

REPORTING INTEGRATED IN THE CONTEXT OF THE COVID-19 PANDEMIC

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ABSTRACT: *The covid-19 pandemic has led society and the business community to approach holistic thinking on corporate governance, performance management and strategic development plans, identifying the elements that have the capacity to create added value in a sustainable way. this pandemic has had both positive and negative influences on the global economy and social development. with the increase of the covid-19 infestation rate, the moral and economic values of the society change, the profit that the economic side is no longer in the center of attention, but the way of developing the ecosystems that generate it*

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JEL Classification: *F60, H50, J10*

1. INTRODUCTION

The Covid-19 pandemic spread all over the world, represents the greatest state of emergency in the health system of the last century, which caused the whole world both psychosocial imbalances highlighted by social isolation, death, suffering, hopelessness, as well as illustrated financial imbalances by restricting or closing economic activities, increasing costs, relocating employees, creating a state of disillusionment about the future repercussions of the pandemic on the business environment. One of the effects of the pandemic is the distortion of business models and the change of value creation processes, forcing managers to reorganize the activity and improve employees' access to information and to a new work environment.

At the same time, the pandemic also led to a rethinking of reporting practices, because the economic information provided is quite simplistic, not satisfying the need to understand the impact of Covid-19 on entities and corporate management, requiring a holistic view of the impact and external influences. Due to these events caused by Covid-19, entities are urged to provide transparent information on the impact caused by this pandemic, avoiding the harmful speculations that form around this situation. The new forms of reporting must include aspects related to risk management, employee safety at work, relations with the business environment and the environment, to highlight both the visible financial impact and the possible non-impact or a positive impact on the performance of the entity.

Due to this exceptional situation, the International Integrated Reporting Council (IIRC) aims to promote a new integrated reporting model that includes eight content elements such as: organizational vision, relationship with the external environment, risks, opportunities, strategy and resource allocation, governance, performance, prospects and two fundamental elements such as: capital and the value creation process.

This paper aims to discover the new information needs of different users of financial and non-financial information, as well as the new data that entities must include in their integrated reports, with the aim of providing a true picture of the impact and management of the pandemic of Covid-19 on the business environment.

2. LITERATURE REVIEW AND RESEARCH METHODOLOGY

Starting from the theory of legitimacy, any entity must respect social values and expectations, ensuring asymmetry between social values and company strategies. In this sense, companies provide financial and non-financial information in order to justify the activities undertaken and show that they respect social standards.

According to specialized literature, companies adopt certain strategies to be able to operate in optimal parameters. One of the strategies adopted is the fund management strategy which imposes an organizational change in order to change the perceptions of the stakeholders regarding the issue in question. Another strategy is represented by the symbolic management strategy that tries to change the expectations of the parties.

It is very important to implement these methods because it is related to good business practices, but it is also considered a PR and communication tool, raising the level of transparency towards customers, partners and suppliers. It can be said that applying this reporting increases the visibility of the entity within the sector in which it operates, but it can also be a springboard for attracting new investments through the application of quality management and through the fruition of the strategies applied regarding risk management and implemented decisions.

The research methodology is formed, within this work, from two stages: a stage to identify the consequences of the Covid-19 pandemic and another stage which is based on the analysis of integrated reporting during this period. In the first stage, the factors leading to the disruption of global economies were identified, with the aim of understanding the effects of the pandemic and obtaining new information related to the spread of the pandemic. In the second stage we focused on the analysis of the financial reporting framework to identify the guidelines and information requests of the integrated reporting framework in order to be able to understand how information about the Covid-19 pandemic can be inserted within these reports.

3. RESEARCH RESULTS

Starting from the idea that the purpose of an integrated report is to show the ability of companies to create value, we can say that the integrated reporting framework is the ideal place to provide information regarding the impact of the Covid-19 pandemic by disseminating this information that would could disrupt their ability to create value.

