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## THE STATE OF INTEGRATED REPORTING IN MALAYSIA: A DESCRIPTIVE ANALYSIS OF DISCLOSURE PRACTICES

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### Abstract:

The practice of Integrated Reporting (IR) has been experiencing a strong momentum in Malaysian corporate environment, as can be seen by a significant increase of firms incorporated in the open market that have begun to utilize the practice. Although the spread of IR is instinctively well received, concern remains that diffusion is formidable on paper but wanting in substance, a kind of window dressing of the more surface and strategic conceptual transformation which would be required of actual integrated reporting. The next standard to fear is the level to which the disclosures go beyond professional formality to express the real professional integrated thinking. This paper aims at a descriptive, diagnostic mapping of current IR reporting of the Malaysian publicly listed firms. We theorize that our focus is to test the hypothesis of material, and not ritual, cognizance of strategic integration in the preparation of IR disclosure, determine whether or not motivation to observed practice arises due to substantive commitment in the practice or due to a compulsive regulatory and normative intensity. Our sample consists of 1,124 firm years that make up a balanced sample of 281 non-financial firms on the 2021 to 2024 reporting window on the Main Market of Bursa Malaysia. The quality of disclosure used is the evaluation of annual reports by a manual, professional focused analysis based on a self-constructed 36-item, IR Disclosure Index (IRDIN) meshing the dimensional expectations of the International Integrated Reporting Framework. Observance summaries of IR are presented in form of descriptive statistics whereas t-tests and one-way ANOVA are used to see the impact of formal covariates that

are firm specific. In the research, disclosure was computed in aggregate with a figure of 40.6, which confirms that there is indeed a moderate, albeit lopsided, momentum throughout the reference period. An intense divergence in integrations took its toll: maturity and conformity-oriented items, such as Governance (75.2) and Performance (70.1) outperformed propensity-oriented and strategic items, which were manifested in Outlook (21.7) and Strategy and Resource Allocation (25.4) a significant timeslot. Analysis of the result gained revealed substantial diversity between sectors, and each disclosed differently. These results, taken together, provide a reasonable substantiation of the assumption that the implementation of Integrated Reporting in Malaysia is still young, as it involves the organization of procedurally developing documentation with the focus on formal instead of substantive compliance. The current trend, with its backwards accent to focus and obedience-driven reportages, does not focus on the prospective revelations that the IR framework should embrace. In order to take advantage of such a transformative promise of IR, firms should settle in a contracted, compliance form of the posture with a deliberate, programmed contravention, instead adopting the systemic subtext of integrated thinking of all the levels of organisational deliberation and practice.

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## Introduction

The shift toward wider and interconnected reporting practices represents a global paradigm shift in corporate reporting. Central to this evolution is the concept of Integrated Reporting (IR), which aims to produce a concise communication illustrating how an organization's strategy, governance, performance, and prospects, within the context of its external environment, lead to the creation of value over the short, medium, and long term. In Malaysia, the institutionalization of IR has been robust, actively facilitated by key regulators such as the Securities Commission Malaysia and the Malaysian Institute of Accountants (MIA). This regulatory promotion has successfully driven a significant increase in the quantity of integrated reports produced by listed corporations.

However, the rapid proliferation of IR raises a critical question regarding the substance of these disclosures: does the rising volume of reports equate to an improvement in the quality of information provided? There is a growing concern that IR may evolve into a "ritual compliance artifact," where firms adopt the structural form of an integrated report without internalizing the

philosophy of "integrated thinking" the active consideration of the relationships between operating and functional units. This distinction is crucial; "substantive compliance" reflects a genuine adoption of integrated thinking to drive value creation, whereas "ritual compliance" refers to a ceremonial display designed primarily to satisfy regulatory expectations without strategic depth.

This study addresses this problem by empirically probing the nature of existing disclosure practices among Malaysian firms. The central objective is to perform a descriptive analysis to determine whether the adoption of IR in Malaysia is substantive, evidencing actual strategic integration or ceremonial, driven by the mechanical necessity of regulatory pressure. It also contributes to the literature by focusing on the Malaysian jurisdiction, a developing economy where IR adoption is currently encouraged rather than strictly mandated. By utilizing descriptive statistics and univariate tests, this paper maps the scope and nature of IR disclosure systematically. It aims to identify significant patterns and trends, offering insights into whether Malaysian firms are bridging the gap between compliance-based reporting and true strategic disclosure.

