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The Disclosure Quality Issues of Integrated Report: A Systematic Literature Review

SITI MARIAM MANSOR, MOHAMAT SABRI HASSAN, ROMLAH JAFFAR &
MAIZATULAKMA ABDULLAH

ABSTRACT

While systematic literature review has contributed considerably to the emerging field of integrated reporting (IR), they have made limited contributions to IR quality. Assessing the quality of integrated reports is vital in showcasing the transparency and reliability of corporate information. Hence, this study reviewed the existing literature to identify the disclosure quality issues of integrated reports prepared by its adopters. Guided by the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA), this study systematically reviews 36 articles extracted from Scopus and Web of Science (WoS). Following thematic analysis, we identify four disclosure quality issues: adherence to the reporting framework, environmental, social, and governance (ESG) disclosures, characteristics of reported information, and reporting form. The intense review reveals that the level of IR disclosure reported in previous studies is low. IR adopters principally ignore the International Integrated Reporting Council (IIRC) framework's reporting requirements and the importance of a good reporting structure. The results of this study indicate the importance of examining reasons for the companies to hold some of the information while notifying the IIRC to reconsider their reporting framework or formulate an appropriate plan that assists adopters in preparing high-quality reports.

Keywords: Integrated reporting quality; disclosure quality issues; integrated reports; systematic literature review; IIRC framework

INTRODUCTION

Integrated reporting (IR) is a new practice that blends financial and non-financial information in a single report. IR is not mandatory in almost all countries except South Africa, which mandated its utilisation to the firms listed on the Johannesburg Stock Exchange (JSE). Besides the fast-evolving IR journey in South Africa, several other countries have also adopted a more serious IR approach and truly embraced this innovative reporting tool. This includes the United Kingdom, Australia, and Japan, with several notable companies such as Unilever, Marks and Spencer, Loreal, Fujitsu, and Pfizer (Dilling & Caykoylu 2019). Based on the regional classification system, as of 2022, there are more than 2,500 IR adopters/reporters/preparers globally (IIRC 2022). To assist the adopters in preparing integrated reports, The International Integrated Reporting Council (IIRC) issued the IR Framework in 2013, followed by the Second Edition in 2021. This framework contains 'principles-based' rather than 'rules-based' guidelines; hence, it does not detail the measurement methods to use, key performance indicators that need to be met, or how specific issues should be discussed. Thus, those charged with preparing the integrated report must use their judgment when delivering the information (IIRC 2013). This flexibility allows the firms to shape their reporting according to their unique business characteristics. Nevertheless, there is also a massive potential that the firms may not fully comply with a precise model (Melegy & Alain 2020). Consequently, the quality of information presented can be questionable, and the aim of empowering corporate communication might not materialise.

Preparing good quality integrated reports is crucial. Given the rising business complexity, uncertain corporate environment, natural resources, and conflicting stakeholder needs, solid pressure exists to exercise integrated thinking in seeking inventive answers to problems (Roslan & Saleh 2023). Moreover, communication means are fundamental in updating stakeholders and gathering responses to the stakeholders' demands (Myeza et al. 2023). IR supports firms in contemplating long-term value creation, aiding firms in accomplishing a more inclusive and convincing management approach to value creation (Mansor et al. 2023). These have resulted in favourable outcomes like an enhancement in environmental, social, and governance (ESG) performance, earnings per share, leverage (Mans-Kemp & Van der Lugt 2020), and share price (Melegy & Alain 2020) while reducing the information asymmetries (Cortesi & Vena 2019). As such, firms need to publish a good quality integrated report, failure of which may distort the transmission of valuable corporate information while undermining the firm's capabilities. As the IIRC itself neither defines nor provides a specific measurement of quality reporting (Malola & Maroun 2019), the firms might be unaware of the quality of their integrated reports, not knowing if they contain disclosure quality issues that demand amendments. The best way to understand the reporting areas that need improvement is by accumulating the key issues identified by the prior studies. Once the issues are visible, the firms may revisit their report and make necessary amendments to improve their reporting quality.

RESEARCH GAP: THE EXISTING RESEARCH CONCERNING IR QUALITY

Systematic literature review (SLR) is a way of systematically reviewing extant literature. It encompasses a rigorous search strategy and provides comprehensive outcomes by using suitable keywords and a proper selection of articles (Mohamed

Shaffril et al. 2020). The breadth and depth of the current research works can be summarised by systematically reviewing the literature, and the potential research gap can be identified. Within the IR domain, a rise in the number of published review articles can be witnessed. Scholars are attracted to how IR as a new reporting tool has evolved and examined it from multiple perspectives, such as the use of theories and measurement methods (Nwachukwu 2021), the mediating and moderating influence (Velte 2022), and the determinants and impacts of IR (Vitolla et al. 2019).

Interestingly, it appears that SLRs in the field of IR quality have yet to play a significant role in advancing knowledge in the journals. Upon reviewing the Scopus and WoS databases, this study only identified two review articles reasonably related to IR quality (Velte 2022; Vitolla et al. 2019). These two studies, however, do not wholly concentrate on the issues of disclosure quality as the focus is on the determinants, effects, appreciations, criticisms, and moderating and mediating influence of IR. This scenario has led to a limited understanding of whether the integrated reports prepared by the IR adopters are of high quality or comprise numerous issues that compromise their reporting quality. Associating IR quality with disclosure quality issues seems reasonable as the quality of published reports hints at the possible weaknesses and issues in the firms' reporting approach. It was argued that quality integrated reports indicate the level of integrated reports' adherence with the IIRC framework (Iredele 2019). Integrated reports with significant conformity with the framework are considered high-quality reports, whereas those with minimal compliance are considered low-quality reports (Barth et al. 2017). Hence, firms that produce deficient reports may have more significant flaws in their information environment.

Therefore, this SLR aims to present the major issues identified by the studies of IR quality and seek to answer the following research question: *What are the key disclosure quality issues discovered in the reports prepared by the adopters of IR?* Assessing the issues of disclosure quality is crucial as it may reveal areas that need improvement; hence, necessary actions can be undertaken to rectify those issues. A study on disclosure quality issues is also imperative as the firms are likely to continue generating the same report's quality with numerous flaws as they are incognizant of the state of their reporting. Additionally, the present study is important as it provides insight into the extent of the focus of prior studies, which may aid the researchers in presenting the prospect, besides suggesting potential research areas that require scholarly attention.

