

Integrated Reporting: Exploring Disclosure Quality of Asian Listed Companies

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Abstract

Purpose: This study aims to examine the quality of integrated reporting (IR) disclosure prepared by Asian public-listed companies for year 2019.

Design/methodology/approach: The quality of 90 Asian companies' IR disclosure, selected from International Integrated Reporting Council (IIRC) database, was measured using an integrated reporting score (IRSCORE) that has 8 content elements developed based on the IIRC's framework.

Findings: The results show the quality of IR disclosures of Asian listed companies are sufficiently high. High level of compliance is observed in 5 content elements – 'organisational overview and external environment', 'strategy and resource allocation', 'governance', 'risk and opportunities', and 'performance'. The highest quality score is content element 'organisational overview and external environment' while the lowest is the 'business model, outlook and basis of presentation'.

Research limitations/implications: This present study focuses on exploring the quality of IR disclosure prepared by 90 Asian listed companies. Future study that can provide empirical evidence on factors influencing the quality or benefits associated with higher quality could provide more insight on the implementation of IR.

Practical implications: As IR is considered as the latest model for corporate reporting, findings of this present study can be useful for policy makers in monitoring the quality of corporate report prepared by their respective companies.

Originality/value: Previous studies on IR has put more focus on examining the extent of which IR has been implemented with little focus being given on the quality of the report itself. Additionally, a study that put a specific focus on Asian companies have also been limited.

Paper type: Research paper

Keywords: Asia, Integrated reporting, Disclosure quality, IIRC framework

Introduction

In the global trend of advocating sustainable development, producing a single form of report that focuses solely on financial information has not been able to fully reflect the overall value

of the company and that publication of non-financial information has gradually become the focus of stakeholders. The purpose of financial reporting is to provide an accurate description of the company's current and future performance. However, traditional financial reporting models sometimes fail to explain the economic impact of business innovation in a timely manner (Healy & Palepu, 2001). Although companies have started to issue non-financial reports such as environmental reports, sustainability reports, and corporate social responsibility (CSR) reports, a new concern has been raised. The production of different types of report have led to the continuous increase in the length and complexity of the report. This led to the possibility of important information being omitted while irrelevant information is now being reported leading to the lack of transparency causing troubles for both the compiler and the stakeholders (KPMG, 2011).

The United Nation (UN) Economic and Social Commission for Asia and the Pacific (ESCAP) released the 2019 SDGs progress report during the 75th session of the Commission. During the Sustainable Development Goals (SDG) Summit in September 2019, UN leaders are called for a decade of action (2020-2030) to accelerate the process of achieving the SDGs. Executive Secretary of the UN Regional Commission for ESCAP stated that unless progress is accelerated, Asia and the Pacific will not be able to achieve all SDG (Alisjahbana, 2019). With the need to ensure positive progress towards achieving the SDGs, the role of reporting as one of the mechanisms to monitor corporate sectors' contribution has also becoming more pertinent. Therefore, with existing concern on growing complexity of corporate reports, the need to also address the SDGs has made the need to have an effective reporting system more critical. This is where Integrated Reporting (IR) is said to provide a solution that can minimise the possibility of companies reporting irrelevant information.

In 2020, International Integrated Reporting Council (IIRC) released its 2019 integration report "Building Consensus towards a Global System". IIRC CEO stated that "*Our mission today is more urgent than when the IIRC was founded ten years ago. It is urgent to achieve the SDG, address the challenges imposed by COVID19 on all of us, and address climate change. In 2019, we laid the foundation for reaching a consensus. This year we are committed to taking practical actions with our partners to ensure that an effective reporting system is provided as soon as possible*" (Tilley, 2020). The history of IR starts in August 2010 when the Prince's Accounting for Sustainability Project (A4S) and the Global Reporting Initiative (GRI) co-founded the International Integrated Reporting Council (IIRC, 2011). In 2013, IIRC officially launched the International Integrated Reporting Framework. The overall content of the reporting framework includes content elements and guiding principles. The guiding principles specifically refer to the 7 principles of focusing on strategy and future-oriented, information connectivity, stakeholder relationships, importance, simplicity, reliability and completeness, consistency and comparability (IIRC, 2015). The 8 major content elements include organisational overview and external environment, governance, business model, risks and opportunities, strategy and resource allocation, performance, prospects and presentation basis (IIRC, 2013).

