

## INTEGRATED REPORTING FOR SMALL AND MEDIUM ENTERPRISES IN TURKEY

### TÜRKİYE'DE KÜÇÜK VE ORTA ÖLÇEKLİ İŞLETMELER İÇİN ENTEGRE RAPORLAMA\*

Cemal İBİŞ\*\*   
Nesim MİZRAHİTOKATLI\*\*\* 

#### Abstract

Traditional financial reports, which are corporate reporting tools, are mandatory for the management of enterprises. However, today's non-financial performance affects many decisions about the business as well as its financial performance. For this reason, companies prepare and publish non-financial reports as well as financial reports. The need for integrated reporting, which combines the non-financial reports and financial reports, emerges. In this research, it is aimed to learn the opinions of the accountants carrying out their activities in various fields of expertise on the Integrated Reporting and the Advantages of Integrated Reporting for SMEs. The data obtained from 605 correspondents were analyzed with SPSS 22 program and it is found that the participants' views on Integrated Reporting were generally positive ( $3.78 \pm 0.44$ ) and they think that integrated reports provide advantages for SMEs ( $3.71 \pm 0.48$ ).

**Keywords:** Integrated Reporting, SME, Accountants.

**JEL Kodları:** M14, M40

#### Öz

Geleneksel finansal raporlar, işletmelerin yönetilebilmesi için zorunlu hale gelen raporlardır. Ancak, günümüzde işletmenin finansal olmayan performansı da, finansal performansı kadar işletmeye ilgili birçok kararı etkilemektedir. Bu nedenle işletmeler finansal raporlar yanında finansal olmayan raporlar hazırlamakta

\* This paper is prepared from Nesim MİZRAHİTOKATLI's PhD thesis entitled "A Research On Integrated Reporting For Small And Medium Enterprises In Turkey".

\*\* Isik University, Department of Management, Email: cemal.ibis@isikun.edu.tr

\*\*\* Marmara University, Institute of Social Sciences, Email: nesim@nesimizrahi.com

ve yayılmaktadır. Bu iki raporu birleştiren entegre raporlama gereksinimi ortaya çıkmaktadır. Buna göre, araştırmada çeşitli mesleki ünvanlara sahip muhasebecilerin Entegre Raporlamaya İlişkin görüşleri ile Entegre Raporlamanın Kobilere İçin Sağladığı Avantajlara ait görüşlerinin öğrenilmesi amaçlanmış olup, betimsel tarama modeli kullanılmıştır. 605 muhsabeden anket yöntemi ile elde edilen veriler SPSS 22 programı ile analiz edilmiş ve katılımcıların Entegre Raporlamaya İlişkin Görüşlerinin genel olarak olumlu olduğu ( $3,78 \pm 0,44$ ) ve entegre raporların KOBİ'ler için avantaj sağladığını düşündükleri ( $3,71 \pm 0,48$ ) tespit edilmiştir.

**Anahtar Kelimeler:** Entegre Raporlama, KOBİ, Muhasebeciler

**JEL Codes:** M14, M40

## 1. Introduction

Globalization, technological developments, and financial innovations change the business processes of enterprises and bring risks and opportunities that may be exposed to the future. In such an environment, stakeholders want to have information about the internal processes of enterprises as well as financial information about the enterprises and even want to see their future projections. In today's global and competitive environment, it is a well-known fact that fairness, responsibility, transparency, and accountability must be managed through an effective corporate governance system in order for the enterprise to achieve its strategic goals. Corporate reports are the most effective means of ensuring transparency and accountability. Financial reports, which are corporate reporting instruments, are mandatory all over the world and contain information about the financial performance of the enterprise. On the other hand, today's non-financial performance affects many decisions about the business as well as its financial performance. For this reason, companies prepare and publish non-financial reports as well as financial reports. However, in many countries around the world, the preparation and publication of non-financial reports are voluntary.

In the past, financial and non-financial reports are prepared and presented separately by the enterprises. Nowadays, the calculation models showing only the profits and losses of the companies are no longer sufficient. In particular, companies with innovative and strategic thinking need comprehensive reports. However, today, for the enterprise to achieve its strategic goals and succeed, it requires common thinking and action among all business units, employees, and activities. Presenting financial and non-financial performance in a single report, linking information with an integrated mindset to create value, will help both the business, managers, and all stakeholders to see the whole business. Based on this idea, an integrated approach to corporate reporting has emerged.

Because of the increasing risks and opportunities, the basis of surviving enterprises is not limited to their financial performance. It is also important that they can proactively prevent the risks they may face before they occur, or at least manage them in an integrated manner after they occur. Starting from this point of view, the necessity of presenting to the investors how the risks and opportunities that will be faced will create an impact on the capital of the enterprise and contribute to the sustainable development and goals of the enterprise. By integrating the financial information and the

non-financial information in the value creation processes of enterprises is considered as a futuristic approach in integrated reporting.

Both in the world and in Turkey, considering the number and the employment it provides, it can be said that SMEs are important elements of the economic system. For this reason, it is important to ensure the place and development of SMEs in the economic system. In this context, the integrated reporting system, which provides insights into how enterprises can create value in the short, medium and long term, is also important for SMEs, which have a share of over 80% in employment, which is very important for the national economy. Therefore, it is of great importance for the users of this system that the integrated reporting system is capable of meeting the above-mentioned needs.

Taking into account the importance of the integrated reporting system for both SMEs and the national economy, in this study, the general views of the certified public accountants about the integrated reporting system and their views on the advantages of this system have been investigated. In this context, 605 accountants participated in the study. A survey that consists of the Integrated Reporting Scale, Integrated Reporting Advantages Scale for SMEs, and demographic and occupational characteristics of the participants has been applied to these participants. The collected data were analyzed with SPSS 22 program.

## 2. Literature Review

SMEs have an important place in the world due to their flexible production structure, the capability of rapid adaptation to changing conditions, having positive employment contributions and being intermediaries of economic and social development (Szonyi, 1991). As SMEs have more flexible production capabilities, they can easily adapt to the changes in a short period of time, reach full competition conditions, and in this way, they contribute to the development of national income, employment, productivity, and entrepreneurship. It can be said that SMEs are one of the important economical instrument that prevents the deep social and economic crisis in Turkey thanks to their ability to overcome external shocks and economic crises more easily than the large businesses (Aktürk, 2014). As seen in most countries around the world, SMEs are the cornerstone of economic development in Turkey. SMEs have a great place in the country's economy and constitute more than 99% of all enterprises that make an important contributions to job creation, investment, development of entrepreneurship, regional development, productivity, creating a competitive environment and therefore macroeconomic indicators. In addition, SMEs play a very important role in the prosperity of society and the development of the social order. According to Turkey Statistical Institute, SMEs constitute 99.9% of the enterprises, 77.8% of employment, wages and salaries of 51.5%, 64.8% of turnover ' 55.5% of the value-added and 41.1% of the gross investment related to the material goods (TSI, 2017).

It is possible to say that Integrated Reporting is the only complimentary report that combines Sustainability Reporting and Financial Reporting (Churet & Eccles, 2014). The purpose of this reporting

was to explain the steps and expectations of long-term maintainability and growth by top executives within a enterprise for financial investors. The International Integrated Reporting Council defines integrated reporting as “An integrated report is a short and concise statement of the strategy, management and performance of an organization, and how it expects to create value in the short, medium and long term in the context of its external environment” (IIRC, 2013). According to Mervyn E. King who is the vice-chairman of the board of directors of the International Integrated Reporting Council, the integrated reporting system is a collective intelligence that clearly describes how the company’s activities relate to important financial and sustainability issues and how maintainability issues are integrated with a long-term strategy to sustain value creation. Through integrated reporting, it is aimed to establish the value of the business by establishing a link between the financial activities of all activities. Within the context of integrated reporting, information is provided about the environment that the business is situated and influenced by including both financial reports, corporate social responsibility reporting and sustainability reporting (Gençoğlu & Aytaç, 2016). On the other hand, integrated reporting does not combine financial and sustainability reporting but creates one report to give investors’ better aspect of company projections.

The value created over time by SMEs is manifested by increases, decreases, or transformations created by capital activities by the operations and outputs of the enterprise. Value is not only created by an enterprise or an entity, it is also influenced by different sources in the external environment. (IIRC, 2013). Therefore, the activities, interactions, and relationships of an organization, the inflows and outflows of the various capitals, which the organization uses, affect the organization’s ability to create value and its sustainability (Dada, 2015). In this context, the values created by organizations are divided into two.

