

Integrated Reporting as a Governance Mechanism: Evidence from Global Perspectives

Dwirani Fauzi Lestari¹

¹Universitas Garut, Indonesia

Correspondent: dwirani@uniga.ac.id¹

Received : March 13, 2025

Accepted : April 22, 2025

Published : April 30, 2025

Citation: Lestari, D.F., (2025). Integrated Reporting as a Governance Mechanism: Evidence from Global Perspectives. Summa: Journal of Accounting and Tax, 3(2), 111-125.

ABSTRACT: Integrated reporting (IR) has emerged as a vital mechanism linking corporate governance with sustainability by integrating financial and non-financial information to enhance transparency, accountability, and long-term value creation. This study presents a narrative review examining the role of IR in strengthening governance structures by enhancing board oversight, improving risk management practices, and fostering stakeholder engagement across diverse contexts. A systematic methodology was employed, utilizing databases such as Scopus, Web of Science, and Google Scholar, with keywords including “integrated reporting,” “corporate governance,” and “stakeholder value.” Inclusion criteria focused on peer-reviewed studies published between 2010 and 2025 that investigated the interplay of IR, governance mechanisms, and organizational performance. The analysis synthesizes findings on seven key themes: the reduction of information asymmetry, governance mechanisms driving reporting quality, the role of board diversity and diligence, the influence of IR on tax avoidance and ethical governance, forward-looking disclosures in emerging markets, IR as a tool for stakeholder value creation, and the moderating effects of cultural and institutional factors. Results indicate that IR contributes significantly to financial efficiency, stakeholder trust, and ethical business practices, though adoption disparities persist between developed and developing economies. Systemic barriers such as resource limitations, cultural resistance, and weak regulation remain pressing challenges. Policy implications include the need for stricter regulatory frameworks, managerial training, and stronger internal audit systems. Future research should address causal pathways, develop standardized IR quality measures, and explore technological innovations. IR should be viewed as a cornerstone for sustainable governance and a strategic response to global stakeholder demands.

Keywords: Integrated Reporting, Corporate Governance, Sustainability Reporting, Board Diversity, Stakeholder Value, Financial Transparency, Ethical Governance.



This is an open access article under the CC-BY 4.0 license

INTRODUCTION

Integrated reporting (IR) has emerged as a pivotal innovation in corporate disclosure, linking financial performance with environmental, social, and governance (ESG) considerations to foster transparency and accountability. It provides a holistic representation of how organizations create

value over time, transcending the limitations of traditional financial reporting. The rise of IR is closely aligned with global sustainability agendas, particularly the United Nations' Sustainable Development Goals (SDGs), as it compels firms to disclose not only their economic achievements but also their societal and environmental responsibilities (Fasan & Mio, 2016; Flores et al., 2019). This integrative approach is increasingly recognized as a critical tool for enhancing corporate governance, enabling boards and executives to align strategy with broader stakeholder expectations while reinforcing legitimacy and trust.

Recent scholarship emphasizes the transformative impact of IR on corporate governance by advancing informed decision-making, risk management, and integrated performance evaluation. For instance, research has demonstrated that firms adopting IR exhibit reduced short-termism, with management demonstrating a stronger orientation toward long-term sustainability (Wu & Zhou, 2021; Kılıç et al., 2020). Moreover, the transparency engendered by IR enhances stakeholder confidence in firms' ability to balance profitability with social accountability, thereby strengthening governance credibility (Esposito et al., 2023; Murgolo et al., 2023). These studies underline IR's potential to reshape corporate reporting landscapes by embedding sustainability considerations within governance frameworks.

Empirical evidence points to significant regional variation in IR adoption. Developed economies demonstrate higher levels of IR integration, supported by mature governance systems, stringent regulatory requirements, and heightened stakeholder awareness (Dayanandan et al., 2023; Dragomir & Dumitru, 2023). Firms in Europe and Australasia, for instance, have integrated IR more comprehensively, often as a response to both investor pressure and evolving legal frameworks (Bogdan et al., 2025; Engelbrecht et al., 2018). Conversely, adoption in developing economies remains uneven. Studies in Southeast Asia highlight barriers such as inadequate regulatory environments, insufficient expertise, and low stakeholder engagement, which hinder full-scale implementation (Pratama et al., 2021; Zouari & Dhifi, 2022). Such disparities underscore the contextual nature of IR adoption, influenced by institutional maturity, cultural values, and market structures.

Data from global studies also demonstrate that IR positively influences investor perceptions, lowers the cost of capital, and fosters long-term value creation (Iqbal et al., 2025). In markets with advanced governance systems, the quality of IR disclosures correlates with improved allocative efficiency and reduced information asymmetry, allowing investors to make more informed decisions (Yusuf et al., 2024; Ahmed, 2023). By integrating sustainability disclosures, firms provide a more reliable picture of their resilience, thus supporting capital market efficiency. In this sense, IR contributes not only to individual firm performance but also to broader financial system stability and sustainable economic development.

