Integrated reporting as a strategy for firm growth: multiple case study in Colombia

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Abstract

Purpose – The purpose of this paper is to evaluate the implementation of the integrated reporting (IR) framework in a group of Colombian enterprises.

Design/methodology/approach – This is a multiple-case study in six enterprises that use the IR framework. The selected enterprises, all of which were located in either Bogota or Medellin, were Argos, EEB, EPM, ISA, Nutresa and Ocensa. The authors conducted individual interviews of reporters and performed a documentary analysis.

Findings – The few Colombian firms that use the IR framework all have ambitious expansion goals in the medium term. The main reason for the adoption of the IR framework in these firms is that it facilitates access to resources from new foreign investors.

Research limitations/implications – Since the framework was published recently, only a few Colombian firms follow it, and several of them do not apply all of its components. In the future, there will be more reports and a higher level of framework application.

Practical implications – In the firms studied, the IR framework is an important tool to support the search strategies of new sources of financial capital.

Social implications – If the use of the International Integrated Reporting Council (IIRC) framework were to diminish the application of the GRI, firms would be less likely to evaluate the impact of their activities on numerous stakeholders (other than shareholders).

Originality/value – This is the first Colombian study of IR to include both documentary analysis and personal interviews.

Keywords Colombia, Case study, Integrated reporting, Emerging markets, Multilatina, Sustainability

Paper type Research paper

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1. Introduction

Integrated reporting (IR) has recently been presented as a guide for organizations whose sustainability, financial and corporate governance reports are prepared separately by multiple contributors. On the basis of materiality, the goal of IR is to present the information in a concise manner, link strategy and sustainability dimensions with value creation, focus the organization's risks and create explicit links that allow integrated thinking [International Integrated Reporting Council (IIRC), 2013]. However, the IR framework focuses on current and potential investors concerned about both risk assessment and the potential for future growth, instead of on all stakeholders. The implementation of the IR framework raises numerous questions about progress regarding social and environmental matters (de Villiers *et al.*, 2014).

In the 2014 IR special issue in *AAAJ*, this matter was analysed through both conceptual and fieldwork papers. An instrument was proposed to help implement the IR concept (Haller and van Staden, 2014), and it was suggested that accounting and reporting information standards could either help or hinder efforts to promote sustainable business practices (Brown and Dillard, 2014). Moreover, the process of IR institutionalization in Australia (Higgins *et al.*, 2014) and the complex set of logics to be reconciled to realize the benefits of IR were presented (van Bommel, 2014). Likewise, the internal mechanisms used by Australia's first users of IR have been presented and the emergence of innovative outreach mechanisms explored (Stubbs and Higgins, 2014). That special issue concluded that the emerging field of IR offers theoretical and empirical challenges attributable to the different ways of understanding this topic in organizations and consequently, a future research agenda was proposed (de Villiers *et al.*, 2014).

Other IR framework components have been analysed in different studies. For example, some authors argue that "business model" and "integrated reporting" frameworks are not related to accounting (Beattie and Smith, 2013); the application of IR has advantages in terms of integrated thinking (Adams, 2015) and its structure analysis enables us to identify issues for future research (Simnett and Huggins, 2015). Other discussions have considered the perceptions of business managers applying IR in South African companies (Steyn, 2014), discussions with graduate students in Belgium (Bouten and Hoozée, 2015), and how to use these reports as a strategic asset (Segal *et al.*, 2017). Empirical evidence in numerous companies and countries shows that the type of companies that are interested in the IR framework are non-financial multinationals, located in civil-law countries and in societies with strong collectivist values (Frías-Aceituno *et al.*, 2013a, 2013b; García-Sánchez *et al.*, 2013).

The originality of our work is that we present a multiple case study (Eisenhardt, 1989; Yin, 2008) of the process of implementing the IR framework in six companies located in a region that has not participated in discussions about IR, namely, Latin America. These companies have unique characteristics both for the region and for the country where their headquarters are located (Colombia). The analyses are based on documents and individual interviews with reporters in the case organizations.

This work is guided by questions such as the following:

Q1. How is the context of information and sustainability influenced by the IR framework?

Q2. Locally, is the IR framework becoming the mainstream for reporting?

Q3. What changes induced the use of the IR framework in sustainability reporting?

Q4. Is the implementation of the framework exclusively an information process or does it generate new dynamics in the organization?

Q5. How can companies draft concise reports while involving all stakeholders?

Q6. Has integrated thinking been applied?

Q7. Who uses the information in the integrated reports?

The following section provides a brief literature review, in which we highlight the central concepts in the framework. Next, we explain our method, present our individual and cross-analyses of the studied cases and provide a discussion. Finally, we offer our conclusions.

2. Literature review

Studies and practical developments in corporate social responsibility and sustainability reports preceded integrated reports. Corporate responsibility reporting (CRR) addresses enterprises' ethical, economic, environmental and social impacts; it is not only a mechanism of accountability but also an internal management tool (De Klerk and De Villiers, 2012; Unerman *et al.*, 2010). It is clear that, both, public and private organizations, should integrate sustainability considerations into their decision-making and reporting (Hopwood *et al.*, 2010). However, companies do what they deem necessary to preserve their image. Therefore, non-financial information is provided to reduce a firm's reputation risk (De Villiers and Van Staden, 2006; Unerman, 2008). This phenomenon is explained in the literature by the theory of legitimacy, that is, the interaction and interdependence between the enterprise and its stakeholders, to achieve pragmatic, moral and cognitive legitimacy (O'Dwyer *et al.*, 2011). Recently, it has been proposed to present financial information, the three dimensions of sustainability and corporate governance in a single integrated report [International Integrated Reporting Council (IIRC), 2013].

2.1 Integrated reporting framework of International Integrated Reporting Council

According to the International Integrated Reporting Council IIRC's (2013) conceptual framework for the development of IRs, these demonstrate an organization's ability to create value over time by determining material issues and how these issues are disclosed. They also express connectivity information, interactions, activities and relationships when these issues have an effect on financial, industrial, intellectual, human, social and relational and natural capital. The exercise of creating an integrated report should allow the organization to better understand its strategy and how it creates value in the short-, medium- and long-term by using different types of capital.

An integrated report is a concise communication of the integration of an organizational strategy with corporate governance, the three dimensions of sustainability and how those dimensions of sustainability create value in the short-, medium- and long-term (Busco *et al.*, 2013; Simnett and Huggins, 2015). These reports have the potential to change corporate actors' thinking: they emphasize long-term thinking, broaden the vision of value and its process of creation and assess the business model (Adams, 2015). In addition, to analyse such reports, it is necessary to go beyond accounting, moving towards a more integrated and interdisciplinary approach (O'Dwyer and Unerman, 2014).