- The value created by the company for itself and its stakeholders
- The value established for others

Today, besides providing long-term profitability for its shareholders, many companies create social values such as creating employment, producing innovations to meet the needs of the society, and encouraging local production. Even though the shareholders and investors are primarily focused on the value created by the company for itself, the value created by the company for other stakeholders also affects the company’s ability to create value in the long term (EY, 2014). The underlying principle of integrated reporting is the identification of the values created by the company and the factors affecting it and ensuring its communication with the stakeholders. Ninety-five percent of companies participating in the Black Sun company’s research for IIRC said that they understand better how their organization creates value thanks to integrated reporting (Black Sun & IIRC, 2014). In accordance with IIRC, the value has been created through the organization’s business model. The business model takes inputs from the capitals and converts them into outputs as a result of business activities and interactions. These outputs create or destroy value in the short, medium and long term for the organization, stakeholders, society, and environment (IIRC, 2013). To measure this value, the

competitiveness of the company, its performance, and the interactions between the communities, shareholders, supply chain, and natural environment should be taken into consideration.

Large-scale enterprises should obey the standards of international trade regulations to preserve their sustainability in the age of globalization. Comparability is significant in achieving higher rates from credit rating agencies and businesses that have cross-border nature and influence the decisions of the investors in their investment. In this way, it will be possible to establish a long-term relationship between the vendors who supply goods with other stakeholders (Karakaya, 2010). The situation for SMEs, under the heavy influence of globalization, is similar to the condition for large enterprises. Understanding the international standards for financial statements will enhance the performances of SMEs in their business environment. With integrated reporting, SMEs can develop strategies. This strategy reveals how SMEs evaluate social, environmental, financial and economic issues. On the other hand, integrated reporting defines risk management, strategic decision-making and how to improve performance. In addition, SMEs can discover new opportunities in their products and services through these reports (Prinsloo, 2012). James (2013) tried to explain the opportunities and strategies for small and medium-sized enterprises that adopt integrated reporting. According to James (2013), integrated reporting will provide internal and external benefits for SMEs. Internally, it helps internal stakeholders through budgeting, planning and implementation actions to develop effective participation of internal stakeholders, resource conservation and effective use, employee satisfaction, sustainable products and services, and maximize value (James, 2013, p.24). Kaya and Türegün (2014) worked on integrated reporting for SMEs. Accordingly, SMEs tend to integrate thinking. Therefore, SMEs will easily incorporate financial and non-financial information. With integrated reporting, SMEs will be able to develop their strategies, integrate economic, environmental and social issues with their financial information, prepare integrated reports, and benefit from the integrated reporting. Integrated reporting will help SMEs attract new investors, as it will provide clear and concise financial and non-financial information to both shareholders and other stakeholders (Kaya & Türegün, 2014).

There are also institutions such as universities, associations, organizations are making researches among the relationship between SMEs and Small Medium Practices. The International Federation of Accountants (IFAC) is one of the important organizations in the globe. IFAC has been conducting surveys among accountants since 2014. In 2016, IFAC made survey on "The role of SMPs in Providing Business Support to SMEs". It shows that SMPs traditional role which is book-keeping, tax planning are not anymore as crucial as before. The progress of SMPs tied with the request of corporate assistance, recommends that SMPs may become mentor, forecaster, architect, tutor to their enterprises. (IFAC, 2016) In addition to that, the survey underlines that a successful relationship demands a full understanding of the enterprise industry as well as shared knowledge.(IFAC, 2016)

In 2018, IFAC made survey among accountant organizations in the globe. European Federation Of Accountants And Auditors For SMEs (EFAA), whose one of the participants of the survey, Director of EFAA, Paul Thompson found out that SMPs are playing important role in SMEs reaching great

outlook performance such as using digitalization, playing a top responsibility in constructing confidence in financial and non-financial information. (Thompson, 2019) Moreover, Salvador Marin, President of EFAA for SMEs, told that SMEs are very essential in European Union in terms of single market. Marin summarizes that SMEs should be able to adopt healthy economy rules, show accurate financial and non-financial information in order to become sustainable single market with the proper discussion in the fields of integrated reporting with the help of SMPs. (Marin, 2019). Other than IFAC, there is a study on accounting professionals in Turkey on integrated reporting. It showed that IR is very important in terms of companies long term planning and creating sustainable environment for the enterprises, but the most important challenge is IR is a recent topic and it is hard to implement. Most of the participants think that it is good for the enterprise, creates awareness inside of the enterprise. It should be supported by government such as giving incentives for companies and opening classes for integrated thinking and reporting for undergraduates and graduates in universities. (Aras, Özsozgün Çalışkan and Esen, 2019)

### 3. Research Methodology

Within the scope of the study, 605 professional accountants were reached. According to TURMOB (Union Of Chambers Of Certified Public Accountants Of Turkey), there are approximately 110,000 accountants. The optimal sample size was calculated as 600, with the formula mentioned below (Figure 1). Considering that the optimal sample size is 600, it is seen that 605 audiences are enough to represent the universe. The convenience sampling method was used as the sampling method in the study. In this method, only accessible ones for the sample-set are included in the sample (Büyüköztürk et al., 2018).

$$n = \frac{N \cdot \sigma^2 \cdot Z_{\alpha}}{(N-1) \cdot d^2}$$

**Figure 1.** The formula to calculate the optimal sample size (Robson, 2002)

**Note:** (N: Number of universe units, n: Sample size, P: Observation rate of X in the universe, Q (1-P): Unobserved ratio of X,  $Z_{\alpha}$  :  $\alpha = 0.05, 0.01, 0.001$  for 1.96, 2.58 and 3.28, d = Sample error,  $\sigma$  = Universe standard deviation,  $t_{\alpha, sd}$  = sd degrees of freedom t distribution are critical values ( $sd = n-1$ ). The critical values  $t_{\alpha, sd}$  can be taken equal to  $Z_{\alpha}$  values when  $sd = n-1 \rightarrow 5000$ )

In the research process, two basic research methods, descriptive and experimental, were used. The primary data required for testing the developed research model was obtained via a questionnaire, which is one of the experimental research methods. The questionnaire which was used as a data collection tool in the research consists of 3 sections:

In the first part lie the participants' attributes, activity forms in the profession, and opinions about integrated reporting form. This part of the questionnaire consists of 17 questions in total. 3 of these

questions are related to the learning of occupational characteristics of the participants, 9 questions are about the activities of the accounting profession, and the last 6 questions of this section are prepared to learn the relations of the participants about integrated reporting. In the second part and third part, there is the scale of the opinions related to integrated reporting for SMEs and the scale of the advantages of integrated reporting for SMEs. For the purpose of this research, the statements obtained from the surveys conducted by IFAC in 2014-2015-2016 and 2018 to the members of the accounting profession regarding integrated reporting have been used.

The data obtained by the questionnaires were analyzed with "SPSS 22.0" statistical package program. For the confidence interval, 95% was used as the criteria. In order to test the structural validity of the scale, exploratory factor analysis (EFA) was conducted and to test the reliability, Cronbach's Alpha coefficient was calculated. In addition, skewness and kurtosis values were checked to test whether the data complied with the normal distribution. If skewness and kurtosis values were between -3 and +3, the variable was considered to show normal distribution (Groeneveld & Meeden, 1984; Moors, 1986; Hopkins & Weeks, 1990; De Carlo, 1997).

For this reason, since the scores obtained from the factor analysis were between +3 and -3, parametric testing techniques were used in the analyses. Possible differentiation related to demographic variables on scores were analysed by t-test and ANOVA. In cases that the ANOVA results indicate any difference, Tukey test was performed to examine the difference. The relationship between the scores was analysed with Pearson correlation test.

## 4. Findings

### 4.1. Validity and Reliability Analysis of the Scale

In order to test the structural validity of the scale, exploratory factor analysis (EFA) is used. Firstly, KMO and Bartlett tests were used to determine how suited the data is for EFA. KMO values were calculated to test the sample size. Factor Analysis also assumes that the population is normally distributed, and this is examined by the Bartlett test.

**Table 1:** KMO and bartlett results for the scale of the opinions related to integrated reporting

|               |       |          |
|---------------|-------|----------|
| KMO           |       | ,935     |
| Bartlett Test | $X^2$ | 2752,879 |
|               | Sd    | 78       |
|               | P     | 0,000    |

Results of KMO and Bartlett tests for The Scale Of The Opinions Related To Integrated Reporting are given in the table. According to result of the analysis, KMO value is greater than 0,500 and Bartlett X2 test is significant, so the data is suited for EFA.

