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How Integrated is Integrated Reporting? From a Malaysian Perspective

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Abstract: The lack of coherence, transparency and accountability in traditional financial reporting, led the International Integrated Reporting Council (IIRC) to developed Integrated Reporting (IR) in 2010. This study draws the attention towards the top 50 public listed companies listed in Malaysian Stock Exchange as per asset size, and their fulfilment towards voluntary IR disclosures. This study was also conducted to examine the organisational characteristics that foster the IR initiative. A comparison was made with ISO 26000, GRI G4 and IR framework against the annual reports. This study was qualitative and descriptive in nature. The findings revealed that although there were traces of the fulfilment of all requirements with regard to ISO 26000, GRI and IR respectively, there were much to be done to encourage PLCs to incorporate such reporting guidelines. It was also found that, government-linked companies have greater fulfilment of these requirements.

Keywords: Integrated Reporting; ISO26000; GRI G4; IR Framework.

Introduction

The demands by stakeholders on the information received from companies has been increasing by leaps and bounds owing to the exhibition of governance issues and changes in business environment (Abeysekera, 2013; Krzus, 2011; Flack and Douglas, 2007). The traditional financial reporting model shows lack of coherence to long-term objectives set by organisations, and little connection between the activities undertaken by organisations. This results in the event of organisations are often being presented in separate reports such as annual reports and sustainability reports (Abeysekera, 2013). Therefore, old reporting model is not sufficient to satisfy the stakeholders' information needs for evaluating company' past and future performance (Flower, 2015). Hence, it is then vital for companies to tilt towards an effective reporting structure and to use IR as a story telling platform.

Integrated Reporting (IR) was developed by International Integrated Reporting Council (IIRC) in 2010 as an evolution from corporate reporting.

In December 2013, IIRC launched a new IR framework to accelerate the adoption of IR across the world (IIRC, 2013). According to Churet, RobecoSAM, and Eccles (2014), IR can be understood as the convergence of the sustainability report and the financial report into a single report. As noted by Hanks and Gardiner (2012), IR reveals the various sustainability issues which are significant to the business and helps in the long-run strategies. Hence, stakeholders, particularly the providers of capital, can use integrated report to assess whether the company's business creates values and assist in efficient capital allocation. Maria (2016) supports that IR is a useful tool which helps to measure, report and communicate how a company creates value to its business by bringing other important information that are not included in traditional financial reporting. With IR, readers are not only able to perform independent analysis of financial and non-financial information, but also can communicate their thoughts with stakeholders. Studies by Abeysekera (2013), Krzus (2011) and Flack and Douglas (2007) concurs on the need to have greater transparency in reporting structures. Besides, traditional financial reporting model shows lack of coherence to long-term objectives set by organisations, and little connection between the activities undertaken by organisations. This results in the event that organisations activities are often being presented in separate reports such as annual reports and sustainability reports (Abeysekera, 2013). Therefore, old reporting model is insufficient to satisfy the stakeholders information needs for evaluating company's past and future performance (Flower, 2015). For a better corporate and environmental reporting, companies need to move away from using annual reports as a compliance document but to use it as a platform to communicate their respective stories.

The nascent practice of IR provides greater confidence and trust in business and financial markets. IR enhances transparency and disclosure by emphasising communication of performance, risks and opportunities and future outlook of organisation (Young & Oh, 2014). Integrated thinking is fundamental in the development of IR (Bouten & Hoozée, 2015), in which IR is able to break down internal silos and reduce duplication in the organization (ISO, 2015). In addition, IIRC (2013) states that IR actually reflects integrated thinking in the process of monitoring, managing and communicating the full complexity of value creation. It considers a vision of creating value on short, medium and long term.

In Malaysia, the blueprint for capital market development in 2011 known as Capital Market Masterplan 2 (CMP2) provides concerns on governance and shareholder protection. These two concerns are in line with the primary purpose of IR. In addition, the 2011 Corporate Governance blueprint of Securities Malaysia (SC) mentions a 'Disclosure and Transparency' section which provides evidence that Malaysia is moving towards the implementation of IR (Gomes, 2012; Jamal & Ghani, 2016). As IR is a relatively a new reporting system in Malaysia, adoption of IR standard remains on a voluntary basis. Despite its voluntary nature, there is an increasing number of companies incorporating IR reporting standards to a certain degree (KPMG, 2017). IR provides significant benefits for companies and may improve the companies' performance in long run. Due to the perceived benefits, IR is gaining worldwide acceptance and research interest is growing. However currently there are limited empirical studies on IR in Malaysia. Studies by Jamal & Ghani (2016) posits that, real estate companies in Malaysia are yet to have full implementation of IR in their annual reports. Consequently, studies by Hazam and Mansor

(2020), illustrated that even local authorities in Malaysia had only achieved a fulfilment of 56.4% on IR. Hence, this study endeavours to create awareness and impetus for IR in Malaysia by highlighting the degree of disclosures by Malaysian Public Listed Companies (PLCs) by asset size.

