



How to Improve Corporate Reporting?

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Abstract

The current economic context requires finding a reliable global solution that meets the wishes and interests of investors, decision makers and all categories of users involved in order to create the necessary premises for the design of an integrated reporting system that provides relevant and qualitative information while facilitating the creation of newly added value. This first step is aimed at bringing a plus to the business and at the same time ensuring high levels of productivity, efficiency and effectiveness to maintain a state of balance favourable to the good development of economic activity. In this sense, emphasis is placed to establish and organize an International Sustainability Standards Board ("ISSB") following all the steps to make this possible being of particular importance to fructify the independence and success of IFRS governance (more specifically the Board of Monitoring and Administrators of the IFRS Foundation) to draft global standards aligned with the conditions of the microeconomic and macroeconomic environment. These intensified efforts want to clarify and help users of financial statements to act in conditions of efficiency and effectiveness to significantly contribute to the formation of the image and reputation of the economic entities involved through active participation with business ideas, working and fixed capital and human resources. In order to support initiatives to improve corporate reporting, it is based on the reasoning that the integration of financial and non-financial information is desired to encourage a sustainable development of the constantly changing business environment. The pressures exerted both from the internal and external environment of financial markets have influenced the assumption of a degree of responsibility towards the environment and people, compliance with new requirements from stakeholders, especially financiers and investors. Thus it became necessary to report ESG indicators (environmental, social, governance) has captured attention in recent years and is an important element found in business strategies to ensure an acceptable level of profitability within reasonable limits based on a European legislative landscape that is subject to changes. In order to quantify the contribution of economic entities to solving certain social and environmental problems with the general objective of registering high global performances of the asset and liability structures taking into account the human resource, the environment and the involvement of the community in the formation of a sustainable, prosperous future for the future generations that come after us and exercise their informational values in the context of the informational age in which we find ourselves dictated by the digitization and integration of specialized software incorporating some support programs that it allows us to avoid a titanic work to withstand financial difficulties that may endanger the existence and continuity of the business. A good knowledge of ESG rating is an important guide used by the management and leadership of an entity to have the alternative to adapt its business and orient in the right direction to improve the transparency of the dialogue carried out with the shareholders. An in-depth market research and analyzed from all the angles used by the parties leads to a correct assessment of the impact of the topics addressed in the context of ESG and how they can influence the overall performance of the entity.

Keywords: Integrated reporting, sustainability, financial information, non-financial information, ESG.

JEL Classification: G01, G32, M41.

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INTRODUCTION

The term corporate reporting has acquired new informational valences in the sense of strengthening trust among internal and external users of annual financial statements.

The obligation to report the annual financial statements imposed the conditioning of another mechanism to achieve them by introducing a new word that influences the way of transposing them into accounting practice and those which are "integrated reporting". This argument is supported by Cooray who

specifies this thing. accounting reporting accounting practice comes to the aid of entities that want to understand how to create value by maintaining a permanent and active dialogue with all interested parties. directly or indirectly involved in this process (Thilini, Nuwan, & Samanthi, 2020). Thus, it was established that within the framework of integrated reporting, an important role is played by the corporate governance report, an important structure for evaluating the global performance of economic entities, taking into account national and international legislation governed by financial-accounting principles and norms. Awareness of the benefits following the implementation of integrated governance and reporting will generate competitive, material advantages for those who correctly and consistently apply financial accounting principles and rules because they will significantly influence the process of analyzing and assisting strategic and managerial decisions.

In the article written by Banda and Mwange et al which defines corporate governance as a set of processes, policies and relationships that are interconnected in a coherent global system of integrated reporting that performs functions major control closely guiding this approach to have the possibility of sanctioning those who break the laws willfully to obtain their own material interests. It is a rigorous system and it is desired that it be seen as a standard of assuming social responsibility among the stakeholders in order to considerably improve the process of substantiating and adopting key strategic decisions to ensure optimal conditions for the smooth running of economic activity (Banda & Mwange, 2023).