Despite its promise, several challenges complicate the effective implementation of IR. One primary obstacle is the lack of internal expertise and resources needed to generate comprehensive reports that integrate both financial and non-financial dimensions. Many firms, particularly in emerging economies, struggle with inconsistent and incomplete disclosures due to inadequate systems for collecting reliable sustainability data (Farooq et al., 2023; Bilobloviskyi et al., 2024). Such limitations compromise the utility of IR as a governance mechanism, as incomplete reporting undermines stakeholder trust and reduces the comparability of reports across firms.

Another significant barrier is cultural resistance and managerial short-termism. In many organizations, especially those in profit-driven sectors, emphasis on immediate financial results overshadows the importance of long-term sustainability reporting (Dragomir & Dumitru, 2023; Shirabe & Nakano, 2022). This narrow outlook not only deters the adoption of IR but also exacerbates stakeholder skepticism, potentially damaging firms' reputations and weakening governance structures. Overcoming such entrenched orientations requires systemic change in corporate culture and the introduction of governance incentives that reward long-term strategic alignment.

The literature also points to gaps in understanding the causal mechanisms linking IR quality with governance effectiveness. While prior research has established correlations between strong governance mechanisms and higher quality IR disclosures (Dragomir & Dumitru, 2023; Iqbal et al., 2025), few studies have examined the direct pathways through which IR improves governance outcomes. For example, while indicators of disclosure quality have been analyzed, their concrete impact on governance practices—such as board oversight, risk management, and stakeholder engagement—remains underexplored (Tiron-Tudor et al., 2020; Songini et al., 2021). Moreover, the mechanisms by which IR mediates stakeholder trust and influences managerial decision-making are insufficiently theorized, leaving both scholars and practitioners with limited guidance.

This study addresses these gaps by offering a comprehensive review of the role of IR in strengthening corporate governance. The primary objective is to analyze how IR contributes to transparency, accountability, and stakeholder value creation by synthesizing global best practices. Specifically, this review examines the interconnections between IR quality, governance structures, board diversity, regulatory frameworks, and cultural contexts. Through this synthesis, the study aims to clarify the potential of IR as both a reporting tool and a governance mechanism, bridging financial performance with sustainability objectives.

The scope of this review is deliberately broad, encompassing developed and developing economies to provide a comparative perspective on IR adoption and governance outcomes. Geographic diversity is central to this analysis, as it allows for the identification of contextual enablers and constraints that shape IR practices. By examining evidence from multiple jurisdictions—including Europe, Australasia, Sub-Saharan Africa, and Southeast Asia—this study captures the varied dynamics that influence IR effectiveness in different institutional and cultural settings. This global orientation ensures that the findings are relevant not only to scholars but also to policymakers, regulators, and practitioners seeking to advance sustainable governance practices through integrated reporting.

In sum, the introduction underscores the growing importance of IR as a mechanism to integrate sustainability into governance, highlights regional disparities in adoption, outlines challenges and gaps in current knowledge, and sets the stage for a systematic review of global best practices. By addressing these issues, the study contributes to advancing theoretical and practical understanding of how IR can serve as a cornerstone of modern corporate governance.

METHOD

The methodology adopted in this study was designed to ensure a systematic and comprehensive review of the literature concerning the role of integrated reporting in corporate governance. A rigorous process was followed to identify, evaluate, and synthesize scholarly contributions that explore the connections between integrated reporting, governance mechanisms, and organizational performance. By structuring the methodological approach carefully, this review sought to uphold the standards expected in international academic publishing and to provide a robust evidence base for subsequent analysis.

The first step in conducting this review was the selection of academic databases that would provide access to high-quality and relevant sources. Among the databases considered, Scopus, Web of Science, and Google Scholar were chosen as the primary platforms for literature retrieval. Scopus and Web of Science were prioritized because of their extensive indexing of peer-reviewed journals and their reliable citation-tracking systems, which are instrumental in identifying impactful studies (Wu & Zhou, 2021; Fiori et al., 2016). These databases provide a comprehensive coverage of the fields of business, management, and accounting, including specialized research on corporate governance and reporting. Google Scholar, while broader in scope and less selective in terms of indexing, was employed as a supplementary tool to capture additional publications, including conference papers and working papers that might not yet be listed in Scopus or Web of Science (Kılıç et al., 2020). The combination of these databases ensured both breadth and depth in the search process.

A critical element of the methodology was the formulation of search queries that would capture the multidimensional aspects of integrated reporting and its interaction with corporate governance. Keywords and Boolean operators were carefully selected to refine search results. The most frequently used combinations included: “integrated reporting” AND “corporate governance”; “board diversity” AND “reporting quality”; “sustainability reporting” AND “transparency”; “corporate governance” AND “integrated reporting” AND “stakeholder engagement”; and “accountability” AND “integrated reporting” AND “firm performance.” These combinations reflect the core concepts and relationships under investigation, capturing the intersection of financial disclosure, governance structures, and stakeholder concerns (Dragomir & Dumitru, 2023; Apriyanto et al., 2025; Ahmed, 2023). Boolean operators such as AND, OR, and NOT were used strategically to balance inclusivity and specificity. For instance, AND narrowed results to studies explicitly addressing both concepts, while OR allowed for broader coverage when considering synonyms or related terms. This deliberate approach minimized irrelevant results while maximizing the retrieval of articles that contribute substantively to the research question (Chatpibal et al., 2023).

