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Business Excellence Assessment - from an Integrated Reporting Perspective

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Abstract

Economic globalization effects can easily be seen in various levels of decision process, affecting financial performance of each entity drastically. An essential variable on the decision process that is considered by managers, shareholders and stakeholders as well is the uncertainty of the economic environment that can be reduced through a flexible and up to date financial reporting model. In the light of the last evolutions of financial reporting model, standard-setters, researchers and practitioners as well, have realized the need for a change in the financial reporting regulation. Among listed entities, on which case financial transparency is essential on gaining investors trust, there has been drawn up a change in orientation concerning financial reporting model. As the focus falls now on value added potential, the new philosophy of integrated reporting has become of high interest for managers, shareholders and stakeholders as well. The paper is trying to describe this philosophy, from the perspective of business

excellence models, widely spread globally nowadays. We will try to explain the integrated reporting utility on decision process by underlining the way this voluntary corporate reporting solution can give relevant information about value added potential of a reporting entity.

Keywords: business excellence, EFQM model, integrated reporting, value creation, business model.

Introduction

Nowadays, we are witnesses to a constant evolution of financial reporting model, under the pressure of investors and other stakeholders as well. Essence of actual financing model changes from predominance of banking system to the solution of international capital markets, providing sources of financing to a lower cost of capital. But the cost of capital depends mainly on investors' expectations, which base their behavior on markets dynamics. On these circumstances, financial information takes a central place in the decision process, as long as efficient market hypothesis is valid. What happens in the light of the new behavioral economic theories, as they were raised for discussion different other market theories such as adaptive market hypothesis? The studies reveal that stock price on a capital market is not purely determined by financial information, but environment conditions as well, like biases such as overconfidence, anchoring, self-attribution, illusion of control, loss aversion, ambiguity aversion, or confirmation bias.

On this perspective, standard-setters and professionals as well have realized the need to revise the traditional financial reporting model. The voice of capital markets emphasize the need of listed entities to work on financial information quality and financial transparency, essential pillars for managers to lower the cost of capital and increase shareholder value on a sustainable way. Along the last years, they have been outlined a series of new financial reporting philosophies which do not limit only to financial information disclosure, but to non-financial information as well. The result is the development of different forms of corporate reporting, through which there is depicted a story behind the financial figures disclosed by the financial statements. Reporting frameworks like UNGC principles or integrated reporting framework, guidelines such as GRI guideline, or international

standards such as several ISOs, became basic tools on the vision of corporate reporting.

No matter the reporting framework used, the most important thing is that this story has to be clear and relevant in order to efficiently influence investors' behavior, meaning the information has to be material and it has to be presented in strong connection with the financial information referring to. Even if there is not a unanimous opinion on the direct connection of non-financial disclosure with the economic benefits generated by a more transparent financial reporting, non-financial information disclosure build trust and confidence in the relation managers-investors. Actually, non-financial information help better long-term investors focused on securing their investments, compared with the investors chasing for short-term gains. That is why non-financial information is strongly connected with financial information, but referring especially to management strategy and environmental context of the decision process.

The main objective of a company is to maximize shareholders' value, through different investment, financing and operational policies. Combining those elements is the secret of value creation. Exceeding investors' expectations will amplify the amplitude of value creation processes. Achieving the maximum potential of value added for a company is actually the best definition we will give for the concept of business excellence. Once business excellence is achieved, the company would gain some economic benefits and would consolidate the relations with long-term investors. In order the shareholders and stakeholders to be able to asses business excellence level, there has to be in place a proper reporting framework, able to disclose information about the potential of the company to create economic value, about the level of value added achieved from the total potential, the way value creation is achieved and the way value added is distributed to the main determinant factors.

In this article we will emphasize the utility of integrated reporting framework on assessing business excellence. It is extremely important to disclose not only value-added information, but value creation process information, as well. On this way, we cannot only reveal the strategic perspective of the financial figures, but the sustainability of the business model, as well, with its implications on shareholder value and company sustainable growth. Only this way, managers can reveal the innovation and social aspects of the business

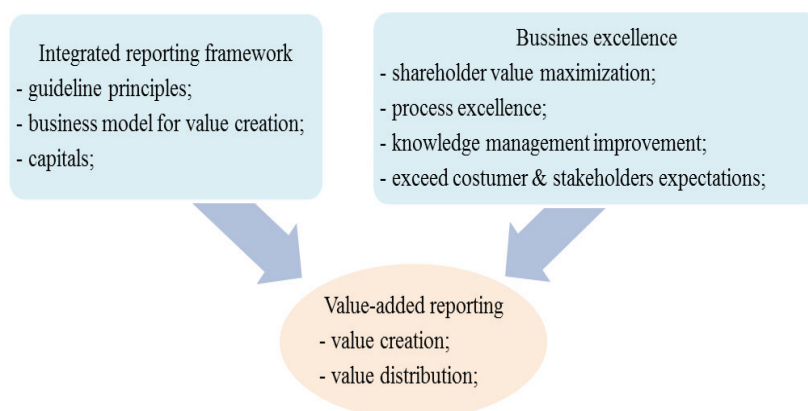
model. Not at least, we will realize that this path will eventually lead to public trust and positive capital markets effects.