The main objective of the IR is to "improve the quality of information available to financial capital providers in order to achieve a more efficient and productive capital allocation" (IIRC, 2013, p.2) and "... explain to providers of financial capital how organisations create value over time with respect to financial and other relevant information" (IIRC, 2013, p.7). In addition, the purpose of IR is to combine all stakeholder-related information into one report, where financial and non-financial information are interrelated (Ioana & Adriana, 2014). According to the IIRC framework, IR can break the confusion generated when financial and non-financial information are combined, and present a clear, concise and complete corporate report (KPMG, 2011).

Since the IR proposal was put forward, the literature has mainly focused on the role, objectives, determinants of IR, its framework, issues related to its implementation and its relationship with other types of disclosures. Although several benefits to stakeholders have been outlined and a number of mechanisms being discussed to ensure is accepted as the best practice for corporate reporting, some recent studies have shown IR still barely spreads among companies and the framework is not fully implemented despite the claim made by companies that they are adopting IR (Global Reporting Initiative (GRI), 2013b; De Villiers & Sharma, 2020). Recent research provides evidence of great interest on IR, although most of the companies surveyed expressed reluctance and difficulty in fully implementing the IR framework (IIRC, 2018). These issues mainly relate to the technical problems of providing too much data, the number of resources required, and confidentiality of information. In particular, the comprehensive application of international relations framework and the quality of IR are put forward. This concern has shifted practitioners focus (KPMG, 2012; GRI, 2013b; Ernst & Young, 2015) and academic world (Eccles and Krzus, 2014; Eccles and Serafeim, 2017), from the type and quantity of information contained in IR to discussing quality of IR reports produced.

South Africa is one of the pioneers in the implementation of IR (Mmako & van Rensburg, 2017). With the King Code of Corporate Governance calling for companies to produce IR reports, all Johannesburg Stock Exchange (JSE) listed companies are enforced to issue an IR report. However, contrary to mandatory settings like South Africa, the value creation factors of improved reporting have different effects in a voluntary environment. Under the mandatory IR system, all companies must disclose information in accordance with the high standards of the IIRC, while in the case voluntary implementation, only few companies would willing adopt the full scale of IR elements and principles. This is why in the recent years, voluntary information disclosure and improving the transparency of disclosed information have become the focus of attention. Companies that voluntarily choose to publish integrated reports may show greater information transparency, thereby increasing the trust and confidence of stakeholders (Madhani, 2007).

With the development of Asian integration, IR has also attracted more and more attention in Asia (Deloitte, 2016). For example, Singapore has invested resources and hopes to become a comprehensive reporting center in Southeast Asia by 2020, the Japanese Government has reformed its corporate governance structure by making IR to hold long-term investors and the Prime Minister and regulator in Malaysia in 2014, have called for Malaysian companies to adopt IR and incorporate them into the overall planning of the capital market (Colvert, 2016). However, despite the growing interest on IR within the Asian setting, there are still few studies on the disclosure of IR in a voluntary environment of Asia (Nurkumalasari et al., 2019). In addition, based on the recommendations of previous studies, the need to also measure the impact of IR within the setting of voluntary reporting has also increased the need to conduct an IR study within the context of Asian countries (Lee & Yeo, 2016; Zhou et al., 2017).

So far, the level of consistency between IR and the framework is still an unexplored subject in the literature. Most of previous studies focused on the adoption of IR, the development of reports, readability, and the amount of information contained therein, but did not analyse the degree of compliance with the framework from a quality perspective (Marrone & Oliva, 2019). In recent years, voluntary information disclosure and improving the transparency of disclosed information have become the focus of attention. Previous studies have shown that the higher the quality of IR disclosure, the better the performance of the company, and the implementation of IR will improve the financial performance of the company in some way (Lee & Yeo, 2016; Wen & Yap Kiew Heong, 2017; Adegboyegun et al., 2020).

Based on the above-mentioned research gaps, this study aims to examine the quality of IR

disclosure among listed companies in Asia. This study hopes to provide additional impetus for companies to continue to improve the quality of their published IR reports. The rest of the paper is organised as follows. The first part introduces IR in more detail followed by a discussion on the need to assess the quality of voluntary disclosure of IR. The second part introduces the research framework and research methods of this present study. Finally, discussion on findings and limitations are provided.

