

A Study on Using Integrated Reports at Mega Banks: Characteristics as Information Sharing Support Tools Within the Organization

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Abstract

An integrated report gives stakeholders a bird's-eye view of a company's outlook and makes it possible for information to be shared within the company. As such it can play a role in disseminating the perspectives of top management to employees throughout the organization. In this paper, I focus on the roles that an integrated report plays as an information-sharing tool in large organizations that have been established through multiple mergers. I examine issues of in-house reconciliation through analysis of Japanese Mega banking organizations ("Mega Banks"). The information-sharing role of integrated reports is examined from four perspectives. These include having an explicit statement of an easy to comprehend corporate philosophy, posting of the corporations history, posting of top management's vision/mission statement and statements introducing each division. These provide an integrated internal narrative that provided guidance to all employees and a comprehensive and cohesive narrative to outside stakeholders of the Mega Banks. The integrated reports of the Mega Banks are compared with their previous issuance of conventional disclosure magazines. It was found that only the integrated reports provide the cohesive narrative to both internal and external stakeholders. Consequently I found out that the integrated reports of Mega Banks play the role of information sharing support tool. Since integrated reports play the role of information sharing support tool, it can be hypothesized that these reports can be utilized in large organizations where in-house convergences have not progressed after the merging of large organizations into even larger ones.

Key words:

Integrated report, Mega Bank, Information sharing support tool, Corporate philosophy, Disclosure magazine

(1) Introduction

The first purpose of this paper is to understand how the integrated report of an organization, that is primarily used for disclosure, can also be used to support the information sharing function by generating

shared narrative for members located anywhere in the organization. The second purpose of this paper is to determine how the shared narrative of the integrate report can accelerate and unify the understanding of organizational members even after the upheaval emanating from the

merger of two or more large established organizations¹.

As a company grows, the number of items handled and the number of departments will increase. For companies with remarkable growth, there are cases where the company's business content is not sufficiently known to both inside and outside of the company. This condition is particularly noticeable at the large enterprises reorganized by merging. The merchandise, service contents and departments of the merging partner company are often added all at once, and it takes time to grasp the whole picture after the merger. This holds true not only for the external but also for the internal stakeholders. However, in our rapid changing modern society, we can't afford to wait until merging effects are demonstrated. The merging company is required to steer a new structure integrated with the organization at an early stage. For this reason, large enterprises, which have been rapidly established through merging, need to share information, crucial for operating the organization integrally as well as transmitting information to understand the entire organization, both internally and externally.

For public understanding of the entire organization, in addition to the securities report, listed companies issue annual reports, CSR reports, environmental reports, and recently integrated reports. The number of enterprises introducing the integrated report is gradually increasing, and the awareness of the general society is also increasing. The integrated report

includes both financial and non-financial information. "By presenting the information which was disclosed through different channels, in a bird's eye view, stakeholders can read the integrated report first, and then understand the overall picture of the company" (Saka, 2015, p. 98). This means that stakeholders who seek information could omit the trouble of examining a wide variety of disclosure sources when learning about the company's outline.

Meanwhile, for the corporate as the sender of information, the issuance of the integrated report seems to aim for further "value creation" (IIRC, 2013a; Ito (K), 2014, 2016; Koga, 2015; Kozuma, 2012; KPMG Japan Integrated Reporting Advisory Group, 2017a). In addition, there is a discussion pointing out the effect of "market logic can be introduced to internal management managers by integrated report" (Ito (K), 2014, p. 161). In other previous researches, the integrated report also plays a role as not only disclosure for external but also a strategy tool to share information of top management's ideas within the company to the lower-level employees (IIRC, 2013a, b; Ito (K), 2014; KPMG Japan Integrated Reporting Advisory Group, 2017b; Ochi, 2016; Okamoto, 2015; Uchiyama, 2015).

First of all, in this paper, I analyze the significance necessary for integrated reports not only in the manufacturing industry but also in banks. In recent years, there is an increasing need to disclose information on how companies who are subject to receive investment and loans will affect global warming². There are also

¹ Basically, with reference to Akiyama (2018), which written in Japanese, I analyzed the function of the integrated report as follows.