Methodology and Data

In this article we will resume our research in two directions. Both will lead to a convergent point, namely the disclosure of information concerning value creation process and value-added distribution.

Our research consists of an analysis of how integrated annual reports can become a core reporting tool for business excellence of reporting companies. After all, value creation is the core element on integrated reporting philosophy. On the other side, only through business excellence companies can reach to their potential of value added created.

Figure no. 1. Research framework sketch



Source: Authors' own projection

We will proceed to a comparative analysis checking how an integrated report can give answers to investors and stakeholders, as well in order that they can be able to make a business excellence assessment on a company they are interested on investing or supporting. For this we will realize a cross-sectional analysis that should reveal how useful an integrated report can be in such a business excellence analysis. The business excellence model used will be the EFQM model.

We will base our analysis on a more simplified framework that view the business excellence model focused on value creation, as the other criteria considered on the EFQM model are properly addressed on the CSR & sustainability reports, reminding here that the GRI reporting guidelines are

extremely rigorous, well-structured on a high level detail and proper to be used as an alternative source of information for business excellence assessment of a company.

Literature review

Business excellence is a complex concept that preoccupies nowadays all managers, shareholders and stakeholders. Business excellence is actually an extended perspective of total quality management, as it focuses not only customer satisfaction, but also to the other stakeholders of the company, with focus on process management and performance improvement (Kanji, 2002). This opinion can be easily reflected through the well-known models of business excellence, as by now they are few ones intensively referred to, such as: (i) Malcolm Bridge Excellence model (MBNQA), (ii) EFQM Excellence model, (iii) Deming Excellence model, (iv) Canadian Business Excellence model or (v) Australian Business Excellence model. The most referred models are the first two ones, but along the last years it has been underlined a slight evolution of Baldrige model towards the EFQM model (Brown, 2014). There is also a Romanian business excellence model, mainly derived from the EFQM Excellence model, namely Juran Excellence model.

All of these models are aimed to measure business excellence level for a company, models based each on specific set of criteria. The question is how such models are already reflected partially through already mandatory ISOs for specific industries and particular categories of companies, as for instance Zink (1998) emphasized, comparing the EFQM model with ISO 9000 requirements. We underline this aspect as such kind of overlapping is actually causing information cost increase, like is already continuously debated the problem of financial reporting that has to be done complying to different mandatory reporting frameworks.

Business excellence and performance reporting

Overall, all those models are focused on measuring business excellence starting from several basic components, naming here the need of leadership on achieving business excellence, the customer focus, the need of strategic alignment, the role of organizational learning, innovation and improvement, the place of knowledge management, the ability of companies to develop and consolidate beneficial partnership relations, the process-oriented operational

improvements, social responsibility or the results focus (Porter & Tanner, 2004).

All those models have in common the focus on financial and non-financial results, but with slightly different proportion. Results focus is actually split into several areas of analysis. More exactly, in case of Baldrige Malcom model, the results consist of product and process results (12%), customer-focused results (8%), workforce-focused results (8%), leadership and governance results (8%) and financial and market results (8%) (Brown, 2014). On the other side, the EFQM model focuses on results concerning human resources (9%), customer satisfaction (20%), CSR (6%) and financial results (15%).

Even if those models do not focus mainly on financial information, which is actually normal in the actual context of really complex business model, we can admit that all aspects addressed have, directly or indirectly, financial implications for the reporting company. For instance, there is given high importance to customer satisfaction and human capital resources. But, as long as there is ensured a growing evolution of customer satisfaction results, the company can benefit of significant increase in revenue in time and will surely consolidate its market share. Same logic is if we refer to human capital impact on the financial results, as intangible assets like patents or processes improvements achieved will definitely lead to either growing revenues of cost savings. If we continue the same logic, we would realize that those elements cannot be analyzed separately, the organization being forced to build a system of knowledge management that ensure: knowledge transfer, a motivation system that determine the people to be involved in the project they are assigned, or a strategic thinking that should create an integrated approach of all company's projects following the core concepts and values the company share through its culture and policies.