Literature Review

Integrated Reporting

According to the IIRC Framework, IR is defined as a concise report on how an enterprise communicates with the outside world to create value, reflecting the value creation process of the enterprise's benefits, prospects and governance in different periods in the external environment of the enterprise (IIRC, 2013). Another definition of IR is derived from GRI where IR is defined as "a report that provide information about the financial performance of the organisation and information about ESG (Environmental, Social and Corporate governance) performance in a comprehensive manner" (GRI, 2011). Chinese scholar, Zhang (2019) proposed that the IR report is a reporting model that organically combines the external environment of the company with the internal experience and performance of the company and corporate governance. The report can link different aspects of the company, enhance the comprehensiveness of the disclosed information, and focus on reflecting the long-term value of the company. Some scholars also believe that the IR report is a single report, which integrates corporate financial information and non-financial information, and shows how companies create value for different stakeholders as the essence (Eccles & Serafeim, 2011). Scholars from various countries have also conducted in-depth research on the related theories of integrated reports, and many research results have highlighted "value" and "integration" in the definition of IR.

PricewaterhouseCoopers (PwC) launched the Value Reporting Framework in 1999, which stimulated debate and later transformed it into the concept of IR (PwC, 2015). The IIRC approved the enterprise integration reporting framework on December 8, 2013 and released it to the public. The overall content of the reporting framework includes guiding principles and content elements. The guiding principles specifically refer to the 7 principles of focusing on strategy and future-oriented, stakeholder relationships, information connectivity, importance, simplicity, consistency and comparability, reliability and completeness (IIRC, 2015). The 8 major content elements include institutional governance, risks and opportunities, overview and external environment, business model, strategy and resource allocation, performance, prospects and presentation basis. At the same time, the framework points out that capital is critical to the success of an organisation, and divides capital into financial, manufacturing, intellectual, human, social and relational, and natural capital (IIRC, 2013). The IR framework integrates the organisation's financial and non-financial information to provide specific methodological guidance for the preparation of reports, which can be regarded as a standard for the preparation of comprehensive reports, and enables the company to report regularly and the value it creates over time (Yıldırım, Kocamış & Türüdüoğlu, 2017).

Disclosure Quality of IR

The term information disclosure, in the broadest sense, refers to the provision of information. The use of this term is more limited in accounting and only refers to the disclosure of company financial information in financial or annual reports. The implication of disclosure is that the published financial statements and related notes should contain any economic information

related to accounting personality, which is essential for influencing users' wise and prudent decision-making (Khoram Abadi & Hassan Janani, 2013). Information disclosure refers to companies providing important accounting information that directly or indirectly affects users' decision-making to information users in the form of public reports. Quality means that accounting information truly and objectively reflects various economic activities, and accurately reveals the economic content contained in various economic activities (Setayesh & Kazemnezhad, 2010).

Previous research on IR has focused on analysing the main issues of the IR framework (Higgins et al., 2014), the role and objectives of IR (Beck et al., 2017; Dumay et al., 2016; Stacchezzini et al. al., 2016) and the relationship between IR, sustainability disclosure and CSR (Idowu, et al., 2016; Maas et al., 2016; Argento, Culasso, & Truant, 2019). Recently, the literature has emphasised the determinants of IR, focusing on what are the explanatory factors for companies adopting them and why they should make IR (Vitolla, Raimo & Rubino, 2019). Other literature analyses the challenges of implementing IR through case studies (Velte & Stawinoga, 2017; Burke & Clark, 2016).

In contrast, there is still very little literature on the quality assessment of information claimed to be disclosed based on IR (RuizLozano & Tirado-Valencia, 2016). In 2012, Ernst & Young launched the "Excellence in Integrated Reporting Award", which aims to analyse the IR status in South Africa and promote IR to achieve higher quality disclosures in order to achieve best practices. In 2014, IIRC itself released a document called " Assurance on IR: An exploration of issues", which aims to stimulate people's interest on the issue of quality. A KPMG (2017) survey highlighted the evolution and growth of IR practice since the adoption stage of the IR framework and that one key aspect of IR that need to be focused on is the quality of the report (Pistoni, Songini, & Bavagnoli, 2018).

However, with the exception of South Africa, where all listed companies have issued IR in a mandatory disclosure environment, the implementation of voluntary disclosure IR in other regions is limited and can be of low quality. Regarding the reasons for the low quality of voluntary disclosure, three main theories can be considered. In other words, these theories provide insights into the reasons behind the possibility of low-quality information disclosure. Firstly, the proprietary cost theory proposes that due to some disclosure costs, companies restrict voluntary disclosure. These costs include the measurement, interpretation and communication of data and information, as well as the proliferation of strategic information, which can bring advantages to competitors (Wagenhofer, 1990; Verrecchia, 1990; Dye, 1986). Secondly, accounting theory emphasises that companies reduce information transparency and avoid excessive disclosure of information, so as not to attract the attention of regulators (Milne, 2002). Finally, according to agency theory, there is a difference between the information disclosure of management and the information needs of shareholders. In fact, managers are less willing to disclose more information, because detailed disclosure will increase the ability of stakeholders to restrain information (Glinkowska & Kaczmarek, 2015). Taking into consideration the concern on potential low quality of IR disclosure particularly within the context of voluntary implementation of IR, it is the main objective of this present study to examine the quality of IR disclosure among Asian companies that have expressed support towards implementing IR in their corporate report.