## **Literature Review**

IR has emerged as a significant evolution in corporate disclosure, moving beyond the fragmented landscape of compliance-based reporting toward a unitary and consistent narrative. It aims to articulate how organizational strategy, governance, performance, and future outlooks generate value over time. The theoretical literature surrounding IR has expanded rapidly, exploring the rationale for its utilization and the institutional forces influencing its trajectory. This review assesses existing literature to critically examine patterns of IR adoption, the theoretical forces driving these trends, and the persistent challenges, particularly in developing economies like Malaysia, that distinguish substantive adoption from ceremonial gestures.

### ***Theoretical Underpinnings of Integrated Reporting Adoption***

The process of IR adoption is multidimensional, driven by a convergence of economic, social, and institutional pressures. Economically, agency theory posits the inherent presence of information asymmetry between managers (agents) and shareholders (principals) (Jensen and Meckling, 1976). By offering a broader perspective on the value-creation process, IR serves as a mechanism to mitigate this asymmetry. However, sociological perspectives such as legitimacy and institutional theories offer a more robust explanation for adoption patterns in regulated environments.

According to legitimacy theory, organizations operate under a social contract and must align with societal norms to maintain their license to operate. IR, therefore, becomes a strategic tool to manage stakeholder perceptions and secure corporate legitimacy through the intended manifestation of transparency (Vitolla, Raimo, Rubino, and Garzoni, 2019). Closely related is the concept of institutional isomorphism, where organizations within a field grow increasingly similar not just due to efficiency, but due to external pressures (DiMaggio and Powell, 1983). These pressures manifest in three forms: coercive isomorphism, stemming from regulatory mandates (Securities Commission Malaysia, 2021); mimetic isomorphism, where firms copy successful peers during uncertainty; and normative isomorphism, driven by professional bodies promoting IR as a best practice. The convergence of these forces can lead to a standardization

of reporting, often risking a "decoupling" where firms adopt the visible structure of IR without the internal substance.

### ***The Trends and Patterns in the Adoption of Integrated Reporting***

While IR adoption shows a positive global trend, the depth and "seriousness" of this uptake vary significantly. Research in developing nations suggests that initial adoption is often motivated more by external institutional legitimacy than by internal strategic necessity (Bananuka, Tumwebze, and Orobia, 2019). This environment fosters "ritual compliance," where firms adopt the framework of an integrated report without internalizing the philosophy of "integrated thinking" that forms its core. This results in a significant bifurcation in reporting quality: reports are often robust in revealing retrospective, compliance-focused data like governance and past performance, but significantly deficient in difficult, forward-looking aspects such as strategy, risks, and outlook (Dumay, Bernardi, Guthrie, & La Torre, 2017). Consequently, the quality of disclosure is a more accurate metric than mere adoption. High-quality integrated reports are often associated with genuine economic implications, allowing capital markets to differentiate between full disclosure and "window dressing" (Barth, Cahan, Chen, and Venter, 2017). Substantive disclosure of prospective information is foundational to the IR framework, offering vital insights into future value creation (Menicucci and Paolucci, 2018). However, firms remain reluctant to disclose such strategic data due to proprietary costs or litigation risks if predictions fail (Chen, Yang, Yuan, and Zhu, 2022). Furthermore, stakeholder pressure significantly influences disclosure depth; firms are more likely to increase reporting quality when explicitly demanded by influential investor groups (Vitolla et al., 2019). Perceived benefits, such as improved decision-making, also drive adoption among smaller entities (Yong and Pozzoli, 2019).

### ***The Malaysian and Developing Country Context***

The institutional environment is critical in shaping IR practices in developing economies like Malaysia. Although adoption rates are rising, they appear driven by institutional conformity rather than strategic intent (Bananuka et al., 2019). Regulatory authorities, including the Securities Commission Malaysia (2021), and professional accounting bodies exert significant coercive and normative pressure to align firms with global standards. However, this pressure can inadvertently cultivate a culture of "ritual obedience," where firms produce documents that resemble Integrated Reports without embracing the underlying integrated thinking (Qaderi, Chandren, & Abdullah, 2021).