The IR framework differs from the three dimensions of sustainability that organizations have been using for the past decade. On the one hand, sustainability reports disclosed economic, environmental and social information and focused on providing an account of the organization's impact on various stakeholders. On the other hand, organizations that prepare integrated reports are interested in plans and future actions with a focus on value creation and risk assessment to attract both capital providers and potential investors. In other words, with the IR framework, impacts are not measured in themselves, but instead are incorporated into reports to the extent that they affect value creation. In addition, the Global Reporting Initiative (GRI) guidelines are focused on the organization's impact on stakeholders, whereas the IR framework focuses on the risks to the organization of operating where it does. Thus, the central concern of the GRI framework is to reduce negative impacts on stakeholders, whereas the IR framework focuses on the opportunities and risks for the organization. In both frameworks, the collective definition of materiality is the starting point.

2.2 Integrated thinking, business model, value creation, capitals and materiality

IRs are designed to support organizations with the goal of creating value in the short-, medium- and long-term. An organization's ability to create value is reflected in its organizational strategy, the resilience of its business model, its economic, social and environmental sustainability, the identification of risks and opportunities and the quality of the relationships and evaluations by its stakeholders. In addition, by integrating various levels of the organization, the integrated report makes explicit the mechanisms of value creation, modifies the strategy and mechanisms of resource allocation and can even modify the business model. The IR is neither a corporate report nor is it a mixture of different reports (external and internal, quantitative and qualitative). Instead, it is a management tool that has the ability to add value to organizations that are in the process of change to expand its value creation in the long term.

One of the added values of the use of the IIRC's IR framework is to introduce the concept of integrated thinking to the organization that adopts it. Integrated thinking refers to the connections between different types of capital, planning and decision-making to create value, which requires a broad level of connection between people, functions and information, aligning organizations towards achieving their strategic goals. IR allows an organization to integrate and align traditionally isolated components of the organization through a business model oriented to value creation.

The business model is understood in this framework as the process by which an organization seeks to create and maintain value in the short-, medium- and long-term. It is a system composed of inputs, activities, products and results chosen by the organization. The inputs are the distinct kinds of capital, and the activities consume or transform those inputs to obtain outputs of business such as products, services, waste and other by-products. These outputs are different from the outcomes, which are internal and external consequences for capital at the level of the organization or society.

While the main focus is value creation, the expanded concept of value requires consideration of the multiple types of capital used or affected in the process. These types of capital, as inputs into the business model, are value stores that serve as the basis for an organization's value creation. Its importance is based on the fact that its availability, quality and affordability can affect both the long-term viability of the organization's business model and its ability to create value over time. These types of capital are increased, diminished or transformed through the activities of the organization in which they are consumed or modified, reflecting the ethics and organizational culture through both their and the effects of business activities on them.

The types of capital considered in the framework of the integrated reports are as follows: financial, manufactured, human, intellectual, social and relationship and natural. Financial capital refers to the organization's sources of funds, not to its application to other forms of capital. Manufactured capital includes materials, goods or infrastructure controlled by the organization. Intellectual capital is composed of intangible assets owned by the organization that help to determine competitive advantage. Human capital is composed of the capabilities, knowledge, skills and experiences of the company's employees and managers, which act as drivers of economic growth and innovation. Social and relational capital is determined by relationships both within the organization and between an organization and its external stakeholders; it includes the effectiveness of relationships in the supply chain, community acceptance, intergovernmental relationships, relationships with competitors and customer loyalty. Finally, natural capital refers to the natural resources or "ecosystem services" used or affected by the organization.

Another central aspect of integrated reporting is materiality. An issue is material when it could substantively influence capital providers' evaluation of the organization's ability to create value in the short, medium and long-term. To determine whether or not a matter is material, one must consider whether it affects or has the potential to affect the organizational strategy, the business model or any type of capital. The process of determining materiality has at least three stages:

(1) the identification of relevant issues;

(2) evaluation of the importance of these issues; and

(3) prioritization of identified issues.

The first stage is based on the effect of each issue on the past, present or future ability to create value over time, whether it has an effect on strategy, business model or any type of capital. The assessment of the importance of these issues is performed according to their ability to influence the assessment of the ability to create value over time; so, it is necessary to measure the effect of issues that have already occurred, which currently exist or will occur with certainty, along with the probability of occurrences for which there is no certainty. Finally, managers and top management rank material issues according to their ability to affect value creation. The IIRC's IR framework recommends an evaluation of materiality at least once a year, but this should be integrated into the day-to-day operations of the organization.

On other hand, the GRI guidelines for sustainability reports have been used extensively in Latin American companies for a decade. These guides have been widely used around the world, especially in large companies and are a support for decision-making. They have clear parameters for determining, measuring and managing sustainability. Companies that use it can design a sustainability strategy, improve their internal management systems, improve reputation and attract financing, among others (Global Reporting Iniciative GRI, 2016). In Colombia, these guidelines are the most commonly used within organizations, and they are well known by their adaptability to the organization needs.

2.3 Colombian context and Multilatinas

Colombia is located in the north-western corner of South America. It stands out in Latin America for having one of the region's most consolidated democracies, one of its most stable economies and the third-largest number of Spanish speakers. In 1985, Colombia began a gradual process of trade liberalization and in 1990-1991 radically reduced tariffs on imports, flexibilized the labour market and made several structural reforms that would allow strong competition with foreign companies in the local market (Attanasio *et al.*, 2004). The Colombia Stock Exchange (BVC) was established in 2001 as a merger of three stock markets founded in different Colombian cities in 1928, 1961 and 1983. More than 10 foreign firms list their shares on BVC and more than 10 Colombian companies participate in the NYSE. Four major auditing firms were established in the country between 1947 and 1963; all have been in the country for more than 50 years. There is a process of convergence to IFRS that began in 2009 (Cano, 2011; Macias, 2014).

A *Multilatina* enterprise is an enterprise that originated in a Latin American country and has value-added operations outside of the country of origin (beyond mere exports). These enterprises grow rapidly (primarily by acquiring new companies), and its founders continue to play a prominent role (Cuervo-Cazurra, 2010; Cuervo-Cazurra, 2016; Gonzalo *et al.*, 2013). These companies take a long time to become multinational enterprises (MNEs), are induced by structural reforms in their country of origin and have identified four strategies to establish the first country in which to expand (Cuervo-Cazurra, 2008). While some *Multilatinas* have created value in other countries for several decades, most of them gained strength in the 1990s. *Multilatinas* are smaller than multinationals from other regions, and most are located in Brazil and Mexico (the region's two largest economies). In any event, "business attitude" towards the competition has been very important for determining the multinationalization and success of Latin American companies (Cuervo-Cazurra, 2010).