Methods

Research Design

Quantitative research is defined as "research that aims to meet the research goals through the empirical evaluation of observation results through digital measurement and analysis" (Cooper

& Schindler, 2011). It relies on numerical data that can be statistically tested in quantitative research, and these data can be used as the basis for hypotheses. This study aims to examine the quality of the integrated report disclosure. Therefore, this study will adopt a quantitative approach because it will use mathematical measurements, numbers, and statistical analysis of data. Cross-sectional study refers to the study of different subjects at the same time, while longitudinal study refers to the study of repeated data collection at different times. This study adopted the cross-sectional research method. This study uses Content analysis and descriptive statistics to analyse the collected data.

In order to assess the quality of the IR disclosure, this study refers to the literature on the quality of IR disclosures. This study did not use binary variables of 1 and 0 with 1 means the components exist and 0 otherwise. Regarding how to measure the quality of IR, one way is to use external sources of IR quality metrics, such as a scoring system to award IR awards. Barth et al. (2015) adopted this approach. In particular, they use the scores of the annual Ernst & Young Excellence IR Award as a representative of IRQ, but the disadvantage is that there are not many companies involved in such awards, and it is impossible to measure the IR quality of other companies that have not won. Another direct approach is to manually analyse collected data according to the IIRC's framework and Lee and Yeo (2016) took this approach. As highlighted before, there are eight major content elements of the IR report. For each content element, they were assigned a score to capture different levels of IR quality. Therefore, considering this method can help to analyse the quality of IR disclosure prepared by a company claims to issues an IR report, this present study is drawn on the method proposed by of Lee and Yeo (2016) to measure the quality of IR disclosure.

Sample Selection

This study adopted a non-probability purposive sampling design. This kind of sampling can select the object, individual or group of the rich information studied or the place where the research process may take place (Creswell & Creswell, 2017). Therefore, the sample selected for this study is 117 Asian companies shown in the IIRC's IR report examples database as of February 28, 2021 (the date of data collection). The database contains examples of emerging practices from the synthesis report, illustrating how the organisation currently reports concise information in the context of its external environment, and how this information creates value in the short, medium and long term. The database is a collaborative project between the IIRC and Black Sun Plc, an international stakeholder communications agency based on corporate reporting.

The sample includes companies from the following industries: food and beverages, retail, pharmaceuticals, machinery manufacturing, electronics, telecommunications, real estate, insurance, banking, and financial services. This diversity of industries is one of the benefits of using the IIRC database. However, due to potential differences in regulatory requirement, 11 companies from financial sectors (stock exchange, banks and insurance) are excluded from the sample. Considering that unlisted companies do not have that much influence on the market, 12 unlisted companies were also excluded from the sample. After observing the availability of the report, the time frame of this study is determined to be 2019. Therefore, after excluding 4 companies with missing IR reports for 2019, 90 Asian listed companies in the IIRC examples database were used in this study. Table 1 summarises the sample selection process.

Table 1. Sample Selection Criteria

Criteria	Number of Sample
IIRC examples database at Asia	117
(Less) Non-listed companies	(12)
(Less) Stock exchanges, banks and insurance companies	(11)
(Less) Report missing companies	(4)
Final sample	90

Data Collection

This study utilised a content analysis technique to measure the quality of the IR reports of respective listed companies. According to the IIRC Framework, there are eight major content elements of the integrated report. The 8 content elements include: governance, business model, organisational overview and external environment, risks and opportunities, strategy and resource allocation, outlook, performance and basis of preparation (IIRC, 2013) that lead to a total of 40 components. In assigning the score for quality, this study adopts a practice used by Lee and Yeo (2016) where for each content element will be given a score ranging between 0 to 5 with 0 not conforming to the <IR> framework to 5 for strongly conforming to the <IR> framework. With final coding framework of 40 components, the maximum total score that can be achieved by one particular IR report is 200 points (40 components of IR content elements x 5 maximum score for quality of disclosure). The higher the total IR score, the more consistent the company's IR disclosure is with the IR framework. In determining whether or not disclosure quality of an IR report is poor or high, this study utilised a quality scoring range proposed by Pivac et al. (2017) presented in Table 2.