There are voices that put in discussion, nowadays, the opportunity of recognizing the customer satisfaction as an asset in the balance-sheet (Dobroteanu, 2005). Also, they are some who claim that financial reporting model, that currently does not address properly the problem of human capital, should consider it as an asset in the balance-sheet as well (Diaconu et. al., 2003; Feleaga and Malciu, 2004). But all of these *latent assets* cannot be addressed through an accounting standard as they do not comply with an asset definition. In spite of this, nobody will forbid companies to disclose additional information about

those generators of economic benefits. On the contrary, they are encouraged to do so, but managers just stick to the old reason of financial reporting costs or even competitive costs.

Not the least, we underline the need of an approach between the financial reporting model and the management accounting model, that in some limits can bring benefits to the company, as long as aggregate information about financial results can be presented based on company's processes, together with potential cost savings and increasing revenues expected from the success of some major projects. Those can be completed with a longer list of traditional financial reporting lacks, such as: risk management model description, social balance sheet, environmental balance sheet, project-based profit and loss statement, synthetic balanced scorecard etc. All of these would imply an increase in corporate reporting costs, but the differentiation can be applied based on the *voice of the customer*, in this case the voice of investors and the other stakeholders of the reporting company.

Even there is not agreed by now a global mandatory implementation of a non-financial reporting framework regulation, we foresee a favorable position of accounting standard-setters that will translate, in time, in more action towards a corporate integrated reporting model. A real proof of this direction is even the 95/2014/EU directive that mandate listed companies to complete the financial reporting model with non-financial information, as well.

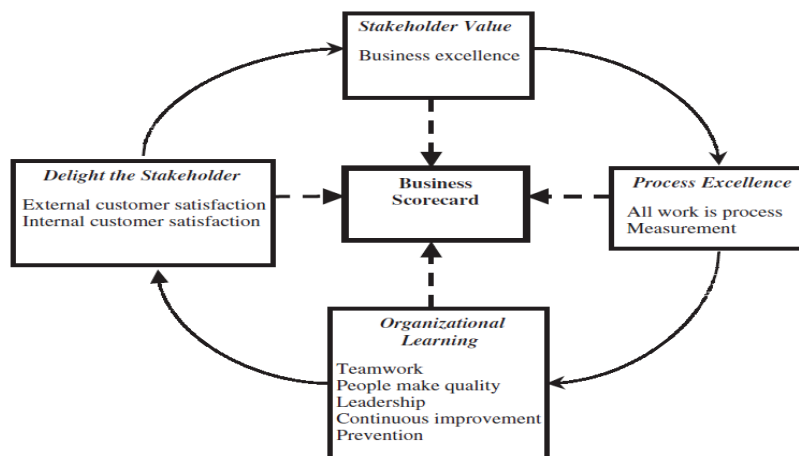
Business excellence through integrated reporting

The literature has discussed different forms of value creation reporting and business excellence assessment. From our point of view, even if by now it has been applied by a small number of companies, the integrated reporting framework respond properly to the considerations we've mentioned by now in the article. Indeed, integrated financial reporting would mean, not only revealing value added information, but disclosing the background behind the business results, as well. The results are analyzed, similar to the balance-scorecard model proposed by Kaplan and Atkinson (1998), from financial perspective, from customer satisfaction perspective, from process management perspective and from innovation perspective. But the focus does not fall on the financial perspective, through integrated reporting being established a balanced approach of all those perspectives. Even if they are voices that claim there is high risk those integrated reports can become core marketing

tools for managers (Dumitru et. al., 2015), they can be extremely useful for investors and stakeholders.

Integrated reporting represent a brand new alternative to existing corporate reporting solutions, which promote not only a focus on information needs of the shareholders, but on the information needs of different stakeholders too. Eccles and Serafeim (2014) sustain, integrated reporting model does not only focus on revealing integrated relevant information on investment and financing process, but also give the opportunity to managers to align their strategies closer to shareholders expectation (shareholders engagements). Its philosophy circle around the need to disclose relevant and complete information regarding value creation model, as the main output an entity should achieve through its operating, financial and investments decisions.