A small number of papers on Colombian companies have been published in the international literature. They include two papers on the international expansion of Colombian companies (Gonzalez-Perez and Velez-Ocampo, 2014; Velez-Ocampo and Gonzalez-Perez, 2015), one paper on ownership and control in these businesses (Gutierrez *et al.*, 2008) and the other on the evolution process of economic groups in Colombia (Wilches-Sánchez and Rodríguez-Romero, 2016). Recently, a case study of one of the companies referenced in an earlier paper (Macias, 2016) and a chapter of a book on sustainability in the Colombian cement industry were published (Macias and Castro, 2017). The Universidad de Antioquia, a local institution, has recently published two papers on integrated reports in Colombian companies (Hernández *et al.*, 2015; López-Carvajal, 2014).

3. Methodological design

This study adopted a qualitative approach, which is considered appropriate in the following situations:

- when the central category is "immature" because of a noticeable lack of theory and previous research;
- the ideas provided in theory may be inaccurate, inappropriate, improper or partial;
- there is a need to explore and describe the phenomenon and develop theory; or
- the nature of the phenomenon may not be suitable for quantitative measurements (Creswell, 2009).

The qualitative approach is conducted in natural environments and analyses multiple subjective realities (six Colombian companies with advances in the IR implementation process). It seeks to extract meaning from the data (founded through semi-structured interviews and documentary analysis) and enables the contextualization of the incipient phenomenon of the application of integrated reports in these companies. An analysis of the data before, during and after its collection and an interpretation of the results were performed based on the literature referenced above.

The multiple case study was used as a research method because it allows us to obtain rich information to build theory inductively (Eisenhardt, 1989; Eisenhardt and Graebner, 2007; Yin, 2008). This method is especially used in areas in which the literature's progress does not account for the particularities of specific phenomena. In particular, it enables us to use the details of local cases to build theory. This method is adopted because it is considered the most suitable for research in which the question is "how" or "why", for studies in which researchers have little or no control over events and for situations in which the emphasis is on recent phenomena (not historical) in a practical context (Yin, 2008).

After searching among listed companies in the *Bolsa de Valores de Colombia* – BVC and unlisted big companies, it was found that only six firms in Colombia are deliberately using the IR framework for their reports: Cementos Argos, *Empresa de Energía de Bogotá* (EEB), *Empresas Públicas de Medellín* (EPM), Nutresa, *Interconexion Eléctrica S.A.* (ISA) and Ocensa. A large group of companies listed in the BVC provide annual sustainability reports based on the GRI but have not used the IR framework.

The selected companies have common characteristics and some notable differences. The similarities include the following:

- in five of the six cases, they are *Multilatinas* and national leaders in their respective markets;
- most of them have parent establishments in the same city;
- all of them have engaged in aggressive expansion in the past 10 years, but especially in the past 5 years;
- all of them have high demand for capital (shares or bonds) to finance its growth plans and expect to attract new foreign investors through IR implementation; and
- all of them are part of the small group of Colombian companies interested in Dow Jones Sustainability Index (DJSI), Global Compact and Sustainable Development Goals (SDGs) (previously Millennium Development Goals (MDGs)).

These six organizations differ in the following aspects:

- their activities, three of which are linked to the electricity sector, one of which is dedicated to food production and distribution and one of which is dedicated to oil transportation; and
- their ownership structure – one organization is public, two are private and three are mixed ownership.

It should be noted that the study focused on only six companies as they are the only companies in the country that have taken the first step towards implementing integrated reports and have made that explicit in their published reports. OCENSA, despite not being a *Multilatina* company, was included in the study because it was a pioneer in the use of IR framework in Colombia. Our search was about which companies in the country have been using the framework to assess their characteristics. The finding that five of six companies were *Multilatinas* was posterior.

A documentary analysis was performed of the selected organizations and semi-structured interviews were conducted with the integrated report makers. The documentary analysis used annual financial and non-financial reports from 2011-2015 to analyse the presence of the fundamental aspects indicated by the IR framework: value creation, business model, integrated thinking, capitals and materiality. In the same way, it was analysed whether each document was oriented to multiple actors or mainly to capital providers. The analysed companies' websites provide public access to the reports. It was an input for each case, and allowed to have a general idea of the companies before the interviews. After the interviews, the information was contrasted with the information obtained.

In each enterprise, we conducted personal interviews with reporters during the first half of 2016. Each interview lasted between 45 and 70 min. The interviews were conducted in Spanish and the audio was recorded. The departments responsible for reporting were contacted by phone to explain the purpose of the study and request personal interviews. All of the previously recorded interviews were transcribed, reviewed by the interviewees to verify that no interpretation errors were made and later synthesized for the preparation of each case. The translation was the authors' own; no third parties were involved in the interpretation.

The questions asked in the semi-structured interviews were classified into four groups:

(1) the reason for the organization began to use the IR framework;

(2) challenges and difficulties of the implementation process;

(3) internal impact on, *inter alia*, stakeholders, organizational structure and decision-making; and

(4) perceived benefits of the application and future use of the framework.

The first group of questions referred to the motivations for applying the framework, if one motivation was to extend the concept of value to multiple capitals (as indicated by IR) and if IR is considered an effective tool to contribute to value creation. The second group of questions inquired about the process of determining materiality, technical aspects and information systems. The third group of questions was related to the organizational change that companies have observed or have planned from the implementation of IR, such as integrated thinking, connectivity between capitals and coordination at all levels towards either value creation or changes in business models. The fourth group of questions examined the first implementers' perceived impacts on their stakeholders and whether there are changes in the value perceived by capital providers based on the reports.

Each question related directly the main question of the study:

Q8. How does the IR framework help generate value for the organization and what are its limitations?

From both, audio interviews and documental analysis to the financial and non-financial annual reports, we built the individual cases, creating a consistent structure that allowed us to conduct cross analyses.

4. Results

For the selection of cases, we checked the web site of each of the companies listed on the BVC to determine whether they have integrated reports and if they use the IR framework. We found both widespread use of the GRI G4 and that most companies continue to demonstrate their sustainability reports separate from their financial reporting and corporate governance. Some enterprises integrated into a single report both financial and non-financial information, but do not use the IR framework. Other companies present an "Integrated Report" but do not use the IR framework. To answer our research question, we decided to build cases that explicitly use the IR framework to prepare their annual reports. For each of these enterprises (Table I), we construct an individual case and then perform a cross-case analysis.