This paper is arranged as follows. This section discusses the importance of conducting a systematic review of IR quality, and the following section elaborates on the method utilised to answer the research question. Subsequently, the third section presents a systematic review and synthesis of the extant literature to classify, select, and assess related research on IR quality. The following section discusses the reasonable measures that future studies can consider in response to the issues highlighted in the present study. This article also highlights the contributions and implications of the study. The final section concludes this paper.

METHODOLOGY

This section explains the method used to extract articles related to IR quality. The Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) guides the review process. PRISMA comprises the research question formulation, resources used to conduct the systematic review, strategies for selecting relevant articles (identification, screening, eligibility), and data abstraction and analysis. Figure 1 provides an overview of the steps for conducting an SLR.

THE REVIEW PROTOCOL – PRISMA

The PRISMA statement guided the conduct of this systematic review. This published guideline allows researchers to conduct SLRs (Mohamed Shaffril et al. 2019). It guides the researchers to accumulate the relevant information that enables them to assess the quality and breadth of a review. Although it is typically applied in medical research (Mohamed Shaffril et al. 2019), the guidelines issued by PRISMA are considered the most extensively applicable across diverse research fields (Siddaway et al. 2019).

FORMULATION OF RESEARCH QUESTION

This step involved defining the objective or research question of this review. This study aims to enhance understanding of the main disclosure quality issues found in the integrated reports prepared by its adopters. This study formulated the research question based on PICo, specifically Problem or Population, Interest, and Context (Mohamed Shaffril et al. 2020). In reference to these concepts, the authors have embedded three major elements in the review, which are disclosure quality issues (Problem), IR quality (Interest), and IR adopters (Context), which then facilitate the author's design of the main research question – What are the key disclosure quality issues discovered in the reports prepared by the adopters of IR?

RESOURCES

The review of the present study relied on two leading databases: Scopus and WoS. These two databases are used due to their robustness and comprehensive coverage of over 256 research fields (Mohamed Shaffril et al. 2019). Scopus is one of the most extensive abstract and citation databases, with over 7,000 publishers, 80,000 affiliation profiles, 17 million author profiles, and 82 million items (Scopus 2021). WoS has over 21,517 journals, books, conference proceedings, over 81 million records, and 1.7 billion cited references (Clarivate 2021). Specific to this study, there are 8,926 search results for IR in Scopus and 148,668 results in WoS. This implies the richness of data contained in both databases, thus appropriate for SLRs.

THE SYSTEMATIC REVIEW STRATEGIES

IDENTIFICATION

This process involves searching any synonym, related terms, and variation for the main keywords (Mohamed Shaffril et al. 2020). This study used an online thesaurus, keywords used by researchers in their research papers or proposed by Scopus, and keywords suggested by the experts in identifying suitable keywords (Table 1). The authors applied the Boolean Operator (AND, OR), phrase searching ("), field codes (e.g., document, publication, subject areas), truncation, and wildcard (*) from the databases. Consequently, 1,602 articles were successfully retrieved from both databases.

TABLE 1. The search string

Database	Search String
Scopus	TITLE-ABS-KEY (("integrated report*") AND ("quality" OR "disclos*" OR "compl*" OR "adhere*" OR "readab*" OR "align*" OR "conform*" OR "excellen*" OR "credib*" OR "reliab*" OR "truth*" OR "integrity" OR "accura*" OR "good" OR "sound" OR "comprehensive" OR "superior*" OR "thorough*" OR "complete*" OR "inclusive*" OR "broad*" OR "exceptional" OR "enhanced" OR "improved" OR "outstanding" OR "detailed" OR "transparen*" OR "great" OR "extent*" OR "level" OR "state"))
Web of Science	TS = (("integrated report*") AND ("quality" OR "disclos*" OR "compl*" OR "adhere*" OR "readab*" OR "align*" OR "conform*" OR "excellen*" OR "credib*" OR "reliab*" OR "truth*" OR "integrity" OR "accura*" OR "good" OR "sound" OR "comprehensive" OR "superior*" OR "thorough*" OR "complete*" OR "inclusive*" OR "broad*" OR "exceptional" OR "enhanced" OR "improved" OR "outstanding" OR "detailed" OR "transparen*" OR "great" OR "extent*" OR "level" OR "state"))

SCREENING

All 1,602 articles were screened by setting appropriate selection criteria. It is undeniably impossible for the researchers to review many articles extracted in Stage 1 (Mohamed Shaffril et al. 2020). Due to that, the researchers are encouraged to set specific criteria that are convenient for review (Table 2). This process is automatically performed using the sorting function provided by the databases. Since the formal IR framework that provides guidelines to the adopters in preparing the integrated reports was first released in 2013, this study selected 2014 as the starting year for review. This ensures that the researchers are well-guided in evaluating the disclosure quality of integrated reports. To warrant that selected articles are guided by the same IR framework, this study limits the search to 2020 because the IIRC's latest framework was issued in 2021. The screening process has led to the exclusion of 933 articles as they did not meet the inclusion criteria and 67 articles due to duplication. The remaining 602 articles were further scrutinised in the subsequent eligibility process.

TABLE 2. The inclusion and exclusion criteria

Criteria	Inclusion	Exclusion
Timeline	2014-2020	< 2014 or > 2020
Document Type	Article journal (with empirical data)	Conference proceeding, chapter in a book, book, book series, review, systematic review, meta-synthesis, and meta-analysis
Publication Stage	Final	Under review
Language	English	Non-English
Subject Area	Business, management, accounting, social sciences, economics, econometrics, finance, and environmental science	Non-accounting related subject

ELIGIBILITY

This step was manually performed by reading the title and abstract of the selected articles. 566 articles were excluded as not related to the disclosure quality. This figure includes articles that did not use content analysis, textual analysis, or a scoring system to assess the disclosure quality. For IR adopters, the current study excluded articles that were not clearly mentioned either that they 1) assessed the integrated reports, 2) selected the sample from the IR database, 3) selected the participants of the IIRC pilot program, or 4) selected the firms from the JSE that were undoubtedly the IR adopters. These lead to 36 articles that are relevant for the final review. This number is deemed sufficient to answer the research question. Prior SLR studies use a slightly equivalent number of articles (i.e., 38 articles) (Mohamed Shaffril et al. 2018) or even a lower selection (i.e., 18 and 25 articles) (Mohamed Shaffril et al. 2019, 2020). Several studies selected more articles due to the more significant number of research questions to be answered (i.e., 85 archival articles to answer three research questions and 61 archival articles to answer four research questions) (Velte 2022; Vitolla et al. 2019). Figure 1 summarises the articles' selection process.