The inclusion and exclusion criteria were defined prior to conducting the searches to ensure consistency and transparency. Inclusion criteria required that studies be published between 2010 and 2025, a period that reflects the emergence and institutionalization of integrated reporting frameworks globally. Only peer-reviewed journal articles, book chapters, and reputable conference proceedings were considered eligible to maintain academic rigor. The studies needed to explicitly address integrated reporting, corporate governance, or closely related constructs such as board diversity, accountability, transparency, or sustainability disclosure. Additionally, articles had to be

published in English to ensure accessibility for a global academic audience and to maintain consistency in interpretation. Exclusion criteria involved eliminating articles that were purely conceptual without empirical grounding, publications that lacked relevance to the governance context, or studies focusing exclusively on technical accounting standards without reference to broader reporting and governance frameworks. Grey literature, such as policy reports and non-academic commentaries, was also excluded to maintain the integrity of the academic focus.

Once the searches were conducted, a multi-step screening process was applied to refine the pool of literature. The initial stage involved reviewing titles and abstracts to identify whether articles aligned with the thematic focus of integrated reporting and governance. This step significantly reduced the number of irrelevant results while retaining potentially valuable contributions. Articles that passed the title and abstract screening were then subjected to full-text review. At this stage, each study was assessed based on its research objectives, methodological design, and the clarity of its contribution to understanding the interplay between reporting and governance. Studies were excluded if they lacked methodological rigor, if their results were insufficiently substantiated, or if they overlapped significantly with more comprehensive works already included in the review.

The types of research designs considered in this review were diverse, encompassing both quantitative and qualitative approaches. Quantitative studies, such as those employing panel data analysis, regression modeling, and structural equation modeling, were included because they offer empirical evidence on the relationship between reporting quality and governance outcomes (Iqbal et al., 2025; Esposito et al., 2023). These studies often provided measurable insights into how integrated reporting influences cost of capital, investor confidence, or firm performance. Qualitative studies, including case studies, interviews, and thematic content analyses, were also incorporated due to their ability to capture contextual nuances and explore the underlying mechanisms linking governance practices and reporting (Murgolo et al., 2023; Bogdan et al., 2025). The integration of both research traditions enriched the review by combining statistical generalization with contextual depth.

To ensure consistency and reduce bias, each selected article was evaluated using a structured assessment framework. This framework considered the robustness of the study design, the transparency of data collection and analysis, and the validity of conclusions drawn. Particular attention was given to whether studies clearly articulated their theoretical grounding, as frameworks such as agency theory, stakeholder theory, and legitimacy theory frequently underpin research on governance and reporting (Fasan & Mio, 2016; Tiron-Tudor et al., 2020). Studies that lacked a theoretical foundation were scrutinized for their contribution to practical insights, but preference was given to research with strong conceptual grounding.

The synthesis of literature was conducted thematically rather than chronologically. This allowed the review to highlight patterns and divergences across regions, governance structures, and reporting practices. Themes included the role of integrated reporting in reducing information asymmetry, the impact of board diversity on reporting quality, the influence of regulatory frameworks on IR adoption, and the challenges of implementation in resource-constrained contexts. This thematic categorization facilitated a structured comparison of findings across different contexts, thereby providing a more coherent understanding of global best practices and persistent gaps in knowledge.

Finally, efforts were made to ensure transparency and replicability of the methodology. All search strings, databases, and criteria were documented, and the decision-making process for inclusion and exclusion was recorded. This documentation supports the reliability of the review and enables other researchers to reproduce or extend the search if needed. In sum, the methodology combined systematic search strategies, stringent inclusion criteria, rigorous screening, and thematic synthesis to deliver a comprehensive and credible review of integrated reporting and corporate governance.

RESULT AND DISCUSSION

The findings from the narrative review reveal several critical themes that highlight the role of integrated reporting (IR) in corporate governance across different contexts. By synthesizing empirical evidence, the results provide a clearer understanding of how IR reduces information asymmetry, interacts with governance mechanisms, improves board effectiveness through diversity, influences tax ethics, strengthens forward-looking disclosures, enhances stakeholder value creation, and responds to cultural and institutional pressures. Each of these themes is elaborated below.

Integrated Reporting and Information Asymmetry

One of the most consistent findings in the literature is the ability of integrated reporting to mitigate information asymmetry between management and investors. IR provides a comprehensive framework that combines financial and non-financial disclosures, enabling investors to obtain a clearer and more complete picture of firm performance (Iqbal et al., 2025). This holistic reporting reduces the gap in information accessibility, thereby enhancing investor confidence. Empirical evidence suggests that firms adopting IR effectively experience a measurable reduction in their cost of equity capital, reflecting the market's perception of increased reliability and reduced risk (Iqbal et al., 2025). By improving transparency and comparability, IR reduces the likelihood of opportunistic managerial behavior and fosters a stronger alignment between managerial actions and stakeholder interests (Yusuf et al., 2024). In advanced economies, this effect is particularly pronounced because of supportive regulatory frameworks and stronger investor activism, which amplify the trust built through integrated disclosures (Wu & Zhou, 2021).