Table 2. Quality Scoring Model

IR Score (%)	Quality of IR Disclosure
0-20	Poor
21-40	Low
41-60	Average
61-80	Sufficient
81-100	High

Source: Pivac et al. (2017)

Findings

Table 3. Descriptive Statistics

Major Content element	Minimum	Maximum	Median	Mean	% Of Full Score	Std. Deviation
Organisational Overview and External Environment (OO& EE)	14.0	24.0	20.0	19.6	78%	2.116
Strategy and Resource Allocation (S& RA)	14.0	25.0	19.0	18.9	76%	2.078
Business Model (BM)	9.0	25.0	17.0	16.2	65%	4.090
Governance (G)	14.0	23.0	19.0	18.9	76%	1.597

Risks & Opportunities (R&O)	13.0	25.0	19.0	18.7	75%	1.755
Performance (P)	12.0	22.0	19.0	18.6	74%	1.730
Outlook (O)	12.0	25.0	18.0	18.1	72%	2.091
Basis of Presentation (BP)	10.0	23.0	18.0	17.7	71%	2.644

Table 3 shows the descriptive statistics of the disclosure quality for the 8 main content elements found in the 90 Asian companies reports while Table 4 shows the level of quality disclosed by countries. Looking at Table 3, the results indicate all content elements have sufficiently met the expected disclosure quality for IR content elements as all elements achieve a score between 61 to 80 percent. However, with none of the elements achieve a score of more than 80 percent indicates that there are room for improvement. According to results in Table 3, the highest mean score goes to ‘Organisational Overview and External Environment’ with 19.6 (78% of the full score). The higher score for this content elements is expected considering this is the elements where companies need to provide an overview on the companies’ background such as mission, vision, principal activities as well the business environment they currently operate. Such information is expected to be fairly easy to retrieve and complied. The second highest mean score goes to ‘Strategy and Resource Allocation’ and ‘Governance’ at 18.9 or 76 percent. This is then followed by ‘Risks & Opportunities’ and ‘Performance’ at 18.7 (75% of the full score) and 18.6 (74% of the full score), respectively.

For the remaining three content elements, ‘Outlook’ and ‘Basis of Presentation’ score 18.1 (72% of the full score) and 17.7(71% of the full score) respectively while ‘Business model’ earn the lowest mean score of 16.2 (65% of the full score). The much lower score for ‘Business model’ could be attributed by the fact that this is a new concept as compared to other content elements. It is notable that most of the elements that achieve higher score such as “Organisational Overview and External Environment’ and ‘Governance’ are elements that have already being incorporated in the company’s traditional reporting i.e. prior to the implementation of IR. ‘Business model’, on the other hand, is a new concept being highlighted in IR to show the interconnection between various elements in companies activities starting from companies key inputs to business activities to outcomes, which may have not being disclosed by companies prior to the implementation of IR.

Overall, it can be concluded that the content of IR remains to be developed. When looking at the specific issues covered, elements that achieve higher score are information commonly being disclosed in corporate financial reports, even prior to the implementation of IR, while innovative topics of IR such as the disclosure of ‘Business Model’ are still in its infancy. However, according to Table 3, it can be seen that the overall mean score is 146.5 (73% of the full score), which proves that the IR disclosure has sufficient quality but still needs to be improved.

Table 4 provides a comparison on disclosure quality by countries. According to the mean score for different Asian countries involve in the sample, it can be seen that the highest score goes to Sri Lanka with a total score of 181 (90% of the full score) and companies from Sri Lanka also achieve the highest score for content element "Outlook" with mean score of 25. The next highest is Philippines with an average score of 164 followed by India with a total score of 159.57. Generally, with a score of more than 70 percent for all countries, the results show all countries are currently showing sufficient compliance to the expected quality of IR disclosure. In fact, the three countries highlighted before namely Sri Lanka, Philippines and India are showing very high compliance to the expected quality of IR disclosure. The lowest is Thailand with a score of 140, indicating slightly lower quality of IR disclosure as compared to other

countries. It is worth mentioning that Japanese companies accounted for up to 80 percent of the total companies in the sample and the country still manages to score sufficiently high score (72 percent) ensuring compliance with the expected quality of IR disclosure. In addition, Japan also performed well in the content of "Organisational Overview and External Environment" with a mean score of 19.3. Consistently, the country also scores the lowest for content element "Business Model" with a mean score of 15.8.

