

INTEGRATED REPORTING WITHIN THE FRAMEWORK OF INTEGRATION AND STRENGTHENING OF ESG REPORTING: A SYSTEMATIC LITERATURE REVIEW

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***Abstract.** Rising demands for transparency and accountability have encouraged firms to improve the quality of Environmental, Social, and Governance (ESG) reporting. International Integrated Reporting Council introduced Integrated Reporting as a framework that integrates financial and non-financial information to reflect long-term value creation and strategic sustainability orientation. By linking governance, performance, and future prospects, Integrated Reporting aims to provide a more holistic representation of how organizations create value over time. However, systematic evidence on the role of Integrated Reporting in strengthening and integrating ESG reporting remains limited within the broader sustainability reporting literature. This study reviews and synthesizes existing research on Integrated Reporting and ESG through a Systematic Literature Review (SLR) of reputable national and international journal articles published between 2020 and 2026, using thematic analysis. The findings indicate that Integrated Reporting enhances the consistency, relevance, comparability, and coherence of ESG disclosures while strengthening transparency and accountability for stakeholders. This study contributes by clarifying the conceptual position of*

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Integrated Reporting within the ESG reporting ecosystem and supporting the development of more integrated and decision-useful sustainability reporting practices.

Keywords: *Integrated Reporting, ESG Reporting, Sustainability Disclosure, Non-financial Reporting, Corporate Reporting.*

Abstrak. Peningkatan tuntutan akan transparansi dan akuntabilitas telah mendorong perusahaan untuk meningkatkan kualitas pelaporan Lingkungan, Sosial, dan Tata Kelola (ESG). Dewan Pelaporan Terpadu Internasional (International Integrated Reporting Council) memperkenalkan Pelaporan Terpadu (Integrated Reporting) sebagai kerangka kerja yang menggabungkan informasi keuangan dan non-keuangan untuk mencerminkan penciptaan nilai jangka panjang dan orientasi keberlanjutan strategis. Dengan menghubungkan tata kelola, kinerja, dan prospek masa depan, Pelaporan Terpadu bertujuan untuk memberikan gambaran yang lebih holistik tentang bagaimana organisasi menciptakan nilai seiring waktu. Namun, bukti sistematis mengenai peran Pelaporan Terintegrasi dalam memperkuat dan mengintegrasikan pelaporan ESG masih terbatas dalam literatur pelaporan keberlanjutan yang lebih luas. Studi ini meninjau dan mensintesis penelitian yang ada tentang Pelaporan Terintegrasi dan ESG melalui Tinjauan Literatur Sistematis (SLR) atas artikel jurnal nasional dan internasional yang kredibel yang diterbitkan antara tahun 2020 dan 2026, menggunakan analisis tematik. Temuan menunjukkan bahwa Pelaporan Terintegrasi meningkatkan konsistensi, relevansi, perbandingan, dan kohesi pengungkapan ESG sambil memperkuat transparansi dan akuntabilitas bagi pemangku kepentingan. Studi ini berkontribusi dengan mengklarifikasi posisi konseptual Pelaporan Terintegrasi dalam ekosistem pelaporan ESG dan mendukung pengembangan praktik pelaporan keberlanjutan yang lebih terintegrasi dan berguna bagi pengambilan keputusan.

Kata Kunci: Pelaporan Terintegrasi, Pelaporan ESG, Pengungkapan Keberlanjutan, Pelaporan Non-Kuangan, Pelaporan Korporat.

INTRODUCTION

Sustainability issues have increasingly become a central concern in contemporary business practices due to their implications for economic, environmental, and social stability. This heightened awareness has led to stronger demands for transparency and

accountability in Environmental, Social, and Governance (ESG) practices from investors, regulators, and other stakeholders. A growing body of empirical evidence indicates that ESG disclosure plays a crucial role in mitigating corporate risk and enhancing market confidence in firms' long-term performance (Ramadhityo et al., 2025; Sun, 2024; Sutrisno et al., 2025). These findings are further reinforced by literature syntheses emphasizing that the quality of ESG reporting constitutes a key element within corporate governance mechanisms and sustainable value creation processes (Hermiyetti, 2025; Yusnidar et al., 2026). Nevertheless, ESG reporting practices continue to face limitations because disclosures are frequently presented separately from financial statements, which constrains their ability to fully represent firms' overall and integrated performance (Mutiarana N et al., 2023). In many cases, such separation results in fragmented communication that weakens the strategic relevance of sustainability information. As a consequence, stakeholders may struggle to evaluate how ESG initiatives contribute to long-term organizational resilience and competitiveness (Sun, 2024).