² As ESG issues (acronym for Environment,

Society, and Governance), the Integrated Report often covers the viewpoints necessary for sustainable growth.

indications that the structure which is unique to financial institutions that form financial bubbles is similar to drifting pollution, and the significance of issuing integrated reports at banks is gradually drawing attention in terms of social responsibility.

Next, I will examine what significance is given to the roles of the integrated report as information sharing support tool for major banks formed by merging. As examples of large-scale merging in Japan, there are three Mega banking organizations ("Mega Banks") born one after another between 2000 and 2005. The turmoil that occurred immediately after the merging seems to have settled down to some extent. However, it is still believed that it will take time before employees who enter as new graduates after the merging become core staffs, therefore it still seems to be necessary for Mega Banks to devise information sharing. According to the Banking Law, Banks (and bank holding companies) have provided explanatory documents that introduce their business and financial conditions at sales offices as disclosure annual reports, before Mega Banks issued integrated reports. Comparing the conventional disclosure magazines with the integrated reports, I analyzed the comparison of the two in the three major Mega Banks over several years. I focus on the content unique to the integrated report, through the comparison, and analyze the meaning of the integrated report with reference to the examples of the three Mega Banks.

Finally, outside of the Mega Banks, I analyze there is an increasing possibility of utilizing the integrated report in large enterprises through large merging. The newly formed organizations tend to have divided internal systems. For example, employees from the old predecessor

may not want to share information with the employees from other predecessor. Therefore, internal harmonization does not proceed, and I explore the future role that the integrated report should fulfill.

(2) Utilization of Integrated Reports at Banks in Japan

In this section, I analyze the necessity of integrated reports at banks in Japan. The International Integrated Reporting Framework (<IR> framework) indicated by IIRC (2013a) described the objective of the integrated report as "to explain to providers of financial capital how an organization creates value over time" (IIRC, 2013a, p. 4 and p. 7). The <IR> framework defined the organizational overview and external environment, governance, business model, risks and opportunities, strategy and resource allocation, performance, outlook, and basis of preparation and presentation, as the eight elements of the integrated report.

According to KPMG Japan Integrated Reporting Advisory Group (2017a), 279 companies adopted the integrated report in 2016, and the content of the report is not only financial information but also a wide range. It is meaningful to provide information collectively to stakeholders. However, the <IR> framework does not provide guidance on the concrete content of the integrated report. Therefore, it is also pointed out that "some adjustments are necessary because it is impossible to compare with other companies in different formats and contents of each company while recognizing autonomy to some extent" (Ito (Y), 2016, p. 335).

The manufacturing industry has been issuing CSR reports and other kinds of reports

for a long time. It is said that there is significance in issuing it because such industry stresses the environment with CO₂ emission.

Meanwhile, the necessity of disclosure through integrated reports for financial institutions such as banks is gradually increasing. Ochi (2016) focused on the financial bubble which formed “the structure similar to external issues such as the global environment including pollution” (Ochi, 2016, p. 40), because financial institutions grow unacceptable risks in society in the process of generating bubbles similar to causing pollution. Financial institutions such as banks will become the subject of social responsibility as well as the manufacturing industry. Ochi (2016) referred to the Risk Appetite Framework (RAF)³ and introduced a movement that Mega Banks and other global large financial institutions, G-SIBs⁴, enriched risk-related information in terms of the RAF on integrated reports from FY 2015 (Ochi, 2016, p. 42). Ochi (2016) also pointed out that he could expect that “disclosure of the RAF through integrated report not only has an external effect, but also infiltrates risk culture from the board of directors to the lower-level bank employees by sharing information through integrated report (Ochi, 2016, p. 42). Such statements indicated

that Mega Banks can use platform of integrated report not only for external disclosure, but for internal information sharing, and for integrated organization operation through description of risk-related information on the RAF in the integrated report.

Based on the above points, I will pay attention to the role of internal information sharing support tool of the integrated report in the next section.

(3) Role of Integrated Report as Information Sharing Support Tool

In this section, I first focus on the role of the integrated report as information sharing support tool.