IR is crucial for Malaysian businesses as a means of attracting capital and enhancing their communication with key stakeholders (IIRC, 2017). Before IR is being introduced, Malaysian companies tilted its focus more on historical performance in their annual reports. Criticism arose as traditional reporting is past-oriented, delay in reports issuance and lack of information regarding risks. In addition, stakeholders encountered difficulties in looking for the most relevant information from traditional reports. Therefore, a company's financial report is often being questioned for its truth and fairness as it does not include information regarding non-financial performance which able to determine a company's long-term financial background (Eccles and Saltzman, 2011). Magarey (2012) stressed that the information provided in the traditional annual report does not give a holistic picture and understanding of a company's business activities. Hence, it is not relevant enough to aid in decision making.

IR is currently being applied in over 25 countries around the world as it provides various benefits to the organisations (Maniora, 2015). However, the benefits of IR in developing countries such as Malaysia is still unknown. According to 'The State of IR in Malaysia' by PWC (2014), the study found that Malaysian businesses have the basics reporting covered despite lack of linkages and there is significant upside in improving stakeholder communication. This fact is supported by the research done by Jaspal, Soh, Kamaljeet (2012) and Banoo (2016) which found that a number of the top PLCs have improved their corporate reporting and embed content from IR framework into their businesses. Based on a survey by MIA and ACCA (2016), IR is largely accepted by Malaysian PLCs and there is a significant growth and prominence on the concept of IR. In addition, KPMG Survey of Corporate Responsibility Reporting 2017 concludes that top companies adopt sustainability reporting as a way to strengthen credibility and gain competitive business advantage in the pursuit of long-term business goals (KPMG, 2017). Hence, there is a need to know the extend of IR reporting within the annual report of the Malaysian public listed companies. There was no such similar study undertaken on the top Bursa listed companies. Thus, the novelty of this study will add to the current literatures on the empirical evidence with regard to the incorporation of IR practices within the top listed companies in Malaysia, which will help policy makers and regulators to address the extensive implementation of IR to all public listed companies in Malaysia.

Therefore, the purpose of this study is to gain more insights in the IR practices among the top 50 Public Listed Companies (PLCs) by total asset in Malaysia, coupled with the examination of the organisational characteristics that foster the IR initiatives. As stated in the research done by Elzahar & Hussainey (2012), Jamal & Ghani (2016) and Umoren et al., (2017), total assets size of a firm will determine the information disclosure to stakeholders. As such, total asset was used as a basis to identify the firm size of top PLCs in this study. To achieve the research objective, the extent of disclosure will be examined throughout the annual reports published by the 50 companies followed the ISO26000 standards, GRI G4 Guidelines and IR Framework.

Literature Review

From CSR and Sustainability to Integrated Reporting

After the last global financial crisis, investors started to seek the connection between financial performance and sustainable development after losing their trust in traditional reporting (Sofian and Dumitru, 2017). Hence, the reporting framework has evolved to adopt new reporting trends which connects financial and non-financial information in order to satisfy investors' interest (Radley, 2012). The new corporate reporting reflects the disclosure of how a company creates value by bringing together material information about an organisation's strategy, governance and performance (IIRC, 2013; Ndamba, 2014). According to Albu *et al.* (2013), many companies issue Corporate Social Responsibility (CSR) or Sustainability reports to complement their financial reporting. However, an empirical research which was carried out by KPMG (2008) pointed out that many of the sustainability reports showed little linkage with the financial performance.

Companies use various sustainability reporting standards or develop their own reporting standards derived from the existing framework, which caused lack of comparability of the sustainability reports (Hahn and Kühnen, 2013). Fasan and Mio (2016) explained that, by the introduction of IR, it helped in solving this issue by applying materiality principle during disclosure of information. According to PWC (2015), IR fosters comparability as organisations disclose relevant information in relation to its own value creation story. Several non-profit organisations like Global Reporting Initiative (GRI) and International Organization for Standardization (ISO) work together in creating standards and frameworks for effective non-financial reporting to allow benchmarking and comparability (Richardson, 2013).

The GRI develops sustainability reporting standard practice and enables all organisations to report their economic, environmental, social and governance performance regardless of the organisation's size, sector or location (Deloitte, 2017; Abeysekera, 2013). Hence, organisations will be more transparent, thereby enabling them accessible to more businesses globally (Baron, 2014). GRI released the fourth generation of guidelines (G4 Guidelines) in May 2013 which is targeted to improve relevance and credibility by focusing on materiality (GRI G4, 2013). However, according to GRI (2016), G4 Guidelines will be replaced by GRI Standards in July 2018. GRI has the commitment to continuously improve the guidelines which are freely available to the public. Recent studies by Altarawneh and Al-Halalameh (2020) discussed the IR framework instituted by companies listed in the Amman Stock Exchange, which was represented by 82 companies and it was revealed that the level of conformity varies with each sector. Service sector shows the lowest conformity compared to the financial and industrial sectors.

Along with the GRI, ISO, as the largest developer of voluntary industrial international standards, aim to help organisations to be more effective and efficient (Miller, Fink & Proctor, 2017). ISO 26000 covers a broad range of sustainability dimension, especially on economic, environmental and societal (Baron, 2014). However, it does not explicitly provide guidance on social responsibility disclosure. In fact, ISO 26000 gives organisation a structure to follow and organise their communications and activities (SSM, 2013). ISO 26000 can be said to be the most inclusive and wide-ranging sustainability standard with regards to the issues it covers. Hence, ISO 26000 is used by many companies as a way of strategizing and managing performance (Jere, *et al.*, 2016). Through promoting 'integrated thinking', ISO 26000 and IR Framework help organizations improve their understanding on value creation over time for the society and financial investors (ISO, 2015).