These limitations have encouraged the development of Integrated Reporting (IR) as a reporting framework that combines financial and non-financial information within a single, interconnected report. Integrated Reporting is designed to present a coherent narrative of corporate strategy, governance, performance, and prospects in relation to value creation over the short, medium, and long term (Cruz et al., 2024; Praditya & Yusnaini, 2025). Prior studies suggest that the adoption of IR enhances the quality of non-financial disclosure and strengthens the linkage between financial performance and sustainability outcomes, including ESG dimensions (Rossa & Lestari, 2025). Beyond its role as a reporting mechanism, IR also promotes integrated thinking, which influences organizational strategic decision-making in a more holistic and forward-looking manner (Yosepha, 2025). This integrated approach enables organizations to articulate clearer connections between business models and sustainability strategies. Consequently, IR is increasingly viewed as a mechanism that embeds ESG considerations into the core narrative of corporate reporting (Praditya & Yusnaini, 2025).

Despite the expanding body of research on ESG and sustainability reporting, much of the existing literature continues to position ESG within stand-alone conventional sustainability reporting frameworks. Studies that explicitly map the role of Integrated Reporting as a mechanism for integrating and strengthening ESG reporting remain

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relatively limited, particularly those employing a systematic literature review approach to synthesize findings in a comprehensive and structured manner (Handayani, 2025; Sutrisno et al., 2025). International literature further reveals thematic fragmentation and diverse theoretical perspectives in IR–ESG research, which underscores the need for synthesis to clarify the conceptual position of IR within the sustainability reporting ecosystem (Khan & Sharif, 2025). Moreover, variations in ESG reporting standards and practices across jurisdictions highlight the importance of an integrated reporting framework capable of enhancing information consistency, comparability, and credibility for stakeholders (Mutiarana N et al., 2023). Without conceptual consolidation, the relationship between IR and ESG risks being interpreted inconsistently across studies. Therefore, a comprehensive synthesis is required to integrate fragmented findings into a unified analytical perspective (Khan & Sharif, 2025).

In addition, the growing complexity of stakeholder expectations has intensified the pressure on companies to provide more decision-useful and strategically aligned sustainability information. Investors increasingly evaluate ESG performance not only as an ethical consideration but also as a determinant of financial resilience and long-term competitiveness (Ramadhityo et al., 2025; Sun, 2024). In this context, reporting mechanisms that fail to demonstrate the interconnections between sustainability initiatives and financial outcomes risk being perceived as symbolic rather than substantive (Sutrisno et al., 2025). Consequently, the integration of ESG within a unified reporting structure becomes essential to ensure that sustainability disclosures are embedded within corporate strategy and governance systems (Hermiyetti, 2025; Yusnidar et al., 2026). The alignment between ESG metrics and strategic objectives enhances managerial accountability and performance monitoring. This alignment also strengthens investor confidence by demonstrating that sustainability initiatives generate measurable economic implications (Ramadhityo et al., 2025).

Furthermore, fragmented reporting structures may create information asymmetry and reduce stakeholders' ability to assess overall corporate performance comprehensively. When ESG disclosures are detached from financial narratives, stakeholders may encounter difficulties in evaluating how sustainability risks and opportunities affect value creation processes (Mutiarana N et al., 2023). Integrated

Reporting addresses this challenge by linking strategy, risk management, governance, and performance within a cohesive framework that emphasizes connectivity of information (Cruz et al., 2024; Praditya & Yusnaini, 2025). Such connectivity enhances transparency and strengthens the credibility of corporate disclosures in the eyes of capital market participants (Rossa & Lestari, 2025). It also reduces duplication and inconsistencies that often arise across separate sustainability and financial reports. Ultimately, integrated disclosure practices contribute to a more reliable assessment of corporate sustainability performance (Cruz et al., 2024).

