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The integrated report: a fitting proposal for information about human capital

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ABSTRACT The way that companies prepare reports presents some problems (Lizcano, 2011), not only in terms of the quantity and complexity of standards, but also in terms of the quality of the corporative information that each company discloses. In short, in companies' annual reports, the obligatory information about personnel in each jurisdiction is generally limited. But in the society of current knowledge, verbal explanations about human capital acquire greater importance (Knauer, 2010; Gamerschlag and Moeller, 2011). In this context, the *Integrated Reporting* initiative intends to create a framework of information to satisfy the needs of a more sustainable world that includes social aspects as well as information about finance, environment and corporative governance. As principals of integrated reports it is specified that the information should be relevant, interconnected, homogenous, comparable, manageable, balanced, strategic in the short, medium and long term and verifiable (IIRC, 2012).

According to the settings posed by the International Integrated Reporting Council (IIRC), the Spanish Accounting and Business Administration Association (Asociación Española de Contabilidad y Administración de Empresas, AECA) suggests that the ideal mechanism to introduce the integrated information is in the management report (AECA, 2012) or the equivalent Management Commentary, following the terminology of the International Standards Board (IASB, 2010). In this paper the literature about narrative disclosure is reviewed, especially in relation to human resources, and once the current standard initiatives are analyzed, a proposal is elaborated about the possible exchange of human resource information within the integrated report.

KEYWORDS narrative disclosure, financial information, non-financial information, integrated report, human resources.

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El informe integrado: Una propuesta de encaje para la información sobre capital humano

RESUMEN La manera de informar de las empresas presenta algunos problemas (Lizcano, 2011), tanto en relación con la cantidad y complejidad de normas, como con la calidad de la información corporativa que divulga cada compañía. En concreto, en los informes anuales que emiten las empresas, la información obligatoria sobre el personal en las distintas jurisdicciones es, en general, reducida. Pero en la sociedad del conocimiento actual, las explicaciones verbales sobre el capital humano adquieren mayor importancia (Knauer, 2010; Gamerschlag y Moeller, 2011). En este contexto, la iniciativa *Integrated Reporting* pretende crear un marco de información para satisfacer las necesidades de un mundo más sostenible que incluya aspectos sociales junto con la información financiera, ambiental y de gobierno corporativo. Como principios de los informes integrados se especifica que la información debería ser: relevante, interconectada, homogénea, comparable, manejable, equilibrada, estratégica a corto plazo, medio y largo plazo, y verificable (IIRC, 2012).

Según los escenarios planteados por el International Integrated Reporting Council (IIRC), la Asociación Española de Contabilidad y Administración de Empresas (AECA) sugiere que el engranaje ideal para introducir la información integrada es el Informe de gestión (AECA, 2012d) o el equivalente *Management Commentary,* siguiendo la terminología del International Accounting Standards Board (IASB, 2010). En este trabajo, se revisa la literatura sobre divulgación narrativa, en especial sobre recursos humanos, y una vez analizadas las recientes iniciativas normalizadoras, se elabora una propuesta acerca del posible encaje de la información sobre recursos humanos dentro del *informe integrado*.

PALABRAS CLAVE divulgación narrativa, información financiera, informe integrado, información no financiera, recursos humanos.

O relatório integrado: uma proposta de encaixamento para a informação sobre capital humano

RESUMO A maneira de informar das empresas apresenta alguns problemas (Lizcano, 2011), tanto em relação com a quantidade e complexidade de normas, quanto com a qualidade da informação corporativa que divulga cada companhia. Em concreto, nos relatórios anuais que emitem as empresas, a informação obrigatória sobre o pessoal nas diferentes jurisdições é, em geral, reduzida. Mas na sociedade do conhecimento atual, as explicações verbais sobre o capital humano adquirem maior importância (Knauer, 2010; Gamerschlag e Moeller, 2011). Em este contexto, a iniciativa Integrated Reporting pretende criar um marco de informação para satisfazer as necessidades de um mundo mais sustentável que inclua aspectos sociais junto com a informação financeira, ambiental e de governo corporativo. Como princípios dos relatórios integrados se especifica que a informação deveria ser: relevante, interligada, homogênea, comparável, manejável, equilibrada, estratégica a curto, meio e longo prazo, e verificável (IIRC, 2012).