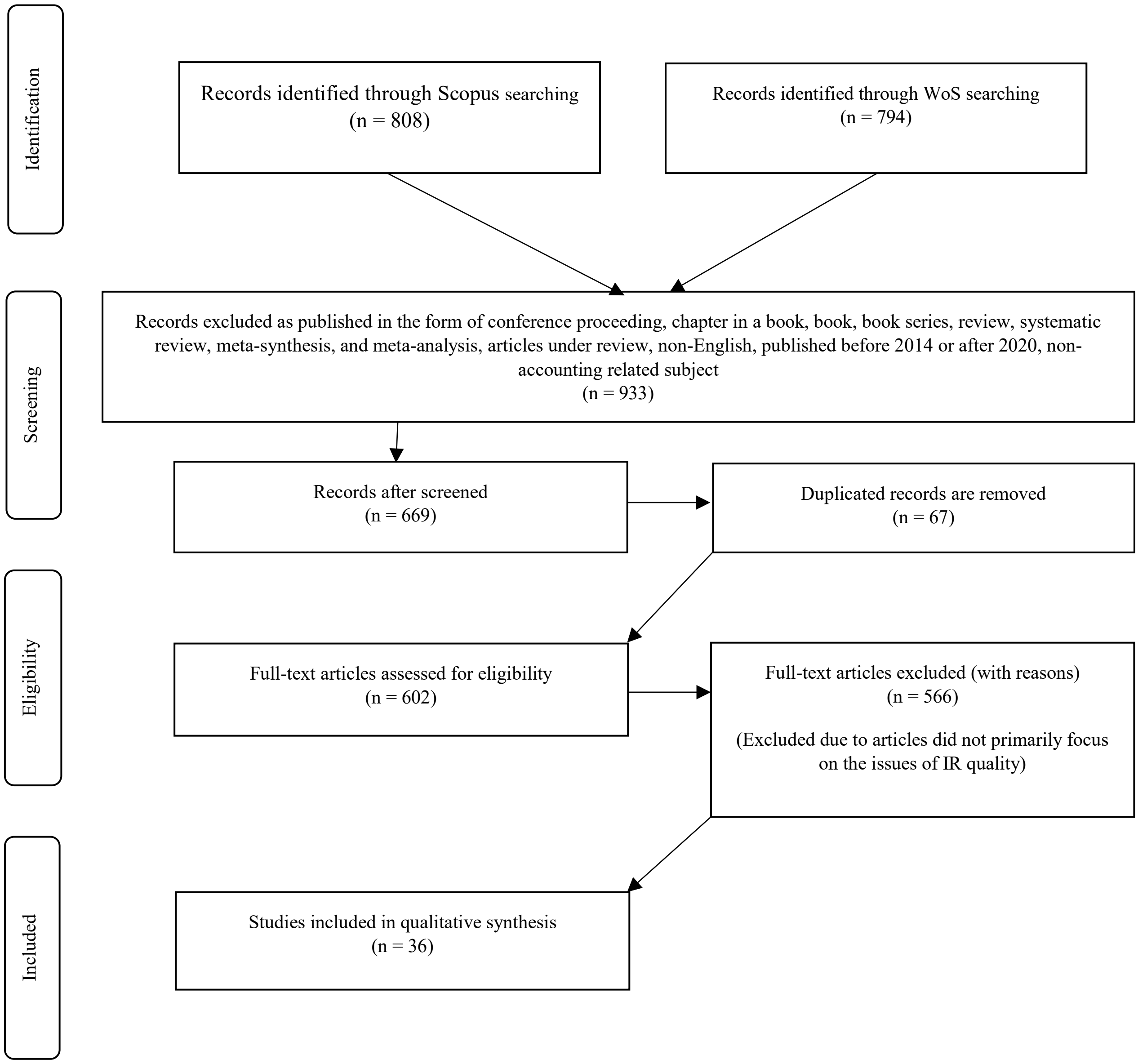

FIGURE 1. The flow diagram (Source: Moher et al. 2009)

DATA ABSTRACTION AND ANALYSIS

This study chose a qualitative technique in which the articles were read in-depth to identify suitable themes. The analysis focuses on the articles' abstract, results, and discussion sections. Data from the reviewed articles aligned with the research question were summarised and arranged in a table. This process resumed with thematic analysis involving identifying appropriate themes (Mohamed Shaffril et al. 2020). Knowing the summarised data's pattern, grouping, and similarities is crucial in this process. Thematic analysis is deemed the appropriate approach to synthesising varied information. Following Mohamed Shaffril et al. (2020), this study carried out three major steps in theme development: pattern identification, re-assessment of identified patterns, and theme naming. In the first step, the authors attempted to identify patterns in the data obtained from the reviewed articles. Data that show similarity were pooled in the same group, resulting in the creation of four groups. In the second step, the authors re-evaluated the created groups and ensured the data groups were accurate. The authors named the themes for the created groups in the final step.

RESULTS AND DISCUSSION

This section provides descriptive analysis and thematic analysis. Descriptive analysis is used to describe the background of the reviewed articles, while thematic analysis is used to explain the main findings of the themes.

DESCRIPTIVE ANALYSIS: BACKGROUND OF THE SELECTED ARTICLES

Following Figure 1, thirty-six articles were reviewed in this study. Figure 2 indicates the highly raised disclosure quality issues of integrated reports related to adherence to the reporting framework. The modestly highlighted issue is the reporting form (the last group). Specifically, 32 studies bring issues related to the adherence of integrated reports with the IR framework. Of this, 13 studies focus on capital, two on value creation, 16 on guiding principles, and finally, 12 studies on content elements.

The second group involved 17 studies that highlighted issues regarding the characteristics of reported information. Within this group, five focused on positive content and tone, five on backwards-looking information, nine studies on qualitative information, and the balance was focused on unreadable information. The third group comprises six studies on ESG disclosure and three concerning the reporting form.