From a theoretical perspective, Integrated Reporting also contributes to the institutionalization of integrated thinking within organizations. This concept encourages management to consider the interdependence between financial capital and other forms of capital, including social, environmental, and intellectual resources, when making strategic decisions (Yosepha, 2025). By embedding ESG considerations into core business models, IR facilitates a shift from compliance-oriented reporting toward value-oriented sustainability management (Handayani, 2025; Sutrisno et al., 2025). Such transformation supports the alignment between corporate governance mechanisms and sustainable value creation objectives (Khan & Sharif, 2025). Over time, this approach fosters cultural change within organizations by embedding sustainability into strategic planning processes. As a result, ESG becomes an integral component of corporate performance evaluation rather than an external reporting obligation (Yosepha, 2025).

Moreover, differences in regulatory environments and reporting traditions across countries have produced heterogeneous ESG disclosure practices, which may reduce comparability at the international level (Mutiaran et al., 2023). Integrated Reporting offers a principles-based framework that can bridge these disparities by promoting standardized yet flexible disclosure practices aligned with organizational context (Cruz et al., 2024). By strengthening the linkage between ESG metrics and financial performance indicators, IR enhances the relevance and reliability of sustainability information for diverse stakeholder groups (Ramadhityo et al., 2025; Rossa & Lestari, 2025). This harmonization potential is particularly important for multinational corporations operating across multiple jurisdictions. Enhanced comparability also supports cross-country investment decisions and improves global capital market efficiency (Sun, 2024).

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In response to these gaps, this article offers a novel contribution by presenting a thematic synthesis of the position and role of Integrated Reporting in strengthening ESG reporting. A systematic literature review approach is employed to identify research patterns, theoretical perspectives, and key findings from prior studies examining the relationship between IR and ESG (Handayani, 2025; Sutrisno et al., 2025). Accordingly, this study is expected to enrich the sustainability accounting literature and provide a conceptual foundation for the development of more integrated and value-relevant ESG reporting practices for stakeholders (Hermiyetti, 2025; Yusnidar et al., 2026). The findings also aim to clarify the strategic implications of IR adoption for corporate governance and stakeholder engagement. Ultimately, this research seeks to advance theoretical integration and practical implementation of ESG reporting within an integrated corporate reporting architecture (Khan & Sharif, 2025).

THEORETICAL FRAMEWORK

Stakeholder Theory

Stakeholder Theory emphasizes that firms bear responsibility for meeting the information needs of all stakeholders, including investors, consumers, communities, and government institutions. These stakeholders require not only financial information but also non-financial data, particularly related to Environmental, Social, and Governance (ESG) aspects, to assess corporate sustainability, risk exposure, and long-term performance. In this context, ESG reporting serves as a strategic instrument for enhancing organizational transparency and accountability (Sun, 2024). Consistent with this perspective, empirical evidence suggests that adequate ESG disclosure can reduce information asymmetry and strengthen stakeholder trust. The effectiveness of such disclosure becomes more pronounced when ESG information is presented within an integrated framework, such as Integrated Reporting, as this approach enables firms to communicate a comprehensive narrative that simultaneously reflects the interconnections between financial and non-financial performance.

Legitimacy Theory

Legitimacy Theory posits that firms must maintain social legitimacy by aligning their activities and reporting practices with prevailing societal values, norms, and

expectations. Within this context, Environmental, Social, and Governance (ESG) reporting is frequently employed as a means of demonstrating that corporate operations are consistent with public concerns regarding environmental and social responsibility, thereby sustaining organizational legitimacy (Handayani, 2025). This legitimizing role is further reinforced through the adoption of Integrated Reporting, which presents ESG disclosures within a unified narrative. Through this approach, firms do not merely disclose ESG data in isolation but also provide contextualized insights into the interrelationships among strategy, performance, and ESG impacts within the broader corporate value creation process.