Most interested in this information are capital providers who want to know the risks and opportunities related to the pandemic. The integrated reporting framework allows companies to adapt standard content to pandemic-specific information, maintaining a balance between standardization and flexibility. This form of reporting allows the presentation of both qualitative and quantitative information. Quantitative indicators objectively present the effects of the pandemic on value-creating processes, and qualitative indicators analyze and interpret quantitative data.

The principles underlying the adaptability of the integrated reporting framework to the specifics of pandemic elements are:

- strategic orientation, involves focusing on companies with the aim of providing information on adaptation strategies to the events of the pandemic, avoiding the factors that can lead to the impossibility of creating value in the short, medium and long term;
- the connectivity of information – refers to the content of the report, reflecting the interactions within the system, being influenced by risks and opportunities;
- relations with the interested parties – are represented by the individuals who provide the resources necessary to carry out the activity;
- materiality – allows identifying the relevant aspects of the pandemic.

Analyzing the elements presented in the integrated reports, one can see the need to introduce new information about elements such as:

- the influence of the pandemic on the economic situation and the financial development environment of the company;
- the presence of different anti-pandemic specialists and about any change in policies and responsibilities that may lead to radical changes within the company;
- the necessary investments to reduce the impact of the pandemic on the results obtained by it, as well as the investments made in the means of protection for the different groups such as employees, customers, suppliers;
- the changes suffered by the company at the level of the competitive portfolio as a result of the spread of the pandemic;
- the impact of the pandemic on financial, social and environmental performance;
- the future prospects that will have to be implemented to face the pandemic;
- the monetary resources obtained from governments to be able to face the pandemic and the investments made to combat this health crisis;
- the impact of the pandemic on liquidity, solidity, profitability and growth profiles;
- the material assets used to deal with the pandemic;
- skills acquired through new employees to cope with the pandemic and information about pandemic training programs;
- the effects of pandemic management on the environment, with reference to water and energy consumption, the elimination of individual protective devices, emissions and noise;
- the support of society (in monetary and non-monetary terms) and the scientific community.

4. CONCLUSION

The COVID-19 pandemic, in addition to the negative aspects on health, has also led to significant real risks and losses for society worldwide, but also for the business environment, requiring immediate and perhaps even uncertain decisions in order to mitigate the problems of immediate liquidity, layoffs, loss of contracts and customers. In this regard, we can state that it is necessary for companies around the world to include in their corporate reports information that allows owners, investors, employees and any other user of financial information to know the immediate actions that managers have taken to manage and mitigate the negative effects arising from this pandemic.

Future risks involving the company as well as business opportunities that may arise from the new global landscape must also be remembered. This paper aims to identify the information that companies will need to add to integrated reports following the COVID-19 pandemic, this information must be viewed from a dual perspective based first on the general content elements and then on the specific capitals identified of the integrated reporting

framework specific to each individual company, which they will have to include in their integrated reports in order to maintain and defend legitimacy and allow investors more accurate investment processes. This information mainly refers to the existence and effectiveness of the internal pandemic prevention and action system; as well as the integration of the risks and opportunities that this pandemic implies from a competitive point of view in the company's strategy;

This study attempts to extend the scope of legitimacy theory by showing how the inclusion of information related to the effects and management of the pandemic can be a favorable means of maintaining and defending legitimacy as well as avoiding legitimacy gaps. In this case, if a company is accepted as a good corporate citizen, society will have certain expectations regarding the dissemination of information.

In this perspective, disclosing information related to the effects and management strategies of the pandemic is a solution for companies to meet the expectations of information users and to keep their image and legitimacy intact, providing companies with a guide for preparing future integrated reports, as well as a list of elements that you will have to take into account in the process of drawing up the documents.

The limits of this work come from the dissemination of information related to the sectoral and dimensional specificities of the companies, offering new avenues of study such as investigating the determining factors of the level of information related to the pandemic situation.

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