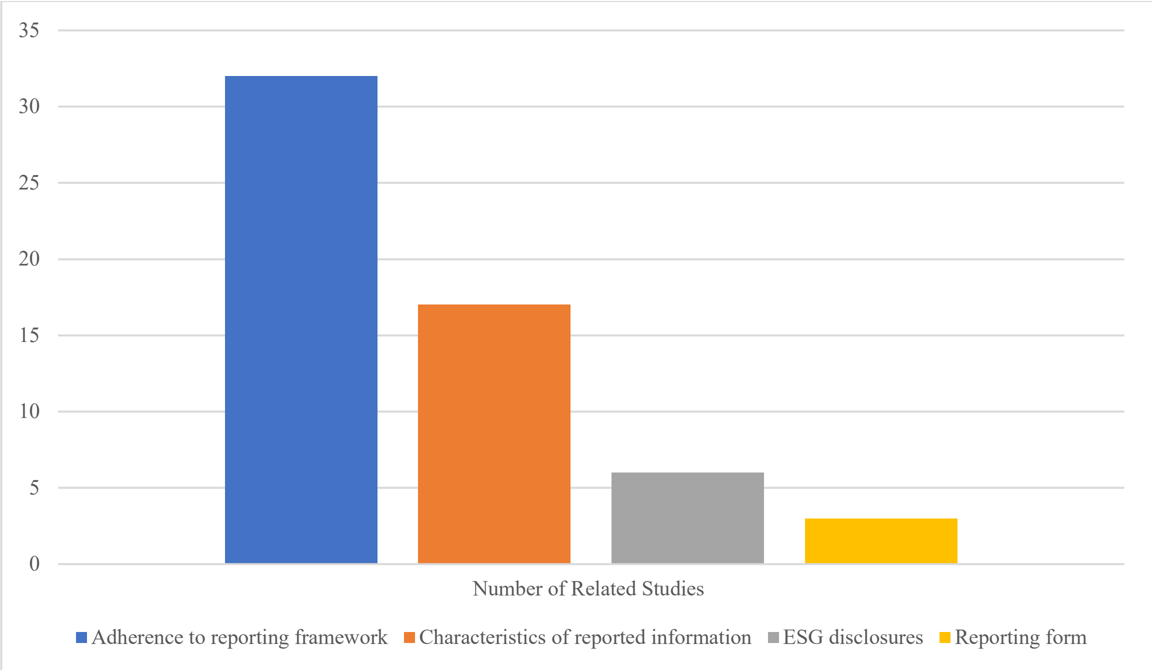

FIGURE 2. Number of studies related to themes

Figure 3 presents the focus of 36 articles (sample). Figure 3 indicates that 12 samples/studies focused on the voluntary adopters in three continents, i.e., Europe, Asia, and Australia. In the second group, ten studies focused on IR in South Africa, which is known as a mandatory adopter country. The diagram also indicates that 13 studies examined IR practices in a mixed sample, while one did not specifically mention the origin of their sample.

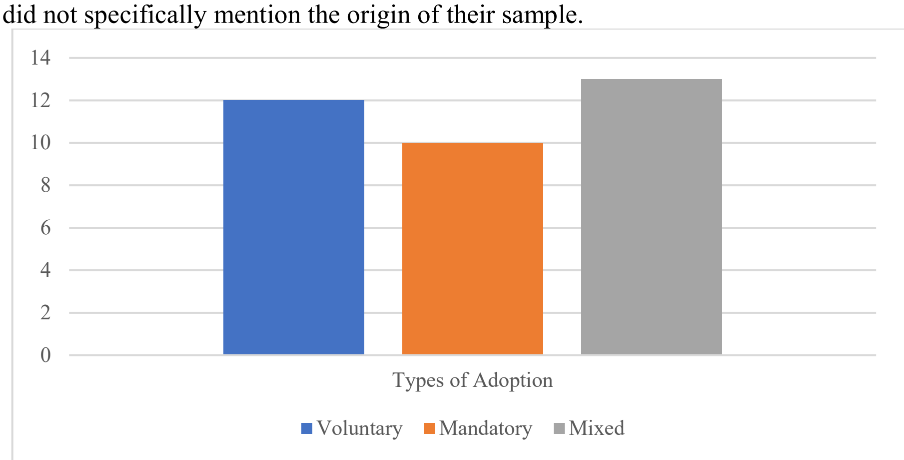

FIGURE 3. The reporting adoption types focused on selected articles

Figure 4 presents the number of publications over the study periods. Figure 4 indicates that the number increased from three in 2015 to 11 in 2020. These statistics imply a fair increase in the number of studies related to IR quality.

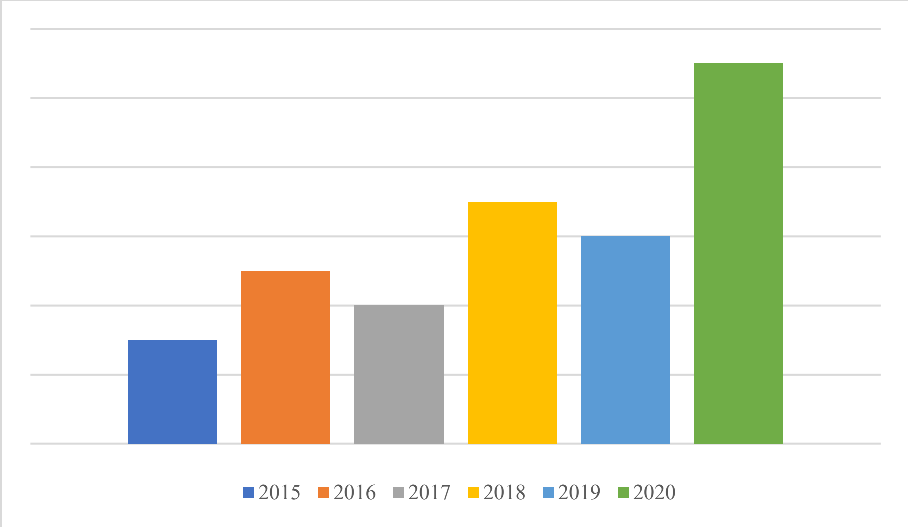

FIGURE 4. Year of publication

THEMATIC ANALYSIS: MAIN FINDINGS

The thematic analysis leads to four themes related to the disclosure quality issues of integrated reports. The four themes are adherence to the reporting framework, ESG disclosures, characteristics of reported information, and reporting forms. The analysis also allows us to classify the adherence to the reporting framework into four sub-themes. These sub-themes are *capital*, *value creation*, *guiding principles*, and *content elements*. Further analysis of the characteristics of reported information leads to *positive content and tone*, *backwards-looking information*, *qualitative information*, and *unreadable information* sub-themes.