Table 4. Compare Means in Different Countries

Country	Japan	India	Hong Kong	South Korea	Philippines	Sri Lanka	Malaysia	Thailand	Qatar	Total
	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean
OO&EE	19.32	21.57	19.33	20	22	24	23	19	20	19.64
S&RA	18.74	20.43	19	16.67	18	23	20	18	20	18.87
BM	15.82	18	17	18.33	22	21	21	13	14	16.24
G	18.65	20.43	18.67	19	21	23	18	19	20	18.89
R&O	18.54	19.86	18.67	18.33	21	22	19	17	16	18.67
P	18.35	19.86	18	20.33	20	20	19	18	18	18.56
O	17.87	19.86	18.33	18	19	25	19	19	16	18.14
BP	17.46	19.57	17.67	18.33	21	23	18	17	14	17.72
Total	144.4	159.57	146.67	149	164	181	157	140	143	146.51
% Full Score	0.72	0.8	0.74	0.75	0.82	0.9	0.78	0.7	0.72	0.73

Discussion and Conclusion

The results of this study indicate that the IR disclosure quality is at sufficient level with all content elements scoring between 60 to 80. Companies seem to achieve higher score for elements commonly being disclosed even prior to the implementation of IR such as 'organisational overview and external environment', 'strategy and resource allocation', 'governance', 'risk and opportunities', and 'performance'. On the other hand, innovative items i.e., items consider as newly being promoted under the IR framework and more forward looking such as 'Business model' and 'Outlook' are still lacking.

IR should be a possible solution to the lack of forward-looking information in traditional reports. Traditional reports generally tend to analyse the company's past and present results, while IR should provide information about the company's future, medium and long-term value creation methods. With slightly lower score for elements such as 'Business model' and 'Outlook' the current IR does not seem to be IR in the true sense, but more like a series of information content projected by traditional annual reports and frameworks. Unsurprisingly, the element with the lowest score coincided with the most innovative element of IR.

It is also worth mentioning that the 'Outlook' content of IR released by a company in Sri Lanka received full marks and the total score is also the highest. The company's IR begins with an overview of the political backdrop and economy as well as the market factors that influence the company's external environment. The company then outlined how external environmental factors may affect future development of the business and described the potential positive impact of Sri Lanka's performance on leasing business and travel rankings. The next section of

the report then takes the economic and political-related external factors outlined in the business environment section as risks and opportunities in the chart, thus demonstrating the connectivity of information. What has been reported by this Sri Lankan company is something worth learning for other companies that wish to implement IR in their reporting.

Theoretical Implications

To date, the quality level of IR disclosure remains an unexplored subject in the literature. Therefore, findings from this present study provide basis for future comparison particularly for study conducted within the setting of Asian countries.

Practical and Social Implications

The beneficiaries of the findings will include companies, accountants, comprehensive reporting consultants as well as regulators. As the findings show companies are sufficiently comply to the quality level expected from the IR Framework, preparers of corporate report particularly the accountants and the consultants are able to identify which content elements are still lacking and hence make necessary improvement to achieve the highest level of quality. Regulators, on the other hand, despite the non-mandatory status of IR, may also come up with mechanism that can help to ensure the quality of IR reports prepared by their respective companies are at the highest quality.

Limitations and Suggestions for Future Research

The results of this study should be presented in light of its limitations, which lead to suggestion for future research. This study only focuses on listed companies in Asia. Therefore, other unlisted companies that may have prepare a more informative IR reports are excluded from the analysis. The second limitation of the time frame. Since the study needs to manually analyse the quality scores of the IR report, the process is relatively time-consuming, leading to the decision to focus on 2019 IR reports. Finally, based on the IIRC's IR Framework, the manual scoring of IR disclosure quality may result in a slight deviation in the score due to differences in knowledge and perception. Additionally, this study adapted an IR score focusing only on the content elements required in the IIRC framework.

Since IR is still developing, the results of this study provide many potential areas for future research. In addition to content elements, future studies might develop disclosure indices based on the guiding principles of the IIRC Framework. In terms of methodology, future research can also increase the time span of analysis and extend the sample companies to other countries or use a combination of qualitative and quantitative methods to get a more in-depth evaluation of the quality of IR disclosure.

Acknowledgment

The authors would like to acknowledge the Universiti Tenaga Nasional for funding the publication of this paper.

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