According to Valmohammadi (2014), ISO 26000 guides a company to work on socially responsibility and G4 provides the framework for reporting on such issues. ISO 26000 and GRI G4 can be used as benchmarks to establish IR. IR Framework, as a result or continuity of both sets of guidelines, provides a deeper understanding on the corporate reporting and organisation of the disclosed information in the corporate report (Idowu *et al.*, 2016). As IIRC stated “Sustainability reporting is central to integrated reporting”, Kraten (2017) concludes that sustainability represents the main purpose of the IR Framework which aims to support organisational efforts to develop the sustainable value over times.

Theory Behind IR

Agency problem usually happens between agent and principal as a result of information asymmetry. IR may solve agency problem as integrated report discloses most relevant information as a means to reduce asymmetries; thereby, leading to a higher degree of business transparency (Luo *et al.*, 2012). In addition, Marston (2003) claims that, large companies tend to disclose more information in the annual reports in order to decrease the agency cost which may arise from the conflicting interests of shareholders, managers and debt holders. Since non-disclosures may be interpreted as “bad news” which could affect the firm value and reputation, agents from public listed companies have stronger incentives to disclose more information so that they can get public representation and a better corporate standing (Uyar, 2011). Based on Luk and Yap (2017), IR can maximise the company’s value as managers have greater access to business operations and communication pipelines to the public becomes more reliable and credible.

The rise of IR can also be studied using legitimacy theory. Legitimacy theory suggests that the organisations are bound by a social contract and they are expected to conform to social norms, values and expectations (Deegan, 2002). IR is gaining momentum in the reporting world as multinational corporations are actively adopting it in accordance to the IR Framework (Hsiao, 2015). Based on legitimacy theory, as stated in a study by Mahmood *et al.* (2017), bad performers are pressurized to change the public perception by disclosing more information in their reports. Companies with poor performance will be pursued by the society to adopt IR as it improves the businesses reputation and attains support from key stakeholders in the operation (Soliman, 2013; Ruiz-Lozano and Tirado-Valencia, 2016).

In addition, voluntary disclosure theory helps to narrow the information asymmetry between managers and stakeholders. Good performers in the market will be more motivated to differentiate themselves from others by increased levels of disclosure (Mahmood *et al.*, 2017). Companies with good performances have incentives to attract investors and other stakeholders and to gain market share by disclosing relevant information in their reports (Clarkson *et al.*, 2011). According to Abeysekera (2008), based on voluntary disclosure theory, the Board of Directors can choose to disclose information that represents good faith of companies’ activities while fulfilling stakeholders’ information needs. IR disclosure acts as a monitoring and control mechanisms in measuring the company’s performance and achieving company’s desired market value (Lobo and Zhou, 2001).

Overview of Integrated Reporting in Malaysian Public Listed Company

IR is currently gaining momentum and replacing the conventional corporate reporting in Malaysia (MIA, 2016). The Malaysian Institute of Accountants (MIA) is actively promoting the benefits of IR to companies and investors. Besides MIA, Securities Commission (SC) through its latest Malaysian Code of Corporate Governance also urges large companies to incorporate IR in the preparation of annual reports (Jacob, 2017). From the new code, SC also introduces Comprehend, Apply and Report (CARE) approach and describe the shift from “comply or explain” to “apply or explain an alternative” as an effort to promote good governance and ensure the sustainability of the capital market (Manifest, 2017). IR acts as an essential principle for 21st century corporate governance as regulators seek to promote effective communication between businesses and investors focused on strategic goals in order to create long term value. According to Annaev (2017), Bursa Malaysia also takes initiatives in promoting IR as it requires companies to disclose a narrative statement of their economic, environmental and social (EES) risks and opportunities in their annual reports and focus more on materiality, governance and management aspects of organisations.

MIA-ACCA Integrated Reporting Survey in 2016 found that half of the respondents do not have or have little knowledge of IR, while only 13% of them have good or in-depth knowledge (Mahzan, 2017). This survey identified lack of guidance in preparing an integrated report to be a barrier for the adoption. MIA suggests a solution by establishing MIA Integrated Report 2016/2017 to serve as a real-life IR model. From the survey sample of top 100 Malaysian companies (by revenue), KPMG (2017) reported that only five percent of them claim that their annual report is fully integrated and 25% of them publish their annual reports in accordance with GRI standards. An annual report comprises two parts which are the financial statements and the corporate reporting. For the preparation of financial statement, companies need to follow the Malaysian Financial Reporting Standards (MFRS) while for the corporate reporting, companies may choose the best way to describe their reporting system (Jacob, 2017).