Governance Mechanisms and the Quality of Integrated Reporting

Governance structures play a pivotal role in shaping the quality of IR. Studies emphasize the importance of board independence, audit committees, and gender diversity in enhancing the credibility of integrated reports (Haji, 2015; Fiori et al., 2016). Independent directors provide objective oversight, while effective audit committees ensure the reliability of both financial and non-financial data. Gender-diverse boards are found to bring varied perspectives, fostering accountability and reducing biases in disclosure (Esposito et al., 2023). Research comparing developed and developing economies reveals significant disparities. In developed markets, where regulatory enforcement is strong, governance mechanisms reinforce robust IR practices, contributing to higher transparency (Raimo et al., 2022). By contrast, in developing markets,

weaker governance frameworks and inconsistent regulatory pressures hinder adoption, leading to lower IR quality (Pratama et al., 2021). The evidence underscores governance as both an enabler and a determinant of the success of integrated reporting.

Board Diversity and Diligence

Board diversity, particularly in terms of gender, nationality, and age, emerges as a consistent factor positively influencing IR quality. Diverse boards contribute broader perspectives to decision-making processes, improving the comprehensiveness and relevance of reports (Muhammad et al., 2024; Pasko et al., 2022). Research highlights that gender-diverse boards, for example, tend to prioritize sustainability issues more than homogenous boards, reflecting a broader interpretation of corporate accountability. Similarly, boards with diverse nationalities bring international perspectives that strengthen firms' responsiveness to global sustainability agendas. However, findings suggest that age diversity does not consistently contribute positively, and in some cases, may complicate consensus-building (Dragomir & Dumitru, 2023). Board diligence is also crucial. Boards that demonstrate greater commitment through frequent meetings and active involvement are more effective in overseeing integrated reporting processes, ensuring that disclosures are both accurate and strategically aligned (Aladwey et al., 2021; Girella et al., 2021). The moderating effect of board diligence suggests that diversity alone is insufficient; active engagement is necessary to translate varied perspectives into high-quality disclosures.

Integrated Reporting, Tax Avoidance, and Ethical Governance

Another critical theme identified is the relationship between IR quality and corporate tax avoidance. Firms with higher-quality integrated reports demonstrate lower tendencies toward aggressive tax avoidance strategies, driven by the demand for accountability and transparency inherent in IR frameworks (Menicacci & Simoni, 2024). Enhanced reporting reduces the informational opacity that often allows tax avoidance practices to remain undetected. Moreover, governance structures that emphasize ethical decision-making further constrain tax avoidance behaviors, as stakeholders are more likely to scrutinize firms that commit to transparent reporting (Kılıç et al., 2020). Board diversity again plays a moderating role. Diverse boards, particularly with higher female representation, are more likely to advocate ethical practices and promote compliance with tax obligations (Dragomir & Dumitru, 2023). This evidence demonstrates how IR not only influences financial decision-making but also strengthens ethical governance practices, reinforcing the alignment of corporate actions with societal expectations.

Forward-Looking Disclosures in Emerging Markets

In emerging markets, IR has shown potential in improving forward-looking disclosures, though progress remains uneven. Studies in South Asia, particularly in Bangladesh, reveal that banks and other financial institutions have increasingly incorporated forward-looking information into their integrated reports (Habib et al., 2025). Such disclosures provide stakeholders with insights into future risks, opportunities, and strategic directions. However, the depth and consistency of these

disclosures vary widely across firms, with many organizations still struggling to provide meaningful forward-looking information. Governance quality appears to be a significant determinant of these practices. Firms with more independent boards, effective audit committees, and diverse directors are better equipped to provide comprehensive and reliable forward-looking disclosures (Tiron-Tudor et al., 2020). Comparisons with firms in Europe and Australasia show that forward-looking disclosures are more mature in advanced economies, where regulatory requirements and investor demands enforce higher standards (Bogdan et al., 2025). This highlights the need for capacity-building and stronger governance frameworks in emerging markets to close the gap.

Governance and Stakeholder Value Creation

Integrated reporting serves as a crucial communication channel for demonstrating stakeholder value creation. By presenting a holistic view of organizational performance, IR provides evidence of how firms generate both financial and non-financial value, thereby supporting long-term stakeholder trust (Farooq et al., 2023; Ahmed, 2023). Empirical studies indicate that firms with strong governance mechanisms are better positioned to use IR as a strategic tool for creating stakeholder value, particularly in areas related to sustainability and corporate social responsibility (Iqbal et al., 2025). These firms benefit not only from enhanced reputations but also from improved financial performance, as investor confidence translates into market value gains (Esposito et al., 2023). The evidence suggests that IR contributes to a virtuous cycle where transparent reporting enhances stakeholder trust, which in turn strengthens governance credibility and promotes further investment in sustainable practices. The comparative perspective shows that in Europe and South Africa, where IR adoption is more advanced, firms report stronger alignment between governance and stakeholder value creation, whereas in Southeast Asia, progress is slower due to weaker institutional support (Pratama et al., 2021).