To determine the factor structure of the scale, the proportion of total variance explained by the factors was examined. As a result, it was determined that the scale consisted of one factor.

**Table 2:** Factor analysis results for the scale of the opinions related to integrated report

| Extent                                       | Item   | Factor Loading | Total Variance Explained | Cronbach's Alpha |
|--|--|----------------|--------------------------|------------------|
| The Opinions Related to Integrated Reporting | 18.6. Integrated reporting enhances investors' confidence in the company by increasing transparency and high-quality reporting.]                               | ,737           |                          |                  |
|  | 18.11. To facilitate the adoption of integrated reporting by companies, the state must demonstrate the necessary incentives and support.]                      | ,707           |                          |                  |
|  | 18.4. Integrated reporting aims to encourage the creation of short, medium and long-term value.]   | ,703           |                          |                  |
|  | 18.12. In the adoption of integrated reporting by companies, accounting managers, professional chambers, and financial advisors are responsible.]              | ,697           |                          |                  |
|  | 18.2 In integrated reporting, the important information contained in the company's existing reports is combined.]  | ,687           |                          |                  |
|  | 18.7. Integrated reporting can be applied to all companies in a proportionate and scalable manner.]  | ,682           |                          |                  |
|  | 18.3. In integrated reporting, the information gathered together is linked to each other.]   | ,669           | 43,399                   | ,888             |
|  | 18.13. Through integrated reporting, companies are accepted and respected internationally.]  | ,669           |                          |                  |
|  | 18.8. Integrated reporting is required for companies that build confidence in their business models and want to attract funds, personnel and other resources.] | ,640           |                          |                  |
|  | 18.10. Widespread acceptance and adoption of integrated reporting is important for companies.]   | ,620           |                          |                  |
|  | 18.5. Integrated reporting encourages the cooperation of different departments of the company.]  | ,615           |                          |                  |
|  | 18.1 In integrated reporting, company activities can be analysed in terms of economic, social, and environmental aspects and in relation to each other.]       | ,610           |                          |                  |
|  | 18.9. The legal infrastructure for integrated reporting in Turkey is not enough.]  | ,492           |                          |                  |

According to the result of the analysis, scale's factor loadings are 13 items, which change between 0,492 and 0,737 and have one dimension. Total Variance Explained is %43,399; reliability ratio is 0,888. Consequently, the reliability level is very high.

**Table 3:** KMO and Bartlett results for the scale of the advantages of integrated reporting for SMEs

|               | KMO   |  |          |
|---------------|-------|--|----------|
|               | $X^2$ |  | ,922     |
| Bartlett Test | Sd    |  | 2657,940 |
|               | P     |  | 55       |
|               |       |  | 0,000    |

Results of KMO and Bartlett tests that were used to determine how suited the data is for EFA are given in the table below. According to result of the analysis, KMO value is greater than 0,500, and Bartlett X2 test is significant, so the data is suited for EFA.

In order to determine the factor structure of the scale, the proportion of total variance explained by the factors was examined. As a result, it was determined that the scale consisted of one factor.

**Table 4:** Factor analysis results for the scale of the advantages of integrated reporting for SMEs

| Extent  | Item   | Factor Loading | Total Variance Explained | Cronbach's Alpha |
|---|--|----------------|--------------------------|------------------|
| The Advantages Of Integrated Reporting For SMEs | 19.11. Through integrated reporting, SMEs invest in the international arena.]  | ,751           |                          |                  |
|   | 19.2. It enables SMEs to identify potential risks in front of them]  | ,750           |                          |                  |
|   | 19.10. It enables SMEs to establish good relations with key stakeholders]  | ,749           |                          |                  |
|   | 19.1. It allows them to see the long-term future]  | ,710           |                          |                  |
|   | It provides more information to SMEs on commercial issues and business performance]  | ,699           |                          |                  |
|   | 19.9. With advanced management information and information flow, it enables SMEs to make decisions more efficiently and faster]            | ,689           | 48,151                   | ,890             |
|   | 19.5. It enables SMEs to understand the impact of their products and services on society and markets]                                      | ,675           |                          |                  |
|   | 19.8. Allows regulating the relations between board of directors and management]   | ,658           |                          |                  |
|   | 19.3. Integrated reporting enables the reduction of costs arising from the analysis of financial and non-financial information separately] | ,652           |                          |                  |
|   | 19.4. It enables them to determine and analyse the effects of macro trends and indicators on the business environment]                     | ,651           |                          |                  |
|   | 19.6. It enables SMEs to understand the expectations of financial capital providers and other stakeholders]                                | ,637           |                          |                  |

According to the result of the factor analysis, scale's factor loadings are 11 items which change between 0,637 and 0,751 and have one dimension. Total Variance Explained is %48,151; reliability ratio is 0,890. Consequently, the reliability level is very high.

## 4.2. Sample Characteristics

The characteristics of the participants' personal and professional information are presented in Table 5.

**Table 5:** Personal and professional information

|  |                    | n   | %    |
|--|--------------------|-----|------|
| <b>Educational Status</b>  | High School        | 44  | 7,3  |
|  | Associate Degree   | 31  | 5,1  |
|  | Bachelor's Degree  | 482 | 79,7 |
|  | Post-Graduate      | 48  | 7,9  |
| <b>Working Time in The Profession</b>  | More than 2 years  | 29  | 4,8  |
|  | 2-5 years          | 107 | 17,7 |
|  | 6-10 years         | 151 | 25,0 |
|  | More than 15 years | 318 | 52,6 |
| <b>Working Title</b>   | SCPA               | 112 | 18,6 |
|  | CPA                | 330 | 54,7 |
|  | CA                 | 135 | 22,4 |
|  | Other              | 26  | 4,3  |
| <b>How often do you follow the developments of your profession?</b>              | Never              | 0   | 0,0  |
|  | Seldom             | 4   | ,7   |
|  | Sometimes          | 36  | 6,0  |
|  | Often              | 278 | 46,1 |
| <b>Are you a member of any chamber or community related to your profession?</b>  | Always             | 285 | 47,3 |
|  | Yes                | 530 | 87,7 |
|  | No                 | 74  | 12,3 |
|  | Never              | 32  | 5,3  |
| <b>How often do you attend training and seminars related to your profession?</b> | Seldom             | 91  | 15,1 |
|  | Sometimes          | 176 | 29,1 |
|  | Often              | 249 | 41,2 |
|  | Always             | 56  | 9,3  |

Among the participants who answered the questionnaire, the percentage of those who have a bachelor's degree is %79,7; the percentage of those who have been working for 15 or more years is %52,6; the percentage of those who have CPA (Certified Public Accountant) as a working title is %54,7; the percentage of those who always follow the developments about his or her profession is %47,3; the percentage of those who are member of any chambers or community in relation to his or her profession is %87,7; the percentage of those who frequently attend training and seminars related to his or her profession is %41,2.

The participants' attitudes regarding the importance of resources used in following professional developments are as in Table 6.

**Table 6:** Importance of resources used in following professional developments

|                                      | Very Important |      | Important |      | Moderately Important |      | Not Important |      | Not Important at All |     |
|--------------------------------------|----------------|------|-----------|------|----------------------|------|---------------|------|----------------------|-----|
|                                      | N              | %    | n         | %    | n                    | %    | n             | %    | n                    | %   |
| <b>The Internet</b>                  | 541            | 90,2 | 56        | 9,3  | 2                    | ,3   | 1             | ,2   | 0                    | 0,0 |
| <b>Professional Journals</b>         | 211            | 37,2 | 212       | 37,4 | 51                   | 9,0  | 58            | 10,2 | 35                   | 6,2 |
| <b>Professional Members</b>          | 187            | 34,5 | 289       | 53,3 | 43                   | 7,9  | 20            | 3,7  | 3                    | 0,6 |
| <b>Chambers 'Publishing/Journals</b> | 148            | 27,2 | 276       | 50,7 | 83                   | 15,3 | 26            | 4,8  | 11                   | 2,0 |
| <b>Printed Media</b>                 | 81             | 15,6 | 230       | 44,2 | 154                  | 29,6 | 40            | 7,7  | 15                   | 2,9 |
| <b>Other</b>                         | 51             | 10,9 | 187       | 40,0 | 178                  | 38,1 | 38            | 8,1  | 13                   | 2,8 |

Among the participants who answered the questionnaire, the percentage of those who find the internet as a very important source while following professional developments is %90,2; the percentage of those who find the use of professional journals very important is %37,4; the percentage of those who find the use of professional members very important is %53,3; the percentage of those who find Chambers' Publishing/Journals as a very important source is %50,7; the percentage of those who find the printed media as a very important source is %44,2; the percentage of those who find the use of the other sources very important is %40,0.