Maniora (2017) claimed that some companies merge the financial statement and the ESG report into the annual report, but it is just a ‘combined report’ rather than an integrated report. Companies need to have a clear understanding on integration of financial and non-financial information by relating their impact on each other in order to publish an integrated report (Eccles and Krzus, 2010). IR describes how companies bring all their resources together in order to deliver value and meet the stakeholders’ expectation. IR helps companies to identify what is material to the operation and then address it in the reporting system (Jacob, 2017). With IR, capital providers are able to track movements between all their ‘capitals’. Not only promoting greater transparency and accountability of company, IR also improves the quality of information that is intended for investors (Jamal & Ghani, 2016). As stated in the research done by Elzahar & Hussainey (2012), Jamal & Ghani (2016), total assets size of a firm will determine the information disclosure to stakeholders and also decision on adopting a new reporting system. So, total asset was used as a basis to identify the firm size of top PLCs. To achieve the research objective, the extent of disclosure will be examined throughout the annual reports published by the 50 companies followed the ISO26000 standards, GRI G4 Guidelines and IR Framework.

Methods

Data Collection

This study will apply content analysis to collect the data sources in relation to GRI's standards, ISO 26000 and IR content elements. Content analysis involves classifying the information disclosed in a source document, such as an integrated report, into categories of items that capture the aspects of particular information one wants to analyse (Guthrie and Abeysekera, 2006). Based on the theoretical background of the IR Framework, GRI standards and ISO 26000 can be used to identifying the adoption of IR and provide a support for non-financial reporting (Idowu, Tudor and Farcas, 2016). Then, an analysis will be performed on the compliance of integrated reports with GRI standards and ISO 26000 for top 50 Malaysian PLCs.

The study analyses the 2016 annual reports by identifying presence of GRI's G4, ISO 26000 and IR content elements. If the core element is present, it will be indicated by a “√”; and if absent, then it will be given a “X” sign.

Table 1. **ISO 26000 (2010)**

Organizational governance (I1)	Human rights (I2)
Organization makes and implements decisions to meet its objectives and take responsibility for the impacts of its decisions.	All human beings are entitled basic rights and right to fair treatment.
Labour practices (I3) Human resource policies and guidelines relating to work performed on behalf of the organization.	Environment (I4) Organization becomes environmentally and socially responsible as it is essential for human beings' survival and prosperity.
Fair operating practices (I5) Promote the reliability of fair business practices among organizations and prevent the occurrence of corruption in order to build sustainable social systems.	Consumer issues (I6) Promote a just, sustainable, and equitable economic and social development with respect to consumer's access, health and safety.
Community involvement and developments (I7) Organization contributes to community by increasing levels of education and well-being in order to create a sustainable society.	

Source: International Organization for Standardization (2014)

Table 2. **G4 Guidelines (May 2013)**

Strategy and Analysis (G1)	Organizational Profile (G2)
Provide a general strategic view of the organisation's sustainability and give insight on strategic topic	Provide an overview of organizational characteristics.
Identified Material Aspects and Boundaries (G3) Organization follows the process to define the report content, the identified material aspects and their boundaries, and restatements.	Stakeholder Engagement (G4) Report key topics and concerns that stakeholders engage and describe how organization responds to it
Report Profile (G5) Provide an overview of the basic information about the report (GRI	Governance(G6) Describe the structure of governance body in support of the organization's purpose

Content Index) and how the purpose relates to economic, environmental and social dimensions.

Ethics and Integrity (G7)

Describe the organization’s values, principles, standards and norms of behaviour such as codes of ethics.

Source: Global Reporting Initiative (2013)

Table 3. **Content elements (CE) in IR framework (December 2013)**

Organizational overview and external environment (CE1)	Governance (CE2)
Identify the organization’s characteristics and significant factor that affecting the external environment.	Describe the organization’s governance structure that support its ability to create value in the short, medium and long term
Business model (C3) Explain how key resources create and sustain value and the value-adding business activities.	Risks and opportunities (CE4) Describe risk profile process with a simple diagram setting out the impact and likelihood of each risk in relation to the others
Strategy and resource allocation (CE5) Concisely present the main elements of the group’s strategy and the overall strategy is linked to strategic objectives and priorities.	Performance (CE6) Describe how organization achieved its strategic objectives for the period and the outcomes provided by the capital
Outlook (CE7) Identify challenges and uncertainties that organization is likely to encounter in pursuing its strategy, and describe the potential implications for its business model and future performance	Basis of preparation and presentation (CE8) Determine what matters to include in the integrated report and how are such matters quantified or evaluated

Source: IIRC (2013)

Findings

As per Appendix C, D, and E, the state of IR adoption in Malaysia is still low in Malaysia, as only few companies that are fully adopted it. There are Malayan Banking, Tenaga Nasional Berhad, Sime Darby, IHH Healthcare, Telekom Malaysia and Felda Global Venture. Out of the six, only Malayan Banking has not called its annual report as to be “integrated report”. Other than six companies, most of the top 50 Malaysian PLCs only incorporate some content elements of IR in their reporting. The IR content elements that often appeared in the companies’ annual reports are governance (98%), outlook (72%) and organizational overview and external environment (58%). Not surprisingly governance is the most reported content element as this element already existed since establishment of ISO 26000 and GRI G4. Besides, good governance is heavily emphasized in corporate reporting of Malaysia. Therefore, governance aspect is appeared to be highly disclosed in most of the annual reports of top 50 Malaysian PLCs.