THEME 1: ADHERENCE TO THE REPORTING FRAMEWORK

This theme focuses on the main content of IR, particularly the integrated reports' adherence to the guidelines drawn in the IIRC framework. This framework comprises three main parts: *Fundamental Concepts*, *Guiding Principles*, and *Content Elements* (IIRC 2013). Fundamental Concepts primarily involved discussion about capital and value creation. The Guiding Principles encompass seven principles: strategic focus and future orientation, connectivity of information, stakeholder relationships, materiality, conciseness, reliability and completeness, and consistency and comparability. The Content Elements contain information about the organisational overview and external environment, governance, business model, risks and opportunities, strategy and resource allocation, performance, outlook, and basis of preparation and presentation. The following discussions render disclosure quality issues of capital, value creation, guiding principles, and content elements.

CAPITAL

Generally, the integrated reports are not fully aligned with the proposed capital framework as the firms reveal far less than the optimal requirement and fail to establish connections between numerous pieces of information (Liu et al. 2019). Summarily, only 62% of the sample covered two or more capitals (out of six), while the remaining focused on only one capital (Santis et al. 2018). Besides, the firms continued to disclose capital in an isolated manner, infrequently linked to the value creation process (Tirado-Valencia et al. 2020), mostly centered on the financial capital (Albertini 2019), rarely describing its increases or decreases (Ahmed Haji & Anifowose 2017) and hardly discussed the trade-offs between capitals (Ahmed Haji & Anifowose 2016; Albertini 2019). On a similar note, the firms rarely described the connection between capitals, and if it is described, only by stating the increase of the capitals (Santis et al. 2018). With the tendency to only describe the increased capital, the firms seem to consistently create value without reducing their capital, which is unusual for a business.

Researchers also discovered that firms barely provide perspective from their business context (Ahmed Haji & Anifowose 2016, 2017). Firms also use selected terminologies like 'outputs, outcomes, transformations, decreases and increases' of capitals to showcase their adherence to the guidelines (Ahmed Haji & Anifowose 2016). The practice is justified when most reports tend to 'copy and paste' the information provided in the IR framework into their integrated reports, implying a superficial attitude (Santis et al. 2018). In terms of individual capital disclosure, the most attentive area of capital disclosure are financial (Anifowose et al. 2020), human (Albertini 2019), and social and relational capital (Ahmed Haji & Anifowose 2017). The least attention goes to the manufactured (Izzo et al. 2020), intellectual (Liu et al. 2019), natural (Setia et al. 2015), and human capital (Ahmed Haji & Anifowose 2017). In addition, the capital disclosures were not balanced (Beretta et al. 2019) and contained low-quality information (Salvi et al. 2020). The reporting pattern of having an imbalanced and sole focus on financial capital can profoundly be argued. The reason is that it is inadequate for modern firms to merely be attentive to shareholders, thus firms must also advance and endure interaction with non-shareholders in realising sustainable business development (Wang et al. 2023). As such, it is necessary to showcase an economically and socially well-balanced stakeholder relations management.

VALUE CREATION

Value creation is one of the important IR segments. However, the firms seem not to have aligned their reporting approach with the IIRC's recommendation as they did not consider all the stakeholders by making an apparent reference to the shareholder value (Dumitru et al. 2015). These authors reported that firms did not accurately define 'value added', though they provide information about it. In addition, Liu, Jubb and Abhayawansa (2019) unveiled a significant difference in the extent of value creation discussions, with firms opting to discuss simplistically without any added explanations.

GUIDING PRINCIPLES

Our review of articles related to compliance with the guiding principles leads to inconsistent findings. Ahmed Haji and Anifowose (2016) found that the least disclosed areas are consistency, comparability, reliability, and completeness. The finding is inconsistent with Ortiz-Martinez et al. (2020), which claimed that these three are the most covered discussions of guiding principles. On average, all the guiding principles attain a score of 5 over 10 (Ortiz-Martinez et al. 2020), which requires great intervention by authoritative bodies. We observed many issues highlighted by the selected articles, particularly related to materiality, conciseness, stakeholders' relationships, and information connectivity. Though the IIRC encourages firms to consider all guiding principles equally, the firms seem not to comply.

As for the materiality principle, prior studies asserted that this principle is not being applied as intended. This failure is because the issues of materiality are minimally and ambiguously described in the integrated reports (Ahmed Haji & Anifowose 2016, 2017) and inadequate manner (Manes-Rossi et al. 2020; Nicolo et al. 2020). Prior studies also reveal that materiality is overly applied to reveal less information (Ortiz-Martinez et al. 2020), orientated on only medium-term issues (Steenkamp 2018), and rarely discloses the materiality determination process (Liu et al. 2019; Tirado-Valencia et al. 2020). Besides, the firms were found to have discrepancies in what they deemed material matters and did not use the precise definition of materiality in integrated reports (Steenkamp 2018). These findings imply that the materiality determination processes of the firms are different, and it seems complicated to compare the reports prepared by the firms globally.

The second guiding principle that needs attention is conciseness. To achieve conciseness, the firms must concentrate on the most pertinent matters, be stringent about content, and present information in an easily digestible format. Smit et al. (2018) reported that conciseness obtained the lowest scores of all seven guiding principles. Similarly, Pistoni et al. (2018) report an average score of 2.66 over 5 for conciseness. Our findings also indicate that the shortest reports have 44 pages while the longest has 420 pages (Tirado-Valencia et al. 2020), with an average of 249.63 pages (Sofian & Dumitru 2017). These findings validate that the reports are lengthy (Caglio et al. 2020), as investors consider a 200-page report 'too much to read' (PwC 2016). However, Melloni et al. (2017) contemplate that lengthy reports are standard for firms that experience poor financial performance, believed to instill greater trust and conceal the actual condition of the business. The conciseness principle is also mistreated as the reporters rarely disclose the kind of information that they intentionally put off the report (Ruiz-Lozano & Tirado-Valencia 2016). Although this principle necessitates the firms to classify the most material items, it does not give the firm flexibility to escape things that are possible material; thus, it needs to be transparent.