Cultural and Institutional Factors

Cultural and institutional contexts significantly moderate the relationship between governance and integrated reporting. National cultures characterized by long-term orientation tend to support more comprehensive IR adoption, as firms in such environments value future-oriented disclosures and sustainability integration (Machmuddah et al., 2024). Conversely, in countries with high levels of uncertainty avoidance, firms may resist IR adoption due to the challenges of forecasting and the cultural reluctance toward transparency (Machmuddah et al., 2024). Institutional frameworks also play a decisive role. Jurisdictions with strong regulatory systems and government support, such as the European Union, exhibit higher-quality IR adoption compared to regions where reporting remains largely voluntary (Mandal & Amilan, 2023; Veldman & Jansson, 2020). The contrast between mandatory and voluntary regimes demonstrates the importance of institutional enforcement in shaping reporting practices. Moreover, supportive institutions foster a culture of accountability, enabling firms to view IR not merely as compliance but as a strategic tool for governance and sustainability.

Taken together, the results of this narrative review highlight the multifaceted role of integrated reporting in strengthening corporate governance. The evidence consistently shows that IR reduces

information asymmetry, enhances disclosure quality through effective governance mechanisms, benefits from board diversity and diligence, curbs unethical practices such as tax avoidance, advances forward-looking disclosures, supports stakeholder value creation, and responds to cultural and institutional pressures. By integrating financial and non-financial perspectives, IR emerges as both a reporting innovation and a governance mechanism with global implications.

The findings of this review underscore the critical role integrated reporting (IR) plays in reshaping corporate governance practices, aligning with existing literature in accounting, finance, and sustainability. Scholars such as Fasan and Mio (2016) and Wu and Zhou (2021) have long emphasized that IR extends beyond a compliance mechanism, representing a response to stakeholder demands for greater transparency and accountability. The evidence presented in this review further validates the view that IR reduces corporate myopia by encouraging managers to focus on long-term value creation, an observation consistent with prior work by Dragomir and Dumitru (2023) and Ahmed (2023). By addressing both financial and non-financial dimensions, IR enhances the communication flow between management and stakeholders, which directly reduces information asymmetry, thereby facilitating more efficient decision-making processes (Kılıç et al., 2020; Yusuf et al., 2024). The consistency of these findings across diverse contexts reinforces the notion that IR is a cornerstone for advancing sustainable corporate governance.

Systemic factors emerge as decisive contributors to the effectiveness of IR, with regulatory frameworks playing perhaps the most prominent role. Countries that mandate or strongly incentivize sustainability disclosure exhibit higher adoption rates and stronger IR practices, aligning with research highlighting the importance of institutional support (Esposito et al., 2023; Kılıç et al., 2020). This regulatory dimension has a cascading effect: not only does it create standardized expectations for disclosure, but it also reduces opportunities for selective reporting or symbolic adoption. Market incentives are similarly influential, with investor demand for transparent, measurable, and comparable information pushing companies toward adopting integrated reporting frameworks (Murgolo et al., 2023). This is especially relevant in capital markets where investors with long-term horizons dominate, as these investors consistently reward firms that provide high-quality non-financial disclosures (Dayanandan et al., 2023). Furthermore, institutional investors play a dual role by not only rewarding transparent practices but also exerting direct pressure through shareholder engagement, thereby embedding IR within the strategic orientation of firms (Dragomir & Dumitru, 2023).

While regulatory and market incentives support IR adoption, significant challenges persist in translating reporting principles into meaningful practice. A recurring issue is the lack of internal expertise and resources within firms, particularly in developing economies where corporate governance systems remain underdeveloped. Farooq et al. (2023) and Biloblovskiy et al. (2024) note that firms often struggle to generate comprehensive and reliable non-financial data, leading to inconsistencies that undermine IR's credibility. These challenges highlight the importance of policy frameworks not only in mandating adoption but also in providing capacity-building mechanisms to enhance managerial competence and reporting infrastructure. Without such systemic support, the benefits of IR risk remaining confined to more resource-rich firms in advanced economies, thereby perpetuating global disparities in corporate governance standards.

The findings also reveal that board-level characteristics are crucial for ensuring the quality of IR. Independent boards and well-functioning audit committees enhance report credibility, consistent with earlier work by Haji (2015) and Fiori et al. (2016). Moreover, board diversity appears as a recurring factor influencing IR outcomes, with gender, nationality, and professional diversity linked to more comprehensive and stakeholder-oriented reporting (Muhammad et al., 2024; Pasko et al., 2022). These results suggest that IR's success is not solely a function of regulatory pressure but also of internal governance dynamics that foster inclusivity and accountability. Yet, diversity alone does not guarantee effectiveness; board diligence, in the form of active participation and frequent oversight, is required to translate varied perspectives into meaningful disclosures (Aladwey et al., 2021; Girella et al., 2021). These insights support stakeholder theory, which posits that governance structures should reflect diverse stakeholder concerns to maximize organizational legitimacy.