Segundo os cenários planteados pelo International Integrated Reporting Council (IIRC), a Associação Espanhola de Contabilidade e Administração de Empresas (AECA) sugere que a engrenagem ideal para introduzir a informação integrada é o Relatório de Gestão (AECA, 2012d) ou o equivalente Management Commentary, seguindo a terminologia do International Accounting Standards Board (IASB, 2010). Em este trabalho, se revisa a literatura sobre divulgação narrativa, em especial sobre recursos humanos, e uma vez analisadas as recentes iniciativas normalizadoras, se elabora uma proposta acerca do possível encaixamento da informação sobre recursos humanos dentro do relatório integrado.

PALAVRAS CHAVE divulgação narrativa, informação financeira; informação não financeira, relatório integrado, recursos humanos.

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Introduction

In the annual reports issued by companies, mandatory information on staff in different jurisdictions is in general limited. On the one hand, the profit and loss account includes personnel expenses. On the other hand, the balance sheet reflects the credits, debts and provisions related to employees. Also, the memory includes balance sheet and profit and loss account movements, besides listing the company's employees. In today's knowledge society, human capital is key to business success, but accounting treats it as an expense rather than as an asset on the balance sheet, so verbal explanations are critical (Knauer, 2010). However, the area of narrative information on employees is the least developed within corporate information disclosure (Mäkelä, 2010).

In recent years, a new international project called Integrated Reporting (IIRC, 2012) has been developed. It is a field with good prospects and its evolution can produce changes in the production and revision models (traditional financial audit or assurance) of public information (Lizcano, 2011; Moneva, 2011). The Memorandum of Cooperation and Collaboration signed by the IIRC and the International Federation of Accountants (IFAC) in October 2012 (AIA, 2012) shows its increasing importance.

The objective of this work is to update the integrated reporting model from a more conceptual perspective, while acknowledging the positive value of the efforts made by the Integrated Reporting initiative at the international level and the Spanish Accounting and Business Administration Association (AECA, 2012d), in order to fit this information into current available regulations. With this purpose, the second section analyzes the academic literature on the subject and summarizes the main regulations that have been proposed with the aim of improving information disclosure. The third part focuses on integrated reporting proposals made by both the IIRC and the AECA. Our proposal for incorporating human resource information into the integrated report is then explained. Finally, some considerations are included in the fourth section.

Disclosure of financial and non-financial narrative information on human resources

Introduction

Human capital is key to business success (Zacks, 1971; Gamerschlag & Moeller, 2011), but accounting treats it as an expenditure on the balance sheet, instead of an asset. Information on human resources can also be disclosed in the annual report, the memory included in annual accounts or their corresponding management reports. It can also be disclosed through other means, such as press notes or conferences, voluntary publications and investor relation channels.

Therefore, a company's efforts to have a more qualified and motivated staff can be reflected in the annual report memory or in the management report (to the extent relevant), based on the normative change[1] when incorporating European regulations. However, the standards of various countries (Management Discussion & Analysis-MD&A of the Securities and Exchange Commission, SEC, United States, etc.) have been extremely cautious because either there is no obligation to report or, when it is mandatory, it is up to each subject to decide what to report and how, without adequate guidelines (Martínez & Burgos, 2010).

This is not a specific problem of human resources, since it is already being discussed internationally in all aspects related to the narrative disclosure of financial information (FASB, 2012; IFRS Foundation, 2013). In any case, given the lack of current accounting regulations that force companies to provide information, they often choose to do so voluntarily (García-Meca, 2008). This is how in recent years voluntary supply of information has increased, which possibly reflects the importance given to the topic (Wyatt & Frick, 2010).

Human capital studies seek a conceptual framework to formalize talent-based value creation mechanisms and their premise is "what can be measured, can be managed". However, a general

1 In Spain, Law 62/2003 is in force for financial periods starting after January 1, 2005.

model to report human capital information is now required (Martínez & Burgos, 2010).

The end objective of human capital accounting would be to put an economic value to the company's human potential. However, given the current state of research, it is impossible to achieve this objective because its value would be subjective. In the meantime, the authors of this article suggest preparing a human capital report that: 1) includes indicators to measure key aspects; 2) summarizes the information provided by those indicators and 3) reports the results in line with the company's strategy.

Some of the most recent research results establish that the two main ways to report information are narratives and indicators. In the case of companies of the selective German HDAX, Knauer (2010) finds that the quality level of human capital information is low and that some essential aspects about it are not even mentioned.