The stakeholder relationship is the third guiding principle of profound concern. The IR framework requires firms to provide insight into the quality of their relationship with stakeholders (IIRC 2013). Nevertheless, most firms report mainly to shareholders and customers (Dumitru et al. 2015). Accordingly, the firms are said to have performed poorly in reporting their engagement with the stakeholders (Sofian & Dumitru 2017), the stakeholder's primary concerns, how the firms react to such concerns (Liu et al. 2019), and the methods applied in identifying the stakeholders (Ruiz-Lozano & Tirado-Valencia 2016). These findings reflect the deficiency in managing stakeholders' relationships, besides the firm's imbalance treatment towards multiple stakeholders.

The final guiding principle that contains disclosure quality issues is the connectivity of information. The IR framework advises firms to show the interdependencies between factors affecting value creation capability in their integrated reports. Surprisingly, information connectivity is poorly incorporated in the integrated report, with firms receiving one or no points (Liu et al. 2019). Ahmed Haji and Anifowose (2016) also found that the issues of information connectivity are minimally discussed in the integrated reports. These results meant that connecting the information is difficult to achieve, or perhaps integrated thinking is yet to develop.

CONTENT ELEMENTS

Content elements represent the kinds of business information that are essentially associated. Results showed significant variability in each content element and low quality of information communicated by the firms (Agustia et al. 2020). Out of eight content elements, organisational overview and external environment is the only element that was not criticised. Liu, Jubb and Abhayawansa (2019) perceive that firms paid significant attention to this content element, which probably contributed to its better information quality. As for the remaining seven content elements, multiple issues are being raised, and several elements are mistreated. Apart from risks and opportunities, all the content elements obtained an average disclosure score of less than 50% (Smit et al. 2018). In explaining the first content element, the business model had huge reporting variability, with six as the minimum score and 30 as the maximum score (Agustia et al. 2020). On another important note, the information on the business model was either low or absent (Liu et al. 2019; Mio et al. 2020), indicating that firms put less effort into elaborating on the business model according to what has been introduced by the IIRC (Lee & Yeo 2016).

Findings for the governance element reveal that only 57 out of 126 integrated reports attained higher than the average score (Agustia et al. 2020). Similarly, Sofian and Dumitru (2017) also discovered that none of the firms in their sample attained high marks for their governance disclosures. A similar score was also reported for forward-looking governance information (Mio et al. 2020), and less information was provided regarding the board sign-off (Manes-Rossi et al. 2020; Nicolo et al. 2020). Based on the above findings, it is safe to say that the IR adopters did not fully utilise the governance element to communicate the capabilities of its governance system, which leads to a question of whether highly competent and committed individuals steer the firms.

As for the third content element, there are several disclosure quality issues highlighted by prior studies concerning strategy and resource allocation. This element remained in the last rank throughout the studied period (Cooray et al. 2020), and several firms completely abandoned this element (Liu et al. 2019). Lee and Yeo (2016) concurred with the minimal effort given by the firms in expanding the disclosure of the firm strategy, possibly because firms refuse to reveal their prospective strategies to avoid imitation. Correspondingly, the lack of compliance can also be spotted in the fourth content element, risk and opportunities. Liu, Jubb and Abhayawansa (2019) reported that little attention was placed on this element, and some firms did not provide any discussion on it. Sofian and Dumitru (2017) also mentioned that no firms attain the highest marks for discussing risk indicators. When going deeper, the risks and opportunities element shows the most significant presence of internal risks (Mio et al. 2020). Though it is known that IR disclosure is meant to channel strategic matters about internal operations, firms are certainly influenced by external factors as well. Thus, its corporate communication is best composed of both factors and not merely internal matters.

The central part of the integrated reports is undeniably performance, as it portrays how well the firms are presently accomplishing. Despite its significance, this element still received the lowest attention, with an average score of 10 out of 25 (Agustia et al. 2020). Prior studies also revealed that the firms' content element categories that did not receive sufficient attention were performance (Liu et al. 2019; Manes-Rossi et al. 2020; Nicolo et al. 2020). None of the firms achieved the highest score in explaining key financial indicators (Sofian & Dumitru 2017), and it is worth mentioning that the firms rarely benchmark their business with other firms (Tirado-Valencia et al. 2020). Furthermore, in quantitative form, many firms did not provide information concerning share price, expected market share, advertising and publicity plans, industry, cash flows, and growth opportunities (Kilic & Kuzey 2018). Evading the comprehensive disclosure of the current and expected performance may distort the stakeholders' interests, particularly investors, towards the firms, diminishing the firm's business outlook and reputation.

The subsequent discussion is on the outlook element. In a specific ranking, the outlook element stayed at the sixth ranking over the research period (Smit et al. 2018). Manes-Rossi et al. (2020) and Nicolo et al. (2020) also agreed that the outlook element is insufficiently concentrated, and in some cases, no information on outlook can be detected in the integrated reports (Liu et al. 2019). Finally, no further issues are brought up based on preparation and presentation, except that it gains the lowest overall score compared to other content elements (Smit et al. 2018).

THEME 2: ESG DISCLOSURES

ESG disclosures are one of the principal components of IR. Notably, this theme is not being placed under Theme 1 as the framework did not explicitly outline the reporting requirements for ESG disclosures; hence, the decision was made to have a specific theme. Results from the analysis show that the average ESG disclosure is relatively low, with much less than half (35.014 points out of 100) (Caglio et al. 2020). Izzo et al. (2020) also found a limited level of Sustainability Development Goals (SDGs) disclosure, with an average of 38% compliance level, while Melloni et al. (2017) obtained marginally better results at an average of 49%. Nevertheless, these findings imply that firms report less than half of the expected ESG items.