Triple Bottom Line

The Triple Bottom Line (TBL) framework conceptualizes organizational performance as the integration of three core dimensions economic, environmental, and social which should be reported concurrently to reflect sustainability in a comprehensive manner. This approach emphasizes that corporate success cannot be assessed solely on the basis of profit, but must also consider environmental impacts and social contributions. Accordingly, Environmental, Social, and Governance (ESG) reporting serves as a fundamental basis for evaluating corporate sustainability performance in a holistic way (Sutrisno et al., 2025). In line with this framework, Integrated Reporting supports the operationalization of the TBL perspective by providing an integrated reporting space. This framework enables firms to present the interconnections among economic performance, environmental impacts, and social contributions within a single, coherent narrative.

Definition of Integrated Reporting

Integrated Reporting is a reporting framework developed to consolidate financial and non-financial information, including environmental, social, and governance aspects, into a single integrated narrative that illustrates a firm's value creation process over the short, medium, and long term (Cruz et al., 2024). This framework is designed to move beyond traditional reporting approaches by emphasizing the interconnections among corporate strategy, business models, risks, opportunities, and overall organizational performance. Consistent with the findings of (Lestari, 2025), Integrated Reporting functions as a governance mechanism that enhances the quality and integration of non-

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financial disclosures, including ESG information, with financial performance. Through the application of integrated thinking across organizational functions, Integrated Reporting enables stakeholders to gain a more comprehensive understanding of how ESG performance is embedded within corporate strategy and operations.

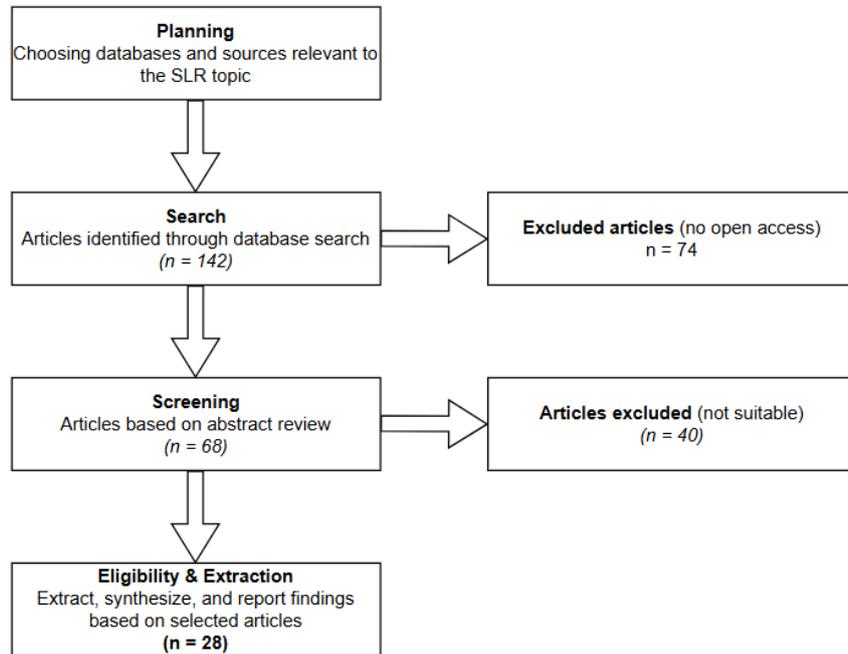
Definition of ESG Reporting

ESG reporting refers to the practice of disclosing information related to environmental, social, and governance performance, which stakeholders use to assess non-financial risks and the long-term sustainability of business activities, particularly as global attention to climate change and corporate social responsibility continues to intensify (Sun, 2024). Despite its growing importance, traditional ESG reporting is often constrained by limited standardization and weak integration with formal financial reporting. Consequently, Integrated Reporting is widely regarded as a framework capable of incorporating ESG disclosures into a more comprehensive and cohesive corporate reporting structure.

METHODS

This study employs a qualitative approach through a Systematic Literature Review (SLR) to map the role of Integrated Reporting (IR) in strengthening Environmental, Social, and Governance (ESG) disclosure based on prior empirical findings. The SLR method was selected as it enables the researcher to synthesize existing knowledge systematically and structurally regarding the relationship between integrated reporting and ESG disclosure without involving statistical testing.

Figure 1. SLR Protocol Information Sources



The data for this research consist of secondary sources derived from scientific articles published in reputable national and international journals. A comprehensive literature search was conducted through Scopus, Google Scholar, and SINTA databases, as these platforms provide relevant and high-quality publications in the fields of accounting, corporate reporting, and sustainability. The reviewed articles were restricted to the 2020–2025 publication period to ensure that the analyzed literature reflects the most recent developments in Integrated Reporting practices and ESG reporting standards.