Mäkelä (2010, 2012) also highlights the limitations of voluntary disclosure of social information. He analyzed letters from the CEOs and specific sections on employees in the 2008 annual reports of the 25 largest Finnish companies. The researcher found that most companies only disclose a minimum amount of information on employees and that this information does not seem to follow consistent principles. By using an interpretive and critical approach, Mäkelä analyzes both silence and rhetoric. He then concludes that social disclosure still reflects a partial image of people within companies, because despite the "emancipating" objectives of social accounting, employees are presented in a narrow and mechanical way. Firms are presented as solid organizations that move continuously in the right direction and people are depicted as having a desire for growth and development, with mere instrumental value for the entity.

In Spain, some studies were framed in the social accounting context (Carmona & Carrasco, 1988; Pons, 1996), and others were part of the social responsibility study (Moneva & Llena, 1996; Peyró, 1997; Archel, 2003; Aranguren & Ochoa, 2008). Villacorta (2006) analyzed an initial sample of 189 companies of the Madrid Stock Exchange in 2001 and found that 14% of them did not supply any voluntary information, which reduced the total sample to 163. Out of those companies, only 52% disclosed voluntary information about employees. On the other hand, information was difficult to find because it was in different places (letters from the CEO, management reports, additional information, etc.) and under different denominations (the most common one was "human capital"). For this reason, Villacorta (2006) suggests that information should be included in a single, standardized section about this business concept.

On the other hand, disclosure means have proved to be independent. This means that sometimes indicators do not include literal information. Information on worker importance and management is reported literally (40% of companies), as well as issues related to occupational safety and health (11%) and training (6.8%). As it can be seen, contents are limited. Therefore, including literal information on employee retention efforts and motivation is suggested. In addition, the information disseminated has different depth levels. Also, this literal method is mainly used for self-promotion, since it improves people's image. In general, many companies, especially large ones, seem to be interested in providing voluntary information on human capital, but the lack of an established method poses a big challenge (Villacorta, 2006).

Garcia-Meca & Martínez Conesa (2005) observed that human capital information reported by companies to financial analysts is mostly qualitative. Investors may believe that quantitative information is more reliable because it can be verified ex post. Also, it provides data that investors know is more difficult to disclose. On the other hand, voluntary information is uneven and non-homogeneous (Villacorta, 2006). In any case, without a formal framework for human resource reporting, interpretability and comparability issues arise (Wyatt & Frick, 2010).

Normalizing initiatives and practices to improve narrative reporting on human resources

Accounting literature has proposed different ways to deal with human resource information, from including it on balance sheets to proposing a set of indicators in different types of narrative reports. Table 1 summarizes some of the most important proposals. They were collected by Sierra & Moreno (2000).

TABLE 1. Some proposals to include HR information on financial statements or other documents

SCOPE	AUTHORS	PROPOSAL
Financial information in the balance sheet	Hermanson (1964)	It suggests seeing the company's human resources as operational assets instead of own assets. They are not owned by the company, but they generate future benefits such as company reputation, demand security, optimum location, etc. The human resources asset would represent the value of expected future services. Recruitment costs would imply a higher value of those assets (as acquisition costs). Formalization costs would also imply an increase in value, since a more qualified workforce is an asset that will provide higher returns.
	R. G. Barry Corporation (Zacks, 1971)	Accounting model implemented by the company from 1969 to 1972. It is based on two notions: human resource investment, which includes expenditures on a historical cost basis in order to recruit and train staff, and human resource investment amortization.
	Marqués (1974)	It suggests encoding staff-related variables. Staff is seen as an asset and as a source of funds for the company. The economic structure of the balance sheet would include the work capacity that the company may use in the future to generate income. Also, the financial structure would state the origin of such capacity, which is provided by employees (the estimated total of all employees during their work life). Unlike the traditional balance, which tries to find a balance between economic and financial resources derived from past transactions between the company and the current environment, the author suggests a concept of balance in terms of expected returns on assets and likely future liabilities. However, the author acknowledges that although this is the best option for economic decision making, it could not be used for legal and tax purposes.
	Dobija (1998)	It suggests calculating human asset value with the formula $V = (K + E)(1 + Qt)$, explained as the capitalized cost of living (K) plus the capitalized cost of education or training (E), multiplied by the learning curve (Qt) according to years of employment (t). The balance sheet would then reflect physical, intangible and financial assets plus unexpired human resource recruitment, selection and training costs (financed with the owners' capital) and human assets (financed with the workers' capital).
Other financial statements and information through indicators	European Union of Accounting, Economics and Finance Experts (Congress of Strasbourg, 1983)	Standardized structure that includes the following items: • Employment levels • Work conditions • Health and safety • Education and training • Industrial relations • Wages and other benefits • Distribution of added value
	The French social balance	Since 1982, it must be issued annually by companies with over 300 employees. It includes quantitative and non-financial information, as well as financial information on (Christophe & Bebbington, 1992): • Employee information such as physical features (gender, age). • Payment and other expenses that explain the company's benefit policy. • Hygiene and safety conditions. • Other work conditions affecting employees, such as work hours, night work, noise levels, etc. • Development and training. • Information about the relationships between the company and its employees, which relates to the internal social climate. • Other factors related to employment, such as initiatives in a participatory management style, etc.