According to KPMG Japan Integrated Reporting Advisory Group (2017b), as answers to the question “On what point do you think “Integrated Report” contributes to in improving corporate value?”, “For sharing strategies and policies within the company or the group”⁵ was consistently listed as second during the past 5 years. I argue that this questionnaire result indicates that the integrated report is used not only as a means for disclosing information outside of the company but also as a tool for supporting information sharing with employees

³ According to the Financial Services Agency (2015), risk appetite is “the type and total amount of risk that should willingly be accepted in order to achieve the business plan based on the individuality of the company's business model” (Financial Services Agency, 2015, p. 16), and the RAF refers to “the framework of business management to be used as a common language within the company concerning whole risk-taking policies including capital allocation and profit maximization” (Financial Services Agency, 2015, p. 16).

⁴ G-SIBs refer to banks that are important on a global system. For details, please see the

Financial Services Agency (FSA) website (<http://www.fsa.go.jp/news/27/20151204-4.html>, viewed on July 7, 2018).

⁵ These are the questionnaire results for the participants, from December 2012 to March 2017, at the seminars on integrated report sponsored by the KPMG Japan Integrated Reporting Advisory Group. The seminars were held at the pace once a year with the same theme (the venues were held at 1 to 4 places), and the number of respondents was 1,184 (response rate 83%) against 1,422 participants in the whole group. As detailed in KPMG Japan (2017b), please see that.

within the company.

There are examples of utilization. Nikkei BP (2015) introduced experiences of Mr. Hajime Nakajima, Managing Director of Kirin Holdings, that "I feel that I can use integrated report for internal communication (Nikkei BP, 2015, p. 49). In addition, Fujita (2016) introduced the quote from Mr. Susumu Sakamoto, General Manager of Public Affairs Division in General Affairs Department, Marui Group, in which employees voiced their opinion, (regarding the companies first ever integrated report), "I felt the enthusiasm of the company", "Understand and practice the content of the report, I want to embody on site" (Fujita, 2016, p. 102).

Here I reconfirm the position of employees in the company. Without integrated report, companies cannot put employees as assets⁶ in the financial statements, and had difficulty in disclosing their information on employees (skills, experience, knowledge, business processing abilities). There were limited means to communicate. Regarding their employees which is as non-financial information, after various transitions, companies attempt to integrate with financial information as their integrated report. IIRC (2013a) referred to human capital as one of the six capitals presented in the framework for integrated reporting (IIRC, 2013a, pp. 11-13)⁷. In other words, in the integrated report, it can be said that employees belonging to companies are valued as reporting elements.

I am further contemplating on the involvement of employees in companies. Mizuno (2015) denied the idea that employees should be treated merely as a functional group, and referred to executives at Idemitsu Kosan, Panasonic, and Kyocera as an example of business community which is a humanitarian company which values their employees and training them. And they distinguished themselves from so-called profit maximization, capitalism. In contrast to capitalist management accounting, as Human-oriented Management Accounting, Mizuno (2015) defined the situation which "Values human respect and familyism as management philosophy, ... where management managers set up a reasonable management plan, applying appropriate technologies and concepts" (Mizuno, 2015, p. 152). According to Mizuno (2015), in the Human-oriented Management Accounting, the relationship with stakeholders, including employees, is more important than in the capitalist management accounting, therefore the public relation function has greater value, and to create annual report with integrated reporting is important. In addition, Oshika (2016) stated that corporate employees "should not be source of costs, but should be considered as source of corporate value. It is possible for companies to coexist with employees and that is crucial" (Oshika, 2016, p. 208).

What can be interpreted from these arguments is that the relationship with

⁶ Lev and Schwartz (1971) pointed out that in economics human capital, for their employees, is regarded as important element, however their employees are not recognized as their assets in financial statements. As for Lev and Schwartz (1971), since it is introduced in detail in Oshika (2016), please see that.

⁷ The Ministry of Economy, Trade and Industry (2014) also raised examples showing that it is important to explain human resources, etc., which are invisible assets, by means of an integrated report (The Ministry of Economy, Trade and Industry, 2014, p. 82).

employees is very important in the process of corporate growth, thus it seems that it is indispensable to share information with employees.

When comprehensively summarizing the above, it is evident that a role as an information sharing support tool which considers the employees within the organization is expected for the integrated report. Is there a possibility of utilizing integrated reports inside of an organization, such as a bank, for sharing information reaching to the lower-level employees, as mentioned in the previous sections?

