

Propagating Transparency and Accountability through Integrated Reporting: An Empirical Insight from a Developing Nation

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Increasing pressure from stakeholders that demands for more transparency and accountability in companies' corporate reporting both in terms of financial and non-financial reporting, has resulted in a move towards a more integrated approach in corporate reporting. Therefore, the aim of this study is to examine the presence of the elements of integrated reporting in the annual reports of companies in emerging economies such as Malaysia and to investigate the drivers for the early adoption of such reports. The influence of internal and external pressure from the perspective of agency and stakeholder theories forms the focus of this study. The sample for the study consists of the top 100 companies in Malaysia for the year 2014 as larger firms are expected to have more incentives and resources to embark on such reporting. Content analyses of the annual reports were undertaken to measure the presence of the elements of integrated reporting among the sample companies.

The results of this study revealed that the companies were concerned about the credibility of the information provided to stakeholders. The results of the multiple regression analyses revealed positive relationships for the independent variables mission and vision and risk and opportunities with the presence of the elements of integrated reporting in the annual reports. The positive relationships revealed that companies that align the key strategies with the mission and vision statement and are taking measures to address risk and opportunities of the organization, will be more proactive in implementing integrated reporting.

The findings from this study provide empirical evidence on the progress and likelihood of companies in a developing nation to provide integrated reports where research to examine the effects of specific determinants on the likelihood of companies in developing nations to provide integrated reports is almost non-existent.

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Field of Research: Accounting

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