The main purpose of this article is to highlight and highlight the importance of integrated reporting by entities and the degree of fulfillment of the objectives

proposed by entities that they want to achieve in order to record a level of optimal profitability in conditions of efficiency, effectiveness and productivity at values considered normal in order to maintain the competitive market in its constant change and evolution.

A solid argument given by researcher and practitioner in the broad field of financial accounting Vishani claims that "the degree of manipulation in reporting and corporate governance is less likely to occur among entities that follow strong corporate governance practices through the possession of certain competencies and key skills possessed by independent directors who have a deep-rooted entrepreneurial spirit and a highly developed capacity for synthesis, documentation and analysis of assimilated and digested information cold (Vishnani, 2017).

LITERATURE REVIEW

Within the specialized literature, articles, publications and informative bibliographic materials can be found that have a common denominator to emphasize the importance of the application and widespread use of the concepts of reporting and integrated corporate governance in order to achieve optimal levels of profitability and maintain an image of the financial position and global permanence recorded by economic entities that actively participate in a highly regulated financial market in the context of globalization.

An illustrative and very demonstrative schematic idea is presented by De Villers and Dimes who describe in detail the determining factors, mechanisms and consequences of the implementation of governance and integrated reporting found in Figure no. 1 corporate governance reporting. A research framework.