In this paper, I am going to analyze whether the integrated report holds the role of information sharing support tool with the following viewpoints. The first viewpoint is to have an explicit statement of an easy-to-understand corporate philosophy. In organizations where there are a large number of employees, it is an important opportunity for them to recognize what each member should do for the organization by explicitly indicating the philosophy that everyone can recognize. The second viewpoint is to have posting of messages by the top of the organization. Based on the philosophy of the first viewpoint, it becomes easy for their employees to act by expressing and posting elements to the organization members in specific languages. The third viewpoint is to have posting of corporate history. By showing the history of the organization which the employees belong, they can realize that they are

doing a job of making one page of company history. The longer the company history, the more the commitment to the roots of their organization, the more inviolable value they feel, and the sense of belonging will increase. The last viewpoint is to have the introduction of each division. In large organizations, each member plays different roles. Because the business section that is nearest to them is posted, it is an opportunity to look at the integrated report and at the same time they will know other business divisions in the company.

In the following sections and onwards, I will compare how the integrated report issued by Mega Banks in Japan differs from their disclosure magazine published previously. In addition, I will pay attention to the role of Mega Banks as information sharing support tool in the integrated report.

(4) Transition of Issued Magazines in Mega Banks

1. The Birth of Mega Banks and Information Sharing within the Organization

In Japan, the birth of Mizuho Holdings (reorganized into Mizuho Financial Group (Mizuho FG) later) was in September 2000, the birth of Sumitomo Mitsui Banking Corporation (later reorganized into SMFG) was in April 2001, and the birth of Mitsubishi UFJ Financial Group (MUFG) was in October 2005, which started the current situation of three major Mega Banks existing⁸. After the merging between large banks there were many

⁸ In this paper, for the notation of Mega Bank, I mostly use the abbreviations, "Mizuho FG", "SMFG", or "MUFG", for citations of references, titles, clauses, etc. In addition, disclose magazines, integrated reports, related explanation etc., published by each Mega Bank,

are ultimately subjective thought, except for actual facts and data. These subjective considerations are the comprehensive results of my own experiences such as working at banks and information obtained through my relations.

differences in corporate culture, in-house reconciliation did not proceed, and sometimes it is said that "struggle for the next president between old banks becomes intense"⁹. It was inevitable that the competition for successful career advancement became severe. It was not easy for the employees to accept the institution / customs of the opponent's line without resistance, and it is pointed out that such phenomena further delayed the reconciliation¹⁰. From this chaos, order seems to have emerged to some extent, but it is still thought that it takes time for the new graduate employees after the merging to become the core member, and ingenuity of information sharing might still be necessary.

To the best of the author's knowledge, each Mega Bank uses various internal communication means (for example, conference materials, notices, e-mails, company notices, video messages, etc.), and devises measures such as training together, to share information from the top management to the bottom employees, in order to execute the strategy at the organization. Among them, the integrated report is assumed to have organizational information comprehensible for external communication because it is disseminated in an easy-to-understand manner, and contents are fulfilling, therefore the integrated report can be utilized for sharing information internally, enabling their employees aware of their important matters anywhere¹¹.

Meanwhile, although from the past, Mega Banks have issued a large amount of disclosure magazines, is it worthwhile to issue an integrated report?

For this reason, I will briefly refer to the requirements of the disclosure magazine in the following sections and compare the elements of the disclosure magazines in Mega Bank and the elements unique to the integrated report, and then I will clarify the significance of the publication of the integrated report in the Mega Banks.

2. About Disclosure Magazine

According to Article 21 and Article 52-29 of the Banking Law, the bank / the bank holding company must provide statutory documents that explain their business and financial conditions at their sales offices as a disclosure magazine.

The website of the Japanese Bankers Association has summarized the contents of the enforcement regulations of the Banking Law as disclosed in Table 1 for disclosure items that must be posted in the disclosure magazine.

In terms of issuance of the settlement of the fiscal year ended in March 2017, the three major Mega Banks issued both 'Main Report', which summarized in colorful and visual design and was about 100 pages long, and 'Data Reference', which covered numerical data and was about 300 to 400 pages long, as 'Disclosure Magazine'. They position 'Main Report' as the integrated

⁹ Main article of Mainichi Newspaper (Tokyo morning paper, p. 9) on April 20, 2005, "Between former Sumitomo Bank and former Sakura Bank, Distributed Power, Harmony First".