Continue

SCOPE	AUTHORS	PROPOSAL
Other financial statements and information through indicators	The Jenkins report (Aicpa, 1994)	It suggests providing non-financial information classified into eight categories. Some of them are: 5: Statistics related to the quantity and quality of key resources to the company, according to its sector. It could refer to the future availability of natural resources or the average age of employees. 7: Measurements about active participation of employees. Employee satisfaction indices.
	Sveiby indicators (1997)	Information that would be useful to external users. It refers to competency, stability and efficiency of a company's staff. Competency indicators: number of professionals or experts in the company. It refers to the people who design, produce or present to customers the product or service required (not including those who work in accounting, administration, etc.); number of years exercising the profession; educational level; training (in terms of costs as a percentage of rotation or days spent in professional development processes); value and attitude measurements. Efficiency indicators: proportion of professional executives; benefit per professional; value added per employee; value added by professional. Stability indicators: average years of service; seniority; abandonment rate.
	Derksen (1996) & Johanson (1996)	Two alternatives are possible: Using the memory to inform, not only from the point of view of measuring human capital from a value perspective, but also in terms of providing financial and non-financial information about potential wealth creation by workers. Preparing a human resource statement separately from annual statements.
First steps of Spanish companies in measuring and reporting intangibles	Intelect project	It was funded by the European Social Fund with the objective of designing an intellectual capital measurement and management model from two perspectives: an internal one (providing managers with appropriate tools) and an external one (providing information to external users). It was presented in 1997 (IUEE & KPMG Peat Marwick, 1998). Its objectives lacked compliance from the Intelect Club, which was created in 1998 and included about 40 companies (Bueno et al., 1999).
	SME's CI Measurement Project	This Knowledge Cluster Association project only intended to create an intangible asset measurement tool to use this information in managerial tasks, not as external data.
	Meritum Project	This project started in 1998 and was funded by the European Union. Countries like France, Sweden, Norway, Denmark, Finland and Spain were part of it. It suggested the creation of a set of guidelines to report information on intangibles to third parties through annual statements (Cañibano et al., 1999).

Source: Own elaboration.

Moreover, Villacorta (2003) collects various human resource management models that have been applied. They are summarized in Table 2.

TABLE 2. Practical application models of human capital management

CLASSIFICATION	OVERVIEW	APPLICATION EXAMPLES
Competency measurement models	Based on the experience of the Personnel Economics Institute at Stockholm University, it includes trends designed to measure and record personal data and capabilities of employees or potential employees.	Bull: RH tool used to register the workers' photos and their skills, knowledge and experience in order to assign the most suitable people on each project's strategic lines. Microsoft: online competency system used to: (a) define working bodies where each worker can participate; (b) develop an employee rank based on competencies; (c) identify needs and link them to educational resources aimed at strengthening the capabilities required. Seat: development plan for managers. Its main tool is a talent bank that provides information on workers to deal with replacement plans. Indra: Development Center, a standardized process to analyze and assess each worker's potential, experiences and abilities, as well as a possible professional development path.
Competency management models	A company's flexibility depends on its employees' abilities.	Ibermática: reorganization project based on the human resource management policy. The company identifies each employee's development needs and adapts wages according to the worker's contributions to the company. It is also used by BSCH, IBM, Volvo and Xerox.
Davenport model	By means of graphics, it analyzes and displays the staff's increase of strategic capabilities. This is achieved when the company manages to find the expected employee profile and therefore there is increased commitment and dedication.	For each human capital aspect such as: • human capital / strategy relationships • recruitment of human capital investment • context for performance • construction and human capital • investor retention it proposes various "outcome measurements" or indicators of the effectiveness of human capital management (for example contribution of the recruited staff to capacity strengthening) and "contributing measurements", which indicate the degree in which individual actions and programs support outcome measurements (such as recruitment costs or length).
ABB (Swedish-Swiss industrial group) model	Project T50 started in the late 1980s with the objectives of increasing employee motivation and satisfaction and reducing production times by 50%. Its main achievement was setting up a human resource profit and loss account, which is estimated sequentially based on the difference between total revenues and human capital costs.	It tries to set other indices to estimate the value of processes (total quality costs) and customers (market share), but it focuses almost exclusively on human capital indicators through the following indicators: absences due to illness, percentage of women employed, training time per employee, training costs by employee and percentage of employees with university degrees.