RESULTS AND DISCUSSION

Results

1. Journal classification based on Identity, Index and Number of Articles

In Table 1, the researchers classified the selected articles based on journal indexing criteria to ensure that the sources originated from reputable and credible publications. This selection approach strengthens the reliability of the review in identifying valid and relevant trends in the literature. Through this process, a total of 28 articles published between 2020–2025 were identified that examine the relationship between ESG, profitability, and tax avoidance. Table 1 presents the distribution of these articles across journal index categories, including Scopus

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quartiles (Q1 and Q2), national index levels (S1–S4), ScienceDirect, and Google Scholar–indexed journals.

Table 1. Journal Identity and Number of Articles

No.	Journal Name	Index Journal	Total Article	Percentage
1.	Journal of Accounting & Organizational Change	Q1	2	6%
2.	European Accounting Review	Q1	1	3%
3.	International Review of Economics and Finance	Q1	1	3%
4.	Jurnal Akuntansi	Q1	1	3%
5.	Journal of Cleaner Production	Q1	1	3%
6.	Meditari Accountancy Research	Q1	1	3%
7.	International Review of Financial Analysis	Q1	1	3%
8.	Review of Accounting Studies	Q1	1	3%
9.	Sustainable Futures	Q1	1	3%
10.	European Research on Management and Business Economics	Q1	1	3%
11.	Revista de Gestao Social e Ambiental	Q1	1	3%
12.	International Journal of Economic Perspectives	Q1	1	3%
13.	Journal of Contemporary Accounting & Economics	Q2	1	3%
14.	Journal of Asian Finance, Economics and Business	Q2	1	3%
15.	Journal of Management Accounting, Governance and Performance	Q2	1	3%
16.	Sinergi International Journal of Accounting & Taxation	Q2	1	3%
17.	The British Accounting Review	Science Direct	1	3%
18.	Jurnal Riset Akuntansi Kontemporer	Sinta 1	1	3%
19.	Jurnal Studi Akuntansi dan Keuangan	Sinta 2	1	3%
20.	Jurnal Relevansi: Ekonomi, Manajemen dan Bisnis	Sinta 3	1	3%

21.	Jurnal Ilmiah Akuntansi, Manajemen dan Ekonomi Islam	Sinta 4	1	3%
22.	Jurnal Maneksi (Management Ekonomi dan Akuntansi)	Sinta 4	1	3%
23.	Diponegoro Journal of Accounting	Garuda	1	3%
24.	Journal of Accounting, Business and Management	Garuda	1	3%
25.	Summa: Journal of Accounting and Tax	Garuda	1	3%
26.	ROE: Research of Economics and Business	Garuda	1	3%
27.	Journal of Economics, Business, and Commerce (JEBC)	Google Scholar	1	3%
TOTAL			28	100%

The distribution analysis indicates that Q1 journals dominate the publication sources, contributing 13 articles (46.43%), demonstrating that nearly half of the reviewed studies originate from highly reputable international journals. This is followed by Google Scholar-indexed journals with 5 articles (17.86%) and Q2 journals with 4 articles (14.29%). Meanwhile, S4 journals contributed 2 articles (7.14%), and the remaining index categories (S1, S2, S3, and ScienceDirect) each accounted for 1 article (3.57%). This distribution suggests that the literature base is strongly supported by high-quality indexed journals, particularly those in the top quartile, indicating a solid academic foundation for the analyzed research field.

2. Journal Index Identification

Based on Table 2, it can be observed that research on the influence of ESG and profitability on tax avoidance is distributed across several journal index categories, including Scopus-indexed journals (Q1 and Q2), national accreditation levels (Sinta 1–4), ScienceDirect, and Google Scholar. This classification indicates that the selected studies originate from a range of publication outlets with varying levels of academic recognition and indexing status. The detailed distribution of articles across these index categories is presented in Table 2.