¹⁰ Okumura (2009) also introduced circumstances where integration does not

progress easily, thus please see that in details.

¹¹ As a method of utilizing further integrated reports in Mega Banks, it can be thought that methods such as thorough distribution to all employees, inclusion in training, and senior promotion test contents can be considered in the future.

report (Mizuho Financial Group, 2017a; Sumitomo Mitsui Financial Group, 2017; Mitsubishi UFJ Financial Group, 2017).

Table 1: Examples of Items (business year) for which Disclosure is Required by the Banking Law

<ul style="list-style-type: none"> • Management organization • Name and address of business office • Main contents of bank's business • Business overview in the most recent business year • The following matters in the most recent five fiscal years (ordinary profit / loss, current profit / loss, capital, deposit balance and loan balance, capital adequacy ratio, etc.) • The following matters in the most recent two fiscal years (balance sheet, profit and loss, gross operating profit, gross margin ratio, fund operating balance, interest margin, balance of so-called bad debt, balance of allowance for doubtful accounts, capital base, etc.) • Risk management system • Regulatory compliance system

Source: Japanese Bankers Association Website
(<https://www.zenginkyo.or.jp/article/tag-h/4007/>, viewed on July 7, 2018)

However, there must be a difference between the content of the integrated report, which is issued by a Mega Bank as non-statutory at its own discretion, and the content of the disclosure magazine ('Main Report' plus 'Data Reference'), which is mandated to be issued according to law, because the roles of two are different from each other.

For this reason, I will compare the disclosure magazines and the integrated reports in the next section, and clarify new contents of the integrated reports of Mega Banks.

3. Comparison of Disclosure Magazines and Integrated Reports over Multiple Fiscal Years

In this section, I will analyze whether the integrated report of Mega Bank incorporates elements of information sharing support tool which is not included in the disclosure magazine.

I will focus on the four viewing angles of analysis clarified in the previous section; having an explicit statement of an easy-to-understand corporate philosophy, posting of top message,

posting of corporate history, and introducing each division. Then I compare the three types of report, the final disclosure magazines of each Mega Bank, the integrated reports of the settlement of their first fiscal year, and the integrated reports of the settlement of the most recent fiscal year ended in March 2017. Among the Mega Banks, Mizuho FG and MUFG each issued the integrated report from the settlement of the fiscal year ended in March 2015, on the other hand only SMFG issued the report from the settlement of the fiscal year ended in March 2016. As the result of the comparison, I find that the contents which are most common to Mega Banks are as shown in Table 2.

Table 2: Comparison of Disclosure Magazine and Integrated Report for Multiple Years

<u>Viewpoints</u>	<u>The Final Disclosure (D) Magazines</u>	<u>The First Integrated Reports</u>	<u>The Most Recent Integrated Reports</u>
Corporate Philosophy	None	Described Colorfully / Visually	Described Colorfully / Visually
Top Message	Few	More Pages than D Magazines(**)	More Pages than D Magazines(**)
Corporate History	None(*)	Described Colorfully / Visually	Described Colorfully / Visually
Introduction of Each Div.	Few	More Pages than D Magazines(**)	More Pages than D Magazines(**)

Source: Mitsubishi UFJ Financial Group (2014, 2015, 2017); Mizuho Financial Group (2014, 2015, 2017a); Sumitomo Mitsui Financial Group (2015, 2016, 2017).

Note: (*) Only Mizuho Financial Group (2014) introduced the history of Mizuho Group.

(**) There are 10 to 20 pages of top messages in the integrated reports, whereas a few pages in the disclosure magazines. There are 20 or more pages of each division introduction plus facial pictures of division managers in the integrated reports, whereas only 5 pages in the disclosure magazines.

As the result of the comparison, the elements of the integrated reports of Mega Banks that are not in the disclosure magazine are the following four.

- Corporate philosophy expressed visually and clearly
- Top Messages by CEO, CFO, etc. with more than 10 pages

- Visual and easy-to-understand corporate history, etc.
- Facial pictures of the division managers are also posted and contents enhance each division's introduction

I infer that a role as an information sharing support tool can be expected in the integrated report of Mega Banks having these elements, but from the next section onwards, I will analyze the role from concrete contents.