The participants' opinions about the most common problems in the accounting profession are presented in Table 7.

**Table 7:** The Most Common Problems in Accounting Profession

|  |                             | n   | %    |
|--|-----------------------------|-----|------|
| <b>What are the most common problems you experienced in the accounting profession?</b> | Frequent Legislative Change | 478 | 79,0 |
|  | Changes in Technologies     | 207 | 34,2 |
|  | Taxpayers' Approach         | 302 | 49,9 |
|  | Unfair Competition          | 300 | 49,6 |
|  | Fee Collection Problem      | 361 | 59,7 |
|  | Others                      | 13  | 2,1  |

Among the participants who answered the questionnaire, most commonly experienced problems experienced in accounting profession are, respectively, frequent legislative change (%79,0); fee collection problem (%59,7); taxpayers' approach (%49,9); unfair competition (%49,6); changes in technologies (%34,2) and others (%2,1).

The information about the companies that are provided services by the participants is as in Table 8.

**Table 8:** Information about the companies that are provided services

|  |  | n   | %    |
|--|--|-----|------|
| Number of the companies you provide services   | 1-25   | 68  | 11,3 |
|  | 26-50  | 179 | 29,6 |
|  | 51-75  | 140 | 23,2 |
|  | 76-100   | 99  | 16,4 |
|  | 100 or more  | 118 | 19,5 |
| Size of the companies you provide services   | Micro-Size   | 48  | 7,9  |
|  | Small-Scale  | 107 | 17,7 |
|  | Medium-Scale   | 414 | 68,5 |
|  | Large-Scale  | 35  | 5,8  |
| Do you serve for companies that require financial reporting other than the Tax Office? | No   | 345 | 57,1 |
|  | Yes, enterprises whose annual return or balance sheet size doesn't exceed 3 million Turkish liras  | 70  | 11,6 |
|  | Yes, enterprises whose annual return or balance sheet size doesn't exceed 25 million Turkish liras   | 100 | 16,6 |
|  | Yes, enterprises whose annual return or balance sheet size is greater than 25 million Turkish liras and doesn't exceed 125 million Turkish liras | 89  | 14,7 |
|  |  |     |      |

Among the participants who answered the questionnaire, the percentage of those who provide services for number of companies between 26 and 50 is %29,6; the percentage of those who offer services for mid-scale enterprises is %68,5; the percentage of those who don't have companies, which request financial reporting, among the enterprises that they serve, except the tax office, is %57,1.

The participants' opinions related to integrated reporting are presented in Table 9.

**Table 9:** Opinions related to integrated reporting

|   |  | n   | %    |
|---|--|-----|------|
| What is your level of knowledge about integrated reporting? | No   | 62  | 10,3 |
|   | A Little   | 144 | 23,8 |
|   | Intermediate   | 241 | 39,9 |
|   | Very Good  | 134 | 22,2 |
|   | Excellent  | 23  | 3,8  |
| How should integrated reporting be?                         | Strategic and External-Oriented                                    | 15  | 2,5  |
|   | Both Current and Forward-Looking                                   | 202 | 33,4 |
|   | Well-Structured by Linking Financial and Non Financial Information | 37  | 6,1  |
|   | Brief and Accessible   | 95  | 15,7 |
| Do you prepare integrated reporting?                        | All of Them  | 256 | 42,3 |
|   | Yes  | 158 | 26,2 |
|   | No   | 445 | 73,8 |

|   |              |     |      |
|---|--------------|-----|------|
|   | None         | 410 | 67,9 |
|   | 1-5          | 146 | 24,2 |
|   | 6-10         | 24  | 4,0  |
| What is the number of companies that you prepare or will want you to prepare integrated reporting?                    | 11-15        | 8   | 1,3  |
|   | 16-20        | 7   | 1,2  |
|   | 21-25        | 2   | ,3   |
|   | 26-30        | 1   | ,2   |
|   | More than 30 | 6   | 1,0  |
| Do you believe that preparing integrated reporting will contribute to transparency and competition in the profession? | Yes          | 452 | 74,7 |
|   | No           | 153 | 25,3 |
| Should integrated reporting be practised in Turkey?   | Yes          | 451 | 74,8 |
|   | No           | 152 | 25,2 |

Among accountants who participate in the study, the percentage of those who have intermediate knowledge about integrated reporting is %39,9; the percentage of those who think that integrated reporting should be Strategic and external-oriented, both current and forward-looking, Well-structured by linking financial and non-financial information, brief and accessible is %42,3; the percentage of those who prepare integrated reporting is %73,8, the percentage of those who don't have companies that they prepare or will want them to prepare integrated reporting%67,9; the percentage of those who think it will contribute to transparency and competition in the profession is %74,7; the percentage of those who think integrated reporting should be practised in Turkey is %74,8.

### 4.3. Descriptive Statistics of the Scales

The descriptive statistics of the scales are as in Table 10.

**Table 10:** Descriptive statistics of agreement to the statements of the opinions related to integrated reporting and the advantages of integrated reporting for SMEs

|   | n   | Average | ss   | Skewness | Kurtosis |
|---|-----|---------|------|----------|----------|
| Opinions Related to Integrated Reporting    | 605 | 3,78    | 0,44 | -1,020   | 1,746    |
| Advantages of Integrated Reporting for SMEs | 605 | 3,71    | 0,48 | -,814    | ,966     |

Average scores of participants' opinions related to integrated reporting  $3,78 \pm 0,44$ ; Average scores related to the phrases of the advantages of Integrated Reporting for SMEs is  $3,71 \pm 0,48$ . Since, for both measurement scores, skewness and kurtosis values are between +3 and - 3, for this analyzes, parametric test methods were used.

### 4.4. Correlation Analysis of the Scales

The result of the correlation analysis of the scales is presented in Table 11.

**Table 11:** Analysis of the relationship between the opinions related to integrated reporting and the advantages of integrated reporting for SMEs

|   |   | Opinions Related to Integrated Reporting | Advantages of Integrated Reporting for SMEs |
|---|---|--|---|
| Opinions Related to Integrated Reporting    | r | 1  | ,752**                                      |
|   | p |  | ,000  |
| Advantages of Integrated Reporting for SMEs | r |  | 1   |
|   | p |  |   |

p\*<0,05; p\*\*<0,01

According to the result of correlation analysis;

There is a strong positive relationship between the Opinions Related to Integrated Reporting and the advantages of Integrated Reporting for SMEs. ( $p<0,05$   $r=,752$ ). According to this, authorities who have a positive attitude on the Opinions Related to Integrated Reporting are most likely to have a positive attitude on the Advantages of Integrated Reporting for SMEs.

#### 4.5. Further Analyzes with t-test and ANOVA

The results of the ANOVA and t-test analyzes are provided in the following tables.

**Table 12:** Analysis of the agreement to the statements about the opinions related to integrated reporting and the advantages of integrated reporting for SMEs in terms of working title

|   |       | N   | Average | Ss   | F      | P     | Binary Difference |
|---|-------|-----|---------|------|--------|-------|-------------------|
| Opinions Related to Integrated Reporting    | SCPA  | 112 | 3,97    | 0,41 |        |       | 1-2               |
|   | CPA   | 330 | 3,70    | 0,41 | 12,906 | ,000* | 1-4               |
|   | CA    | 135 | 3,85    | 0,51 |        |       | 2-3               |
|   | Other | 26  | 3,66    | 0,40 |        |       |                   |
| Advantages of Integrated Reporting for SMEs | SCPA  | 112 | 3,88    | 0,46 |        |       | 1-2               |
|   | CPA   | 330 | 3,63    | 0,46 | 9,512  | ,000* | 1-4               |
|   | CA    | 135 | 3,79    | 0,52 |        |       | 2-3               |
|   | Other | 26  | 3,60    | 0,40 |        |       |                   |

\* $p<0,05$

According to the results of the analysis of the agreement to the statements about the Opinions Related to Integrated Reporting and the Advantages of Integrated Reporting for SMEs in terms of working Title;

There is a statistically significant difference between groups with different working titles in terms of the agreement to the statements about the Opinions Related to Integrated Reporting ( $p<0,05$ ). The average score of those whose title is SCPA (Sworn-in Certified Public Accountant) is 3,97; for those whose title is CPA (Certified Public Accountant), it is 3,70; for those whose title is CA (Chartered Accountant), it is 3,85; for others, it is 3,66. According to this, agreement to the statements about the Opinions Related to Integrated Reporting is maximum for those whose working title is CA and minimum for the others,

There is a statistically significant difference between groups with different working titles in terms of the agreement to the statements about the Advantages of Integrated Reporting for SMEs ( $p<0,05$ ). The average score of those whose title is SCPA is 3,88; for those whose title is CPA, it is 3,63; for those whose title is CA, it is 3,79; for others, it is 3,60. According to this, agreement to the statements about the Advantages of Integrated Reporting for SMEs is maximum for those whose working title is SCPA and minimum for the others.

