



Chapter 6

Corporate Reporting Modernization in the Digital Economy

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ABSTRACT

Currently, digital technologies are being widely introduced in various areas, which results in the transformation of numerous processes around the globe, including the system of accounting and report formation. The compilation of reporting in electronic format is an integral part of digital transformation. It is crucial to note that in the contemporary world, the users of reporting make new requests: it is no longer enough for them to have exclusively financial data presented in traditional statements. As a result, the practice of applying the new model of public reporting—integrated reporting—is becoming increasingly common. The research aims to identify tendencies in the development of corporate reporting in the era of digitalization and analyze the structure of a company's reporting that best corresponds to the information demands of stakeholders. The research characterizes the fundamental concepts and guiding principles of integrated reporting and reveals its main elements and indicators. Special attention is paid to the analysis of the concept of an enterprise's six capitals.

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INTRODUCTION

In the contemporary world, digital transformation affects a wide range of industries. Digital technologies are increasingly penetrating business, including the preparation and publication of corporate reports. The formation of corporate reports in electronic form is becoming a topical matter. The IAS Board takes an active part in promoting digital reporting. This body set up the project called “IFRS Taxonomy,” within which the guide to preparing corporate reports in electronic format is issued annually. Furthermore, in the era of digitalization of the economy, stakeholders are increasingly demanding information disclosed in corporate reports. To make economically rational decisions, they need not only data on the organization’s performance but also information on its plans for future development. As a result, the new model of corporate reporting – integrated reporting – is getting increasingly demanded and common. Integrated reporting harmoniously combines financial indicators and non-financial information.

Currently, integrated reporting is the most effective way to provide data on a company’s business model. It is intended to eliminate existing informational and analytical constraints of traditional financial reporting and meet the practical requirements of the users of the information on the organization’s activity (Janshanlo & Kogut, 2020).

Integrated reporting is a single document that presents transparent and reliable data on the company’s strategic development plans, its corporate management system, economic indicators, and information on the enterprise’s social and environmental responsibility (Kuzmenko & Abrosimova, 2014).

As for the main feature of integrated reporting, it aims to analyze the company’s past performance and evaluate prospects for its development and growth in certain key areas (Gerasimova, 2013). Integrated reporting reflects information that enables financial capital providers to assess the company’s value most fully and accurately in the 21st century.

Fundamental changes that occur under the conditions of digitalization concern the composition of information in corporate reports and the ways of its presentation. These shifts undoubtedly demand scholarly elaboration, analysis, and systematization, which determine the relevance of the selected research topic.

The research aims to identify tendencies in the development of corporate reports in the era of the digital economy, reveal peculiarities of integrated reporting, and analyze its structural elements. To achieve the set goal, the following tasks are defined:

- To analyze conditions for the transformation of corporate reporting at the present stage;
- To determine the range of the users of integrated reporting and their interests;

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