(5) Role of Integrated Report in Mega Bank

In this section, I focus on the roles of the integrated report of Mega Bank as information sharing support tool, and refer to the part which shares information inside the organization from the latest integrated report.

1. Necessity of Mega Bank Information Sharing Support Tool

As I mentioned in the previous section, unless there are legal restrictions in other applications (for example, the role of the bank's disclosure magazine required by the Banking Law), the integrated report is not a statutory disclosure material, the issuance is optional. However, once the company starts to issue the integrated report, they must continue issuing it since they publicly disclose such issuance, unless an event such as delisting occurs. Therefore, it is necessary for companies to be ready for sustained issuance of integrated reports, giving it a great significance.

As mentioned above, Mega Banks are to disseminate their risk culture from the top management to the bottom employees by writing the risk-related information on the RAF in the integrated report, aiming to share information within the organization for

integrated organization operation. I think that utilization of integrated report as information sharing support tool with employees in Mega Bank is not limited to this.

As mentioned above, there are many cases where reconciliation within banks does not proceed following the merging between large banks. Meanwhile, the competition with other banks is getting more intense, and some sort of ingenuity is necessary. For this reason, it is necessary to promptly disseminate the decisions made by the management division within the bank, and as information sharing support tool for that, recording actions which have already been released externally in the integrated report, and shift to execution at an early stage is possible. In large organizations such as Mega Banks, although it is possible to deliver messages of top executives to all employees in relay video system, it is only one-way instructions from the top to the bottom. It is not easy for employees to grasp what kind of initiatives their organizations have announced externally.

Therefore, it cannot be said clearly, but if the integrated report could act as part of a strategy tool through its information sharing capability to penetrate to the lower-level employees, it seems to be greatly expected that the integrated report can be utilized in other large organizations, such as the ones established through large-scale merging, but still disjointed.

Below, I would like to refer to the information sharing within the organization through the latest three Mega Banks' integrated reports.

2. Mizuho Financial Group

Mizuho Financial Group (2017a) states the following information.

<Enhance the sense of unity within the organization>

- History introduction since the establishment of three predecessors in the Meiji era
- Corporate philosophy and "Mizuho Value" posted
- Introduction of the first or No.1 items in Japan
- Introduction of research and consulting ability that can differentiate from other Mega Banks

<Always recognizable disclosure of internal information>

- Introduction of management accounting for internal numerical management
- Introduction of current situation analysis, weak points and sense of direction of risk appetite, etc., detailed by each company in Mizuho

I will first analyze the content that will enhance the sense of unity within the organization. In terms of history introduction,

Sumitomo Mitsui Financial Group (2016) first posted the history since the establishment in the Edo-Meiji era in the pre-integrated phase, and Mitsubishi UFJ Financial Group (2017), described later, also did. It cannot be concluded yet, but such adhering to their roots, seems to regard the traditional history of the organization as the inviolable values that cannot be imitated, and to enhance the sense of unity within the organization. Also supposed to lead to uplifting feeling of unity may be the posting of corporate philosophy, introducing the first or No.1 items in Japan, and introducing research and consulting abilities that could differentiate Mizuho from other Mega Banks.

In terms of always recognizable disclosure of internal information, I can exemplify that management accounting figures for internal use are introduced as shown in Table 3. Such information is not statutory, unlike the above-mentioned items that are required to be disclosed in the Banking Law as disclosure magazine.

Table 3: Mizuho FG's Net Business Profit by FY 2016 in Each Company (JPY billions)

	FY 2016 (result)	FY 2017 (planned)
Retail & Business Banking Company	13.0	47.0
Corporate & Institutional Company	240.0	218.0
Global Corporate Company	115.0	123.0
Global Markets Company	315.0 (*)	219.0
Asset Management Company	20.0	24.0
In-house Company Total	703.0	631.0
Consolidated Net Business Profits	663.4	640.0

Source: Mizuho Financial Group (2017b, p. 8)

Note: (*) Global Markets Company net business profits including Net Gains related to ETF is JPY345 billion (preliminary).