4.1 Argos case: four years using the integrated reporting framework

The *Cementos Argos* enterprise was founded in 1934 and began to produce cement in 1936 at a plant in *Antioquia* State. The firm expanded nationally between 1938 and 1966 and since 2005, it has expanded internationally to the USA, Central America and the Caribbean. The firm has operations in 15 countries. In 2015, it exported to 35 countries and had 9,247 direct employees. The company's main shareholders are a local business group called *Grupo*

Table I. Enterprises selected, with IR framework explicitly used

Complete name	Short name	Main industry	Ownership Pub	Priv	Mix	Home city	Multilatina Yes	No	Funding sources Shares	Bonds
Cementos Argos	Argos	Cement		X		Medellín	X		X	
Empresa de Energía de Bogotá	EEB	Electricity			X	Bogotá	X		X	X
Empresas Públicas de Medellín	EPM	Utilities	X			Medellín	X			X
Interconexión Eléctrica S.A. E.S.P.	ISA	Electricity			X	Medellín	X		X	X
Grupo Nutresa	Nutresa	Foods		X		Medellín	X		X	
Ocensa	Ocensa	Oil transportation			X	Bogotá		X	X	X

Source: Prepared by the authors

Argos (55.3 per cent) and two local pension funds: *Porvenir* (6.4 per cent) and *Protección* (5.0 per cent). The other owners are national and foreign funds (Argos, 2016).

This organization presented its first "sustainability report" for 2006 but continued to present other reports between 2007 and 2011, following the guidelines of the GRI and the Global Compact. Since 2011, it has used the guidelines of the Cement Sustainability Initiative (CSI). Since 2013, it has been part of the DJSI. In 2015, it was included in the ranking Climate Disclosure Leadership Index (CDLI) for Latin America in recognition of its disclosures in the Carbon Disclosure Project (CDP). In 2012, *Cementos Argos* introduced an annual "Integrated Report" based on the IR framework.

The decision to adopt the IR framework was made for several reasons related to communication strategies, including the need to show outward management, integrated thinking and the suggestion of outside consultants. Recent organizational changes have created the need to communicate outwards, to communicate better and to show that the sustainability strategy is aligned with external measures. Likewise, the integrated report allows the organization to relate its strategy to the sustainability strategy and stakeholders in the interest of discovering the various mechanisms of value creation. Although two international auditing firms and a local consulting firm suggested implementing the IR framework, the framework has gradually been adopted primarily because of the dynamics of sustainability management within the organization.

During the IR implementation process, the bond of traditional sustainability indicators was identified as an important and different contribution to value creation. The primary contribution involves transforming the discourse of sustainability into specific strategies based on measurements to identify impacts and risks, so that they are addressed by management and the results can be presented in an integrated way. In 2015, materiality was adopted as the result of a collective process that attracted broad participation and identified the need to make the following change in the administrative structure of sustainability to include one group that specializes in developing metrics and another that is focused on the development of sustainability. These adjustments will make it possible to measure the contributions of sustainability to value creation.

Nevertheless, the IR framework has limitations such as its difficult reading for stakeholders, including investors. The technical nature of the report makes it difficult to understand as it is not written in the language of the investor, who requires a simpler explanation. In the 2016 assembly, it was necessary to deliver a synthetic version of the fully integrated report using communication strategies that would make the report easier for investors to understand. With the other stakeholders, it has also been necessary to generate two new annual spaces:

(1) an accountability space referred to as "sustainability dialogues"; and
(2) a training space referred to as the "sustainability week".

During this time, the organization interacts with suppliers, communities, local authorities and partners to exercise transparency and define collective issues as material.

In the organization, implementation of the IR framework has perceived benefits related to issues such as socialization, risks, speech translation and integration. Although the report is not read in its entirety by any interest group because it has sub-specializations, it has been used as an input for the socialization of results with each of these audiences. The IR framework has also made people unafraid to talk about risks, which become visible, managed and linked to the target strategy.

It has also been very useful to transform the discourse of sustainability into concrete actions that can measure, manage and link to the generation of value. Nevertheless, the IR's primary benefit relates to its internal impact. The internal benefits of using the framework are reflected in the adjustment of the sustainability structure, understanding that the framework goes beyond social or environmental responsibility and is related to both strategy and value creation. Sustainability is incorporated into the relationship with each stakeholder through specific employees who act as liaisons between the areas of operation and the area of sustainability. The results are beginning to be shown in the 2013, 2014 and 2015 reports but will be more apparent in the future.

In the years to come, this firm plans to continue using the IIRC's framework, which can integrate everything from the GRI: measuring, identifying key issues, creating alerts and focusing. The IR framework allows the firm to connect all of these issues with its business strategy and management. However, the possibility of also using the Sustainability Accounting Standards Board (SASB) is being explored because the SASB includes a secondary IR point: measuring the value of sustainability. In addition, the SASB is useful because it is truly investor oriented; it is a benchmark in the USA, where the organization is expanding its operations; and it has links to the task issue, which previously has been disconnected from sustainability. The organization is interested in finding equilibrium between all methodologies and the information needs of each interest group.

4.2 The Energy Company of Bogota case: International Integrated Reporting Council emerging framework application

The Energy Company of Bogota (EEB) was created in 1896 with the aim of providing services involving the generation, transmission, distribution and commercialization of energy. It is the parent enterprise of the Bogotá Energy Group and currently is the second-largest electricity-transmission enterprise in Colombia, with an 11.7 per cent share of the domestic market. It is an enterprise incorporated by state and private capital contributions and a character or district order in which state agencies have at least 51 per cent of the share capital (EEB, 2016). In 2015, this enterprise had operating revenues of approximately US $1085.78 (in millions) and a pre-tax profit of US$497.90 (in millions).

With respect to the motivations for adopting integrated reporting, the EEB, through its sustainable management report, seeks to highlight its commitment to additional and different economic and financial issues. Methodologies such as the GRI or IIRC identify the importance of showing how the enterprise creates non-economic value, incorporating economic, social, environmental and corporate governance issues. Market demands are the primary reason that the firm adopted integrated reporting, as it is an enterprise with an international presence expected not only to display or document but also to manage. For this reason, the firm gives great importance to expanding multi-dimensionality, vision and learning.

The perceived benefits of adopting the IR framework include the integration of different dimensions in strategic planning and control boards, which broadens the concept of decision-making and internalizing those dimensions. Furthermore, when reports are published and globally accessible, they become a reference point for the decision-making of potential and current shareholders and potential strategic partners, ensuring that they know the enterprise very well. In addition, this report has become a management tool for the interaction of various organizational processes enables an understanding of the evolution of financial and non-financial variables, so it is an input for continuous improvement and the promotion of transparency.