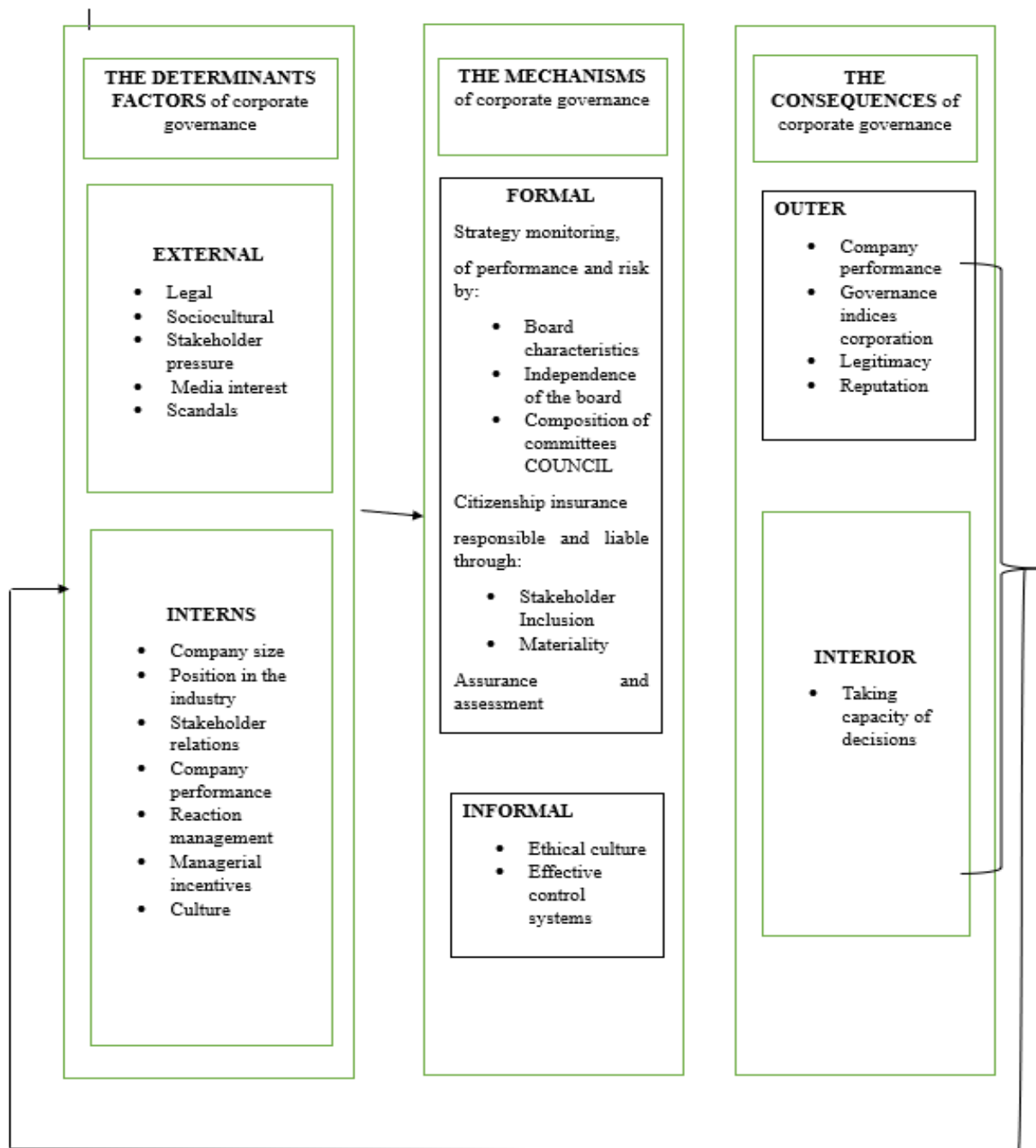


Figure 1: Corporate governance reporting: A research framework 1

Source: (De Villiers & Dimes, 2021)

Continuing to support the arguments solidly based on a complex research is continued by Biswas who claims that an integrated system of reporting and corporate governance leads to the creation of a state of equilibrium between economic and social objectives, taking into account the balancing of individual and the community ones. The totality of the previously mentioned objectives play an important role in creating a general and conceptual framework of great value, leading to a unique and integrated general system of

corporate reporting defined in a broad sense. The purpose of the implementation of this system encourages the efficient use of resources and equally imposes a rigorous administration of these resources and holds accountable those who have this very important and meaningful role of running financial and informational flows (Biswas, 2015).

In the paper entitled *Disclosure of Corporate Governance Structure and the Likelihood of Fraudulent*

Financial Reporting it is presented certain aspects related to the interdependence relationship between corporate governance and fraudulent financial reporting are discussed “*The dramatic collapse of giant corporations such as WorldCom, Enron and Global Crossing was due to cases of financial statement fraud*”. These effects were felt among participants in the financial market because they negatively influenced trust in the market and the competitive mechanism but also in financial information. A possible correction of this unwanted behavior and attitude by those who contribute significantly with capital, ideas and presence can be achieved by designing an effective reporting and corporate governance structure to prevent this kind of fraud incidents (Razali & Arshad, 2014).

Sociopolitical theories provide important clues and guide economic entities closely to implement sound corporate governance mechanisms in order to provide relevant and credible information found in integrated reports, especially non-financial information to uniformly represent the legitimate interests and expectations of users of financial statements having the right finality a sustainable competitive advantage in ensuring a long-term sustainable future. These aspects are emphasized by Wang in the work “*Corporate Governance, Integrated Reporting and the Use of Credibility – Enhancing Mechanisms on Integrated Reports*” which encourages and promotes the introduction of robust reporting and corporate

governance mechanisms to monitor responsible behavior and value creation to streamline economic activity (Wang, Zhou, & Wang, 2020).

Findings

In order to ensure a superior and original quality of the work, we will present in the following the basic principles of implementing a corporate reporting and governance and the benefits and limits of corporate governance and its reporting starting from the valuable work entitled, *Corporate governance reporting – a way to increase public trust in entities*, CECCAR Business Review writtend by the author Dorina PLESCACI (Plescaci, 2022)

It is mentioned that a good corporate governance and sustainable development of integrated reporting can be likened to an all-unit strong legitimacy mechanism that economic entities have at their disposal to mediate communication with all categories of users and very relevant the idea according to to which corporate governance is seen as one side of the corporate coin, and the other side is the one worn by Corporate Social Responsibility.

In order to support the above statements, we will nuance the basic principles of corporate governance and explain them in an eligible language accessible to the whole range of users of the annual financial statements.