Our analysis also indicates a lack of uniformity in the SDGs' reporting practices transmitted in the integrated reports (Manes-Rossi et al. 2020). Quite a number of the sampled firms opted for a stand-alone disclosure approach, and they merely stated their contribution to the SDGs in a section or a sub-section (Manes-Rossi et al. 2020). Unexpectedly, Dumitru et al. (2015) found that none of the sampled firms revealed distributions to the environment. Additionally, firms were found to restrict the information when their sustainability performance was inferior (Stacchezzini et al. 2016). When the social and environmental performance is poor, the firms choose to shape their disclosure towards revealing extensive items on their actions rather than revealing their actual performance. Foggier reports with reduced and incomplete information were also provided when the firms were experiencing weak sustainability performance (Melloni et al. 2017). This practice indicates the act of concealing and manipulating factual information as a way of managing the impression of the report readers.

THEME 3: THE CHARACTERISTICS OF REPORTED INFORMATION

There are four common disclosure styles firms use when reporting their information, namely, the use of positive content and tone, backwards-looking information, qualitative information, and unreadable information. The elaborations of the four sub-themes are provided below.

POSITIVE CONTENT AND TONE

The information choice and reporting tone indicate the firm's intention to establish a specific impression. Despite the requirements of the IR framework to provide a balance of positive and negative information, the firms appeared to be biased by overstating positive information while discounting the negative ones (Ahmed Haji & Anifowose 2016; Mio et al. 2020). On the other hand, Menicucci (2018) discovered a slight difference in the findings whereby few firms reported only positive information, while some reported only negative information. In terms of the reporting tone, there is a consistency in the use of optimistic (Melloni 2015) and positive tone when communicating corporate information (Beretta et al. 2019), with firms complying with a similar reporting pattern that focuses on the soft spots of a particular stakeholder (Ahmed Haji & Anifowose 2016). These results entail the firm's tendency to provide disclosure according to their preferred direction, probably to send a good signal to its report readers while controlling the stakeholders' perception of the firms.

BACKWARDS-LOOKING INFORMATION

Our findings indicate that approximately 88% of the reported information was driven by a backwards-looking orientation (Melloni et al. 2016; Stacchezzini et al. 2016). Beretta et al. (2019) also evident the primary use of backwards-looking information in disclosing intellectual capital. When examining forward-looking information, firms released limited words relating to forward-looking information (Menicucci 2018; Mio et al. 2020; Stacchezzini et al. 2016). Weak forward-looking disclosures are particularly obvious in strategy, prospects, and expectations, and some firms neglect the provision of forward-looking information in the organisational overview and external environment, governance, and business model section (Menicucci 2018). These findings certified the firms' unwillingness to supply forward-looking commentary in integrated reports. When releasing forward-looking information, the firms tend to release qualitative ones, primarily concerned with the internal process and adopting the backward perspective when communicating information from the external context (Mio et al. 2020). Results also show that forward-looking information is regularly reported with no specification of the time horizon. However, if specified, it is primarily short-term (Mio et al. 2020). To summarise, the firms are still guided by historical information, and visionary and foresight-minded are yet to develop.

QUALITATIVE INFORMATION

Qualitative and narrative information is abundantly employed in integrated reports (Dumitru et al. 2015; Kilic & Kuzey 2018; Malola & Maroun 2019; Melloni 2015). Statistically, it is evidenced that nearly 74% of the reports are qualitatively described (Melloni et al. 2016; Stacchezzini et al. 2016). These findings entail that the firms are more prone to optimising a qualitative and symbolic material form rather than issuing quantified and substantive information (Malola & Maroun 2019). Surprisingly, the most relevant component of IR, the content elements, are largely descriptive or at the point of presenting definitions, articulating policy, or conveying mission statements (Malola & Maroun 2019). This qualitative information is highly noticeable in the business model, risks, and opportunities section (Mio et al. 2020). Besides, this discursive form of information is intensely incorporated in intellectual capital disclosures at 87% (Beretta et al. 2019). Furthermore, firms are more oriented on disclosing general information about the firms rather than company-specific disclosures (Ahmed Haji & Anifowose 2017).

UNREADABLE INFORMATION

Another aspect that affects the quality of an integrated report is report readability. The readability of information is vital to ensure that the messages are reachable and usable for decision-making. The textual analysis revealed that the integrated reports are categorised as very difficult to read (Caglio et al. 2020; Melloni et al. 2017; Velte 2018). This finding evidenced a low-quality textual attribute of integrated reports, exemplified by its reading difficulty and verbosity. The language used in the integrated reports was found to be complex (Du Toit 2017; Stone & Lodhia 2019).

Nearly a quarter of the information presented in the integrated reports is intricate, as the reporting firms did not use the English language commonly applied in daily speech or reading (Du Toit 2017). Firms used 'hard' words (words with more than three syllables) and 'wordy' items (a phrase that comprises excessively complex words that can be substituted with simpler ones) in the integrated reports (Du Toit 2017). The selection of complex, uncommon, and wordy information may cause reading difficulty to the readers, causing a failure to form valuable and informed investment and social decisions.

Less readable reports can even be found among South African firms. Regardless of their status as a pioneer of IR, Du Toit (2017) revealed that the firms listed on the JSE published reports that are very difficult to read, to the extent that it requires the readers to possess a postgraduate degree to comprehend the content. It gives the impression that only an individual with an education exceeding 15 years can understand the material (Du Toit 2017). Although the study indicates the reading rating has improved in the subsequent year, and those with an undergraduate degree can understand the IR, the category remained (Du Toit 2017; Stone & Lodhia 2019). Although Stone and Lodhia (2019) report findings that are consistent with Du Toit (2017), Roman et al. (2019) found slightly contrasting findings. They claimed that the reports, on average, were neither tricky nor childish but were declared acceptable readability. All these findings indicate that the integrated reports are possibly unreadable by individuals having no tertiary qualification, questioning the relevancy of integrated reports in publishing material information to the firm's related constituents.

THEME 4: REPORTING FORM

Theme four focuses on the format and structure of the reports. Firms are attentive to the form of the reports, as the average cumulative score for form is 66% and 55% for the main content (Pistoni et al. 2018). The reporters seemingly directed their efforts on the simpler task, and this has caused negligence to the most innovative components of IR (its main content). Despite a good form' score, no effort was made by the firms to support the disclosures with thorough infographics (Malola & Maroun 2019). It was revealed that less than 10% of the 190 reports consisted of three or more visual forms and the percentage of pages with no visual forms climbed by over 40% in the final study period (Stone & Lodhia 2019). Furthermore, the firms also overly use headings and sub-headings (exceeding 4) in their integrated reports (Stone & Lodhia 2019), which may disrupt the connectivity of information and distract the readers when analysing it.