Continue

CLASSIFICATION	OVERVIEW	APPLICATION EXAMPLES
Telia (Swedish telecommunications company) model	Management model used to connect the company's strategic objectives with worker development. The strategy is having competent and motivated employees with the flexibility needed to develop their work in a future environment of constant change.	Intellectual capital management focuses on nine aspects: • Employees • Managers • Internal communications • Need for human resources • Development of essential competencies for a leading company • Organization and work methods • Wages and work conditions • Work environment It suggests creating a detailed report on employee composition and a document called "State of Human Resources". In 1995, the company managed to have total human resource accounting (with a human resource balance and a human resource profit and loss account complemented with annotations that described the calculations made). Human resource accounting should be parallel and complementary to the company's required financial accounting.
SCAA (Swedish Civil Aviation Administration) model	With the aim of helping the company to increase employee motivation and capabilities, the human resources department tries to link workers' development and society's interests.	It decentralizes the company progressively by dividing it into thirteen units to achieve the following objectives: • Create a flexible organization to face competitiveness. • Increase competitiveness, productivity and efficiency. • Establish learning structures that make it possible for any employee to be part of the decision-making process. • Create a corporate culture based on employee cooperation. Also, a human resource balance sheet and profit and loss account are made.

Source: Own elaboration.

From the 1960's there have been various attempts to measure, quantify and disseminate information concerning the value of staff as an investment, in order to incorporate it in the financial statements together with other intangible assets (intellectual capital), which has also been subject to standardization by AECA (2004, 2011a, 2012e). But given measurement and evaluation challenges, alternatives have been sought through narrative disclosure. It also raises concerns on other topics which are more related to the company's behavior (social accountability). Currently, these ethical/social issues about the personnel are grouped together with environmental concerns (corporate social responsibility).

It seems that each stream covers the previous one by slightly modifying its approach and adding new topics. However, all of them lack content and format regulation, which in the end reduces comparability and usefulness of the information disclosed.

In any case, authors such as Kaplan & Norton (1996) have stressed the need to interrelate the various aspects to consider about a company's operation. For example, they propose using the balance scorecard as a structure to transform a strategy into operational terms. In that sense, the company must ask itself how it should be perceived by customers in order to achieve its vision, how it should be perceived by shareholders to have financial success and how it could keep its training and growth capacity. At the same time, objectives, indicators and actions for each area must be specified. In a later work, Kaplan & Norton (2004) show a strategic map with four areas (financial, customer, internal and learning/knowledge perspective). The goal of potential productivity and growth strategies is the creation of long-term sustainable value for shareholders.

The internal perspective, besides operations, customers and innovation management, includes regulatory and social processes such as those related to the environment, safety and health, employment and the community. Furthermore, the learning/knowledge perspective incorporates three aspects: human capital, information capital and organizational capital (which includes culture, leadership, alignment and teamwork). All of these aspects are staff related. Therefore, from this perspective information on staff and human capital capabilities that add value to the organization are integrated into the rest of financial and non-financial information reported by companies.

Proposal to include human capital information in the integrated report

In recent years there has been an important international debate on the development of the so-called integrated corporate information, launched by the International Integrated Reporting Committee (IIRC). IIRC's work is based on the study "Tomorrow's Corporate Information: a System at Risk" prepared by PwC and the Chartered Institute of Management Accountants (CIMA) along with the think-thank Tomorrow's Company in May, 2011. It includes the opinion of 118 organizations from 22 countries and analyzes the deep changes experienced by the business environment in recent decades (Lizcano, 2011).

On the one hand, non-financial and intangible assets have become more important for company growth. In addition, many companies have chosen collaborative value creation options, such as partnerships with suppliers and competitors. Also, new technologies have had an impact on the instant availability of information about a company's activities. Finally, as a result of global critical situations concerning finances, climate and over-exploitation of resources, companies must learn to do more with less.