Another research objective is to examine the organisational characteristics that foster the IR initiative in Malaysian PLCs. Although asset size is used to determine the firm size and

also the ranking for PLCs, it does not really represent the adoption level of IR. From appendix F, we can see that those companies that complied with ISO 26000 are companies from banking and construction industry. The evolution of ISO 26000 standards and GRI G4 has contributed to the IR Framework. In fact, the effort of measuring and reporting the total impact of the company's activities across social, environmental, fiscal and economic dimensions contributes to the long-term success of their organisation.

Although there are 16 companies that complied with ISO 26000, only 6 companies adopted GRI G4 and IR framework in their reporting. From 2013, the year of establishments of GRI G4 and IR framework, to 2016, which is only three years, it is possible that Malaysian PLCs need more time to adopt a new corporate reporting and familiarise a new framework. If the companies have contributed the efforts in adopting a new reporting, they will enjoy the benefits of IR brings to their respective businesses. Another valuable insight which was found was that, there is a trend between ISO 26000, GRI G4 to IR framework. From the content elements side, organisational governance and human rights from ISO 26000 (38% fulfilled) and organisational profile from GRI G4, presents similarities to organisational overview, external environment and governance of IR's content element. Failures to disclose human rights and external environment caused organisations not fulfilling the CE1 disclosure (58% fulfilled). Three of the framework-standard-guidelines also places much emphasis on governance aspects of reporting. Therefore, a trend of incorporating CE2 (98% fulfilled) in reporting of Malaysian PLCs can be seen. In addition, labour practices and consumer issues from ISO 26000 are being developed into business model and outlook as elements of IR. Most of the companies failed to present its business model (CE3), i.e. only 28% fulfilled. This indicates that, firms need to have greater exposure on the requirements stipulated in CE3. The information related to environment from ISO26000 core subject has been incorporate by GRI within the strategy and analysis element, and finally being developed as strategy and resource allocation for an integrated report. Concerns on losing competitive advantages may have caused most of the PLCs' Malaysia not to disclose their strategy and resource allocation (CE5) (only 22% fulfilled). Further delving in this area is crucial as such disclosure would open doors to greater creativity and a cutting-edge positioning.

Risks and opportunities of the IR framework is originated from "disclosure on fair and operating practice" from the CSR standard and "identified material aspects and boundaries", respectively "ethics and integrity" from GRI G4. Only 14% of the 50 top PLCs' provided disclosure in the section on risks and opportunities (CE4). Besides, ISO 26000 encourages reporting on community involvement and developments, GRI recognizes this information as part of stakeholder engagement section, and IR included it in the principle of stakeholder relationship. Stakeholder engagement and performance is also interrelated. Performance (CE6) (40%) and Outlook (CE7) (72%) are only presented in some annual reports of top 50 Malaysian PLCs. ISO 26000 failed to explain how the report should be organized and presented to its users, but the sustainability standard (G4) improved this issue by introducing the section on report profile, that developed further on into basis of preparation and presentation (IR Framework) (48%). Only a few companies fulfil CE8 (Basic preparation) in their reports, which was only 24%. As there were no previous studies which takes such an extended angle involving ISO26000, GRI and IR, this study sets the knowledge that Malaysian public listed companies have a "catching-up" to do in order to meet global standards.

Conclusion

In summary, there are only a few leading companies that are adopting IR as corporate reporting and fulfilling the IR requirements. Common deficiencies for the IR elements can be seen in most of the sample companies. It is important for Malaysian companies to find out ways to close the gap between current reporting and IR. ISO 26000 and GRI G4 can act as useful foundations towards publishing integrated reports. Therefore, organisation can use ISO 26000 and GRI G4 as complementary to the IR framework to foster the implementation of IR practices.

As per the IR Framework the summary of the findings are as follows:

- only 58% fulfilled CE1 (Organizational overview and external environment)
- 98% fulfilled CE2 (Governance)
- 28% fulfilled CE3 (Business Model)
- 22% fulfilled CE4 (Risks and Opportunities)
- 14% fulfilled CE5 (Strategy and Resource Allocation)
- 40% fulfilled CE6 (Performance)
- 72% fulfilled CE7 (Outlook)
- 24% fulfilled CE8 (Basis of Preparation and Presentation)

Among the 50 public listed companies, Malayan Banking Berhad, Sime Darby Berhad, Felda Global Ventures, Telekom Malaysia, IHH Healthcare and Tenaga Nasional Berhad were the only ones which had adopted all the 8 CEs' listed in the IR framework (Appendix F). The reason could be the lack of resources to see through the implementation of IR within the organisation. While IR is not mandatory in the Malaysian reporting framework, it is clear that there is still a lot of work to be done to bring the awareness on risk identification via IR, business model explanations and business strategies coupled with the basis of preparation of the entire reporting mechanism. Only slightly more than half (58%) had a thorough overview of their organisation with the external environmental impact. Such disclosures will equip shareholders, stakeholders and future investors appropriate information for effective decision making. In the 21st century, stakeholders require more information. The authors have highlighted many literatures on IR and its impact. However, this study adds value in that it brings the empirical evidence that much of the top public listed companies by asset size are not prioritizing the importance of IR.