The primary difficulties that have appeared in the implementation process include the long time spent seeking information and reporting. In addition, difficulties remain in the organization and systematization of information flows. Thus, it is necessary to have a system that helps generate timely information to reporters and users. Alternatively, the change in concept from social responsibility to integral sustainability has caused confusion, and some indicators have not been implemented because of a lack of consolidated information. Furthermore, the issue of materiality should be assessed frequently, as there are always issues that go up or down in order of importance and new material issues must be taken into account.

Despite the short time since the IR framework was implemented, its impact has been perceptible. In addition, based on dialogues with stakeholders, relevant topics have been validated and a very important relational plan has been made for enterprise management. In addition, reports have been identified as an important tool for making strategic decisions, leading the enterprise to new goals and explicit methods. As a result, some features have been changed, as has the manner in which different areas interact in the interest of continuous improvement. Likewise, we believe that relations with current and potential investors have been positive, and more organizations issue invitations on behalf of investors to report non-financial information variables and there are faster response channels.

4.3 Empresas Públicas de Medellín case: reporting for all stakeholders

In 1955, *Empresas Públicas de Medellín* (EPM) was founded. EPM is a public enterprise owned by the municipality of Medellin dedicated to providing public services for the city, including water, energy and telecommunications. The enterprise gradually extended its services to other nearby cities and then to other sub-regions of Antioquia State. The firm has been expanding nationally since 2003 and internationally since 2010; it has expanded to four Latin-American countries.

The structure of sustainability reports has changed every three years. Between 2006 and 2008, an annual "Environmental report" was presented. Between 2009 and 2011, an annual "Sustainability report" was presented. Between 2012 and 2014, the organization presented a comprehensive report on the internet that was separated by subject. In 2015, it presented a "Social and environmental management" report, which was the first to use the IR framework. Between 2012 and 2014, as set forth on its web site, the organization was aligned with different sustainability initiatives, including DJSI, Global Compact (GC), GRI, ISO 26000 and MDGs. Visitors to the web site can view information for the various classifications and read only the items that are of interest. For 2015, the information looks similar, but consolidated into a unified electronic document in PDF format.

In 2015, the organization decided to align itself with the IR framework. This decision was made for several reasons. The first is the IR framework relationship with DJSI, GRI materiality and GC. Second, after studying the framework, report makers found that they did not need to make many changes to present the information requested. Additionally, the inclusion of risks to the organization caused by operating in the territories was identified as adding value. In addition, an international audit firm recommended the adoption of the IR framework. However, the accumulated traditions of EPM sustainability, direct engagement with their stakeholders and the level of reputation acquired by the organization allow it to operate independent of management fads. Although EPM considers foreign referents, it adapts autonomously to the needs of the organization and all of its stakeholders. It is not aligned exclusively to any sustainability initiatives, whether DJSI, GC, GRI, IR, ISO 26000 or MDG.

Report makers have been gradually incorporating information from different organizations. In 2014, domestic enterprises were incorporated into *Grupo EPM* reports, although 2015 was the first year in which information about companies operating outside Colombia was included. It was not very difficult to begin to use the IR framework because its logic had been operating in the organization for 10 years and in many respects coincided with the "Management review" report made by the same group of collaborators. The external auditor had experiences in other companies. The "Social and environmental management" report does not strictly refer to the IR requirements, but management progress is reported with a uniform methodology and is aligned with other initiatives. The *Grupo EPM* reports present what is truly important for all stakeholders: community, customers, providers, employees and obviously, investors.

It is investors who have benefited from the report. Customers and suppliers are not directly benefited. For investors, it is attractive to have a risk profile presented in the IR framework, and they find added value in integrating financial aspects with social and environmental aspects because they like to see the entire picture. The structure of a report aligned with the IR framework is very similar to that reported for the DJSI, which is also focused on investors and not on other stakeholders. In terms of disclosure, the CEO presents his accountability report every April, with transmission by two local TV channels (sub-national), and the organization prepares other release meetings. The basis of accountability is information from the "Social and environmental management" report. Massive events with investors in Bogotá are organized, focusing on the USA, Spain and Italy. In those meetings, sustainability results are also presented.

The most interesting disclosure is made on the organization's web site, where stakeholders see how the organization impacts them, not the other way around. This disclosure has a very detailed statistical page view: visits by content, the amount of content viewed during each visit, the duration of each visit, the visitor's geographical origin and the electronic device used, among others. The site receives approximately 1,700 different users a month during the two months after the publication of the report. On average, users read five files and remain on the site for six minutes. Eighty per cent are from Colombia; others visit from countries such as the USA, Russia and China, where some investors reside. During the year, the number of visitors decreases, but there are always more than 1,000 visits per month.

In the future, EPM will continue to use the IR framework as one of its referents and plans to continue to be aligned with IR. Nevertheless, the enterprise claims that IR will not be its main reference. Sustainability reports for different users of information are constructed from the 12 issues of materiality, as internally defined. These material issues do not depend on a particular method of a particular initiative, instead allowing the organization to manage account information for each user. EPM sustainability is not handled as a romantic theme but as a strategic issue, which has direct implications for the daily management of each business and allows organic organizational growth. In addition, many potential investors in these organizations seek non-financial information produced in the sustainable development report before making their investment decisions.

4.4 Interconexion Eléctrica S.A. case: report for all stakeholders

Interconexión Eléctrica S.A. E.S.P. (ISA) was created in 1967 by the Colombian Government to develop high-voltage transmission projects and power generation. In 1971, it began to operate the first regionally integrated electricity project. From 1977 to 1994, it generated electric power, expanded throughout Colombia through a hydroelectric generation, developing a national grid. Furthermore, ISA joined the Global Compact in 2005, entered the DJSI in 2015 and was included in The Sustainability Yearbook 2016.

ISA's motivations for implementing the IR framework involved both by external requirements and the internal need for the evolution of the management report. ISA explores reports presented by other Colombian companies, changes in local regulations, the reports of other companies in its sector around the world and the external references' disclosure requirements (DJSI, GC, reputation measures). Since joining the GC in 2005, the organization has presented social and environmental reports that integrate with its financial results, corporate governance and the good governance code, partly based on two international audit firms' recommendations. The contrast between all of these references and ISA's internal needs leads to identification of the report structure required by the organization's stakeholders.

The construction of the "Integrated Management Report" that explicitly used the IR framework has involved efforts related to targeting, risk management, materiality, information systems and stakeholder participation. The organization decided to focus on activities with more management opportunities, including energy transport, which remains the largest of the firm's four businesses, and the telecommunications infrastructure business (cable networks), which has less space for management activities. The IR framework has identified risks and opportunities in each business, managed with the help of internal surveys that are historically related to sustainability. Although materiality in ISA has been used for five years based on the GRI guidelines, it has generated new discussions for its adaptation to the IR framework. Meanwhile, information systems are transforming from "data mining" into specific reports required by the integrated report. For the "Integrated Management Report" elaboration, all stakeholders (suppliers, state, customers, shareholders and society) participate through formal processes, and those groups are also shown and given information about the final report.