Table 1.1: The principles on which corporate governance is based

Principles of corporate governance	Transposition into practice
Discipline	The introduction of a corporate discipline code will prove a commitment assumed by the management to promote a responsible behavior recognized and accepted as fair and responsible based on deeply rooted rules of conduct, morality and ethical values. "All parties involved will assume responsibility and acknowledge the procedures, processes and authority structures provided for in the regulations and methodologies specific to the field for which they will become applicable"
Transparency	This principle is particularly important that allows outside parties to be able to make a significant analysis of the actions of an economic entity, of its economic foundations, taking into account also the non-financial information that has acquired new informational valences because they completely describe and put in highlights aspects related to the human resource, environment and community. Emphasis is placed on strengthening the trust of stakeholders, mainly investors and financiers, on attracting them to our side to contribute to the smooth running and development of the business to win both parties. It can be seen as a strategic partnership in which everyone wants to gain certain advantages and uniform benefits for the participants in this process. The power to negotiate the terms and conditions of this commitment rests in the hands of anyone who takes risks to demonstrate certain capabilities and skills that define him as a unbeatable business partner.
Independence	Another principle considered representative is that of independence, which indicates the manner in which the mechanisms to reduce or avoid potential conflicts of interest, such as the dominance and authoritarian style of a director or owner of shares holding a majority share with voting rights, have been correctly applied. would influence certain decisions in their own interest. These mechanisms are adopted at the level of the Board of Directors and the committees of the board and other external parties such as auditors and financial controllers.

	<i>"The set of processes, the adoption of decisions at different hierarchical levels and the mechanisms used will be adapted to the requirements of all parties involved in this process, being accessible in real time by those who have this desire to give a good yield and bring added value to the activity carried out of economic entities in terms of profitability, efficiency and effectiveness over a time horizon defined in close connection with the objectives established at the economic entity level"</i>
Liability	By assuming the degree of responsibility, the people involved demonstrate the competence and ability with which they undertake certain tasks and work assignments in order to significantly contribute to the achievement of the specific and general objectives set by the management. This can be achieved through mechanisms, periodic evaluation sheets for to have an overview of the economic performance and productivity that contributes to the formation of a performance and financial position at higher levels desired by those in charge and to reward those who achieve results and special distinctions.
Responsibility	In the vision of the top management, emphasis is placed on correct actions from the point of view of meeting the objectives, to ensure support and guide the employees in a good direction to obtain a competitive advantage in the financial market and gain reputation to strengthen trust in business partners in order to ensure a sustainable development of integrated reporting in the context of globalization.
Rightness	By applying fair and balanced principles we can guarantee that our profit rates will be at optimal values and will motivate us to continue working intensively to ensure a maximum level of profitability taking into account all the factors that can influence economic activity and we want to get positive effects when we evaluate the financial health of the entity to check how the organization's objectives have been achieved .the control of the costs involved and the future directions of action for recovery or economic prosperity.
Social responsibility	Encouraging a responsible, ethical behavior governed by principles, norms and moral values will implicitly lead to a change for the better in the actions taken and to propose new amicable and decent solutions to reduce as much as possible social problems by giving a high priority to ethical standards. on the idea of adopting a non-discriminatory, non-exploitative and responsible citizen to defend human rights according to the Schuman Declaration in order to maintain a state of peace and harmony of coexistence of a nation

Source: own processing according to the work (Plescaci, 2022)

The regular observance of these principles described above will significantly contribute to the creation of business value and guarantee the maintenance of a state of financial balance to withstand the pressures and challenges coming from the business environment which is in permanent change, volatile and to obtain certain competitive advantages under optimal conditions.

Another aspect to be taken in support of an integrated reporting is the nuance as much as possible the benefits and limits of good reporting and corporate governance found in Table 1.2 entitled the benefits and limits of corporate governance and its reporting will be weighed in order to balance them within reasonable limits.