Table 2. Journal Index

No.	Index	Total	Percentage
1.	Q1	13	46%
2.	Q2	4	14%
3.	Sinta 1	1	4%

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4.	Sinta 2	1	4%
5.	Sinta 3	1	4%
6.	Sinta 4	2	7%
7.	Science Direct	1	4%
8.	Garuda	4	14%
9.	Google Scholar	1	4%
	Total	28	100%

In terms of journal ranking distribution, the Q1 category dominates with 13 articles (46.43%), indicating that nearly half of the studies were published in highly reputable international journals. This is followed by Google Scholar-indexed journals with 5 articles (17.86%) and Q2 journals with 4 articles (14.29%). Meanwhile, Sinta 4 contributed 2 articles (7.14%), and the remaining categories—Sinta 1, Sinta 2, Sinta 3, and Science Direct accounted for 1 article (3.57%). This distribution demonstrates that the dataset is largely supported by high-quality journal publications, particularly those indexed in top-tier international databases.

3. Dependent Variables

The dependent variable is the variable that is influenced by the independent variable. In this study, the dependent variable is measured to assess whether integration through the Integrated Reporting framework has an impact on the quality and effectiveness of sustainability reporting. The table below presents the distribution of dependent variables identified in the reviewed articles.

Tabel 3. Dependent Variables

No.	Dependent Variable	Number of articles	Percentage
1.	ESG Disclosure Quality / Transparency	12	43%
2.	Firm Value / Corporate Value	6	21%
3.	Capital Market Efficiency / Stock Informativeness	4	14%
4.	Organizational Decision Making (Integrated Thinking)	3	11%
5.	Corporate Reputation & Legitimacy	2	7%
6.	ESG Performance	1	4%
	Total	28	100%

4. Independent Variables

Independent variables are the factors that act as the primary drivers or frameworks influencing the changes in the dependent variables. In this study, the independent variables focus on the various dimensions of Integrated Reporting (IR) implementation, ranging from its core principles to its structural mechanisms. The distribution of these variables across the 28 reviewed articles is presented below

Tabel 4. Independent Variables

No.	Independent Variable	Number of articles	Percentage
1.	Integrated Reporting Framework & Adoptions	12	43%
2.	Integrated Thinking & Internal Decision Making	5	18%
3.	IR Principles (Connectivity & Materiality)	4	14%
4.	Narrative Quality & Readability of IR	3	11%
5.	Corporate Governance Mechanisms in IR	3	11%
6.	IR Assurance & External Verification	1	3% ⁰
	Total	28	100%

Tabel 5. Research Results Based on Independent Variables, Author, Year, Results

Variables	Author and Year	Results
Integrated Reporting	(Barth et al., 2025; Cruz et al., 2024; Handayani, 2025; Hermiyetti, 2025; Hossain et al., 2025; Khan & Sharif, 2025; Kogi et al., 2025; Lestari, 2025; Mohamed & Jamaludin, 2025; Oehler & Neuss, 2025; Pigatto et al., 2023; Praditya & Yusnaini, 2025; Ramadhani & Syafruddin, 2024; Ramadhityo et al., 2025; Rossa & Lestari, 2025; Sun, 2024; Suryati & Murwaningsari, 2022; Sutrisno et al., 2025; Tirado-Valencia et al., 2024; Ulupui et al., 2020; Yosepha, 2025; Yusnidar et al., 2025; Zhou et al., 2025)	(+)
	(Caglio et al., 2020; Fagbemi et al., 2025; Mutiara N et al., 2023; Stacchezzini et al., 2023)	(-)
	(Raghunandan & Rajgopal, 2022)	(TB)
Positive (+); Negative (-); No Effect (TB)		

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Discussion

1. The Conceptual Framework of Integrated Reporting and ESG Reporting

This discussion section reviews the findings from a Systematic Literature Review (SLR) examining the integration framework between Integrated Reporting (IR) and Environmental, Social, and Governance (ESG) disclosures. Currently, corporate reporting trends have shifted toward the integration of financial and non-financial data to minimize information asymmetry for investors in the global market. Interestingly, the inclusion of ESG metrics into risk assessment models has proven to enhance the quality of financial reports while simultaneously fostering corporate innovation (Zhou et al., 2025). Furthermore, the manner in which companies communicate information carries significant influence, where reports characterized by high readability and an optimistic tone provide positive signals for investor decision-making (Hossain et al., 2025). Consequently, the synergy between IR and ESG is no longer merely a matter of regulatory compliance but has become a key strategy for building sustainable public trust.