The primary perceived benefits of the IR framework are its concise information, prospective alignment with other sustainability initiatives and integrated thinking. The IR framework is clear and precise with respect to information for investors, who are the main group of interest as a result of the organization's frequent demand for capital. The implementation of the framework induced the ISA's management to build prospects in each business, identifying new risks and opportunities to target new resources. The organization also benefits from the additional contribution that the IR framework gives it to move forward in DJSI, GC and reputation measures. Finally, the IR framework implementation has led to more formal integration between the direction of sustainability and the direction of corporate strategy. This integration is also perceived in various organization levels in the eight countries and generates dialogue with other organizations in the city that are part of this study.

ISA will continue to use the IR framework as a reference, both for its benefits and because it is a very important working tool for the Direction of Corporate Strategy. A fit too precise should not be expected, because that would omit many management activities that should be communicated to stakeholders (not just investors). ISA plans to continue creating integrated management reports similar to those of 2015, with the GRI in a central role. This is in line with an internal tradition in sustainability reporting and an alignment with the external referrer's structure. The IR framework is an important benchmark for ISA but is not exclusive.

4.5 Nutresa case: 100 per cent adoption of the integrated reporting framework

Nutresa Group S.A. is Colombia's leading processed-foods firm, with a domestic market share of over 60 per cent in recent years. It is one of the most important players in this sector in Latin America. Nutresa is a national leader in most of its eight businesses: biscuits, chocolates, coffee, cold cuts, ice cream, pasta, Tresmontes Lucchetti and retail food. In 1995, the firm's first trading group was created in Ecuador and Venezuela. In 2002, the organization expanded into Mexico; by 2015, it had a direct presence in 15 countries.

The implementation of the IR framework in Nutresa is the result of a gradual process. In 2008 and 2009, it implemented a "Sustainability Report" as a kind of experiment, focused on the firm's philanthropic activities through its foundation. From 2010 to 2013, an "Annual and Sustainability Report" was presented in the same document, but with separate content. Since 2014 and 2015, an "Integrated Report" with an explicit accession to the IR framework has been presented. Until 2010, the reports belonged to the National Group of Chocolates, and since 2011, the reports have belonged to the "Nutresa Group".

In this group, sustainability reporting progressively converged towards integrated reporting together with the restructuring of the group. In addition to this kind of "convergence", the organization decided to adopt the IR framework for five basic reasons:

(1) it encourages the firm to be more specific;
(2) its definition of materiality helped identify management that had not been reported;
(3) it makes additional contributions to the DJSI and reputation measurement;
(4) the CEO assesses its impact on strategy, to an extent; and
(5) the organization is interested in being at the forefront of administrative technology.

During the implementation process, the firm experienced several difficulties. Because the framework is so concrete, some details of what is expected with respect to each topic were unknown; it was difficult to understand this framework when it had not yet been studied in Colombia. At first, it was very difficult to identify the risks to the organization and the relationship between those risks and internal activities. The third difficulty was to understand how to manage the construction of the report, from the capture of information and filters to the high number of companies, and then how to represent this. In addition, it was difficult to learn how to determine materiality (which has some differences with the GRI) and how to integrate that materiality with management issues. Finally, it was necessary to work to convince people in some areas (for example, operations and finance) of the benefits of the framework.

To overcome these difficulties, an international audit firm identified the scope and risks of using this framework. Next, synergies were developed to systematize the information that was originally carried out by hand, and there were changes in materiality in 2015 to fit IR framework requirements beyond the previous version defined by the GRI. Likewise, intermediate levels of the organization have gradually been convinced of the real benefits of generating economic value. However, it remains a challenge to communicate the results to each stakeholder.

The benefits of implementing the IR framework in Nutresa involve new connections between internal management and value creation, the identification of new risks to the organization, the internal adoption of integrated thinking and additional support for external measurements. Unquestionably, the IR framework forges deep connections between environmental management, social management and value creation. Moreover, because new risks have been identified in the international environment, the firm has worked to address them. Its application helps to provide integrated information about the reality of all of the companies in all areas of operation and their respective connections; it is very useful for making decisions. The framework also complements the sustainability work that is being developed to further advance positions within the DJSI and reputation measurement. Finally, the framework has provided a new backup for how climate change has been internally addressed over the past six years and will help the firm confront the next external demands to be implemented.

The implementation of the IR framework has begun to have an impact on issues related to materiality and employee compensation. When materiality was added to the IR framework, new opportunities were identified and immediately taken to the management team. One example in the area of climate change is the cargo price, which is also being discussed there. Furthermore, compliance with all economic, social and environmental goals has been linked to employee compensation. Those who are committed to the framework's goals realize that this is reflected in their income, which has helped greatly in meeting the goals.

Finally, there are issues that need further work and projections with respect to the future use of the IR framework. The first task in which progress has been made is in communicating the report to different stakeholders, including investors. In reality, the report is ready, but it is necessary to take advantage of all its benefits. In the future, Nutresa is expected to continue using the GRI guidelines for two reasons:

(1) they have been very useful in the organization; and

(2) provide a reference for other areas in which the organization is interested in participating, such as DJSI, the Global Compact and SDGs.

Although there has been no identified interest in integrating the GRI and the IR, Nutresa has already adopted the entire IR framework and is interested in extending its application because additional benefits have been clearly identified in this process.

4.6 Ocensa case: a pioneer but discontinuous implementation of the integrated reporting framework

Ocensa is a mixed-ownership (public and private) enterprise domiciled in Bogotá. It was created in December 1994 as a strategic asset for expanding national industry. Its objective is to design, build, operate, manage and commercially exploit a system of oil transportation. The pipeline crosses 45 municipalities in the states of Casanare, Boyacá, Santander, Antioquia, Cordoba and Sucre and therefore it constitutes the backbone of the transport system for Colombian oil. In 2015, the enterprise reported operating revenue of US$1,467,002 and net income of US$710,943.

In 2011, the enterprise presented its sustainability report, where it was stated that the first steps towards the adoption of the guiding principles of the International Council for IIRC reports for the development of integrated reports were evident. However, in the following reports, the main guide for its elaboration was the GRI methodology, taking up the implementation of the integrated framework for the preparation of the 2016 reports.