Figure no. 2. Business scorecard of shareholder value cycle



Source: Kanji (2002), *Measuring Business Excellence*, p. 127

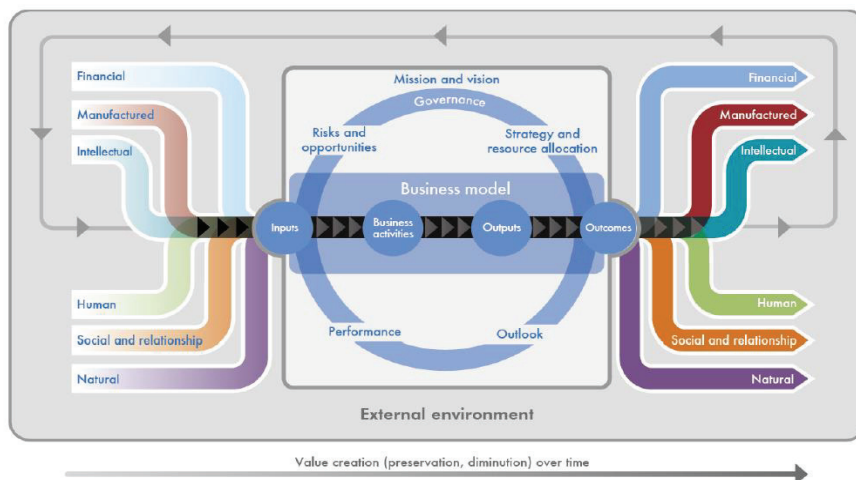
Through its concepts, guiding principles and content elements, IIRC framework give a clear image of how an overall picture of the potential of value creation of an entity should be. If we start from Kanji (2002) perspective on business excellence, integrated reporting framework could be a proper reporting framework solution for business excellence assessment.

Once those core elements are defined, business excellence measurement can be translated in shareholders' and stakeholders' satisfaction. As currently customer satisfaction is considered, not only a

premise for business excellence, but a criteria of entity's existence, we should focus on how business excellence models translate in shareholders' and other stakeholders' satisfaction. For instance, Kanji (2002) propose a business scorecard monitoring the excellence of a business model that consists of four dimensions, namely: shareholder value maximization, process excellence, knowledge management improvement and stakeholders delighting. But, eventually all those elements converge to one main goal, namely shareholder value maximization. Thus, achieving customer satisfaction would generate sales growth, the increase in sales can be transformed in valuable investment in processes and people, while the return on investment can lead to stakeholders delighting.

This means that financial and non-financial information are extremely important on valuing the elements of the business model. Integrated reporting framework even offer a general format of business model and how it should be analyzed, starting from a set of guiding principles and a content elements perspective. The framework is extremely flexible, recommending no predefined format of presentation or method of measurement. This is why this framework can work very well in conjunction with other reporting frameworks as is the case of GRI (Adams, 2013), or ISO standards (McKinley, 2010). On this direction we can remind even IIRC framework which sustain that an integrated report should be disclosed independent of a sustainability report as the objectives of the reports are different, the final users are different and the materiality of the information to be disclosed can differ significantly. There are even built already different versions of KPIs cross-reference between integrated reporting framework and those specific sustainability reporting frameworks.

Actually, the next scheme is relatively similar with Porter (2008) value chain analysis configuration, just that Porter's model is more function-based oriented as the value chain analysis process is actually a model used internally by each company. Additionally, integrated reporting framework just underlines the external environment impact, through the risk and opportunities section and is fundamentally based on a strategic view, rather than on an operation view.

Figure no. 3. The value creation process

Source: The International <IR> Framework, p. 13

Overall, core concepts of <IR> reflect the objective of an integrated report, the means used to obtain the value added and, of course, the processes combining the capitals and leading to value added creation. What is admitted, even by IIRC, is the classification of the capitals in the different categories mentioned before, based on the specific of the activities run by the reporting entity. But, at the end, as shown even on the value creation process scheme above, this classification should not influence fundamentally. What we can see as an impact would be the specific of function processes that can differ from one type of capital to another, and the externalities that can differ based on the different processes in place.

The entire value creation process is really simple. In order to be transparent and tell clearly the story of value creation behind, entities should disclose the resources available to be affected for the management strategies, should depict the external environment profile relevant to its mission and vision, should describe the influence of stakeholders and external environment on entities value creation capability, should identify the risks and opportunities and should describe reliably, concisely and consistently the business model configuration, and reveal the processes and mechanisms behind the transformation of the input capitals into output capitals.

Integrated reporting is based on seven guideline principles (IIRC, p. 5):

- strategic focus and future orientation
- connectivity of information
- stakeholder relationship
- materiality
- conciseness
- reliability and completeness
- consistency and comparability

Those guiding principles, actually illustrate the wider view of value, promoted by IIRC framework, where the value creation is not analyzed only from the perspective of value added created for shareholders, but the value added created for the stakeholders and society, too. It is essential to underline the fact that this reporting framework addresses not only to long-term investors, but to short-term and medium-term shareholders and stakeholders also, leading an integration of thinking among investors.