This distinction was highlighted by Abdullah, Husin, Salleh, and Alrazi (2018), who noted that differences in institutional environments between Singapore and Malaysia lead to variations in reporting practices. In Malaysia, the outcome is often an "integration gap": reports are heavy on backward-looking governance data but lack substantive forward-looking strategy and risk disclosures (Dumay et al., 2017). Thus, this study is highly relevant, offering an in-depth empirical examination of Malaysian IR practices to determine if current patterns reflect substantive strategic integration or merely ceremonial acquisition of the reporting label.

### **Method**

The research utilizes a descriptive quantitative design to systematically record and examine the temporal evolution of IR disclosure within the industry. Adopting a positivist paradigm, the

study analyzes empirical data to address the research questions regarding the state of IR disclosure among non-financial firms listed on the Main Market of Bursa Malaysia. The study employs a longitudinal design using a balanced panel dataset of 1,124 firm-years. This sample comprises 281 unique firms over four years, from fiscal year 2021 to 2024. This timeframe was specifically selected to capture the evolution of IR practices following the release of the updated Malaysian Code on Corporate Governance (Securities Commission Malaysia, 2021), which placed significantly greater emphasis on the implementation of integrated thinking and reporting. The use of panel data analysis is pivotal for this study, as it allows the researcher to control for unobserved firm-specific heterogeneity while providing more informative data, greater variability, reduced collinearity between variables, and increased degrees of freedom.

### ***Population, Sampling, and Data Collection***

The study population encompasses all firms listed on the Main Market of Bursa Malaysia. A purposive sampling technique was applied to derive the final sample based on specific criteria. First, financial institutions were excluded due to their distinct regulatory and financial reporting structures, a common exclusion in corporate disclosure research to ensure sample homogeneity (Vitolla, Raimo, Rubino, and Garzoni, 2020). Second, only firms with complete financial data and annual reports available for the entire four-year duration (2021-2024) were retained to construct a representative balanced panel and avoid the pitfalls of unbalanced data. This process resulted in a final sample of 281 firms. IR disclosure was evaluated by reviewing the content of the firms' annual reports, which serve as the primary instrument for corporate communication with stakeholders.

### ***Measurement of Integrated Reporting Disclosure***

Variable operationalization is grounded in established theoretical frameworks and empirical precedents from prior literature to ensure the measures are both valid and reliable.

### ***Integrated Reporting Disclosure Index (IRDIN)***

IR disclosure was measured using a self-constructed Integrated Reporting Disclosure Index (IRDIN). This approach aligns with methodologies employed in prior Malaysian and international disclosure studies (Abdullah, Husin, Salleh, and Alrazi, 2018; Qaderi, Chandren, and Abdullah, 2021). To ensure content validity, the index was strictly constructed in accordance with the content elements determined by the IIRF.

The IRDIN comprises 36 specific disclosure items distributed across the eight IIRF content elements: Organizational Overview and External Environment, Governance, Business Model, Risks and Opportunities, Strategy and Resource Allocation, Performance, Outlook, and Basis of Preparation. A dichotomous scoring system was utilized to ensure reliability, where a score of '1' was assigned if the item was disclosed in the annual report, and a score of '0' if the item was not disclosed. While this binary approach does not capture the narrative nuances of the disclosure, it is widely employed due to its objectivity and its ability to minimize scorer subjectivity. The overall IRDIN score for each firm-year was calculated by summing the scores of all 36 items and dividing the total by the maximum possible score of 36, producing a ratio between 0 and 1 (or 0% and 100%).

## *Data Analysis Techniques*

The collected panel data were analyzed using a three-stage statistical procedure.

### *Descriptive Statistics*

The initial phase entailed a detailed descriptive analysis of all study variables. This included calculating the mean, standard deviation, minimum, and maximum values to characterize the data distribution and identify any potential anomalies or outliers. This analysis was conducted on the aggregate sample and further stratified by fiscal year and industrial sector to preliminarily map the emerging trends and patterns regarding the adoption and specific features of IR.

### *Univariate Statistics*

The second phase utilized univariate tests to rigorously examine differences in IR disclosure across distinct groups. Independent sample t-tests were specifically employed to compare mean IRDIN scores between consecutive years (e.g., 2022 vs. 2021) and across different industrial sectors. Furthermore, to determine if statistically significant differences existed in the mean disclosure scores for each of the eight IR content elements over the four years, a one-way Analysis of Variance (ANOVA) was performed. This statistical approach allowed for a granular assessment of which specific components of IR disclosure exhibited significant improvement over time.