As a breakthrough, IR emerged to mitigate the weaknesses of traditional annual reports, which frequently fail to represent a company's future value holistically. The primary focus of IR is to synthesize financial performance with environmental aspects, ensuring that management no longer views these two dimensions as separate entities. However, the effectiveness of these reports depends heavily on the extent to which companies genuinely implement "integrated thinking" rather than treating it as a mere formality to satisfy administrative obligations (Pigatto et al., 2023). The quality of the narrative within these reports is also crucial, as it reflects the company's commitment to managing ESG issues profoundly (Barth et al., 2025). Through this framework, IR assists companies in providing more transparent disclosures and prevents reporting practices that are purely for image-building purposes.

2. The Relationship between Integrated Reporting and ESG Disclosure Quality

The integration of Environmental, Social, and Governance (ESG) metrics into the Integrated Reporting (IR) framework marks a fundamental transformation where sustainability issues are no longer peripheral but have become the core of corporate

business strategy. Structurally, ESG is "absorbed" into IR through the classification of capitals specifically natural, social, and human capital which are subsequently linked to the company's value creation process. The placement of ESG elements within IR can be either explicit, through the presentation of quantitative data, or implicit, as embodied in qualitative narratives concerning long-term risk management. This performance measurement becomes more quantifiable with the existence of risk assessment frameworks that integrate ESG indicators to monitor compliance with international standards (Mohamed & Jamaludin, 2025). Furthermore, the quality of this information disclosure has direct implications for capital market efficiency. Literature findings demonstrate that stock prices tend to be more informative when companies present high-quality and specific textual dimensions of sustainability information within integrated reports (Barth et al., 2025). Meanwhile, other studies highlight that non-financial aspects are frequently conveyed indirectly through the tone and readability of the reports, which significantly influence investor perceptions of corporate risk (Hossain et al., 2025). An academic debate emerges where some studies emphasize the importance of clear and explicit disclosure, whereas others argue that a harmonious narrative connecting social responsibility with financial performance is far more crucial. Through this synergy, IR functions as an integrating engine that unifies social missions with financial strength into a single, coherent reporting language.

3. Integrated Reporting as an Integration Tool for ESG Information

Integrated Reporting (IR) plays a crucial role as a reinforcing instrument that synergizes ESG reporting standards into a single strategic framework, rather than merely serving as a substitute for existing reporting practices. The presence of IR enhances information integration through the connectivity principle, which directly links sustainability data to internal corporate decision-making strategies. Under this approach, the quality of ESG disclosure improves because IR drives reporting innovation, compelling companies to present more honest and measurable narratives regarding the tangible impacts of their environmental policies (Sun, 2024). Nevertheless, the effectiveness of this information integration is highly dependent on institutional factors and internal managerial decisions in internalizing the connectivity principle within the reporting structure (Tirado-Valencia et al., 2024). This

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reinforcement is also evident in IR's ability to assist the market in verifying the alignment between a company's textual narratives and external ESG ratings. Such synchronization minimizes information gaps, ensuring that corporate disclosures provide consistent information value for investors (Oehler & Neuss, 2025). Furthermore, the implementation of IR fosters the creation of an "integrated logic" that aligns daily organizational operations with long-term sustainable development targets (Kogi et al., 2025). Ultimately, this integration functions as a catalyst for improving disclosure quality, resulting in information that is significantly more relevant, credible, and strategically weighted compared to partial reporting.

4. Benefits of IR-Based ESG Reporting for Stakeholders

The implementation of IR incorporating ESG aspects delivers substantial impacts for various stakeholder groups by providing greater transparency. From the perspective of Stakeholder Theory, corporations are no longer solely accountable to shareholders but must also meet the ethical expectations of regulators and the broader society. For investors, integrated reports serve as a fundamental basis for decision-making as they can trigger significant market reactions, particularly when disclosures demonstrate stable profitability (Ulupui et al., 2020)). However, challenges arise for regulators and ESG investment funds due to the frequent gap between the quantity of voluntary disclosure and actual compliance with environmental laws (Raghunandan & Rajgopal, 2022). This inconsistency necessitates that companies apply the Triple Bottom Line concept authentically to ensure that reports do not merely highlight economic aspects but genuinely reflect social and environmental responsibilities. Consequently, the synchronization between IR and ESG acts as a bridge to align a company's financial interests with the sustainability needs of all stakeholders.