**Table 13:** Analysis of the agreement to the statements about the opinions related to integrated reporting and the Advantages of Integrated Reporting for SMEs in terms of frequency of following the developments in the profession

|  |                  | n   | Average | ss   | F      | p     | Binary Difference |
|--|------------------|-----|---------|------|--------|-------|-------------------|
| <b>Opinions Related to Integrated Reporting</b>    | Seldom/Sometimes | 40  | 3,68    | 0,49 |        |       | 1-2               |
|  | Often            | 278 | 3,92    | 0,43 | 26,359 | ,000* | 2-3               |
|  | Always           | 285 | 3,66    | 0,42 |        |       |                   |
| <b>Advantages of Integrated Reporting for SMEs</b> | Seldom/Sometimes | 40  | 3,50    | 0,57 |        |       | 1-2               |
|  | Often            | 278 | 3,85    | 0,43 | 24,494 | ,000* | 2-3               |
|  | Always           | 285 | 3,60    | 0,47 |        |       |                   |

\* $p<0,05$

According to the results of the analysis of the agreement to the statements about the Opinions Related to Integrated Reporting and the Advantages of Integrated Reporting for SMEs in terms of Frequency of Following the Developments in the Profession;

There is a statistically significant difference between groups with different frequencies of following the developments in the profession in terms of the agreement to the statements about the Opinions Related to Integrated Reporting ( $p<0,05$ ). The average score of those who follow seldom/sometimes is 3,68; the average score of those who follow often is 3,92; the average score of those who follow always is 3,66. According to this, agreement to the statements about the Opinions Related to Integrated Reporting is maximum for those who follow often while it is minimum for those who follow seldom/sometimes,

There is a statistically significant difference between groups with different frequencies following the developments in the profession in terms of the agreement to the statements about the Advantages of Integrated Reporting for SMEs( $p<0,05$ ). The average score of those who follow seldom/sometimes is 3,50; the average score of those who follow often is 3,85; the average score of those who follow always is 3,60. According to this, agreement to the statements about the Advantages of Integrated Reporting for SMEs is maximum for those who follow while it is minimum for those who follow seldom/sometimes.

**Table 14:** Analysis of the agreement to the statements about the Opinions Related to Integrated Reporting and the Advantages of Integrated Reporting for SMEs in terms of membership in any chamber or community related to the profession

|  |     | n   | Average | ss   | t            | p            |
|--|-----|-----|---------|------|--------------|--------------|
| <b>Opinions Related to Integrated Reporting</b>    | Yes | 530 | 3,80    | 0,45 | <b>2,701</b> | <b>,007*</b> |
|  | No  | 74  | 3,65    | 0,38 |              |              |
| <b>Advantages of Integrated Reporting for SMEs</b> | Yes | 530 | 3,73    | 0,49 | <b>2,771</b> | <b>,007*</b> |
|  | No  | 74  | 3,58    | 0,41 |              |              |

\*p<0,05

According to the results of the analysis of the agreement to the statements about the Opinions Related to Integrated Reporting and the Advantages of Integrated Reporting for SMEs in terms of Membership In Any Chamber Or Community Related To The Profession;

There is a statistically significant difference between groups with different status of membership in any chamber or community related to the profession in terms of the agreement to the statements about the Opinions Related to Integrated Reporting ( $p<0,05$ ). While the average score for those who have a membership is 3,80, it is 3,65 for those who don't have a membership. According to this, agreement to the statements about the Opinions Related to Integrated Reporting is greater for those who have a membership,

There is a statistically significant difference between groups with different status of membership in any chamber or community related to the profession in terms of the agreement to the statements about the Advantages of Integrated Reporting for SMEs ( $p<0,05$ ). While the average score for those who have a membership is 3,73, it is 3,58 for those who don't have a membership. According to this, agreement to the statements about the Advantages of Integrated Reporting for SMEs is greater for those who have a membership.

**Table 15:** Analysis of the agreement to the statements about the opinions related to integrated reporting and the advantages of integrated reporting for SMEs in terms of frequency of attending training and seminars related to the profession

|  |           | n   | Average | ss   | F            | p            | Binary Difference |
|--|-----------|-----|---------|------|--------------|--------------|-------------------|
| <b>Opinions Related to Integrated Reporting</b>    | Never     | 32  | 3,65    | 0,47 | <b>3,584</b> | <b>,007*</b> | 3-4               |
|  | Seldom    | 91  | 3,79    | 0,33 |              |              |                   |
|  | Sometimes | 176 | 3,72    | 0,42 |              |              |                   |
|  | Often     | 249 | 3,85    | 0,49 |              |              |                   |
|  | Always    | 56  | 3,70    | 0,39 |              |              |                   |
| <b>Advantages of Integrated Reporting for SMEs</b> | Never     | 32  | 3,52    | 0,53 | <b>3,087</b> | <b>,016*</b> | 1-4               |
|  | Seldom    | 91  | 3,70    | 0,39 |              |              |                   |
|  | Sometimes | 176 | 3,66    | 0,48 |              |              |                   |
|  | Often     | 249 | 3,78    | 0,51 |              |              |                   |
|  | Always    | 56  | 3,67    | 0,42 |              |              |                   |

\*p<0,05

According to the results of the analysis of the agreement to the statements about the Opinions Related to Integrated Reporting and the Advantages of Integrated Reporting for SMEs in terms of frequency of attending training and seminars related to the profession;

There is a statistically significant difference between groups with different frequencies of Attending Training and Seminars Related to the Profession in terms of the agreement to the statements about the Opinions Related to Integrated Reporting ( $p<0,05$ ). The average score for those who attend never is 3,65; for those who attend seldom is 3,79; for those who attend sometimes is 3,72; for those who attend often is 3,85; for those who attend always is 3,70. According to this, agreement to the statements about the Opinions Related to Integrated Reporting is maximum for those who attend often and minimum for those who attend never,

There is a statistically significant difference between groups with different frequencies of Attending Training and Seminars Related to the Profession in terms of the agreement to the Advantages of Integrated Reporting for SMEs ( $p<0,05$ ). The average score for those who attend never is 3,52; for those who attend seldom is 3,70; for those who attend sometimes is 3,66; for those who attend often is 3,78; for those who attend always is 3,67. According to this, agreement to the statements about the Advantages of Integrated Reporting for SMEs is maximum for those who attend often and minimum for those who attend never.