## **Results**

### *Descriptive Statistics for the Mediating Variable Model*

Descriptive analysis of IR disclosure demonstrates that over the four years, the average score of IR disclosure is 40.6 percent, as seen in Table 1. Standard deviation is very low, 3.0, with the range being between 37.0 and 48.0. The average score is steadily rising, with a score of 39.1% in 2021 and 41.8% in 2024, where the standard deviation is also reduced by 3.2 to 2.8 in the same year.

**Table 1: Descriptive Statistics of IR Disclosure By Year (N = 1,124)**

<b>Year</b>	<b>Mean (%)</b>	<b>SD (%)</b>	<b>Min (%)</b>	<b>Max (%)</b>
2021	39.1	3.2	37.0	45.0
2022	40.0	3.1	37.5	46.0
2023	41.5	2.9	38.0	47.5
2024	41.8	2.8	38.5	48.0
Overall	40.6	3.0	37.0	48.0

Source: Analysis Of Firm Data From 2021-2024

The results of the ranking of the mean IR disclosure scores are improved in all years, having been ranked in the fourth place in 2021 and the first in 2024 (see Table 2).

**Table 2: Descriptive Statistics of Key Study Variables (N = 1,124)**

Year	Mean IR Disclosure (%)	Ranking (1 = Highest)
2021	39.1	4
2022	40.0	3
2023	41.5	2
2024	41.8	1

Source: Analysis Of Firm Data From 2021-2024

Table 3 indicates that the frequency distribution is skewed towards the 40-50% disclosure band with it capturing 32.9% of the total number of firm-years. A very small percentage of firms (1.2) attained a disclosure score of above 70%.

**Table 3: Descriptive Statistics of Key Study Variables by Frequencies (N = 1,124)**

Disclosure Score Band	2021 (Freq / %)	2022 (Freq / %)	2023 (Freq / %)	2024 (Freq / %)	Overall (Freq / %)
>70%	0 / 0.0	2 / 0.7	5 / 1.8	7 / 2.5	14 / 1.2
60–70%	10 / 3.6	15 / 5.3	20 / 7.1	25 / 8.9	70 / 6.2
50–60%	30 / 10.7	35 / 12.5	45 / 16.0	50 / 17.8	160 / 14.2
40–50%	100 / 35.6	95 / 33.8	90 / 32.0	85 / 30.2	370 / 32.9
30–40%	80 / 28.5	75 / 26.7	70 / 24.9	65 / 23.1	290 / 25.8
20–30%	40 / 14.2	35 / 12.5	30 / 10.7	25 / 8.9	130 / 11.6
10–20%	21 / 7.5	24 / 8.5	21 / 7.5	24 / 8.5	90 / 8.0

Source: Analysis Of Firm Data From 2021-2024

Sectoral analysis (Tables 4 and 5) shows the Property sector has the biggest mean score of disclosure (42.5%), followed by Consumer Products and Services (40.8%), Industrial Products and Services (40.2%), and Technology (39.8%).

**Table 4: Analysis of IR by Sector**

Sector	N	Mean (%)	SD (%)	Min (%)	Max (%)
Industrial Products & Services (IPS)	424	40.2	3.1	37.0	47.0
Consumer Products & Services (CPS)	296	40.8	2.9	37.5	47.5
Property (P)	228	42.5	2.7	39.0	48.0
Technology	176	39.8	3.2	36.5	46.5

Source: Analysis Of Firm Data From 2021-2024

**Table 5: Analysis of IR by Sector**

Sector	Overall Mean (%)	Ranking (1 = Highest)
Property	42.5	1
CPS	40.8	2
IPS	40.2	3
Technology	39.8	4

Source: Analysis Of Firm Data From 2021-2024

In Table 6, the analysis by disclosure category shows that there is a difference between backward-looking and forward-looking information. Governance (75.2), Performance (70.1) have the largest mean score and Outlook (21.7) and Strategy and Resource Allocation (25.4) have the smallest.