An area of growing interest concerns the relationship between IR and ethical governance, particularly in mitigating tax avoidance. Empirical evidence indicates that firms producing higher-quality integrated reports are less likely to engage in aggressive tax strategies, a finding that complements earlier arguments by Menicacci and Simoni (2024). The transparency and accountability inherent in IR frameworks leave less room for opaque financial practices, aligning managerial behavior with ethical standards. Board diversity again emerges as a moderator in this relationship, as diverse boards tend to prioritize ethical decision-making, thereby reinforcing corporate commitments to socially responsible practices (Dragomir & Dumitru, 2023). This suggests that IR not only strengthens governance effectiveness in traditional domains such as investor relations but also extends to broader societal concerns, reinforcing its role as a comprehensive governance mechanism.

The comparative evidence from emerging and developed markets highlights persistent disparities that carry important policy implications. Firms in developed economies, such as those in Europe and Australasia, are more advanced in incorporating forward-looking disclosures, a critical element of IR that enhances the predictive utility of reports (Bogdan et al., 2025). By contrast, firms in emerging markets, including those in South Asia, are still at an early stage in providing future-oriented information, despite growing recognition of its importance (Habib et al., 2025). This discrepancy can be attributed to weaker governance structures, limited regulatory enforcement, and insufficient stakeholder pressure. Nonetheless, where governance quality is stronger—characterized by independent boards, effective audit committees, and diverse membership—firms in emerging markets demonstrate progress in forward-looking disclosure (Tiron-Tudor et al., 2020). These findings underscore the necessity of adapting global best practices to local contexts, acknowledging that the institutional environment fundamentally shapes reporting quality.

The implications for policy are significant. Regulators seeking to integrate IR into governance frameworks should develop clear and enforceable guidelines that encompass sustainability, governance, and accountability dimensions. Countries where IR adoption has been mandated or strongly encouraged provide valuable models for others considering similar approaches (Flores et al., 2019; Yusuf et al., 2024). At the organizational level, capacity-building initiatives are essential to support firms, particularly in developing markets, in building the expertise and systems necessary to produce high-quality integrated reports. Initiatives such as training programs for managers and directors, as well as technical support for data collection and sustainability

measurement, can bridge the resource gap (Ahmed, 2023; Bogdan et al., 2025). Another critical area involves strengthening the role of internal audit functions in verifying and evaluating IR quality, which can enhance the accuracy of disclosures and reinforce corporate accountability (Engelbrecht et al., 2018; Pratama et al., 2021). Strengthened internal controls would address skepticism about the reliability of non-financial disclosures, thereby enhancing the legitimacy of IR.

Despite these positive trajectories, several limitations in current research constrain our understanding of IR's role in governance. Many empirical studies establish correlations between IR quality and governance effectiveness but stop short of demonstrating causality (Tiron-Tudor et al., 2020; Songini et al., 2021). Moreover, the underlying mechanisms through which IR influences board behavior, risk management practices, and stakeholder trust remain insufficiently theorized, limiting the applicability of findings for practitioners. There is also a notable lack of longitudinal studies that assess the long-term impacts of IR adoption on governance and performance outcomes, an omission that restricts our ability to evaluate its enduring value. Comparative studies across diverse cultural and institutional contexts are similarly limited, with most research concentrated in Europe and South Africa, while Asia and Latin America remain underexplored. Addressing these gaps would enrich the literature by offering a more nuanced and globally representative understanding of IR.

Another challenge lies in measuring the quality of integrated reports consistently. Although various indices and frameworks have been developed, there is little consensus on the most appropriate measures, leading to difficulties in comparing findings across studies. Future research could focus on developing standardized metrics that capture both the breadth and depth of IR disclosures, thereby improving comparability and enabling meta-analyses. Additionally, technological advancements such as artificial intelligence and big data analytics present new opportunities for enhancing IR quality, but these remain underexplored in current literature. Investigating how digital tools can improve the integration, verification, and dissemination of sustainability information represents an important direction for future inquiry.

Overall, the discussion highlights both the progress made and the challenges that persist in leveraging IR as a governance mechanism. The evidence affirms IR's value in reducing information asymmetry, promoting ethical governance, and fostering stakeholder trust, but also draws attention to the systemic, cultural, and institutional barriers that must be addressed to realize its full potential.

CONCLUSION

This narrative review highlights the transformative role of integrated reporting (IR) in strengthening corporate governance and advancing sustainability agendas. The evidence demonstrates that IR reduces information asymmetry, lowers the cost of equity capital, and enhances transparency by integrating financial and non-financial information. Governance mechanisms such as board independence, audit committees, and gender diversity emerge as crucial drivers of reporting quality, while board diligence ensures that these structures translate into meaningful disclosures. Findings also show that IR plays a critical role in curbing unethical practices, particularly tax avoidance, and in promoting forward-looking disclosures, especially in

emerging markets. Furthermore, IR functions as a communication tool that reinforces stakeholder value creation by linking governance structures to both financial and non-financial performance outcomes. Cultural and institutional factors, including regulatory enforcement and national orientations toward long-term sustainability, significantly shape IR adoption and effectiveness.