**Table 16:** Analysis of the agreement to the statements about the opinions related to integrated reporting and the advantages of integrated reporting for SMEs in terms of whether they have served for companies, which request financial reporting, other than the tax office

|  |   | n   | Average | ss   | F     | p     | Binary Difference |
|--|---|-----|---------|------|-------|-------|-------------------|
| <b>Opinions Related to Integrated Reporting</b>    | No  | 345 | 3,75    | 0,49 |       |       | 1-4               |
|  | Yes, enterprises whose annual return or balance sheet size doesn't exceed 3 million   | 70  | 3,74    | 0,41 |       |       | 2-4               |
|  | Turkish liras   |     |         |      |       |       |                   |
|  | Yes, enterprises whose annual return or balance sheet size doesn't exceed 25 million  | 100 | 3,74    | 0,30 | 7,042 | ,000* | 3-4               |
|  | Turkish liras   |     |         |      |       |       |                   |
|  | Yes, enterprises whose annual return or balance sheet size is greater than 25 million | 89  | 3,98    | 0,35 |       |       |                   |
| <b>Advantages of Integrated Reporting for SMEs</b> | Turkish liras and doesn't exceed 125 million Turkish liras                            |     |         |      |       |       |                   |
|  | No  | 345 | 3,67    | 0,50 |       |       |                   |
|  | Yes, enterprises whose annual return or balance sheet size doesn't exceed 3 million   | 70  | 3,72    | 0,51 |       |       | 1-4               |
|  | Turkish liras   |     |         |      |       |       |                   |
|  | Yes, enterprises whose annual return or balance sheet size doesn't exceed 25 million  | 100 | 3,65    | 0,38 | 6,126 | ,000* | 3-4               |
|  | Turkish liras   |     |         |      |       |       |                   |
|  | Yes, enterprises whose annual return or balance sheet size is greater than 25 million | 89  | 3,90    | 0,42 |       |       |                   |
|  | Turkish liras and doesn't exceed 125 million Turkish liras                            |     |         |      |       |       |                   |

\* $p<0,05$

According to the results of the analysis of the agreement to the statements about the Opinions Related to Integrated Reporting and the Advantages of Integrated Reporting for SMEs in terms of Whether They Have Served for Companies, Which Request Financial Reporting, Other Than the Tax Office;

There is a statistically significant difference between the groups whether they have served for companies, which request financial reporting, other than the tax office, or not in terms of the agreement to the statements about the Opinions Related to Integrated Reporting. ( $p<0,05$ ). The average score for the enterprises that they don't serve is 3,75; the average for the enterprises whose annual return or balance sheet size doesn't exceed 3 million Turkish liras is 3,74; the average for the enterprises whose annual return or balance sheet size doesn't exceed 25 million TLs is 3,74 average for the enterprises whose annual return or balance sheet size is greater than 25 million TLs but doesn't exceed 125 million TLs is 3,98. According to this, enterprises that have served for companies, which request financial reporting, other than the tax office and whose annual return or balance sheet size is greater than 25 million TLs but doesn't exceed 125 million TL have the maximum agreement to the statements about the Opinions Related to Integrated Reporting, while enterprises whose annual return or balance sheet size doesn't exceed 3 million TLs or 25 million TLs have minimum.

There is a statistically significant difference between the groups whether they have served for companies, which request financial reporting, other than the tax office, or not in terms of the agreement to the statements about the Advantages of Integrated Reporting for SMEs. ( $p<0,05$ ). The average score for the enterprises that don't serve is 3,67; average for the enterprises whose annual return or balance sheet size doesn't exceed 3 million Turkish liras is 3,72; average for the enterprises whose annual return or balance sheet size doesn't exceed 25 million TLs is 3,65 average for the enterprises whose annual return or balance sheet size is greater than 25 million TLs but doesn't exceed 125 million TLs is 3,90. According to this, enterprises that have served for companies, which request financial reporting, other than the tax office and whose annual return or balance sheet size is greater than 25 million TLs but doesn't exceed 125 million TLs have the maximum agreement to the statements about the Advantages of Integrated Reporting for SMEs, while enterprises whose annual return or balance sheet size doesn't exceed 25 million TLs have minimum.

**Table 17:** Analysis of the agreement to the statements about the opinions related to integrated reporting and the advantages of integrated reporting for SMEs in terms of the level of knowledge about integrated reporting

|   | N            | Average | ss   | F    | p                  | Binary Difference |
|---|--------------|---------|------|------|--------------------|-------------------|
| <b>Opinions Related to Integrated Reporting</b> | No           | 62      | 3,54 | 0,52 |                    | 1-2               |
|   | A Little     | 144     | 3,76 | 0,40 |                    | 1-3               |
|   | Intermediate | 241     | 3,78 | 0,45 | <b>7,786 ,000*</b> | 1-4               |
|   | Very Good    | 134     | 3,91 | 0,40 |                    | 2-4               |
|   | Excellent    | 23      | 3,81 | 0,29 |                    | 3-4               |

|  |              |     |      |      |       |                   |
|--|--------------|-----|------|------|-------|-------------------|
| <b>Advantages of Integrated Reporting for SMEs</b> | No           | 62  | 3,46 | 0,57 | ,000* | 1-2<br>1-3<br>1-4 |
|  | A Little     | 144 | 3,69 | 0,43 |       |                   |
|  | Intermediate | 241 | 3,73 | 0,47 |       |                   |
|  | Very Good    | 134 | 3,83 | 0,46 |       |                   |
|  | Excellent    | 23  | 3,62 | 0,48 |       |                   |

\*p<0,05

According to the results of the analysis of the agreement to the statements about the Opinions Related to Integrated Reporting and the Advantages of Integrated Reporting for SMEs in terms of the Level of Knowledge About Integrated Reporting:

There is a statistically significant difference between the groups with different levels of knowledge about integrated reporting in terms of the agreement to the statements about the Opinions Related to Integrated Reporting. (p<0,05). The average score for those who have no knowledge is 3,54; for those who have a little knowledge is 3,76; for those who have intermediate knowledge is 3,78; for those who have very good knowledge is 3,91; for those who have excellent knowledge is 3,81. According to this, the agreement to the statements about the Opinions Related to Integrated Reporting is maximum for those who have very good knowledge, while the minimum for those who have no knowledge,

There is a statistically significant difference between the groups with different levels of knowledge about integrated reporting in terms of the agreement to the statements about the Advantages of Integrated Reporting for SMEs. (p<0,05). The average score for those who have no knowledge is 3,46; for those who have a little knowledge is 3,69; for those who have intermediate knowledge is 3,73; for those who have very good knowledge is 3,83; for those who have excellent knowledge is 3,62. According to this, the agreement to the statements about the Advantages of Integrated Reporting for SMEs is maximum for those who have very good knowledge, while minimum for those who have no knowledge.

**Table 18:** Analysis of the agreement to the statements about the opinions related to integrated reporting and the advantages of integrated reporting for SMEs in terms of thinking how integrated reporting should be

|  |  | n   | Average | ss   | F      | p     | Binary Difference |
|--|--|-----|---------|------|--------|-------|-------------------|
| <b>Opinions Related to Integrated Reporting</b>    | Strategic and External-Oriented                                    | 15  | 3,37    | 0,68 |        |       | 1-4               |
|  | Both Current and Forward-Looking                                   | 202 | 3,67    | 0,42 |        |       | 1-5               |
|  | Well-Structured by Linking Financial and Non-Financial Information | 37  | 3,48    | 0,58 | 21,610 | ,000* | 2-5               |
|  | Brief and Accessible   | 95  | 3,78    | 0,41 |        |       | 3-4               |
|  | All of Them  | 256 | 3,94    | 0,36 |        |       | 3-5               |
| <b>Advantages of Integrated Reporting for SMEs</b> | Strategic and External-Oriented                                    | 15  | 3,41    | 0,67 |        |       | 1-5               |
|  | Both Current and Forward-Looking                                   | 202 | 3,67    | 0,42 |        |       | 2-3               |
|  | Well-Structured by Linking Financial and Non-Financial Information | 37  | 3,42    | 0,55 | 8,833  | ,000* | 2-5               |
|  | Brief and Accessible   | 95  | 3,69    | 0,48 |        |       | 3-4               |
|  | All of Them  | 256 | 3,81    | 0,47 |        |       | 3-5               |

\*p<0,05

According to the results of the analysis of the agreement to the statements about the Opinions Related to Integrated Reporting and the Advantages of Integrated Reporting for SMEs in terms of thinking How Integrated Reporting Should Be;

There is a statistically significant difference between the groups with different thoughts on how integrated reporting should be in terms of the agreement to the statements about the Opinions Related to Integrated Reporting. ( $p<0,05$ ). Average score for those who think it should be Strategic and external-oriented is 3,37; for those who think it should be both current and forward-looking is 3,67; for those who think it should be Well-structured by linking financial and non-financial information is 3,48; for those who think it should be brief and accessible is 3,78 and for those who think it should have all is 3,94. According to this, agreement to the statements about the Opinions Related to Integrated Reporting is maximum for those who think it should have all, while it is minimum for those who think it should be Strategic and external-oriented,

There is a statistically significant difference between the groups with different thoughts on how integrated reporting should be in terms of the agreement to the statements about the Advantages of Integrated Reporting for SMEs ( $p<0,05$ ). Average score for those who think it should be Strategic and external-oriented is 3,41; for those who think it should be both current and forward-looking is 3,67; for those who think it should be Well-structured by linking financial and non-financial information is 3,42; for those who think it should be brief and accessible is 3,69 and for those who think it should have all is 3,81. According to this, agreement to the statements about the Advantages of Integrated Reporting for SMEs is maximum for those who think it should have all, while it is minimum for those who think it should be Strategic and external-oriented.