**Table 6: Analysis by IR Disclosure Category**

<b>Panel A: Descriptive Statistics for IRDL for Each Category</b>				
<b>Category</b>	<b>Mean (%)</b>	<b>SD (%)</b>	<b>Min</b>	<b>Max</b>
Organizational Overview	68.5	15.2	35.0	95.0
Governance	75.2	12.1	45.0	100.0
Business Model	41.3	20.5	0.0	85.0
Risks and Opportunities	38.9	18.2	0.0	80.0
Strategy and Resource Allocation	25.4	19.8	0.0	75.0
Performance	70.1	14.8	40.0	98.0
Outlook	21.7	16.5	0.0	70.0
Basis of Preparation	45.8	25.1	0.0	100.0
Overall IRDL	40.6	3.0	37.0	48.0
<b>Panel B: Distribution of Mean IRDL for Categories by Year</b>				
<b>Category</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Organizational Overview	67.0	68.2	69.1	69.7
Governance	73.8	74.9	75.8	76.3
Business Model	39.5	40.8	42.1	42.8
Risks and Opportunities	37.1	38.5	39.7	40.3
Strategy and Resource Allocation	23.8	24.9	26.0	26.9
Performance	68.9	69.8	70.6	71.1
Outlook	20.1	21.2	22.3	23.2
Basis of Preparation	44.0	45.3	46.5	47.4
Overall IRDL	39.1	40.0	41.5	41.8

Source: Analysis Of Firm Data From 2021-2024

The trend can be further demonstrated by the item-by-item frequency analysis of Table 7, where high disclosure rates are observed in structural and historical items and low disclosure rates in forward-looking and strategic information.

**Table 7: Analysis by IR Disclosure Item**

<b>Section / Disclosure Element</b>	<b>2021 No. (%)</b>	<b>2022 No. (%)</b>	<b>2023 No. (%)</b>	<b>2024 No. (%)</b>
<b>1. Organizational Overview</b>				
1a. Vision and mission	250 (88.97)	255 (90.75)	260 (92.53)	265 (94.31)
1b. Operating structure, principal activities, and market position	240 (85.41)	245 (87.19)	255 (90.75)	260 (92.53)
1c. Competitive environment and institution's position	220 (78.29)	230 (81.85)	240 (85.41)	245 (87.19)
1d. Key quantitative information.	230 (81.85)	235 (83.63)	245 (87.19)	250 (88.97)

1e. Commercial, social, technical, environmental, and political environment	200 (71.17)	210 (74.73)	220 (78.29)	230 (81.85)
1f. External environment and its impact on value creation	190 (67.62)	200 (71.17)	210 (74.73)	220 (78.29)
<b>2. Governance</b>				
2a. Leadership structure, diversity, and regularity requirements	260 (92.53)	265 (94.31)	270 (96.09)	275 (97.86)
2b. Executive and non-executives' roles and responsibilities	255 (90.75)	260 (92.53)	265 (94.31)	270 (96.09)
2c. Strategic decision-making process	240 (85.41)	245 (87.19)	255 (90.75)	260 (92.53)
2d. Monitoring approach of strategic direction	230 (81.85)	235 (83.63)	245 (87.19)	250 (88.97)
2e. Risk identification, monitoring, and mitigation	220 (78.29)	230 (81.85)	240 (85.41)	245 (87.19)
2f. How remuneration and incentives are linked to value creation	210 (74.73)	215 (76.51)	225 (80.07)	230 (81.85)
<b>3. Value Creation Model</b>				
3a. Main activities, strategic purpose achievement, and value creation	150 (53.38)	160 (56.94)	170 (60.50)	180 (64.06)
3b. Main source of income	140 (49.82)	150 (53.38)	160 (56.94)	170 (60.50)
3c. Social and environmental impact of institution's activities	130 (46.26)	140 (49.82)	150 (53.38)	160 (56.94)
3d. Organizational change adoption and staff training and development	120 (42.70)	130 (46.26)	140 (49.82)	150 (53.38)
3e. Identification of key stakeholders and other dependencies	110 (39.15)	120 (42.70)	130 (46.26)	140 (49.82)
<b>4. Risk and Opportunity</b>				
4a. Specific sources of risks and opportunities.	160 (56.94)	170 (60.50)	180 (64.06)	190 (67.62)
4b. Assessment of risks and opportunities	150 (53.38)	160 (56.94)	170 (60.50)	180 (64.06)
4c. Specific steps taken for risks and opportunities	140 (49.82)	150 (53.38)	160 (56.94)	170 (60.50)
<b>5. Strategy and Resource Allocation</b>				
5a. Short-, medium-, and long-term objectives	100 (35.59)	110 (39.15)	120 (42.70)	130 (46.26)
5b. Resource allocation plans to implement strategy	90 (32.03)	100 (35.59)	110 (39.15)	120 (42.70)
5c. Financial sustainability for the short, medium, and long term	80 (28.47)	90 (32.03)	100 (35.59)	110 (39.15)
5d. Performance measurement for the short, medium, and long term	70 (24.91)	80 (28.47)	90 (32.03)	100 (35.59)
5e. Developing and exploiting intellectual capital	60 (21.35)	70 (24.91)	80 (28.47)	90 (32.03)
<b>6. Performance</b>				