RECOMMENDATIONS FOR FUTURE STUDIES

The findings generated from the systematic review have led to several research recommendations. Future studies are recommended to explore the factors contributing to low-quality disclosures. It is necessary to assess if it is contributed by the difficulty of preparing it, the lack of competency or training, or the absence of clear guidance. Future studies might want to conduct an interview or focus group with those preparing the integrated reports to obtain their insights. Secondly, future studies may consider proposing a suitable framework that guides the preparation of good reporting. Furthermore, it is essential to examine the IR quality trend over a more extended period, and it may involve overseeing if the quality has improved notably after the release of the IIRC 2021 Framework. In addition, since the IIRC strategic phases have entered the global adoption phase (2021 until 2026), future studies need to extend the search period of systematic review. Responding to all these recommendations is expected to enhance the IR literature and improve disclosure quality.

CONTRIBUTIONS OF THE STUDY

This study contributes to the body of knowledge and practical sides for several reasons. First, this study fills in a substantial void by emphasising the disclosure quality issues of integrated reports published by their adopters. Specific to researchers, the present study advised on specific fields and aspects that may interest them. The results highlight some concerns that must be considered in preparing the reports. Thus, the findings of this study may contribute to the preparation of better-quality integrated reports among IR adopters. Besides, those parties interested in the IR, such as researchers, shareholders, regulators, policymakers, and practitioners, may obtain insights on the types of disclosure quality issues in the integrated reports and try to address the highlighted issues by undertaking appropriate measures. Furthermore, the results inform the IIRC to map the issues highlighted in this study with their proposed guidelines.

THEORETICAL AND MANAGERIAL IMPLICATIONS

This study offers important implications for the literature and managerial sides. Academically, this study realised that more articles assessed the integrated reports' adherence to the reporting framework. This is relevant as whether or not the integrated report is considered as of quality relies on whether it complies with disclosure requirements. In addition, this paper recognised that prior articles have put marginally equal attention to mandatory and voluntary adoption countries, suggesting that both adoption types are equally important in rendering insights into the IR progress after a decade of IR framework introduction. The descriptive statistics of this study also portrayed a growing number of studies on IR quality. IR quality is vital as it provides a complete understanding of the effectiveness of the IR journey (Rinaldi et al. 2018). The rising empirical statistic implies that researchers understand the necessity to oversee how IR has contributed to transforming corporate reporting.

Practically, this paper recognised that firms tend to provide lengthy discussions on financial capital while neglecting other forms of capital. Excessive discussion on just one form of capital implies the failure of the firms to establish a connection between numerous pieces of capital forms. The authors suggested incorporating a more comprehensive range of capital to help firms enrich their information environment while ensuring that all forms of capital firms use or affect have been considered. Additionally, the SLR review revealed firms' greater appreciation of shareholder value creation than the general stakeholders. This suggests that firms are still leaning toward the shareholder-primacy approach, though it is noted that shareholder value creation also depends on other stakeholder values.

In contrast, less spotlight was given to the discussion of corporate strategy. This implies that firms are concerned that extensive disclosures may expose them to competition risk. Further, the paper realised that positive tone and backwards-looking, qualitative, and complex information significantly drive the IR disclosure orientation. This finding should prompt firms and impulse them to determinely design and modify their reporting behaviour to realise effective corporate communication.

Evidence from this study further implies that the IIRC's decision to offer flexibility for firms to decide on what and how information could be presented has caused disintegration and bias in the presented information. The IIRC's 'principles-based' rather than 'rules-based' guidelines leave firms with excessive discretion, contributing to the above-highlighted reporting pattern. The lack of integrated thinking was also apparent in this study. The standard setters, regulators, policymakers, and the IIRC as the framework issuer should magnify their efforts to develop integrated thinking among adopting firms. We urge these parties to conduct an intensive workshop or invite those adopters with exemplary reports to share their insights on preparing good quality reports. If the present framework is insufficient to cater to the issues, the IIRC may consider revising its framework to improve the firm's reporting. Since there is a lack of firms' compliance with the reporting framework, this study proposes that a designated department take charge of IR preparation to ensure IR preparation is consistent with the IIRC framework.

CONCLUSION

This study systematically reviews the existing literature to identify the disclosure quality issues of the integrated report. A systematic process involving thematic analysis was employed throughout the review. The review revealed a significant deficiency in the integrated reports, which lies in their principal content and reporting form. Guiding Principles and Content Elements are among the themes that are criticised mainly by prior studies. Besides, firms were found to practice inappropriate reporting behaviour via the considerable use of positive, backwards-looking, qualitative, and complex information. These findings imply the lack of adherence of integrated reports to the IR framework and the loose application of integrated thinking throughout the reporting processes, leading to the publication of sub-standard integrated reports. A reasonable justification for this problem is the IIRC principles-based approach that devotes firms with significant discretion and latitude to determining their information environment. The present study concluded that the adopters of IR failed to fully adhere to the reporting framework, and the aim of empowering corporate communication via IR has not yet materialised. As the number of IR adoptions rises yearly, severe and immediate corrective actions must be taken to rectify this issue.

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Siti Mariam Mansor*
Faculty of Economics and Management
Universiti Kebangsaan Malaysia
43600 UKM Bangi, Selangor, MALAYSIA.

Faculty of Accountancy
Universiti Teknologi MARA
42300 Bandar Puncak Alam, Selangor, MALAYSIA.
Email: sitimariam829@uitm.edu.my

Mohamat Sabri Hassan
Faculty of Economics and Management
Universiti Kebangsaan Malaysia
43600 UKM Bangi, Selangor, MALAYSIA.
Email: msabri@ukm.edu.my

Romlah Jaffar
Faculty of Economics and Management
Universiti Kebangsaan Malaysia
43600 UKM Bangi, Selangor, MALAYSIA.
Email: romlah@ukm.edu.my

Maizatulakma Abdullah
Faculty of Economics and Management
Universiti Kebangsaan Malaysia
43600 UKM Bangi, Selangor, MALAYSIA.
Email: maizatul@ukm.edu.my

*Corresponding author