It is really important the connectivity of information, as the value created is based on the concomitant use of six categories of capital (financial capital, manufactured capital, intellectual capital, human capital, social and relationship capital and natural capital). It is essential that the managers realize that focusing only on the extensive/intensive use of one capital would not generate a positive impact of the processes on financial performance. That is why, integrated reporting promote a more balanced management of capital, not as is the case of traditional model, oriented especially on financial results, but neglecting the other categories of capital. Overall, integrated reporting is actually showing that an entity is able to create internal (shareholder) value only in positive correlation with the value they can create value for the environment it operates in.

Concerning the capitals involved on the integrated reporting, we have to emphasize the fact that the difference between integrated reporting framework and financial reporting framework is actually referred to some extremely controversial elements like is the case of intellectual capital accounting (intellectual property, organizational capital), human capital reporting (expertise, experience and capabilities of the employees), or social and relationship capital reporting (brand, reputation). From the personal point of view, wonderings regarding reporting those special categories of capital still persist in case of social capital and it is really hard to evaluate the advantage that an entity has,

as a consequence of its own system of procedures, its own culture, or the management alignment to the shareholders engagements.

Stakeholder relationship is fundamental on setting up an efficient communication process, between the managers on one side and the stakeholder on the other side, with the aim of reducing as much as possible information asymmetry. The power of this relation is already explained through *legitimacy theory* and *stakeholders theory*, which just underline the dependences between an entity and its external environment. This means that, as long as the entity is able to explain clearly its strategic view to all stakeholders, management will get support from the entire society, or at least will not meet constraints raised by different stakeholders. That is why we subscribe to those who believe that a value added statement is urgently needed to become mandatory for all listed and big companies, disclosing information of value creation and value distribution. That is why integrated reporting is again seen as a model for the future corporate reporting system configuration.

Managers have to give great attention to information characteristics like: materiality, conciseness, reliability, completeness, consistency, comparability, as practice regularly claims that integrated reports are extremely voluminous and sometimes ambiguous. This is because of various application of materiality principle that gives them the opportunity to present the information in their favor (*narrative reporting*) using different techniques of impression management (Jones, 2010).

Information about organizations overview is useful to establish the institutional framework an entity has set up to create and improve continuously the internal value adding processes. Beside this, shareholders and stakeholders should be aware of the boundaries of the internal environment that can be managed towards strategies implementation. But, in order to establish the limits of the boundaries between the external environment and the internal environment, there should be revealed also information about the internal environment configuration, together with the mechanism, the processes, the procedures and the organizational culture. Once external environment and the business model are defined, the managers should report information about the risks the entity is exposed (historical risks with immediate or future effect on the entities performances and expected risks rising from actual proposed strategies). All these being set up, in

strong relation with the management strategy, the stakeholders can decide on the effectiveness of management actions considering the overseen opportunities. We would consider the last, but not the least the governance mechanisms that are really important when we talk about the monitoring system of the management team on a continuous way, so that significant gaps between managers actions and strategy confirmed by shareholders to be corrected on time.

Figure no. 4. Integrated reporting, an intersection of different value creation perspectives



Source: USB (2012), What is “Integrated Reporting”?, p. 3

An integrated report is designed in order to provide information about (IIRC, p.5):

- organizational overview and external environment
- governance
- business model
- risks and opportunities
- strategy and resource allocation
- outlook
- basis of presentation

In the end, business excellence should translate into positive impact for shareholders and stakeholders as well. Important is the way managers communicate, not only the value creation, but the value added distribution as well. Only this way, the entity can be sure of

shareholders and stakeholders support and the managers can use the capitals of the entity. We underline this fact as we are talking not just about traditional forms of capital (financial capital, natural capital, manufactured capital), but also about a refined concept of capital that means intellectual capital, human capital and social capital too. All those categories of capital need stakeholder's commitment to the management strategic plans. This way the public trust can be re-established, the investors can regain their confidence on capital markets and the KPIs will become relevant for the decision process.