**Table 19:** Analysis of the agreement to the statements about the opinions related to integrated reporting and the advantages of integrated reporting for SMEs in terms of numbers of companies that integrated reporting was prepared or will be required to prepare

|   |           | n   | Average | Ss   | F     | p     | Binary Difference |
|---|-----------|-----|---------|------|-------|-------|-------------------|
| Opinions Related to Integrated Reporting    | None      | 410 | 3,74    | 0,47 |       |       |                   |
|   | 1-5       | 146 | 3,88    | 0,36 | 6,505 | ,002* | 1-2               |
|   | 6 or more | 48  | 3,84    | 0,37 |       |       |                   |
| Advantages of Integrated Reporting for SMEs | None      | 410 | 3,68    | 0,48 |       |       |                   |
|   | 1-5       | 146 | 3,78    | 0,50 | 3,395 | ,034* | 1-2               |
|   | 6 or more | 48  | 3,80    | 0,42 |       |       |                   |

\* $p<0,05$

According to the results of the analysis of the agreement to the statements about the Opinions Related to Integrated Reporting and the Advantages of Integrated Reporting for SMEs in terms of Numbers of Companies that Integrated Reporting Was Prepared or Will Be Required to Prepare;

There is a statistically significant difference between the groups with different numbers of companies that integrated reporting was prepared or will be required to prepare in terms of the agreement to the statements about the Opinions Related to Integrated Reporting. ( $p<0,05$ ). The average score for those who don't have any is 3,74; it is 3,88 for those who have a number of companies between 1 and 5; it is 3,84 for those who have a number of companies are 6 or more. According to this, agreement to the statements about the Opinions Related to Integrated Reporting is maximum for those who have numbers of companies that integrated reporting was prepared or will be required to prepare between 1 and 5, while minimum for the others,

There is a statistically significant difference between the groups with different numbers of companies that integrated reporting was prepared or will be required to prepare in terms of the agreement to the statements about the Advantages of Integrated Reporting for SMEs ( $p<0,05$ ). The average score for those who don't have any is 3,68; it is 3,78 for those who have a number of companies between 1 and 5, it is 3,80 for those who have a number of companies are 6 or more. According to this, agreement to the statements about the Advantages of Integrated Reporting for SMEs is maximum for those who have numbers of companies that integrated reporting was prepared or will be required to prepare 6 or more, while minimum for the others.

**Table 20:** Analysis of the agreement to the statements about the opinions related to integrated reporting and the advantages of integrated reporting for SMEs in terms of whether or not believing in preparing integrated report contribute to transparency and competition in the profession

|  |     | n   | Average | ss   | t            | p            |
|--|-----|-----|---------|------|--------------|--------------|
| <b>Opinions Related to Integrated Reporting</b>    | Yes | 452 | 3,80    | 0,43 | <b>1,749</b> | <b>,082</b>  |
|  | No  | 153 | 3,72    | 0,47 |              |              |
| <b>Advantages of Integrated Reporting for SMEs</b> | Yes | 452 | 3,73    | 0,48 | <b>2,075</b> | <b>,038*</b> |
|  | No  | 153 | 3,64    | 0,48 |              |              |

\* $p<0,05$

According to the results of the analysis of the agreement to the statements about the Opinions Related to Integrated Reporting and the Advantages of Integrated Reporting for SMEs in terms of whether or not Believing in Preparing Integrated Report Contribute to Transparency and Competition In The Profession;

There isn't a statistically significant difference between groups with different beliefs in preparing integrated report to contribute to transparency and competition in the profession in terms of the agreement to the statements about the Opinions Related to Integrated Reporting ( $p>0,05$ ),

There is a statistically significant difference between the groups with different beliefs in preparing integrated report to contribute to transparency and competition in the profession in terms of the agreement to the statements about the Advantages of Integrated Reporting for SMEs ( $p<0,05$ ). The average score for those who believe in preparing integrated report will contribute to transparency

and competition in the profession is 3,37, while for those who don't believe it is 3,64. According to this, agreement to the statements about the Advantages of Integrated Reporting for SMEs is greater for those who believe preparing integrated report will contribute to transparency and competition in the profession.

**Table 21:** Analysis of the agreement to the statements about the opinions related to integrated reporting and the advantages of integrated reporting for SMEs in terms of thinking integrated reporting should be practised in Turkey

|  |     | n   | Average | ss   | t            | p            |
|--|-----|-----|---------|------|--------------|--------------|
| <b>Opinions Related to Integrated Reporting</b>    | Yes | 451 | 3,81    | 0,42 | <b>2,646</b> | <b>,009*</b> |
|  | No  | 152 | 3,69    | 0,50 |              |              |
| <b>Advantages of Integrated Reporting for SMEs</b> | Yes | 451 | 3,73    | 0,46 | <b>2,043</b> | <b>,042*</b> |
|  | No  | 152 | 3,64    | 0,52 |              |              |

\*p<0,05

According to the results of the analysis of the agreement to the statements about the Opinions Related to Integrated Reporting and the Advantages of Integrated Reporting for SMEs in terms of thinking integrated reporting should be practised in Turkey;

There is a statistically significant difference between the groups with different thoughts of whether integrated reporting should be practised in Turkey in terms of the agreement to the statements about the Opinions Related to Integrated Reporting ( $p<0,05$ ). The average score for those who want it to be practised is 3,81, while for those who don't it is 3,69. According to this, agreement to the statements about the Opinions Related to Integrated Reporting is greater for those who want integrated reporting should be practised.

There is a statistically significant difference between the groups with different thoughts of whether integrated reporting should be practised in Turkey in terms of the agreement to the statements about the Advantages of Integrated Reporting for SMEs ( $p<0,05$ ). The average score for those who want it to be practised is 3,73, while for those who don't it is 3,64. According to this, agreement to the statements about the Advantages of Integrated Reporting for SMEs is greater for those who want integrated reporting should be practised.

In addition to these;

No statistical difference was found in the analyzes of the agreement to the statements about the Opinions Related to Integrated Reporting and the Advantages of Integrated Reporting for SMEs in terms of;

- Educational status,
- Working time in the profession,

- Number of companies that are provided services,
- Size of companies that are provided services,
- Preparing integrated report.

## 5. Discussion and Conclusion

Today, together with the social and organizing reports which increase the importance of sustainability cases (depicted in respect to administrative, environmental, and social), different economic and sustainability report studies are not enough to provide these functions. Shareholders and investors desire to comprehend in which way they can maintain the relationship forms between the economic and non-economic performance standards. To fulfill this situation, enterprises should prepare data related to enterprise activities in both the short and long run starting from organizing the report. It is foreseen that enterprises indicate not only financial inputs and outputs but also the value received for the environment, society, and shareholders. The needs that emerged in the business life at that time can make a change in the predictions of the shareholders and lead corporate reporting activities to develop and transform in order to react to the case in point. The concept of integrated reporting is originated to be able to deliver the data, which creates value, in a simple, understandable, and clear way to all data users.

This study in which the opinions and suggestions on integrated reporting are being researched, the opinions of Sworn-in Certified Public Accountant, Certified Public Accountant, Chartered Accountant, and Financial Advisor, and individuals who are from other similar professions are consulted. It is determined that the participants of the research always follow the developments related to their professions, many of them are the members of a chamber or a community related to their professions, and they frequently participate in the training or seminars related to their professions. In this sense, it is possible to state that participants range in platforms in which they can follow the current developments of their professions and they show an effort to catch up with the current situation. Also, it is detected that the internet is the most frequently used tool, while the participants follow professional developments. One of the most encountered problems in accounting is frequent legislative change. It is seen that accountants have a problem to follow the frequent legislative changes during intense work pressure, and this situation leads to work-load fluctuation.

It is observed that the accountants have a predominantly medium level knowledge about integrated reporting, whereas the two-thirds do not prepare integrated reporting. Besides, it is confirmed that many of the participants believe in the idea that preparing integrated reporting provides transparency in their profession and contributes to the competition and they want integrated reporting to become widespread / included in the legislation. It is recommended that in order to gain an advantage in competition with globalization, processes should be accelerated, efforts should be made to provide access to information more fluent and easier, and accountants who included in the sample

group should develop themselves about integrated reporting, and campaigns, information, and various incentives should be provided for these development processes.