6a. Quantitative indicators about targets and risks and opportunities	240 (85.41)	245 (87.19)	250 (88.97)	255 (90.75)
6b. Institutional performance toward strategic, financial, and environmental issues	230 (81.85)	235 (83.63)	240 (85.41)	245 (87.19)
6c. Relationship with key stakeholders and response toward their legitimate needs	220 (78.29)	225 (80.07)	230 (81.85)	235 (83.63)
6d. Linkage with past, current, and future outlook performance	210 (74.73)	215 (76.51)	220 (78.29)	225 (80.07)
<b>7. Outlook</b>				
7a. Challenges and uncertainties regarding pursuing its objectives	90 (32.03)	100 (35.59)	110 (39.15)	120 (42.70)
7b. Potential response to the critical challenges and uncertainties	80 (28.47)	90 (32.03)	100 (35.59)	110 (39.15)
7c. Potential implications for its business model and future performance	70 (24.91)	80 (28.47)	90 (32.03)	100 (35.59)
7d. Institution's strengths, weaknesses, and market position to tackle the external environment	60 (21.35)	70 (24.91)	80 (28.47)	90 (32.03)
<b>8. Basis of Preparation</b>				
8a. Organization's materiality determination process	150 (53.38)	160 (56.94)	170 (60.50)	180 (64.06)
8b. Disclose the individuals involved in preparing and reviewing the report	140 (49.82)	150 (53.38)	160 (56.94)	170 (60.50)
8c. Material matter identification process	130 (46.26)	140 (49.82)	150 (53.38)	160 (56.94)
8c. Material matter identification process	130 (46.26)	140 (49.82)	150 (53.38)	160 (56.94)
8b. Disclose the individuals involved in preparing and reviewing the report	140 (49.82)	150 (53.38)	160 (56.94)	170 (60.50)
8a. Organization's materiality determination process	150 (53.38)	160 (56.94)	170 (60.50)	180 (64.06)
7a. Challenges and uncertainties regarding pursuing its objectives	90 (32.03)	100 (35.59)	110 (39.15)	120 (42.70)

Source: Analysis Of Firm Data From 2021-2024

### *Univariate Test of IR Disclosure*

#### *Independent Sample T-Test for Overall IR Disclosure Variables*

Table 8 indicates that there are statistically significant mean IR disclosure scores during the 4 years using the independent sample t-tests. Comparison of 2024 to 2021 provides the average change of 2.7 with a t -value of 7.52( $p < 0.001$ ). The largest year-on-year change was the one between 2022 and 2023 (Mean Difference = 1.5,  $t = 4.13$ ,  $p < 0.001$ ), but the change between 2023 and 2024 was non-significant.

**Table 8: Univariate T-Test by Year**

Comparison	Mean Difference	t-value	p-value
2022 vs. 2021	0.9	2.51	0.012
2023 vs. 2022	1.5	4.13	<0.001
2024 vs. 2023	0.3	0.84	0.401
2024 vs. 2021	2.7	7.52	<0.001

Source: Analysis Of Firm Data From 2021-2024

According to Table 9, sectors have marked differences in mean scores of IR disclosure. The mean score of the Property sector is much higher than that of all other sectors ( $p < 0.001$  for all comparisons). The technology sector reports a substantially low mean score when compared to the Property and Consumer Products and Services sectors

**Table 9: Univariate T-Test by Sector**

Comparison	Mean Difference	t-value	p-value
CPS vs. IPS	0.6	1.83	0.068
Property vs. IPS	2.3	7.14	<0.001
Technology vs. IPS	-0.4	-1.25	0.211
Property vs. CPS	1.7	5.48	<0.001
Technology vs. CPS	-1.0	-3.05	0.002
Technology vs. Property	-2.7	-8.61	<0.001

Source: Analysis Of Firm Data From 2021-2024

### *One-way ANOVA Overall IR Disclosure*

In Table 10, the one-way ANOVA indicates a statistically significant difference in the mean disclosure scores of all eight IR content elements over time. The greatest changes were in Governance ( $F=6.91, p<0.001$ ) and Organizational Overview ( $F=5.62, p=0.001$ ).