Results and discussion

The base of the integrated reporting model is the <IR> framework, issued on December 2013, after about 3 year of public consultation, starting from a pilot program including 140 companies, from 26 countries. A significant increasing number of companies implementing the <IR> reporting framework have been encountered especially in the period 2013-2014. Even though, this framework was implemented only by a small number of companies'. This reporting model is voluntary for all companies worldwide, except the case of the listed companies on Johannesburg Stock Exchange (JSE) which are mandated to publish yearly an integrated report. The reason is that managers, investors and stakeholders do not have yet a clear image on the balance between the cost inquired to prepare an integrated report and the benefits derived from such an option. Indeed, there is small literature on this area, as IIRC reporting framework is relatively new. Even more, we believe there has not yet been revealed the usefulness of the integrated annual reports, like is the case of integrated reports that can be used on the business excellence assessment, by analysts and investors.

We have underlined until now that, through business excellence, companies aim for value creation maximization. On the other hand, we have clearly emphasized that integrated annual reports are actually addressing, in a financial perspective, the flow of value creation process. The question is how useful is an integrated report on assessing business excellence for a company and which are the limits of this reporting model. That is why we need to integrate the information disclosed by the integrated annual report into the business excellence model scorecard. For this we will refer to EFQM model, in case of Coca Cola HBC Company.

Table no. 1. The European Model for Business Excellence

<i>Criterion</i>	<i>Weighting (%)</i>	<i>Number of sub-criteria</i>	<i>Sub-criteria weighting</i>
<i>Enabler criteria</i>	<i>50</i>		
Comprising:			
1. Leadership	10	5	Equal
2. Policy and strategy	8	4	Equal
3. People	9	5	Equal
4. Partnerships and resources	9	5	Equal
5. Processes	14	5	Equal
<i>Results criteria</i>	<i>50</i>		
Comprising:			
6. Customer results	20	2	6a 75% 6b 25%
7. People results	9	2	7a 75% 7b 25%
8. Society results	6	2	8a 25% 8b 75%
9. Key performance results	15	2	Equal

Source: Porter & Tanner, Assessing Business Excellence.

A guide to business excellence and self-assessment, Elsevier, p. 165

The EFQM model is a business excellence model issued by the European Foundation for Quality Management, mean not only to build a solid culture of TQM on a company level, but also to increase European industry competitiveness on a regional scale. The set of criteria behind the model scoring, concentrate on the enablers and on the results as well, are reflected in table no. 1. On its bases stay the flow that explain the results through organization processes, processes run and continuously improved by human capital organization's resources. That is why the processes and the human capital are placed in a central position of the model.

On the other side, we can easily realize that this business excellence model can be properly described through the integrated annual reports. The diversity of the information disclosed by the integrated report can provide a business excellence profile of the reporting company, using a smart format of presentation, focused on graph presentation, narrative disclosure techniques, information materiality and information connectivity. EFQM model consist of a set of 9 criteria, which is divided into other 32 sub-criteria.

Cross-sectional analysis between information disclosed by integrated reports and information disclosed by self-assessment report/ feedback report reveal, from our perspective, show the limits of the integrated report, as it provide relevant information for business excellence assessment only in terms of value creation and business strategic analysis. In this equation, the human capital and the innovation potential are essential, as they are enablers of value creation.

It is obvious that an accurate image of a business model excellence scorecard can be depicted only starting from an external audit mission, led by specialists. We also know that integrated report content is really flexible, impossible to be somehow standardized. But this does not mean that investors or other stakeholders are not able to build an overall profile on the business excellence level a company has reached. We would actually see this approach as being a new perspective of integrated report analysis, as every investor, analyst or other stakeholder objective differs when analyzing and interpreting the information disclosed by the integrated report. On those circumstances, we would encourage managers to continue disclosing not only an integrated report, but sustainability and CSR reports as well, because those corporate reporting tools diverge once the objective of analysis does not address only value creation and distribution.

From our point of view, the marked cells in table no. 2 underline a conceptual connection between the elements included in the EFQM model and the Integrated Reporting framework. Overall, all resulted element from the cross-sectional analysis are valid, that their validity differ based on each industry or company particularities, except the marked ones which are general and should be seen in every integrated report. For instance, an integrated report addresses the model of company governance, extremely useful on company's efforts to preserve its assets and affects its resources effectively and with respect to all legal requirements. But the governance model does not necessarily follow up customer satisfaction.