The motivation to implement integrated reporting is that Ocensa is a social and environmental enterprise. Indeed, its strategic infrastructure is anchored to the same territory (an underground pipeline). Crude cannot be carried without considering the community, so there is an implicit obligation to consider the influences of Ocensa's activity on both the environment and society. Therefore, in this sector, there is historical leadership on these issues and topics because of a major experience, which is not the case in other sectors that adopt these measures as something extra. For Ocensa, the preparation of these reports is motivated by the need to provide more and better information to both investors and society. Moreover, the process of developing them as a management tool and continuous improvement is carried out.

For Ocensa, the preparation of these reports is motivated by the need to provide more and better information to both investors and society in general. Moreover, the process of developing and continuously improving them as a management tool is carried out. Among the benefits of applying the IR framework is its contribution to the internal management processes and better accountability; it prevents the duplication of functions and reworks the production of information.

Furthermore, the application of the principles of IIRC makes accountability more useful and intelligent because it establishes specific roles, functions and responsibilities. In addition, it allows the consolidation of processes and enables users to understand what is truly important. It has a substantial impact on strategic planning through both an internal and an external analysis; it promotes measurement, comparison, assesses perceptions, fulfils the expectations of different groups and generates dialogues addressing information so that it is dynamic and constructive.

One of the challenges that this enterprise faced as one of the early adopters of the IR framework is the proper definition of materiality. In the determination of materiality, a very important guide was the application of the AA1000 assurance standard of sustainability, and there are ongoing dialogues with various stakeholders. Actually, there was a very interesting experience in 2011, when the supply of value to stakeholders was identified from a sustainability report and a commitment was made. In addition, in 2016, an evaluation and revaluation of commitments was carried out. It evaluated to prioritize the different challenges according to the goals set by the business.

Some impacts of the adoption of the IR framework are already clear. Two years ago, a decision was made, stating that reports should take into account each interest group so that information could be provided in a more intelligent and relevant manner. Stakeholders are currently included and consulted so that material issues can be determined; when the report is presented, they can read the information in which they are interested. These reports contribute to improving interest groups' perception of the enterprise, as shown in perception studies that have been applied and have created valuable relationship opportunities.

The organization has not changed its structure since the reports were prepared, but in the future, it will do so. In 2016, the firm worked to develop an integrated management report, which constitutes an opportunity to review whether the enterprise is truly ready to integrate information. The organization is structured to provide systematic, orderly and comparable information. Reports have a direct impact on the organization's relationship with current and potential investors. The good results and positive responses from these users are more often attributed to the additional information submitted than to these balances because it shows how value creation is to be maintained over time. Furthermore, as Ocensa is one the safest companies in the country and is doing many things to reduce its emissions, it can be said to have a unique model of social investment.

4.7 Cross analysis of cases

With the exception of one enterprise, companies that use integrated reports have been in operation for more than 60 years. These companies engaged in aggressive domestic expansion in the 1990s and over the past two decades have developed their internationalization process. State-controlled companies have leveraged on private capital to finance the international expansion process, either through contributions from minority shareholders or through bonds. This is the case for EPM, which remains 100 per cent public but has access to international capital through bonds. Companies that are 100 per cent private (Argos and Nutresa) have expanded the most rapidly and to more foreign markets. In all cases, companies are controlled by national investors, either private or from different levels of government. Most of these companies have two pension funds, each of which has a 5 per cent stake. In sum, companies that are interested in the IR framework have been national leaders in their markets for more than 20 years, and are growing through international expansion to regional markets. The Colombian enterprises interested in IR framework comprise a Multilatinas group and an additional company. (Table II)

Each company has experienced different difficulties in the implementation process. In all cases, the companies admitted that initially, it was difficult to understand the IIRC context, and they decided to start identifying the direction of impact. The GRI interest focused on the enterprise's impact on its environment, and the IIRC is interested in the organization's risks of operating in areas where it carries out its activities.

People in charge of the reports said that when they understood how to implement this process, a difficult stage of operationalization began. Argos and Nutresa stand out in this group of organizations for their rigor in redefining materiality under IIRC. With regard to interest groups and providers of information in the cases of ISA and Nutresa, significant progress has been made in convincing providers both to redefine materiality and to recognize the sophistication of the instruments (initially very manual). In these two companies, information systems for information providers are very advanced, and little reprocessing is required.

In the case of EPM, information providers are very diverse. In addition, their location and activities are highly varied, so they chose to design some formats to report information not only for IIRC but also for other references. EPM's reporting formats are based on the specific informational needs defined by the organization's needs and the tradition of sustainability reports that, as a result of the IR framework, should involve neither reworking nor higher administrative costs. Internally, EPM speaks of the "information economy". The benefits that this group of organizations perceive as a result of its sustainability reports are not exclusive to the adoption of the IR framework. For all of the organizations, it is important to be part of the Global Compact and the DJSI. Therefore, the IIRC allows them to enter, remain and even advance in DJSI.

Moreover, being a part of DJSI allows the organizations to access information from their global competitors, affecting their projected strategies, especially in the cases of EPM and Nutresa's growth. For both public and mixed companies, the use of this set of reports enables demand that exceeds the supply of issued securities; titles have often been obtained

Table II. General information of selected enterprises

Key information	Argos	EEB	EPM	ISA	Nutresa	Ocensa
Creation	1934	1896 (1959)	1955	1967	1920	1994
National expansion	1938-1996	1960-1997	2003-2010	1977-1994	1958-1993	1998-2013
Start of international expansion	2005	2002	2010	2001	1995	NA
Countries with direct operations (2015)	15	4	6	8	15	1
Sustainability initiatives	DJSI, GC, CSI, CDLI, CDP	DJSI, CDP	DJSI, GC, MDGs, ISO 26000	DJSI, GC	DJSI, GC, CDP	GC
Property control	Local shareholders	State, mixed enterprise	State, municipal	State, mixed enterprise	Local shareholders	State, mixed enterprise

Source: Prepared by the authors

from potential investors. Measurements of value creation clearly show the advancement of companies in the short-, medium- and long-terms.

Sustainability reporting in its different versions (not limited to the implementation of the IR framework) has led all companies to receive important local, national and international awards. Furthermore, these reports have had a clear positive impact on measures of reputation. Although all of the companies said they would like to see greater convergence between the GRI and the IR framework, the IR framework is perceived as competition that involves commercial interests. The GRI is much more institutionalized in Colombia because it involves officials, the GRI's Latin American headquarters are in Bogota and this guide was adopted long ago in a large number of companies. Most of the companies listed on the BVC use the GRI G4 guide, and only one group of companies with high growth objectives has adopted the IR framework.

In addition, the GRI has initiated a process of evolving into "standards". Companies are aware of this process, which has enabled them to participate in the collective construction of the GRI as standards. In Colombia, the IR framework has been implemented in a small number of companies, whereas the GRI is in very wide use, and there is a growing interest in SASB.