Table 1.2: The benefits and limitations of corporate governance and its reporting

Benefits	Limitations
<ul style="list-style-type: none"> ✓ The implementation of a corporate governance system will generate positive effects for investors and the parties involved in this process because they give them a state of safety and protection of their interests. Thus, the success of the implementation of this system implicitly leads to the accountability of the management, a way to motivate them to comply with the assumed mandate on behalf of the shareholders whom he has chosen to represent objectively, to consult and vote when there are decisions to be made to influence fate and destiny economic entity. ✓ By maintaining optimal higher levels of transparency and tracking how managers achieve the objectives with the lowest costs it is desirable to demonstrate a developed analytical capacity to study causality between effect and benefit. This report is intended to be 	<ul style="list-style-type: none"> ✓ Integrated governance and reporting does not constitute a guarantee of obtaining a superior overall performance (as specialized studies have been undertaken and the results obtained do not demonstrate that all companies implement an efficient and effective global system for monitoring additional financial performance. ✓ Economic entities have the obligation to demonstrate a long-term commitment by involving all involved parties and the community in general in order to achieve optimal levels of global performance, to ensure a well-being of social coexistence in full harmony in achieving this desire to govern peace and peace, to eradicate fraud, tax evasion and poverty in order to ensure the conditions of a long-term sustainable future, the precious treasure of the

<p>supraunitary as the benefit to advance the cost so that the indicators of liquidity, solvency and profitability within generally accepted limits to stay on the market and gain a solid reputation on the market.</p> <p>✓ All actions, strategies and techniques adapted to the business environment must be adapted to user requirements and generally accepted norms, rules and principles in order to facilitate the creation of new value (increasing the share price), to favor shareholders (the so-called governance dividend)</p>	<p>intellect and a responsible ethical behavior will save us from financial scandals and dangers by assuming the risks of leaving future generations ethical moral values and unlimited access to all information to facilitate permanent dialogue with all stakeholders.</p>
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Source: own processing according to the work (Plescaci, 2022)

The information presented in this table acquires great significance for all those interested in being constantly informed and consulted about the process of analysis and decision assistance to verify how the objectives set at the economic entity level have been achieved.

The certification of financial-accounting statements with the help of audit and financial control demonstrates an assumption of responsibility and competence of accounting professionals to provide important indicators for evaluating the global position and performance in order to obtain relevant, reliable qualitative information of high value for investors and business financiers for to achieve gains on both sides, a very successful strategic partnership if it is based on an active and participatory dialogue.

CONCLUSION

The conditions dictated by the strong competitive environment influence the control of certain mechanisms for supervising the development of an economic activity respecting the applicable legislation and norms at the national and international level in order to ensure some equity between all categories of users. The level of taxation in general promotes responsible, fair behavior in among those who own a business and who must comply with certain fiscal rules that they are obliged to comply with. At the same time, the state authorities should be responsible for to control and apply the necessary sanctions in the event of the discovery of irregularities likely to prejudice the good conduct of economic activities and not to encourage fraudulent or suspicious behavior.

In this sense, economic entities aim to achieve a high level of performance and financial position with the help of integrated reporting of annual financial statements. In order to achieve this desired, it is necessary for accounting professionals and experts to have skills and abilities facilitating the creation of value generating benefits for the respective entities involved in this process.

Out of the urgent desire to cover the needs of investors, decision makers and other interested parties it focuses on an integrated and sustainable reporting framework. It provides comparable and reliable

information that includes both important financial and non-financial information focused on performance, risk profile, strategic decisions.

The safety of implementing an integrated reporting and governance will be the key to success in order to maintain a state of favorable financial balance for all categories of users involved in the process of maintaining a long-term sustainable development. The motivation for the continuity of the economic-financial activity is a fundamental reason for to observe the principles of reporting and corporate governance application to separately deepen the benefits and limitations following their implementation.

The degree of achievement of the specific and general objectives established at the level of the economic entity depends mainly on the degree of assumption of responsibility and liability of those involved in order to give a clear and correct overview of the actual state of the asset, equity and debt structures in order to be able to diagnose the state of financial health, to apply the correct treatment in the sense of remedying some financial difficulties, and to prevent potential risks of any nature that could harm the smooth running of the economic-financial activity.

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