Despite these advancements, persistent challenges remain. Limited expertise, inconsistent regulatory frameworks, and cultural resistance hinder the consistent implementation of IR, particularly in developing economies. To overcome these barriers, policymakers should strengthen mandatory reporting guidelines, enhance capacity-building initiatives, and empower internal audit mechanisms to verify disclosure quality. Future research should explore causal mechanisms linking IR quality with governance effectiveness, develop standardized measurement frameworks, and investigate the potential of digital technologies in advancing IR practices. Overall, the evidence suggests that integrated reporting functions as an important governance mechanism by integrating financial and non-financial perspectives. While promising, its effectiveness depends on regulatory enforcement, organizational capacity, and cultural acceptance.

REFERENCE

- Ahmed, M. (2023). The relationship between corporate governance mechanisms and integrated reporting practices and their impact on sustainable development goals: Evidence from South Africa. *Meditari Accountancy Research*, 31(6), 1919-1965. <https://doi.org/10.1108/medar-06-2022-1706>
- Aladwey, L., Elgharbawy, A., & Ganna, M. (2021). Attributes of corporate boards and assurance of corporate social responsibility reporting: Evidence from the UK. *Corporate Governance*, 22(4), 748-780. <https://doi.org/10.1108/cg-02-2021-0066>
- Apriyanto, G., Supanto, F., Salle, I., & Sumtaky, M. (2025). Transforming corporate governance: Excellence in human resources and environment in Indonesia. *SA Journal of Human Resource Management*, 23. <https://doi.org/10.4102/sajhrm.v23i0.2922>
- Biloblovskiy, S., Haidaienko, O., Khrystenko, L., Demchuk, O., & Morozova, H. (2024). Integrated reporting management: Optimising organisational performance. *Multidisciplinary Reviews*, 7, 2024spe016. <https://doi.org/10.31893/multirev.2024spe016>
- Bogdan, V., Rus, L., & Matica, D. (2025). The interconnection of double materiality assessment, circularity practices disclosure and business development in the fast fashion industry. *Sustainability*, 17(4), 1619. <https://doi.org/10.3390/su17041619>
- Chatpibal, M., Chaiyasoonthorn, W., & Chaveesuk, S. (2023). Driving financial results is not the only priority! An exploration of the future role of chief financial officer: A grounded theory approach. *Meditari Accountancy Research*, 32(3), 857-887. <https://doi.org/10.1108/medar-02-2023-1929>
- Dayanandan, A., Donker, H., & Kuntluru, S. (2023). IFRS and ESG disclosure in Indian corporate sector. *Journal of Emerging Market Finance*, 23(2), 143-169. <https://doi.org/10.1177/09726527231197328>

- Dragomir, V., & Dumitru, M. (2023). Does corporate governance improve integrated reporting quality? A meta-analytical investigation. *Meditari Accountancy Research*, 31(6), 1846-1885. <https://doi.org/10.1108/medar-03-2022-1618>
- Engelbrecht, L., Yasseen, Y., & Omarjee, I. (2018). The role of the internal audit function in integrated reporting: A developing economy perspective. *Meditari Accountancy Research*, 26(4), 657-674. <https://doi.org/10.1108/medar-10-2017-0226>
- Esposito, B., Raimo, N., Malandrino, O., & Vitolla, F. (2023). Circular economy disclosure and integrated reporting: The role of corporate governance mechanisms. *Business Strategy and the Environment*, 32(8), 5403-5419. <https://doi.org/10.1002/bse.3427>
- Farooq, M., Azantouti, A., & Zaman, R. (2023). Non-financial information assurance: A review of the literature and directions for future research. *Sustainability Accounting Management and Policy Journal*, 15(1), 48-84. <https://doi.org/10.1108/sampj-03-2023-0166>
- Fasan, M., & Mio, C. (2016). Fostering stakeholder engagement: The role of materiality disclosure in integrated reporting. *Business Strategy and the Environment*, 26(3), 288-305. <https://doi.org/10.1002/bse.1917>
- Fiori, G., Donato, F., & Izzo, M. (2016). Exploring the effects of corporate governance on voluntary disclosure: An explanatory study on the adoption of integrated report. In *Studies in Managerial and Financial Accounting* (Vol. 31, pp. 83–108). <https://doi.org/10.1108/s1479-351220160000031003>
- Flores, E., Fasan, M., Mendes-Da-Silva, W., & Sampaio, J. (2019). Integrated reporting and capital markets in an international setting: The role of financial analysts. *Business Strategy and the Environment*, 28(7), 1465-1480. <https://doi.org/10.1002/bse.2378>
- Girella, L., Zambon, S., & Rossi, P. (2021). Board characteristics and the choice between sustainability and integrated reporting: A European analysis. *Meditari Accountancy Research*, 30(3), 562-596. <https://doi.org/10.1108/medar-11-2020-1111>
- Haji, A. (2015). The role of audit committee attributes in intellectual capital disclosures. *Managerial Auditing Journal*, 30(8/9), 756-784. <https://doi.org/10.1108/maj-07-2015-1221>
- Habib, A., Khan, M., Mia, M., & Sakib, R. (2025). Corporate governance and forward-looking disclosures in integrated reporting: Evidence from the banking sector of Bangladesh. *Journal of Financial Reporting and Accounting*. <https://doi.org/10.1108/jfra-03-2024-0165>
- Iqbal, M., Sarkar, M., Alharthi, M., Jalal, M., & Rahman, M. (2025). Effect of integrated reporting quality disclosure on cost of equity capital in developed markets: Exploring the moderating role of corporate governance quality. *PLOS One*, 20(6), e0324147. <https://doi.org/10.1371/journal.pone.0324147>
- Kılıç, M., Uyar, A., Kuzey, C., & Karaman, A. (2020). Does institutional theory explain integrated reporting adoption of Fortune 500 companies? *Journal of Applied Accounting Research*, 22(1), 114-137. <https://doi.org/10.1108/jaar-04-2020-0068>