In this context, the main problems of how companies report information can be grouped into four major areas. On the one hand, the current information system is a chaotic collection of complex controls, rules and obligations without any coherence. In addition, it lacks a common vision. The quality of corporate information depends largely on each company's perception about its usefulness. For example, some use it as a marketing tool, while some others see it as a way to observe regulations. On the other hand, a lack of training and knowledge is observed. The current level of complexity of the business world requires new capabilities to be able to understand it, especially in areas like non-financial information, intellectual capital or risk management. Finally, current information focuses on the past and not on the future. However, the report stresses the need to look towards the future and create a system to anticipate future situations, instead of reporting about the past (Lizcano, 2011).

This initiative's objective is to reflect the content of the financial statements as well as social and environmental information in a single document or public information pack, considering the relationship between financial performance, sustainability and corporate governance (Moneva, 2011). To do this, the PwC study establishes some foundations of future corporate reporting.

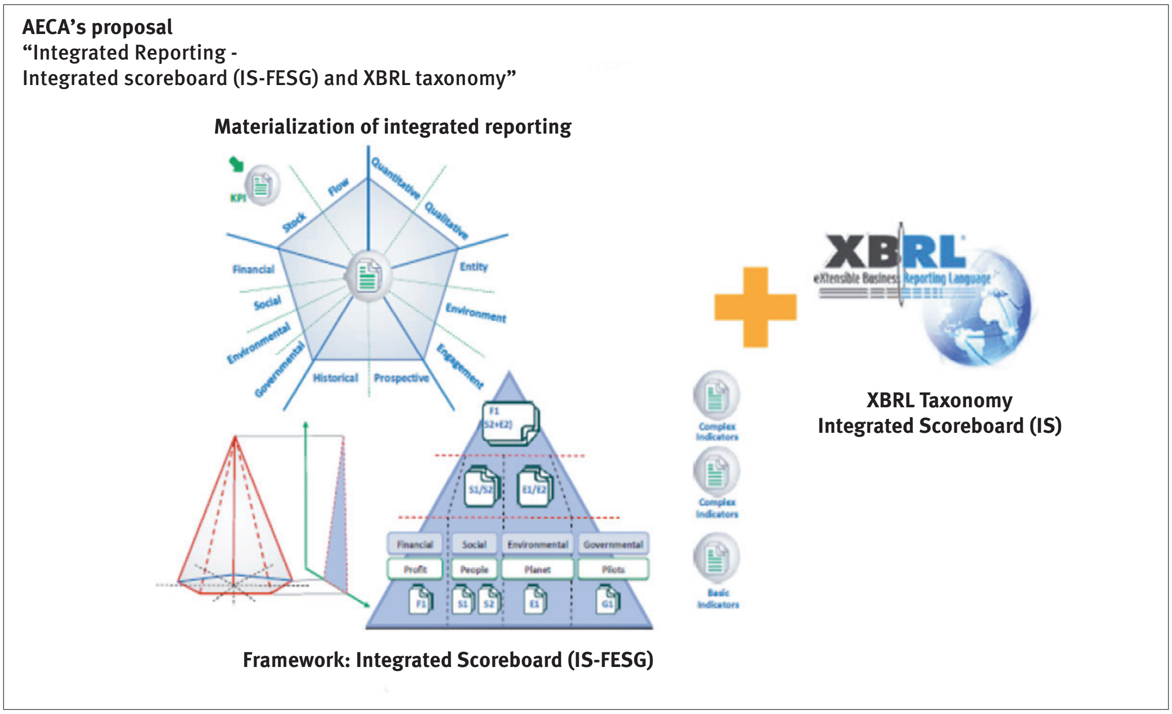
On the one hand, it should focus on a set of information that shows long-term value creation, as well as associated risks. Internal information used by managers has to be aligned with external information. In addition, reports should provide relevant and accessible information. Companies should communicate what is really important for their present and future evolution. It should be a system that helps investors and shareholders to make decisions. Also, it should show the companies' ability to create value in a sustainable way and allow companies to compare themselves to others. Therefore, change and innovation should be encouraged based on a common confidence in the system to achieve balanced judgments, opinions and compliance (Lizcano, 2011).

In Spain, the Spanish Accounting and Business Administration Association (AECA) presented a proposal in April, 2012 and it was called "AECA Integrated Reporting Integrated scoreboard (IS-FESG) and its XBRL taxonomy". This document was prepared by three of the ten AECA commissions: CSR, new technologies and accounting principles and standards (AECA, 2012a).