Tabel no. 2. Cross-sectional analysis on EFQM model versus <IR> framework

		EFQM model results			
		<i>People</i>	<i>Customer satisfaction</i>	<i>Partnerships</i>	<i>Business</i>
Integrated report	Content elements				
	<i>Organizational overview and external environment</i>			X	X
	<i>Governance</i>			X	X
	<i>Business model</i>		X		X
	<i>Strategy and resource allocation</i>	X			X
	<i>Performance</i>	X	X		X
	<i>Outlook</i>				X
	<i>Basis of presentation</i>				X
	Capitals affected				
	<i>Financial capital</i>	X		X	X
	<i>Manufactured capital</i>		X		X
	<i>Intellectual capital</i>	X	X		X
	<i>Human capital</i>	X			X
	<i>Social and relationship capital</i>			X	X
<i>Natural capital</i>			X	X	

Source: Authors' own projection

The section of the EFQM model, addressing the problem of excellence in company's workforce, reveal information not only on human capital and company's potential of innovation, but also information concerning leadership and excellence culture consolidation. This section is only partly addressed in the integrated report, with focus on human capital impact on the value creation process and the policies the company set up in order (financial motivation, promotion, professional training and formation). This section depend on the industry the company activates, as we cannot compare an IT company with a manufacturing company, as in a manufacturing plant the processes can be standardized usually, while the contribution of a software programmer is unique for a project progress. What is fundamental in both perspectives is the need of communication that is hard to be measured and usually is kept as internal information. If we would sum up leadership weighting (10%) with people weighting (9%) and people results weighting (9%), we would realize that human capital

resources are the most important element of the EFQM model. The situation is similar for the other business excellence international model, reason why we would think for a profile model construction that bases not only on information disclosed by the integrated report, but also on information revealed through CSR and sustainability reports.

Customer satisfaction is the core element of all TQM model, but this is not the same situation for EFQM model, as its weighting sum up only 20%. This is explainable as the objective of customer satisfaction means not only to meet customer expectation, but even to exceed them, objective achievable only through a strategic and operational quality planning, focused not on detection, but on prevention. That is why, we would dare to say that those 20% for customer satisfaction actually can go over 30%, as customer satisfaction means compliance with manufacturing processes (referred to manufactured capital), plus drastic (Six Sigma methodology) and continuous (Kaizen philosophy) improvement of the processes (referred to intellectual capital). This area represent a limit of the integrated reports, as project improvements reporting imply a high risk of losing the competitive advantage a company has in relation with its concurrence.

In the context of a globalized economy, the problem of developing and consolidating partnership relations and using efficiently and effectively the resources, is fundamental. Talking about partnership relations is as we talk about company's chances to grow sustainable, especially in the light of growing efforts of supply chain optimization. Here the companies are willing to share plenty of information with the stakeholders, in terms of strategic projects and perspectives of development and consolidation. But that information is limited, in the integrated reports, to information that can facilitate value creation and can create public trust about the company's viability. This section, similar with the section addressing the social reality of the company, can be fulfilled much more properly based on environmental and social reports that are even regulated by financial reporting standard-setters, as an integrated report will present this information from a strategic point of view that should lead to an underlining of a positive scenario of the company in terms of value creation and risk management optimization.

In the same area of interest they are the relations between the managers, investors and the other stakeholders. On this direction, integrated reporting model promote managers engagements, representing a form of stewardship culture on the light of the new

corporate reporting model. Only this way, managers can gain investors and we would say, more important stakeholder's support, on implementing company's objectives. The question that still remains open is how accurate the data disclosed by the integrated reports are. There is solution on this direction as well, consisting of auditing those reports against several assurance standards like AA1000 *Accountability Principles Standard*, or ISAE 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information*. But those standards are watching only to ethical considerations, procedural issues, planning aspects or information quality requirements (Lungu, 2013).

The area in the EFQM model that discusses the business model of a company is well-drawn in an integrated report, along its entire content. Actually, this area is concerning the dissemination of financial and non-financial information disclosed by an integrated report. An integrated report achieves to make up a story behind the financial figures with the help of the non-financial information. The integrated report can describe the combination of capitals considered by a company in order to achieve the targeted results. It is particularly designed in order to underline the positive aspects of the management activity, concerning financing, investment and operations decisions. Overall, the business results disseminated on the integrated report reduce to the business model presented on a prospective and visionary/strategic perspective that implies an efficient resources allocation, in uncertain economic, social and environmental context.

Instead, the integrated report is offering conclusive, but limited, information on the technology used by the company as well, in order the gain customer's trust. Also, there is small volume of information revealing knowledge management considerations, because of competitive advantage preservation. This is another limit of the integrated reports, as through knowledge management processes, company's viability can be ensured. Moreover, improvements encountered on local facilities cannot be properly replicated globally, or even regionally, as there is not an efficient system of knowledge transfer.