5. Challenges in Implementing IR for ESG Reporting

Despite offering an ideal framework, the implementation of IR in business practice continues to face substantial challenges. A fundamental obstacle lies in the lack of uniformity among global reporting standards, which creates complexity in determining the most relevant ESG metrics (Fagbemi et al., 2025). Such conditions create loopholes for greenwashing practices and "cosmetic" reporting aimed solely at maintaining organizational reputation. This phenomenon is exacerbated by

managerial subjectivity, where biased language is frequently employed to manipulate market perceptions (Caglio et al., 2020). Beyond external factors, risk disclosure within IR demands intensive interaction among organizational actors, which is often difficult to synchronize consistently (Stacchezzini et al., 2023). Without robust external assurance mechanisms, IR risks becoming a mere one-way communication tool. Therefore, strengthening regulation and oversight is of paramount urgency to ensure that ESG integration truly represents substantial corporate transparency.

Overall, the results of this systematic literature review indicate that the integration of IR and ESG exerts a positive impact on transparency and corporate value. Most studies find that integrated reporting enhances firm value in the eyes of the market, particularly when supported by a green competitive advantage (Suryati & Murwaningsari, 2022). On the other hand, internal governance factors, such as board size and the presence of a CSR committee, significantly determine the quality of environmental disclosure (Ramadhani & Syafruddin, 2024). These findings confirm that the effectiveness of IR depends on the governance structure and the actual sustainability strategies implemented by the organization. The synthesis of this SLR reinforces the position of IR not merely as a reporting trend, but as a strategic foundation for achieving economic growth that is aligned with social responsibility.

CONCLUSION AND SUGGESTIONS

Conclusion

This study concludes that the integration framework through Integrated Reporting (IR) has proven to be a primary reinforcing instrument in enhancing the transparency and quality of Environmental, Social, and Governance (ESG) information. By adopting integrated thinking, companies are able to synergize financial and non-financial information into a cohesive narrative to represent long-term value creation mechanisms (Pigatto et al., 2023). The findings of this literature review confirm that the quality of integrated reports significantly influences investor reactions in the capital market (Ulupui et al., 2020). Furthermore, the implementation of IR is shown to improve actual ESG performance by refining internal organizational decision-making processes (Sun, 2024). This aligns with empirical evidence suggesting that the textual dimensions within

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integrated reports can substantially increase stock price informativeness (Barth et al., 2025).

Despite offering various strategic benefits, the success of this integration still faces serious challenges, such as the risk of greenwashing and managerial narrative subjectivity (Caglio et al., 2020). The inconsistency between the quantity of voluntary disclosure and actual compliance with environmental laws also remains a critical concern for both investors and regulators (Raghunandan & Rajgopal, 2022). In the Indonesian context, the effectiveness of IR implementation depends heavily on the role of corporate governance and an orientation toward green competitive advantage (Ramadhani & Syafruddin, 2024). The results of this systematic literature review reaffirm that IR is not merely a qualitative reporting trend. In practice, the synchronization between IR and ESG serves as a fundamental cornerstone for establishing credible corporate transparency and global market stability in the future (Suryati & Murwaningsari, 2022).

Suggestion

Based on the results of the analysis, the researcher formulates several strategic suggestions for relevant parties. First, companies are encouraged to shift from merely focusing on the quantity of disclosure toward enhancing the narrative quality and readability of their reports to increase information value for (Hossain et al., 2025). Second, regulators should promote more specific standardization of ESG metrics within the integrated reporting framework to minimize reporting variations and the risk of greenwashing (Fagbemi et al., 2025). Third, future researchers are suggested to employ qualitative approaches, such as in-depth interviews, to explore internal managerial obstacles in synchronizing financial and non-financial data, which are often subjective in nature (Stacchezzini et al., 2023).

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