In short, this study provides an opportunity to regulators and policymakers to accelerate the adoption of IR in Malaysia, so has to enhance a new strand in corporate responsibility and sustainable reporting.

The limitation of this research is the subjective nature of data analysis. The findings of the research are based on researcher's own interpretation of the data collected. As there is no generally accepted standardized format of integrated report, researcher could only follow the true definition of IR. Besides, there is limited number of Malaysian public listed companies which publishes integrated reports. Therefore, any thoughts and conclusions made are limited to this small sample group of the study. Another limitation is the size of the sample which is the top 50 sample PLCs in Malaysia. The findings on this small sample size are unable to generalize the IR practices of the entire population of Malaysian listed companies. Another limitation is that this study only relies on the annual reports of the 50

companies as the data source. As IR is relatively new in Malaysia, further research can be carried out on the topic of IR to create awareness on IR among PLCs. An area of interest can be purely focus on how IR adopters close the gap between the current reporting and IR and fully implement IR. Since one of the limitations of this study is the data source is mainly from annual reports, direct observation and interviews can be carried out to analyse the activities and efforts of Malaysia companies in improving their integrated reports. These methods also may contribute to a better understanding on companies' internal processes that affect their reporting behaviours, regarding to the preparation and publication of integrated reports. Another suggestion will be how those companies overcome challenges when they on their way to IR. The findings would be helpful to tackle any worries and foster the IR implementations by companies that would like to adopt IR. Further research can also focus in the areas of risk-taking and quality of corporate governance with IR implemented firms. Environmental related issues can also to studied as IR encompasses a holistic reporting.

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Appendix

Appendix A

Top 50 Malaysian PLCs based on total asset as per the Balance Sheet 2016

Company	TOTAL ASSET'000
Malayan Banking (Maybank)	735,956,253
CIMB Group	485,766,887
RHB Bank	236,678,829
Hong Leong Financial Group	210,474,534
Hong Leong Bank	189,828,215
AMMB holdings	133,764,000
Tenaga Nasional Berhad (TNB)	132,902,200
Genting	92,545,800
Axiata	70,488,730
Affin Holdings	68,886,345
YTL Corporation	67,266,819
Sime Darby (SD)	64,209,300
BIMB Holdings	63,145,127
MISC	56,151,269
Alliance Bank	55,627,043
Malaysia Building Society	43,268,044

YTL Power International	43,245,591
DRB-HICOM	42,042,349
IHH Health care	37,187,956
Sapura Energy	36,491,996
Petronas Chemical Group	31,948,000
Malakoff Corporation	30,263,536
Genting Malaysia	27,894,400
Telekom Malaysia (TM)	25,001,600
Berjaya Corporation	23,347,317
IOI Properties Group	22,810,341
PPB Group	22,702,710
Bumi Armada	22,090,129
Felda Global Venture (FGV)	21,026,686
IJM Corporation	19,835,545
Batu Kawan	19,815,216
Maxis	19,643,079
Sunway	18,751,953
SP Setia	18,689,940
Kuala Lumpur Kepong	18,336,573
Boustead Holdings	17,931,500
KLCC Prop & REITS	17,782,125
IOI Corporation	17,556,100
Petronas Gas	16,553,632
UMW Holdings	16,263,024
Allianz Malaysia	14,912,377
Berjaya Land	14,419,032
Gamuda	14,168,724
UEM Sunrise	13,523,970
Hap Seng Consolidated	11,725,461
MMC Corporation	9,931,887
Malaysia Airports Holdings	9,827,058
Parkson Holdings	9,462,896
Petronas Dagangan	9,364,913
Oriental Holdings	8,908,606

Appendix B

A comparison on ISO 26000 guidelines, GRI G4 standards and IR framework

ISO 26000 (2010)	GRI G4 (May 2013)	IR Framework (Dec 2013)
Organization governance (I1) Human right (I2)	Organizational profile (G2) Governance (G6)	Organizational overview and external environment (CE1) Governance (CE2)
Labour practices (I3) Consumer issue (I6)		Business model (CE3) Outlook (CE7)
Environment (I4)	Strategy and analysis (G1)	Strategy and resource allocation (CE5)
Fair operating practice (I5)	Identified material aspects and boundaries (G3) Ethics and integrity (G7)	Risk and opportunities (CE4)
Community (I7)	Stakeholder engagement (G4) Report profile (G5)	Performance (CE6) Basis of preparation and presentation (CE8)