5. Discussion

To answer our research question, in this section we integrate the cross-analysis of the data with the literature review. The research question was as follows:

RQ1. How does the IR framework help generate value to the organization and what are its limitations?

First, we refer to the relationship between value creation and the use of the IR framework. Second, we compare the IR framework with other sustainability initiatives and present the identified IR limitations.

From the literature review, we understand value creation as follows:

- exceeding competitors' ability to meet customers' needs (Sirmon, 2007);
- the sum of all of the values that can be appropriated by participants in transactions (Amit and Zott, 2001); and
- the added value perceived by stakeholders, including customers (Bowman and Ambrosini, 2000; Demartini *et al.*, 2015; Lepak *et al.*, 2007; Kuzina and Кузина, 2014; Mizik and Jacobson, 2003).

Regarding the first item, the IR framework makes a visible contribution because it helps increase the reputation and legitimacy of companies' offer of shares or bonds and ability to find more of the resources that they need. This allows the studied companies to be more competitive when meeting their customers.

Despite the centrality of value creation in the IR framework, there is no clarity about the values generated for stakeholders other than investors. Argos and Nutresa prepared more synthetic information than an integrated report, and in a language closer to that used by their stakeholders. In cases of public and mixed companies, integrated annual reports do not meet the owners' requirements, but it has been helpful for obtaining new investors. There is definitely no evidence that the implementation of the IR framework generates value for customers, suppliers, employees or external communities. In some organizations, the annual IR is used as input for communication, but provides insufficient material. If the IR does not create value for different stakeholders, and instead focuses on economic sustainability

(Hernández *et al.*, 2015), the stakeholders (other than investors) cannot receive the benefits of IR implementation.

Companies perceive specific benefits of applying the IR framework, with respect to other sustainability initiatives, but the framework does not replace any of them. Particularly in Colombia, the GRI guidelines have a long history of institutional support settled in Bogota and permeated organizations. The materiality analysis, although it has been adjusted, was established in all companies basically following the materiality of the GRI. Offices responsible for sustainability and strategy of these companies are very familiar with the GRI. Nevertheless, the IR framework is seen as complementary to the GRI, while both IR and the GRI are perceived as useful for DJSI and UNGC in each individual case study.

The IR framework in Colombian companies has essentially three limitations:

(1) it is an "other" instrument;

(2) it does not provide communication; and

(3) it is not a standard.

For companies, this instrument involves additional administrative effort in adapting the internal structure to capture, analyse and track information. In Colombian enterprises, the IR framework has not been perceived as useful for communication: it remains technical for investors, and other stakeholders do not perceive benefits to themselves. EPM is known for its outreach through the internet, where every reader finds specific and expanded information about matters of interest to them. Finally, companies are becoming interested in the GRI standards and SASB, both because they actively participate in creating the initial definitions of the standards and because of SASB's link to taxation, a central issue for Colombian enterprises.

6. Conclusions

As an emerging field, IR has a place in Latin American countries, not only because of its scope but also because of the specific type of organizations interested in adopting it. The novelties of the IR framework are that it collects a long tradition of sustainability initiatives and that it is integrated with integrated thinking and value creation. In performing this integration, the IR framework is presented as an attractive tool for the organization, both to present information concisely and to become an internal management tool. Beyond the technical issues, the alignment of Integrated Reporting with the DJSI and the GC makes it attractive for Colombian companies in terms of their reputation and legitimacy.

In Colombia, the IR framework is not yet being used by a large number of companies; most of the listed companies on the stock exchange have not used it. However, the IR framework has been implemented by companies with a particular profile:

- have more than 60 years of operations;
- are leaders in the domestic market for more than two decades; and
- exhibit an ambitious international expansion process over the past decade.

The result of these companies' characteristics is that almost all of them have a high demand for capital to finance their international expansion (and domestic expansion in one case), and therefore, they need to protect their reputation and maintain their legitimacy.

The first finding of this study is that, so far, mainly Multilatina enterprises are interested in implementing the IR framework in Colombia. It was determined after analysing the characteristics of each one of the companies included in this paper (five out of six are Multilatinas). Multilatinas are an emerging category in the business literature and refers to companies created in the region that have extended their operations (beyond mere exports) to other countries. Multilatina companies are non-financial and interested in maintaining local control of their business.

These findings are consistent with the previous literature, which indicates that these reports are of interest to large companies with high growth targets and management bodies that are convinced of the benefits of disclosing this information in a clear and concise manner (Frías-Aceituno *et al.*, 2013a, 2013b; García-Sánchez *et al.*, 2013).

In Colombian firms, each component of the IR framework has been incorporated with varying levels of depth. The most fully incorporated component is value creation, precisely because firms intend to use their reports as a concise tool to attract new capital to finance their growth goals. The second most fully incorporated component is integrated thinking, especially in the two companies that have found in this tool the opportunity to align all risk issues with the strategy. Although the business model has been modified very tangentially in the cases studied, two of the studied firms have implemented changes in the organizational structure to respond to the demands of the framework. Two of the most important components, capitals and materiality, have often not been incorporated. Firms find it hard to operationalize capitals, and materiality has been redefined in only one case.

Interestingly, both private companies and public and mixed-ownership companies pursue IR implementation in Colombia. These companies are involved with DJSI, GC and other sustainability initiatives, i.e. companies that need to be transparent with respect to economic, social, environmental and corporate governance issues and need to reduce their reputational risk and maintain their legitimacy, as indicated in the previous literature (De Villiers and Van Staden, 2006; O'Dwyer *et al.*, 2011; Unerman, 2008).

We found that companies that are familiar with the GRI G4 guide initially found it difficult to understand the IR framework logic. These companies find the IR framework useful and value-added with respect to the GRI, especially in its conciseness, help in identifying environmental impacts to the organization, promotion of integrated thinking and use as a management tool and provision of reputation and legitimacy.

Important limitations were also found:

- it remains technical and difficult to understand, even for investors;
- it excludes important information for stakeholders that is managed internally;
- it does not enable the enterprise to communicate with its various stakeholders; and
- it is another report that involves new administrative efforts because it coincides only partially with other sustainability initiatives.

In the future, Colombian companies that have used the IR framework plan to continue using it because it makes differential contributions. However, this report does not replace other reports that are prepared and are already institutionalised. The GRI has built a tradition in Colombian companies and therefore has its Latin American headquarters in Bogota. In addition, the companies are excited about the transformation of the GRI guidelines in standards. Case studies' enterprises identified benefits in the SASB initiative and may incorporate its dynamics. In short, the IR framework was recently adopted in Colombia in some companies with particular characteristics, and although those companies plan to continue, it is not likely to replace other sustainability initiatives.

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