you do not have to agree to take part. If you do agree to take part, you can withdraw at any time, without giving a reason.

What will happen to me if I take part?

If you agree to take part in the study, you will be invited into a 45-60 minute interview that will take place in a mutually convenient location. If an in-person interview cannot be arranged, interviews will be conducted via Skype. With your consent, interviews will be audio-recorded. Once the recording has been transcribed, the audio-recording will be destroyed. Please note you can omit any questions you do not wish to answer.

Are there any potential risks involved?

No. There are no potential risks involved.

Will my data be kept confidential?

All information includes your responses, identifying information, and other names mentioned would be kept confidential and anonymous from the transcripts that will be made of the interview. All documents and recorded interviews will be stored in a secure place such as a locked drawer and any computer documents will be password secured. Following the completion of the research studies, the data will become confidential waste and the audio-recording will be destroyed. All information throughout the study will be made available only to the researcher undertaking the study and two supervisors. If the data is published it will be entirely anonymous and will not be identifiable as yours.

What will happen to the results of the project?

The results of the project are expected to be published after completing the PhD programme and the results are not expected to be used in other projects. All research data and records needed to validate the research findings will be stored by the completion of this research project.

Who do I contact if I have any questions or concerns about this study?

If you have any further questions or concerns about this study, please speak to the researcher or their supervisor. If you remain unhappy or wish to make a formal complaint, please submit a complaint via the University's Complaints Process.

The rights and responsibilities of anyone taking part in Durham University research are as below:

Participant rights

1. You are free to express your opinions and views, and your individual contribution will be valued.
2. Your individual needs will be recognised and fairly addressed.
3. You will be treated with dignity and respect. You should expect the research project to be conducted in accordance with the University's commitment to Equality, Diversity and Inclusion.
4. Your safety and wellbeing are of paramount importance, and the research team will take care to ensure that these are protected. You will be informed of any potential risks involved in taking part in the research.
5. Your personal data will be kept secure and confidential to the research team, and will not be shared without your consent. You will be informed about how your data may be used and under what conditions (if any) it may be shared.

6. Your participation is voluntary and you will be free to withdraw without negative consequence at any point.
7. You will be informed about the aims and purpose of the research, the funder (where applicable) and the research team involved.

Participant responsibilities

1. You should show respect for others involved in the research including fellow participants and staff. This includes respecting the rights outlined above.
2. You should enter into and engage with the research project honestly and in good faith.
3. You should raise any concerns as to the conduct of the research, safety of participants or other significant issues with the project team or other appropriate University officer.

Please refer to https://www.dur.ac.uk/research.innovation/governance/ethics/considerations/people/charter/ for more information.

Thank you for reading this information and considering taking part in this study.