It is found that individuals, who are in the group of the accounting profession, highly participate in the statements of the measurement tool in which the opinions on integrated reporting are included. There are some aims of integrated reporting such as drawing the enterprise and enterprise's activity field's limits in a clear and understandable way, providing realistic data about the service and the products. The statement which is mostly confirmed by the accountants is the idea that integrated reporting increases trust in the enterprise because of the increased transparency and high-quality reporting. In this context, it can be stated that declarations that are open to the general public and transparent in financial records can positively result in the enterprises. Yet, another common idea in the same case is there is not enough substructure for the integrated reporting in Turkey. Even though the result of this study shows that accountants do not frequently use integrated reporting, it is confirmed that the emphasize of easiness, openness, fluency of integrated reporting is made, but it is seen that these integrated reporting activities cannot become widespread because of the lack of substructure (legislation, coordination, hardware).

It is stated that the level of participation in the statements of the measurement tool that the opinions of the individuals in the accounting profession group on the advantages provided by integrated reporting for SMEs are high. The biggest advantage for SMEs is evaluated as they can see the future for the long-term. The prediction of financial outputs for a enterprise is of vital importance. Financial information that is presented in certain coordination brings a general view and corporate identity of a enterprise into the forefront and provide a positive effect on their performance levels. Also, another advantage of integrated reporting for the SMEs is that it provides SMEs to see the potential risks. The scope of integrated reporting is constituted by how enterprise determine their aims and which regulations they make in order to achieve these aims are calculated in a detailed way, and performance assessments and risk analyses that respond to the shareholders' expectations. In this circumstance, in order for SMEs to extend and become large-scale enterprises, they need to provide integrated reporting organizations and activities.

Another result obtained from this study is that the ones who more frequently follow the developments related to their professions have more positive and open opinions on integrated reporting. Taking into consideration that our age is an information age, it is thought that accountants who follow lots of legislation changing every day closely seem to be more mild-mannered to the integrated reporting system. These individuals foresee that the workload and rapid process creation foreseen in the following years can only be overcome by an activity such as integrated reporting.

It is determined that the accountants who are members of a chamber or an establishment have a more positive look at the processes of integrated reporting and they are more knowledgeable than others. It can be said that in case of being a member of a chamber or an establishment, it becomes easier

to follow the developments and transforms within the profession and the more current and faster information is obtained from these establishments.

It is determined that the accountants who participate in training and seminars related to the profession are more knowledgeable, and they have more positive attitudes towards this field. In this sense, the frequency of these training and seminars should be increased in order to present healthy information about the activities and processes of integrated reporting and the accountants should be encouraged to participate in these training and seminars.

It's thought that Turkish executive authorities and non-governmental authorities should take a position in the digitalization of the world. Turkey neither took part in the Industrial Revolution in the 1890s nor in the Communication Revolution in 1950s, but Turkey needs to involve in Digitalization Revolution. It's believed that this is a very important chance for Turkey's economic development. If Turkey succeeds to make the SMEs which are consisted of 99% economic activity, accountable and transparent, it doesn't have to depend on foreign borrowing. Thus, foreign investors become very eager to invest in Turkish companies. Integrated thinking and reporting are very important tools for economic development. It's thought that Turkish accountants can play a very suitable intermediary role for necessary adjustments in integrated reporting towards companies.

## References

- Aktürk, O. (2014). Impact of the economic crisis on smes: A general evaluation on smes in Turkey. *European Journal of Social Sciences Education and Research*. 1(1), 169-173.
- Aras, G., Özsözgün Çalışkan, A., & Esen, E. (2019). *Türkiye'de Entegre Raporlama: Mevcut Durum, Paydaşların Algı ve Beklentileri*. İstanbul: ACCA, CFGS, KPMG.
- Black Sun Plc. (2014, September). Realizing the benefits: The impact of integrated reporting. *Retrieved from International Integrated Reporting Council: http://integratedreporting.org/wp-content/uploads/2014/09/*.
- Büyüköztürk, Ş., Kılıç Çakmak, E., Akgün, Ö. E., Karadeniz, Ş., & Demirel, F. (2018). *Bilimsel Araştırma Yöntemleri*. Ankara: Pegem Akademi Yayıncıları.
- Churet, C., & Eccles, R. G. (2014). Integrated reporting, quality of management, and financial performance. *Journal of Applied Corporate Finance*. 26(1), 56-64.
- Dada, A. (2015, November 19). Benefit of international integrated reporting framework to all economies. *Retrieved from The News: https://www.thenewsnigeria.com.ng/2015/11/19/benefit-of-international-integrated-reporting-framework-to-all-economies/*.
- De Carlo, L. T. (1997). On the meaning and Use of Kurtosis. *Psychological Methods*, 2(3), 292-307.
- EY. (2014). Integrated reporting:Elevating value. *Retrieved at May 25,2019 from Ernest Young: https://www.ey.com/Publication/vwLUAssets/EY-Integrated-reporting/%24FILE/EY-Integrated-reporting.pdf*.
- Gücenme Gençoğlu, Ü., & Aytaç, A. (2016, Ekim). Kurumsal sürdürülebilirlik açısından entegre raporlananın önemi ve BIST uygulamaları. *Muhasebe ve Finansman Dergisi*, 0(72), 51-66.
- Groeneveld, R. A., & Meeden, G. (1984, December). Measuring skewness and kurtosis. *The Statistician*, 33(4), 391-399.

- Hopkins, K. D., & Weeks, D. L. (1990). Tests for normality and measures of skewness and kurtosis: Their place in research reporting. *Educational and Psychological Measurement*, 50(4), 717-729.
- IFAC. (2016, September 14). The role of SMPs in providing business support to SMEs: New evidence. Retrieved from International Federation of Accountants: <https://www.ifac.org/knowledge-gateway/contributing-global-economy/publications/role-smpls-providing-business-support-smes-new-evidence>.
- IIRC. (2013, May 25). Consultation draft of the international integrated reporting framework. England: International Integrated Reporting Council. Retrieved from Integrated Reporting: <https://integratedreporting.org/wp-content/uploads/2013/03/Consultation-Draft-of-the-InternationalIRFramework.pdf>.
- James, M. L. (2013). Sustainability and integrated reporting: Opportunities and strategies for small and midsize companies. *Entrepreneurial Executive*, 18(1), 17-28.
- Karakaya, M. (2010). KOBİ'lerin küresel ekonomik iklimе uyumunda uluslararası finansal raporlama standartları. *Muhasebe ve Vergi Uygulamaları Dergisi*, 3(2), 1-25.
- Kaya, C. N., & Türegün, N. (2014). Integrated reporting for Turkish small and medium-sized enterprises. *International Journal Of Academic Research in Accounting, Finance and Management Sciences*, 4(1), 358-364.
- Marin, S. (2019, November 08). A Europe for SMEs: Think small first and single market. Retrieved from European Federation of Accountants and Auditors for SMEs: [https://www.efaa.com/cms/upload/efaa\\_files/pdf/Publications/Comment\\_letters/2019/201910\\_ARTICLE\\_SMH\\_EFAA.pdf](https://www.efaa.com/cms/upload/efaa_files/pdf/Publications/Comment_letters/2019/201910_ARTICLE_SMH_EFAA.pdf).
- Moors, J. A. (1986). The meaning of kurtosis: Darlington reexamined. *The American Statistician*, 40(4), 283-284.
- Prinsloo, A. (2012). Integrated reporting for SMEs in Africa. SAIPA National Conference.
- Robson, C. (2002). *Real World Research: A Resource for Social Scientists and Practitioner-Researchers* (2nd ed.). Oxford: Blackwell Publishers Ltd.
- Szonyi, A. J. (1991). *Small Business Management Fundamentals*. Toronto: McGraw Hill Ryerson Limited.
- Thompson, P. (2019, March 07). What can the European profession learn from the 2018 IFAC global SMP survey? Retrieved from European Federation of Accountants and Auditors for SMEs: [https://www.efaa.com/cms/upload/efaa\\_files/pdf/Publications/Comment\\_letters/2019/IFAC\\_Global\\_SMP\\_Survey\\_Europe\\_Results\\_EFAA.pdf](https://www.efaa.com/cms/upload/efaa_files/pdf/Publications/Comment_letters/2019/IFAC_Global_SMP_Survey_Europe_Results_EFAA.pdf).
- TSI (2017). Statistics of small and medium sized enterprises in 2016, 2015, 2014 and 2013 Retrieved from www.tuik.gov.tr