If we change our perspective analysis to look on the integrated report usefulness through the lens of EFQM model, as a possible angle of underlining some points of improving the integrated reports structure, we would realize that all core elements of the business excellence model should result in shareholder value maximization and equitable value

added distribution to its enablers. On these circumstances, as the content of an integrated report is relatively flexible, the stakeholders and the investors can use business excellence models as referential to interpret better the information disclosed by the integrated report. If the guideline principles mentioned in the <IR> framework refer to the content of an integrated report and the format the information is presented, EFQM model show us a possible model of information analysis and interpretation. Thus, the investors and the stakeholders could analyze the integrated reports beyond the traditional review of an integrated report, by focusing on:

- efficiency and effectiveness of management's policies;
 - the analysis should not limit to the traditional financial ratios, or even to the extended set of traditional and value-based ratios, as non-financial information can give relevant clues to the reader concerning potential economic growth determined by the intangible assets, the human capital, or by the business process reengineering projects;
 - the results analysis has to be done on a wider time perspective as different functions of the company, design various improvement projects for which the return on investment (ROI) can be calculated only based on the entire lifetime project, or along the complete cycle of a process;
 - business results can be defined as the consequence of human capital productivity and business processes' efficiency; it is essential that value creation determinants should be studied in strong correlation, with focus on training programs effects on workforce productivity, innovation capabilities and improvement initiatives;
- customer satisfaction impact on company viability an value creation process capabilities;
 - meeting customer expectations is not enough anymore nowadays, but exceeding costumer expectations, as industry certification standards require, like is the case of VDA requirements, valid for German automotive industry; that is why the integrated report should be looked for forward-looking non-financial information that would clarify company's perspectives of viability;
 - in order to exceed costumer expectations, the company has to go beyond its internal processes and resources, by building partnership relations in order to gain economies of scale and build public trust;

- leadership and premises for development and consolidation of a culture for improvement; it is extremely important the managers' vision on the business model and company's ability to run an effective strategic planning of the business, in order that all human resources are deeply involved and motivated to run successfully the task assigned within company's portfolio of improvement projects;
- realistic process-based management, starting not only from investors and stakeholders expectations, but considering aggregate historical performance information as well;
- human capital development and motivation policies, like HR professional training programs;
- intellectual capital capitalization and knowledge management optimization, as it could translate into a consolidated competitive advantage, even a technologic monopoly;
- increasing learning curve and innovation capabilities
- corporate social responsibility.

Overall, we can realize that an integrated report can be seen as a part of the self-assessment report done by the managers of a company enrolled on a business excellence award contest. But this will not minimize its value relevance as long as the information disclosed by the integrated reports are randomly cross-checked or completed with other sources of information.

Conclusions

Aiming for business excellence is part of every company's way of existence. The secret for each company is its organizational culture for excellence and the measure its people follow it. As Collins (2007) has defined business excellence, starting from an empirical analysis of some American companies, realities such leadership phenomenon, excellence culture development and consolidation, competitive advantage management, or sustainability thinking implementation, can be considered central pillars in the definition of the successful path to business excellence. But the concept of business excellence is extremely complex, dynamic and subjectively measurable. That is why the solutions raised along the last decades are controversial and sometimes even dual.

It is obvious that business excellence assessment, no matter the business excellence model used, can be fairly and accurately realized only starting from the conclusions of an external audit, like there are such

practices already worldwide. The question is how investors and other stakeholders can appreciate the stage a company is ranked in terms of business excellence parameters.

We propose on this article a completely new approach of business excellence assessment, by using existing corporate annual reports, with focus on the integrated reports. With causation, this reporting tool can surely be used by stakeholders as a basic source of information, as the business model is presented on a strategic, dynamic and prospective light, with focus on assessing company's value creation potential. This even more possible, as long the company capitalize information technology recent developments, leading to a more concise and costless model of corporate reporting, open for all its shareholders and stakeholders. But a cross-sectional analysis between a business excellence model and the integrated reporting philosophy has led us to the conclusion that an integrated annual report, or even a sustainability report, have to be perceived as similar with a self-assessment business excellence report the company would prepare.

What worth to debate further is the way corporate reporting model can be revised, as the limits of integrated reporting model can easily be identified through the lens of a business excellence model. We do not say integrated reporting model has to be changed in order to answer the questions raised by a business excellence model, as its main objective is the emphasis on value creation potential and equitable distribution model. Instead, we would just think further how corporate reports can be combined and result into an aggregate model of business excellence reporting model that should not limit only to value-added reporting, but to CSR and sustainability aspects as well. Moreover, such kind of model can be implemented on an online platform, up to date, with open access for all shareholders and stakeholders and with possible online sessions of debate. This way, everybody can be easily involved into the continuous improvement direction of the company, dictated by a visionary and responsible management team.

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