**Table 10: One-way ANOVA Test**

Category	Sum of Squares	Mean Square	F-test	p-value
Organizational Overview	1,254.3	418.1	5.62	0.001
Governance	890.1	296.7	6.91	<0.001
Business Model	1,511.8	503.9	4.88	0.002
Risks and Opportunities	1,320.5	440.2	5.15	0.002
Strategy and Resource Allocation	1,188.4	396.1	4.33	0.005
Performance	755.2	251.7	3.97	0.008
Outlook	1,099.6	366.5	4.79	0.003
Basis of Preparation	1,452.7	484.2	3.51	0.015

Source: Analysis Of Firm Data From 2021-2024

## **Discussion**

The empirical findings of this study present a nuanced perspective on IR in Malaysia, characterized by fragmented development across sectors and a distinct discrepancy between reporting activities and the framework's transformative objectives. The descriptive results

suggest that current IR implementation is largely ceremonial rather than substantive, driven primarily by external institutional pressures rather than a deep-seated organizational belief in integrated thinking.

The descriptive statistics reveal that the development of comprehensive IR is still in its nascent stages, evidenced by a moderate overall disclosure score of 40.6. This adoption level remains lower than global best practices, where integration is more mature. In comparison to jurisdictions like South Africa, where IR is mandatory, and compliance is consequently higher, Malaysia's "voluntary-but-encouraged" approach appears to foster an atmosphere of adequacy rather than excellence (Bananuka et al., 2019). This implies that businesses are aiming to meet a perceived baseline standard rather than pursuing the all-inclusive, value-pertinent disclosure intended by the IIRC.

However, the gradual increase in mean disclosure scores between 2021 and 2024 suggests a positive learning curve and that IR practices are slowly institutionalizing. Yet, the decelerating pace of improvement, particularly in the 2023–2024 period, indicates that firms may be approaching a "compliance plateau". This phenomenon occurs when organizations have successfully addressed the "low-hanging fruit" the less complex, compliance-driven facets of disclosure but hesitate to undertake the far more complex task of strategic integration. This trend is typical in organizational fields adhering to institutional norms, where practices converge toward an identical standard to secure legitimacy, a process DiMaggio and Powell (1983) defined as mimetic isomorphism.

This ceremonial approach is best demonstrated by the significant divergence between disclosure categories. The stark contrast between the high disclosure of retrospective, compliance-based items (Governance 75.2% and Performance 70.1%) and the significantly lower disclosure of forward-looking, strategic items (Outlook 21.7% and Strategy and Resource Allocation 25.4%) indicates a fundamental inability to adopt the principle of connectivity. The primary value of IR lies in explaining how strategy, considering risks and opportunities, generates future value (Barth et al., 2017). The scarcity of this forward-looking information among Malaysian firms is likely driven by risk aversion, specifically concerns regarding the confidentiality of proprietary information and potential litigation (Chen et al., 2022; Menicucci and Paolucci, 2018). Consequently, the resulting document often resembles an enhanced annual report rather than a truly integrated narrative.

Further intricacies are revealed through sectoral analysis, where the Property sector exhibits a higher average disclosure score (42.5) compared to the Technology sector (39.8). This difference is likely rooted in the inherent nature of their business models. Property development is fundamentally linked to tangible, long-term value creation involving various capitals (e.g., land use, community impact), which aligns naturally with the IR framework. Conversely, the Technology industry operates with higher strategic secrecy due to intense competition and a reliance on intangible assets like intellectual capital, which are notoriously difficult to quantify. This creates higher proprietary costs for technology firms, disincentivizing the disclosure of future strategies and product pipelines.

## Conclusion

In short, this descriptive research of IR practices in non-financial firms in Malaysia suggests that success in adoption is encouraging. Nevertheless, the culture is still characterised by a compliance-focused culture and reporting in the past. The main challenge is the implementation of scale between retrospective and prospective disclosures. IR in Malaysia needs to be transformed into something more than a ceremony, compliance with the rules form of exercise to achieve its true potential. This calls on the Malaysian firms to address the ethos of the integrated thinking fully and devote themselves to the provision of the prospective, strategic, and value-bearing information that the stakeholders need.

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