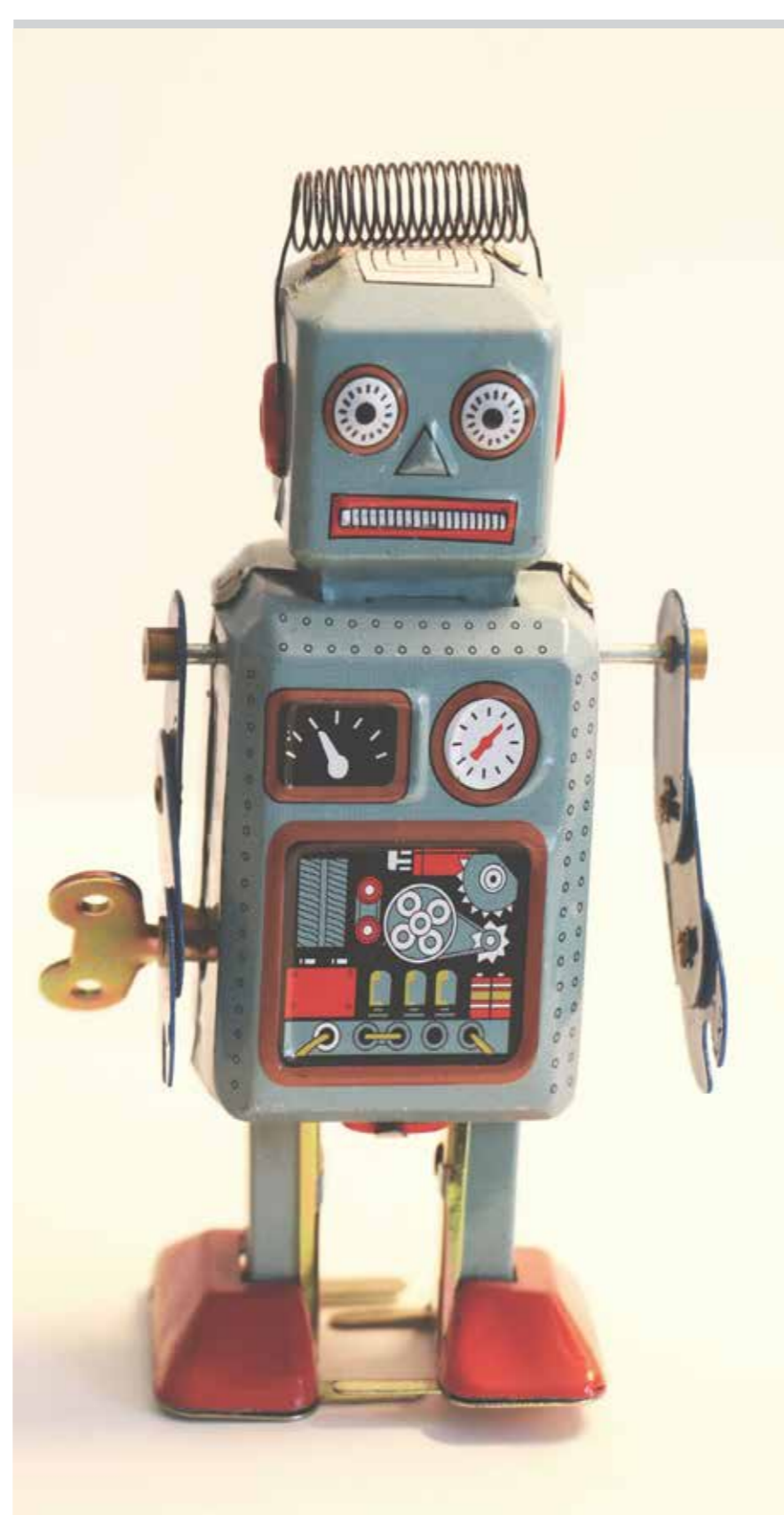


Integrated reporting for the Fourth Industrial Revolution

Companies are not fully understanding the requirements of integrated reporting and have not evaluated and adjusted their business models for the impending impact of the 4IR.

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The Fourth Industrial Revolution (4IR) will disrupt the way in which companies generate, create and preserve value and will reshape industries and society, making it imperative for companies to evaluate their existing business models.

Existing business models will be disrupted, and companies will need to adopt new and innovative business models for survival in the 4IR. The technologies emerging in the 4IR will change the way in which companies gather, assimilate and report information about their business models and value creation processes.

The JSE requires listed companies to publish an integrated report or explain why they have not done so. The primary purpose of an integrated report is to explain the value creation story of a company. Investors view the business model as critical for understanding the value creation story of a company when making investment decisions.

Integrated reporting also provides a platform for companies to rethink and communicate their value creation

processes through the disclosure of their business models.

A study at UNISA has found that there has been an improvement in business model disclosure since the implementation of integrated reporting requirements. Yet, many companies do not adequately disclose aspects about innovation, factors that impact competitive advantage and the ability of the business model to adapt to changes.

“In some cases, the business model is fragmented and scattered. This could be due to information being gathered in silos at different stages, from different sources and over a period of time. Those preparing it may be struggling to see the bigger picture when preparing the report,” says Aneetha Sukhari.

In other cases, the business model was not focused on value creation and did not provide a clear picture of how the company creates value for its stakeholders. “Possibly, this is a result of teams preparing integrated reports without fully understanding the requirements of integrated reporting and the impact of the 4IR.”



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