According to the scenarios proposed by the IIRC[2], information integration proposals in Spain range from the compulsory introduction of integrated reporting (similar to South Africa) to experimentation within existing regulations. In

2 In July, 2012 the International Integrated Reporting Council (IIRC) published a scheme (IIRC, 2012) with potential framework contents. A draft was expected to be issued for consultation in 2013.

FIGURE 1. Complexity of indicators in the integrated information model



Source: AECA (2012d, p. 54).

this context, AECA's document suggests that management reports are the ideal way to deal with integrated information under existing regulations (it is equivalent to *management commentary*, a term suggested by the International Accounting Standards Board) (AECA, 2012b).

IIRC's objective is to create a globally accepted framework of integrated information that gathers financial, environmental, social and corporate governance data in order to satisfy the needs of a sustainable world. According to IIRC, the key technology behind integrated reporting is XBRL, since information links in primary reports provide proper online access when necessary.

The principles of integrated reports specify that information should be relevant, interconnected, homogeneous, comparable, manageable, balanced, strategic in the short, medium and long term and verifiable. Report materialization outlines the business reality through a pentagonal pyramid. The five sides of the pentagon at the bottom reflect the types of information content and their nature: 1) Quantitative / qualitative; 2) organization / environment / commitment; 3) historical / prospective; 4) financial / social / environmental / government; 5) stock / flow.

If the pyramid is analyzed sideways (as in Figure 1), the IS-FESG (Integrated Scoreboard for Financial, Environmental, Social and Corporate Governance) can be observed. Its level of complexity increases from the bottom up. Thus, the first "floor" would be formed by basic indicators on finances (results), social aspects (people), environmental issues (the planet) and governance. Composed indicators are on the second floor and complex indicators, which relate to different issues, are on top.

According to AECA's proposal (2012b), with Key Performance Indicators (KPI) and Key Risk Indicators (KRI) an integrated framework can be formed with five performance squares, one risk square and 33 formulas which are presented through the XBRL taxonomy in an Integrated Scoreboard (IS) with a dual purpose.

On the one hand, the company that publishes integrated information can include new columns (dimensions) or validation rules (formulas), in order to increase the complexity of the reports, therefore adapting to the behavior that investors and managers need to control. On the other hand, analysts can use other dimensional relationships or formulas to treat specific data about the company without any software changes. This is how the final taxonomy allows companies to treat information more effectively, to analyze and monitor their own performance, to make accurate, fast and good decisions and to compare themselves against others, thus increasing transparency and research in the field of corporate social responsibility internationally (AECA, 2012b).

In this sense, it is clear that some companies can act as leaders, becoming an example to others. The first entities that published their 2010 integrated report in Spain were AECA and the BBVA Bank. The BBVA group has been a leader in Spain for a long time[3]. It is the only Spanish company and one of the 40 largest enterprises in the world that were chosen by the IIRC's pilot program (AECA, 2011b)[4]. The group's first integrated report was presented in April, 2011. It was "a great step forward to insert corporate responsibility into the entire value chain of BBVA. It anticipates the most innovative reporting trends around the world, which are mainly promoted by the IIRC" (BBVA, 2011a).

Throughout 2010, BBVA carried out a strategic reflection process with the participation of over 200 executives from seven countries. It aimed at integrating corporate responsibility issues into the daily agendas of the management teams. One of the main conclusions was the need to promote RC initiatives at the highest level, both locally and globally. For this reason, from April, 2011 the group's Management Committee exercises as the Corporate Responsibility and Reputation Committee, submitting these issues to the institution's highest executive body. This model will be replicated locally in main countries. One of the consequences of this progressive integration was also the new reporting model. In this way, BBVA's CR report issued since 2002 was not published anymore. Instead, social, environmental and extra-financial indicators were integrated in the 2010 financial report, which fully covers corporate responsibility information. More than a thousand people worked on this report. According to the bank, ongoing dialogue with sustainability analysts and institutional investors who are sensitive to these issues has been another additional factor that encouraged report integration.

With the purpose of anticipating the most innovative reporting trends around the world, BBVA and AECA worked on an integrated information study with the participation of other professional and academic entities. Its purpose was to draw some conclusions that could be presented to other public and private, national and international organizations. Besides these companies, seven Spanish companies created integrated reports: AECA (for the second time and it was rated A+ by the GRI), Caja Laboral, Caixabank, EDP Renovaveis, Enagas, Grupo Antena 3 and Indra (AECA, 2012c).