- Machmuddah, Z., Sumaryati, A., & Prawitasari, D. (2024). National culture moderates corporate governance and integrated reporting. *Journal of Ecohumanism*, 3(4), 1486-1494. <https://doi.org/10.62754/joe.v3i4.3677>
- Mandal, A., & Amilan, S. (2023). Preventing financial statement fraud in the corporate sector: Insights from auditors. *Journal of Financial Reporting and Accounting*, 23(1), 56-80. <https://doi.org/10.1108/jfra-02-2023-0101>
- Menicacci, L., & Simoni, L. (2024). Negative media coverage of ESG issues and corporate tax avoidance. *Sustainability Accounting Management and Policy Journal*, 15(7), 1-33. <https://doi.org/10.1108/sampj-01-2023-0024>
- Muhammad, H., Paolone, F., & Migliori, S. (2024). Board gender diversity and accounting conservatism: The role of corporate social responsibility. *Sustainability Accounting Management and Policy Journal*, 16(1), 107-136. <https://doi.org/10.1108/sampj-11-2023-0835>
- Murgolo, M., Tettamanzi, P., & Minutiello, V. (2023). Accounting, ESG dynamics and the pandemic: When the quality of disclosure becomes crucial to sustainable success. *Corporate Governance*, 24(3), 509-540. <https://doi.org/10.1108/cg-04-2023-0161>
- Pasko, O., Chen, F., Kuts, T., Sharko, I., & Ryzhikova, N. (2022). Sustainability reporting nexus to corporate governance in scholarly literature. *Environmental Economics*, 13(1), 61-78. [https://doi.org/10.21511/ee.13\(1\).2022.06](https://doi.org/10.21511/ee.13(1).2022.06)
- Pratama, A., Yadiati, W., Tanzil, N., & Suprijadi, J. (2021). Integrated reporting in Southeast Asia: Does value creation work? *Academic Journal of Interdisciplinary Studies*, 10(5), 57. <https://doi.org/10.36941/ajis-2021-0123>
- Puspita, H., Shari, W., & Majid, N. (2025). Elements influencing company worth and the role of earnings management as a moderating factor insight from Islamic banking. *Journal of Asian Scientific Research*, 15(1), 147-161. <https://doi.org/10.55493/5003.v15i1.5336>
- Raimo, N., Nicolò, G., Polcini, P., & Vitolla, F. (2022). Corporate governance and risk disclosure: Evidence from integrated reporting adopters. *Corporate Governance*, 22(7), 1462-1490. <https://doi.org/10.1108/cg-07-2021-0260>
- Shirabe, Y., & Nakano, M. (2022). Does integrated reporting affect real activities manipulation? *Sustainability*, 14(17), 11110. <https://doi.org/10.3390/su141711110>
- Songini, L., Pistoni, A., Tettamanzi, P., Fratini, F., & Minutiello, V. (2021). Integrated reporting quality and BOD characteristics: An empirical analysis. *Journal of Management & Governance*, 26(2), 579-620. <https://doi.org/10.1007/s10997-021-09568-8>
- Tiron-Tudor, A., Hurghiş, R., Lacurezeanu, R., & Podoaba, L. (2020). The level of European companies' integrated reports alignment to the <IR> framework: The role of boards' characteristics. *Sustainability*, 12(21), 8777. <https://doi.org/10.3390/su12218777>
- Utomo, S., & Machmuddah, Z. (2024). The impact of CEO compensation and governance disclosure on firm value moderated by integrated reporting. *Corporate Board Role Duties and Composition*, 20(2), 27-33. <https://doi.org/10.22495/cbv20i2art3>

- Veldman, J., & Jansson, A. (2020). Planetary boundaries and corporate reporting: The role of the conceptual basis of the corporation. *Accounting Economics and Law - A Convivium*, 10(2). <https://doi.org/10.1515/acl-2018-0037>
- Wu, Y., & Zhou, S. (2021). Do firms practicing integrated reporting engage in less myopic behavior? International evidence on opportunistic earnings management. *Corporate Governance an International Review*, 30(3), 290-310. <https://doi.org/10.1111/corg.12401>
- Yusuf, M., Dasawaty, E., Esra, M., Apriwenni, P., Meiden, C., & Fahlevi, M. (2024). Integrated reporting, corporate governance, and financial sustainability in Islamic banking. *Uncertain Supply Chain Management*, 12(1), 273-290. <https://doi.org/10.5267/j.uscm.2023.9.022>