Recalculated the FY 2016 results based on the FY 2017 management account rules. JPY40 billion difference between In-house Company Total and Consolidated Net Business Profits is due to adjustment of management account which is not attributable to the In-house Companies.

Mizuho FG divides itself into several companies, which are business domain according to customer attributes, like other Mega Banks. Although it cannot be determined because it is not clearly stated, it seems that the management accounting figures are used for

any internal management including performance evaluation by the company. It can be said that to publish the information of management account number, originally for internal use, on public information, such as integrated report, aims to share information

with Mega Bank employees who can always carry it, and to make them understand the current situation through it. In Mega Banks from the viewpoint of information management, it is prohibited to take internal information, send e-mails, etc., including bringing it to the employee's home, even if it is not personal information or insider information. Under such circumstances, the publicized information including the integrated report is not subject to such restrictions. Similarly, disclosure of internal information that can be accessed at all times may introduce current situation analysis, weaknesses¹², and the sense of direction of risk appetite detailed by each company.

3. Sumitomo Mitsui Financial Group

Sumitomo Mitsui Financial Group (2017) states the following information.

<Issues to always be aware of>

- In the CEO message column, introduction of their DNA as "On-Site Strength", "Spirit of Enterprise", and "Speed"
- Explanation of cost reduction by using diagrams and graphs
- Explanation of transformation of business portfolio to avoid competition with domestic standard banks¹³
- Posting of management philosophy (including five keywords "Five Values") and value creation

I will analyze the posted issues that should always be conscious of. Within the organization, high priority issues that should always be aware of, from the top management to the bottom,

needs to be devised so that it does not leave away from employees' awareness. For the reason above, although it cannot be stated, if items with high priority are listed in published information such as integrated reports, Mega Bank employees can always carry such information, then Mega Banks' information sharing could be practically possible.

From such assumptions, the high priority issues that SMFG employees are always aware of are three items introduced as SMFG's DNA, further reduction of costs, and transformation in business portfolio. It can be assumed that there is a message saying that value creation is possible by being always conscious and acting on them.

4. Mitsubishi UFJ Financial Group

Mitsubishi UFJ Financial Group (2017) states the following information.

<Showing common direction within organization>

- Posted a management vision stating the spiritual pillars of all executives and employees
- Clear statement of the MUFG value creation process
- Introduction of about 360 years long history since its establishment of Konoike exchange shop, the originator of Sanwa Bank, MUFG
- Comparison of figures and ratings with overseas financial institutions
- Introduction of efforts for ESG issues

I will analyze the presentation of the common

¹² For example, Mizuho FG's Retail and Industry Company has listed the "high expense ratio" (Mizuho Financial Group, 2017a, p. 35) as a weakness.

¹³ Domestic standard banks stand for banks

that can operate simply as compared with the International Unified Standards Bank, such as Mega Banks, etc., with the capital adequacy ratio being 4% or more.

direction within the organization. MUFG has background that was established from the giant organization merging between the Mitsubishi Tokyo Financial Group and UFJ Holdings through business integration. It is an assumption at this point, but if they prioritize the process of getting consensus among all employees in such a situation, it will take a tremendous amount of time and effort. For that reason, they will first present the organization's policy and all employees will follow that policy with some minor adjustments. In order to achieve these objectives, it may be necessary to show common direction within the organization. It can be inferred that trying to share information with MUFG employees by describing such direction in published information such as integrated report that can always be carried out is aimed for the employees to be always conscious of such direction.

For further analysis, I assume, the direction that MUFG would like to show in the organization is the management vision first, which is captured at the beginning in the integrated report as the spiritual pillar of all MUFG executives and employees. Mizuho Financial Group (2017a) also posted its corporate philosophy and "Mizuho Value" at the beginning, and divided the triangle pyramid (divided into three from the top to the bottom and described as "Basic Idea", "Vision", and "Value" from the top). Although using a pyramid for easy understanding is the same, the description of the management vision of Mitsubishi UFJ Financial Group (2017) was

divided into three, using pyramid (also divided into three from the top to the bottom and described as, "Our mission ", " Our Vision (aiming for medium to long term)", and "Our Values (we should share)"), detailed explanations for each part, so that different ways of interpretation could not occur. In addition, Sumitomo Mitsui Financial Group (2017) also described their management philosophy and value creation, after the history of SMFG and their financial and non-financial highlights.