Appendix C

Disclosures made by top 50 PLCs based on ISO 26000

	I1	I2	I3	I4	I5	I6	I7
Malayan Banking	√	√	√	√	√	√	√
CIMB Group	√	√	√	√	√	√	√
RHB Bank	√	√	√	√	√	√	√
Hong Leong Financial Group	√	√	X	√	√	X	√
Hong Leong Bank	√	√	X	√	√	X	√
AMMB holdings	√	√	√	√	√	√	√
Tenaga Nasional Berhad	√	X	√	√	√	√	√
Genting	√	X	√	√	X	√	√
Axiata	√	X	√	√	√	√	√
Affin Holdings	√	√	√	√	√	√	√
YTL Corporation	√	√	√	√	√	√	√
Sime Darby	√	√	√	√	√	√	√
BIMB Holdings	√	√	√	√	X	√	√
MISC	√	X	√	√	√	√	√
Alliance Bank	√	X	√	√	√	√	√
Malaysia Building Society (MBSB)	√	√	√	√	√	√	√
YTL Power International	√	X	X	√	X	√	√
DRB-HICOM	√	X	√	√	X	X	√
IHH Health care	√	X	√	√	X	√	√
Sapura Energy	√	X	√	√	√	X	√
Petronas Chemical Group	√	X	√	√	√	X	√
Malakoff Corporation	√	X	√	√	√	X	√
Genting Malaysia	√	X	√	√	X	√	√
Telekom Malaysia	√	X	√	√	√	√	√
Berjaya Corporation	√	X	√	√	√	X	√
IOI Properties Group	√	X	√	√	X	X	√
PPB Group	√	X	√	√	√	√	√
Bumi Armada	√	X	√	√	X	X	√
Felda Global Venture	√	√	√	√	√	√	√

IJM Corporation	√	X	√	√	√	√	√
Batu Kawan	√	X	√	√	X	X	√
Maxis	√	X	√	√	√	√	√
Sunway	√	√	√	√	√	√	√
SP Setia	√	X	√	√	√	√	√
Kuala Lumpur Kepong	√	√	√	√	X	√	√
Boustead Holdings	√	X	√	√	√	X	√
KLCC Prop & REITS	√	√	√	√	√	√	√
IOI Corporation	√	X	√	√	√	X	√
Petronas Gas	√	√	√	√	√	√	√
UMW Holdings	√	X	√	√	√	√	√
Allianz Malaysia	√	X	√	√	√	√	√
Berjaya Land	√	X	√	√	X	X	√
Gamuda	√	X	√	√	√	√	√
UEM Sunrise	√	√	√	√	√	√	√
Hap Seng Consolidated	√	√	√	√	√	√	√
MMC Corporation	√	X	√	√	√	X	√
Malaysia Airports Holdings	√	X	√	√	√	√	√
Parkson Holdings	√	X	√	√	√	X	√
Petronas Dagangan	√	√	√	√	√	√	√
Oriental Holdings	√	X	√	√	√	X	√
OUT OF 50 CO	50	19	47	50	39	34	50
%	100%	38%	94%	100%	78%	68%	100%

Notes

I1: Organization governance

I2: Human right

I3: Labour practices

I4: Environment

I5: Fair operating practice

I6: Consumer issue

I7: Community

Appendix D

Disclosures made by top 50 PLCs based on GRI standard

	G1	G2	G3	G4	G5	G6	G7
Malayan Banking	√	√	√	√	√	√	√
CIMB Group	√	√	√	√	√	√	√
RHB Bank	√	√	√	√	X	√	√
Hong Leong Financial Group	X	√	X	X	X	√	√
Hong Leong Bank	√	√	X	X	X	√	√
AMMB holdings	√	√	X	X	X	√	√
Tenaga Nasional Berhad	√	√	√	√	√	√	√
Genting	X	√	X	X	X	√	√
Axiata	√	√	X	X	X	√	√
Affin Holdings	X	√	√	√	X	√	√
YTL Corporation	X	√	X	X	X	√	√
Sime Darby	√	√	√	√	√	√	√
BIMB Holdings	√	√	√	√	√	√	√
MISC	X	√	X	X	X	√	√
Alliance Bank	X	√	X	X	X	√	√
Malaysia Building Society	√	√	√	√	√	√	√
YTL Power International	X	√	X	X	X	√	√
DRB-HICOM	X	√	X	X	X	√	√

IHH Health care	√	√	√	√	X	√	√
Sapura Energy	X	√	X	X	X	√	√
Petronas Chemical Group	√	√	X	X	√	√	√
Malakoff Corporation	√	√	X	√	X	√	√
Genting Malaysia	X	√	X	X	X	√	√
Telekom Malaysia	√	√	√	√	√	√	√
Berjaya Corporation	X	√	X	X	X	√	√
IOI Properties Group	X	√	X	X	X	√	√
PPB Group	√	√	√	√	X	√	√
Bumi Armada	X	√	√	X	X	√	√
Felda Global Venture	√	√	√	√	√	√	√
IJM Corporation	X	√	X	√	X	√	√
Batu Kawan	X	X	X	X	X	X	√
Maxis	√	√	X	√	X	√	√
Sunway	√	√	√	X	X	√	√
SP Setia	√	√	√	√	X	√	√
Kuala Lumpur Kepong	X	√	X	√	X	√	√
Boustead Holdings	X	√	X	X	X	√	√
KLCC Prop & REITS	√	√	√	√	X	√	√
IOI Corporation	X	√	X	X	X	√	√
Petronas Gas	X	√	X	X	√	√	√
UMW Holdings	√	√	√	√	√	√	√
Allianz Malaysia	√	√	√	√	X	√	√
Berjaya Land	X	√	X	X	X	√	√
Gamuda	X	√	√	X	X	√	√
UEM Sunrise	√	√	√	√	√	√	√
Hap Seng Consolidated	√	√	√	√	X	√	√
MMC Corporation	√	√	X	√	X	√	√
Malaysia Airports Holdings	√	√	X	X	X	√	√
Parkson Holdings	X	X	X	X	X	√	√
Petronas Dagangan	√	√	√	√	X	√	√
Oriental Holdings	X	X	X	X	X	√	X
OUT OF 50 CO	27	47	22	24	10	49	49
%	54%	94%	44%	48%	20%	98%	98%

