

# A SYSTEMATIC REVIEW: THEORETICAL PERSPECTIVE OF INTEGRATED REPORTING AND CORPORATE DISCLOSURE



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## Introduction

This study aims to systematically review published articles on the underpinning theories that contribute to corporate disclosure in Integrated Reports (IR). Research question: What theories support the organization to adopt integrated reporting and corporate disclosure?

## Literature Review

This systematic review will cover several underpinnings theories of business ethics that influence integrated reporting and corporate disclosure. The Institutional Theory is a theoretical framework for analyzing social phenomena where social order has become an integral part of institutions' flow of rules, practices, and structures. On the other hand, the Legitimacy Theory fundamental assumption of legitimacy theory is that managers are responsible for the organization being perceived as operating in conformity with community expectation in favour of getting recognition as a "legitimate" organization. Conversely, the Agency Theory outlines the business owner as principal and employed agents that refer to the executive to manage the business operation. The agents are responsible for maximizing the shareholders' wealth in exchange for remuneration. Both principals and agents are driven to gain personal benefits.

## Methodology

Preferred Reporting Items for Systematic Review and Meta-Analysis (PRISMA) is the method used in this study to guide authors on systematically conducting a rigorous literature review. Based on the formulated research question, a clear approach to identify, evaluate and select relevant research before analyzing the data to be included in the review article

### Resources

This paper review both qualitative and quantitative studies retrieved from two indexed journal databases, namely Web of Science (WoS) and Scopus. The two databases are chosen due to their extensive coverage of study fields.

### Systematic Review Process

The initial steps of this systematic review process are to select an article to be review through three stages; identification, screening, and eligibility. At the first stage, the identification of keywords using the thesaurus and similar terms used in past research are performed. Subsequently, a string search is developed to retrieve data from the two databases:

Databases	Keywords used
Scopus	TS= (("integrat* report*" OR "integrat* disclos*" OR "sustainable report*" OR "annual report*" OR "corporate report*") AND ("theor*") AND ("compan* disclos*" OR "organ*ation* disclos*" OR "firm* disclos*" OR "entit* disclos*" OR "institut* disclos*"))
Web of Science	TITLE-ABS-KEY (("integrat* report*" OR "integrat* disclos*" OR "sustainable report*" OR "annual report*" OR "corporate report*") AND ("theor*") AND ("compan* disclos*" OR "organ*ation* disclos*" OR "firm* disclos*" OR "entit* disclos*" OR "institut* disclos*"))

Table 1: The search string used for the systematic review process.

At the second stage, duplicate articles among the databases are removed at early of the second stage. At this stage, 20 out of 86 eligible articles to be reviewed were removed. Subsequently, author predetermines inclusion and exclusion criteria such as type of articles, language, and timeline are assessed from all the identified research articles.

## Results

The review resulted in 5 main themes and 13 sub-themes related to IR theories. The five main themes are Agency theory (six sub-themes), Signaling theory (one sub-theme), Legitimacy theory (five sub-themes), Stakeholder theory (four sub-themes), and Institutional theory (one sub-theme). Result of this study presented a comprehensive analysis of the IR theories used by organization to adopt integrated reporting and corporate disclosure.

## Conclusion

This systematic review from the theoretical perspective of integrated reporting and corporate disclosure reflects the underpinning theories that contributes to the development of integrated reporting and corporate. Future study could consider complimentary article searching techniques such as citation tracking, reference searching, snowballing and contacting experts. Overall, the discussed theories are able to strengthen integrated reporting by stressing on the ability of organizations' capitals and their value-creating activities to reduce information asymmetry and encourage voluntary corporate disclosure.

Criterion	Eligibility	Exclusion
Literature type	Journal (research articles)	Book series, book, chapter in book, conference proceeding
Language	English	Non-English
Timeline	Between 2017 and 2021	<2017
Subject area	Integrated Reporting, Corporate Governance, Corporate Disclosure, and Intellectual Capital	Other than Integrated Reporting, Corporate Governance, Corporate Disclosure, and Intellectual Capital

Table 2: The inclusion and exclusion criteria.

At the third stage, articles eligibility will be examined. The research articles title, abstracts, and main contents are carefully studied to ensure it fits and relevant to the current study. The last stage of review resulted in a total of 13 articles that were used for the qualitative analysis (see Fig. 1).

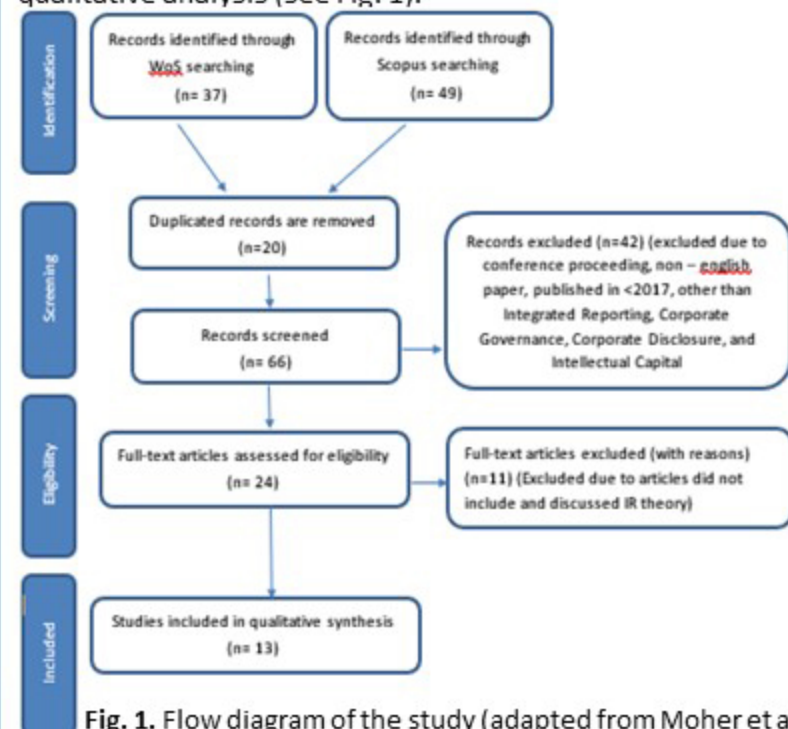


Fig. 1. Flow diagram of the study (adapted from Moher et al., 2009)



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