In terms of the future obligation of Spanish companies to present integrated information, it would not have too much impact because a management report is currently presented along with the financial statements. However, it should have an impact on content choice and the way to present information in the management report, since the relationship between factors (including social ones) and performance measurements needs to be emphasized. Also, some indicators should be standardized and online links could be provided.

The authors believe that the proposal suggested by AECA (2012e) to integrate information into the company's current management report is justified because management report contents are flexible, according to current regulations. However, we believe that integrated reporting should be a complete pack where the management report is just one of its elements.

If a non-financial balance sheet reflects the company's situation, it could be interpreted that the intellectual capital shows the asset (what it has) and social responsibility trends focus on obligations and liabilities, but also on legitimacy or own capital.

In any case, it is clear that these aspects cannot be monetized (at least not completely) and that it is not a zero-sum situation. Thus, traditional financial statements could be enriched with other non-financial statements complying with the formal requirement of including information about current and previous financial years for comparative purposes. These non-financial statements would include relevant indicators for the company, based on a standardized list.

3 Some of the reasons to support this statement are: the bank's solid social balance in the 80s, its information on intellectual capital in the late 90s, its high ranking on the Ricardis report because of information on intangibles in Spain in 2003 and for being part of the FTS4good index, among others.

4 Later, other companies that participated in the IIRC's pilot program were Enagas, Inditex, Indra and Telefonica (AECA, 2012a).

FIGURE 2. Proposal for creating an integrated report

<table>
<tr><td rowspan="5">Integrated report</td><td rowspan="2">Financial statements</td><td colspan="6">STATEMENT OF FINANCIAL POSITION</td><td rowspan="2">P and L statement</td><td rowspan="2">SCE</td><td rowspan="2">CFS</td><td rowspan="2">FS memory
(explanatory notes of FS)</td></tr>
<tr><td>Asset</td><td>X_1</td><td>X_0</td><td>Liabilities and NW</td><td>X_1</td><td>X_0</td></tr>
<tr><td rowspan="2">Non-financial statements</td><td colspan="6">STATEMENT OF NON-MONETIZABLE POSITION</td><td colspan="4" rowspan="2">NFS memory
(explanatory notes of NFS)</td></tr>
<tr><td>Unrecognized intangible assets
C Structural
C Relational
C Human
• Diversity
• Management
• Stability
• Seniority
• Training
• Absenteeism
...</td><td>X_1</td><td>X_0</td><td>Liability for unrecognized obligations
• Environmental information
• Corporate governance
• Social information</td><td>X_1</td><td>X_0</td></tr>
<tr><td colspan="11">Management report
(point of view about financial and non-financial factors that have affected (historically) and that will affect (prospectively) business evolution)</td></tr>
</table>

Source: Own elaboration

The memory of both statements would specify how the information was obtained (criteria, calculation, etc.). Also, the management report would refer to management policies applied in connection with the company's strategy, as well as expected developments and plans to deal with future changes.

In terms of the drawbacks of current information mentioned by Lizcano (2011), we believe that this proposal would make several contributions. On the one hand, given the current dispersion of information and documents, grouping all the relevant information in one single pack would be a good option. Currently, information quality depends on the function assigned by the company to each type of document (compliance versus marketing, mainly). We suggest assigning the same function (by communicating the value creation process) to all the information reported, which would improve the knowledge of the people in charge of preparing the information and its users, since it is an international model (not local). In any case, the integrated report proposal (IIRC, 2012) incorporated into our model includes forward-looking information in response to society demands.

Conclusions

Integrated Reporting (IIRC, 2012) is a recent theoretical trend on corporate information disclosure that aims at creating a globally accepted information framework that includes, among others, social aspects, in order to satisfy the needs of a sustainable world. It is seen as a set of information that includes the company's financial statements, its management report and its corporate social responsibility report.

This article provides a new conceptual model of integrated reporting that also includes information on human resources. This type of information could be included both in the company's current financial statements and management reports. Also, it could be included in the "non-financial statements" (on social, environmental and corporate governance aspects) proposed in this article.

It is clear that we must pay attention to the development of theoretical proposals in the field of integrated reporting and its inclusion into existing regulations. Specific attention must be paid to the companies' information disclosure practices and their usefulness for different users, while being aware that contents on human resources can be affected by those practices. A potential line of research based on this paper would be related to opinions on this new information model from the point of view of company investors or owners as main users of the data, as well as people in charge of preparing the information (governing bodies) and employees in general.

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