By showing the whole picture of the value creation process and the history that has survived for about 360 years, MUFG are trying to spread the necessity of sustainable development of the organization in the future with their employees. In addition, it is assumed that making employees aware of the numerical / rating comparisons with competitive overseas major financial institutions ¹⁴ , and letting employees recognize efforts towards ESG issues as social requirements, are what MUFG wants to have employees in the organization be aware of.

5. Conclusion

I analyzed the contents of the recent integrated reports of all Mega Banks and found out their role of information sharing support tool. As a result of this analysis, I found out that the character of Mizuho FG integrated report is "Enhance the Sense of Unity within the Organization" and "Disclosure of Internal Information that is always accessible", the

trillion yen, which is far apart from the second and the last. Therefore, in MUFG, No. 1 in Japan is commonplace and it can be seen that competition on a global scale is inevitable.

¹⁴ According to the Nikkei Newspaper (Morning paper, p. 19) on August 19, 2017, market capitalization of Mizuho FG is about 4.8 trillion yen and that of SMFG is about 5.8 trillion yen, while that of MUFG is about 9.5

character of SMFG report is "Posted Issues Always to be Conscious of", and the character of MUFG report is "Showing Common Direction within Organization". Although it can be affirmed, these characters are presumed to be the purpose of utilizing the integrated report in each Mega Bank.

What derives from the discussion so far is that even a huge organization other than Mega Banks can utilize the integrated report if the organization is established through large-scale merging but still disjointed. Japan's Mega Banks are all established through merging of large banks. Although it is difficult to harmonize, it is necessary to promptly disseminate the decisions made by the management division throughout the organization. Also, it is necessary to incorporate matters that employees should always be conscious of, into an always accessible disclosure. In this section, without fear of criticism, I can affirm that the integrated report, which is an information transmission tool intended for external communication, is easy to utilize as information sharing support tool within the still disjointed organization established through merging. Although it cannot be asserted, if it has a role in the integrated report as a strategy tool to penetrate into the lower-level employees, it can be greatly expected to be utilized in gigantic organizations where in-house convergences have not progressed after large merger. This is the conclusion of this paper.

(6) Summary and Future Research

In this paper, I introduced the examples of utilizations of the integrated reports in the major banks newly established through merging where their business contents are not

sufficiently recognized both internally and externally, therefore the reports are used as information dissemination and information sharing support tool.

Integrated report that has aspects of both financial information and non-financial information enables us abbreviate the trouble of examining a wide variety of disclosure sources when learning about the company's outline. Meanwhile, the company, which is originally on the issuing side, can not only externally transmit, but also penetrate the top management's perspective into the bottom employees by sharing information using the report as strategic tool.

In the process of expanding companies, it is important to share information with their employees. Mega Banks are expected to share risk information related to the RAF by posting on their integrated report, and to aim at sharing information inside of the organization, and further operating as an integrated organization. Although the relevance of risk-related information on the RAF to the description on the integrated report is not clear, since at the present moment there are no reports of inadequacies in risk governance at each Mega Bank, therefore I assume that the description has some effect.

In Mega Banks, the in-house reconciliation does not proceed in many cases, thus in order to promptly disseminate the decisions made by the management division, the efforts that are announced externally are described in the integrated report and the means to execute are needed. In addition, it is necessary to put down the information that employees should always be conscious of as public information that they can always recognize. In fact, I analyzed the four

elements of the integrated report that are different from the disclosure magazine, as well as the characteristics of each of the latest integrated reports of Mega Banks, and the purpose of its utilization. As a result, I found out the role of information sharing support tool with employees in the organization.

Moreover, the conclusion of this thesis obtained through these analyses is that it is possible to utilize the integrated report even for large organizations other than Mega Banks, which are established through large-scale merging but still remains to be disjointed. For future research, study targeting huge organizations, such as property insurance companies and oil resource companies that are also established through large-scale merging could be considered.

However, at this stage, sufficient verification of these points are yet to be completed and a future task remains. For further future research, developing a questionnaire would be required, which would provide primary data to determine if the internal and external use of the integrated reports are fulfilling the roles that I asserted in this paper.

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