Notes

- G1: Strategy and analysis
- G2: Organizational profile
- G3: Identified material aspects and boundaries
- G4: Stakeholder engagement
- G5: Report profile
- G6: Governance
- G7: Ethics and integrity

Appendix E

Disclosure of IR practice based on IR framework by top 50 PLCs

	CE1	CE2	CE3	CE4	CE5	CE6	CE7	CE8
Malayan Banking	√	√	√	√	√	√	√	√
CIMB Group	√	√	X	√	X	√	√	√
RHB Bank	√	√	√	√	X	√	√	X
Hong Leong Financial Group	X	√	X	X	X	√	X	X
Hong Leong Bank	X	√	X	X	X	√	√	X
AMMB holdings	X	√	X	X	X	X	√	X
Tenaga Nasional Berhad	√	√	√	√	√	√	√	√
Genting	X	√	X	X	X	X	X	X
Axiata	√	√	X	X	X	√	√	X
Affin Holdings	X	√	X	X	X	X	√	X
YTL Corporation	X	√	X	X	X	√	X	X
Sime Darby	√	√	√	√	√	√	√	√
BIMB Holdings	X	√	X	X	X	X	X	√
MISC	√	√	X	X	X	X	√	X
Alliance Bank	X	√	X	X	X	X	√	X
Malaysia Building Society	X	√	X	X	X	X	√	X
YTL Power International	X	√	X	X	X	√	√	X
DRB-HICOM	X	√	X	X	X	X	X	X
IHH Health care	√	√	√	√	√	√	√	√
Sapura Energy	√	√	X	X	X	X	X	X
Petronas Chemical Group	X	X	X	√	√	X	X	√
Malakoff Corporation	√	√	X	X	X	X	√	X
Genting Malaysia	X	√	X	X	X	X	X	X
Telekom Malaysia	√	√	√	√	√	√	√	√
Berjaya Corporation	X	√	X	X	X	X	√	X
IOI Properties Group	X	√	X	X	X	X	X	X
PPB Group	X	√	X	X	X	X	√	√
Bumi Armada	√	√	X	X	X	X	√	X
Felda Global Venture	√	√	√	√	√	√	√	√
IJM Corporation	√	√	X	X	X	X	√	X
Batu Kawan	X	X	X	X	X	X	√	X
Maxis	√	√	X	√	X	√	√	X
Sunway	√	√	X	X	X	X	√	X
SP Setia	√	√	X	X	X	X	√	√
Kuala Lumpur Kepong	√	√	√	X	X	X	X	X
Boustead Holdings	√	√	X	X	X	X	√	X
KLCC Prop & REITS	√	√	√	X	X	X	√	√
IOI Corporation	X	√	X	X	X	X	X	X
Petronas Gas	√	√	√	X	X	√	√	√
UMW Holdings	√	√	X	√	√	X	X	X
Allianz Malaysia	√	√	√	√	X	√	X	√
Berjaya Land	X	√	X	X	X	X	√	X
Gamuda	√	√	√	X	X	√	X	X
UEM Sunrise	√	√	X	X	X	X	√	X
Hap Seng Consolidated	√	√	X	X	X	X	√	X
MMC Corporation	√	√	X	X	X	X	√	X
Malaysia Airports Holdings	√	√	X	X	X	X	√	X
Parkson Holdings	X	√	X	X	X	√	X	X
Petronas Dagangan	√	√	√	X	X	√	√	X
Oriental Holdings	X	X	X	X	X	X	√	X

OUT OF 50 CO	29	49	14	11	7	20	36	12
%	58%	98%	28%	22%	14%	40%	72%	24%

Notes

CE1: Organizational overview and external environment

CE2: Governance

CE3: Business model

CE4: Risk and opportunities

CE5: Strategy and resource allocation

CE6: Performance

CE7: Outlook

CE8: Basis of preparation and presentation

Appendix F

Companies that fully complied with the requirements based on ISO 26000 Standards, GRI G4 Guidelines, IR Framework

ISO 26000	GRI G4	IR Framework
Malayan Banking	Tenaga Nasional Berhad	Malayan Banking
CIMB Group	Malaysia Building Society	Tenaga Nasional Berhad
RHB Bank	Telekom Malaysia	Sime Darby
AMMB Banking	Felda Global Venture	IHH Health Care
Affin Holdings	UMW Holdings	Telekom Malaysia
YTL Corporation	UEM Sunrise	Felda Global Venture
Sime Darby		
Malaysia Building Society		
Telekom Malaysia		
Felda Global Venture		
Sunway		
KLCC Prop & REITS		
Petronas Gas		
UEM Sunrise		
Hap Seng Consolidated		
Petronas Dagangan		

