

INTEGRATED REPORTING: DOES IT IMPROVE THE QUALITY OF ESG REPORTING OR MERELY SYMBOLIZE A COMMITMENT TO SUSTAINABILITY?

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Abstract. *The increasing global pressure on Environmental, Social, and Governance (ESG) practices has encouraged companies to adopt Integrated Reporting (IR) as a comprehensive reporting approach that combines financial and non financial information. IR is often promoted as a tool to enhance transparency and accountability in ESG reporting; however, its actual effectiveness remains debated in academic literature. This study aims to systematically evaluate whether IR genuinely improves the quality of ESG reporting or merely acts as a symbolic representation of sustainability commitment. The research employs a Systematic Literature Review (SLR) method, analyzing articles published between 2021 and 2026 from reputable national and international journals indexed in Scopus, Sinta, Garuda, and Google Scholar. A total of 25 selected articles were examined using thematic analysis. The findings indicate that most studies report improvements in ESG disclosure quality, particularly in terms of materiality, information connectivity, and transparency regarding sustainability risks. Nevertheless, several studies highlight the persistence of symbolic and legitimacy driven practices, especially in regions with weaker regulatory frameworks. Furthermore, the effectiveness of IR is found to depend significantly on the strength of corporate*

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governance and regulatory pressure. This study contributes to the development of IR–ESG literature and offers practical implications for regulators and investors.

Keywords: *Integrated Reporting, ESG Reporting, Sustainability Disclosure, Corporate Reporting.*

Abstrak. Tekanan global yang semakin meningkat terhadap praktik Environmental, Social, and Governance (ESG) telah mendorong perusahaan untuk mengadopsi Integrated Reporting (IR) sebagai pendekatan pelaporan yang komprehensif yang menggabungkan informasi keuangan dan non-keuangan. IR sering dipromosikan sebagai alat untuk meningkatkan transparansi dan akuntabilitas dalam pelaporan ESG; namun, efektivitas nyatanya masih menjadi perdebatan dalam literatur akademik. Penelitian ini bertujuan untuk mengevaluasi secara sistematis apakah IR benar-benar meningkatkan kualitas pelaporan ESG atau hanya berfungsi sebagai representasi simbolik dari komitmen keberlanjutan. Penelitian ini menggunakan metode Systematic Literature Review (SLR), dengan menganalisis artikel yang dipublikasikan antara tahun 2021 hingga 2026 dari jurnal nasional dan internasional bereputasi yang terindeks di Scopus, Sinta, Garuda, dan Google Scholar. Sebanyak 25 artikel terpilih dianalisis menggunakan pendekatan analisis tematik. Hasil penelitian menunjukkan bahwa sebagian besar studi melaporkan adanya peningkatan kualitas pengungkapan ESG, khususnya dalam aspek materialitas, keterkaitan informasi, serta transparansi terkait risiko keberlanjutan. Namun demikian, beberapa studi juga menyoroti masih adanya praktik yang bersifat simbolik dan didorong oleh legitimasi, terutama di wilayah dengan kerangka regulasi yang lebih lemah. Selain itu, efektivitas IR ditemukan sangat bergantung pada kekuatan tata kelola perusahaan dan tekanan regulasi. Penelitian ini berkontribusi pada pengembangan literatur IR–ESG serta memberikan implikasi praktis bagi regulator dan investor.

Kata Kunci: Integrated Reporting, ESG Reporting, Pengungkapan Keberlanjutan, Pelaporan Perusahaan.

INTRODUCTION

Stakeholder demands for transparency in Environmental, Social, and Governance (ESG) have increased significantly in recent years. Institutional investors, creditors, regulators, and the public place sustainability aspects as a basis for assessing corporate performance and prospects. Companies respond to this pressure by expanding the scope of non financial disclosures that systematically include environmental, social, and governance information. Developments in global research indicate growing academic attention to ESG integration in corporate reporting and its relevance to information quality and economic decision making (Kim & Yang, 2025; Nyakuwanika & Panicker, 2025). Literature mapping also shows that sustainability reporting studies are evolving toward information integration and value connectivity, rather than merely adding disclosure indicators (Krasteva-Hristova & Papradanova, 2025). In the national context, the integration of sustainability aspects into accounting systems is viewed as necessary to maintain legitimacy and enhance public accountability (Handayani, 2025; Nofianti & Sutopo, 2025). This phenomenon indicates that ESG transparency has become an integral part of modern reporting systems.

These changing expectations have driven a shift in reporting paradigms from separate sustainability reports to integrated reporting (IR), which combines financial and non financial information in a single comprehensive report. Companies prepare IR to enhance the interconnection of information and explain how strategy, governance, performance, and prospects are linked in the process of value creation. The IR framework emphasizes the importance of information connectivity and long term orientation in managerial decision making. International literature positions IR as a governance mechanism capable of strengthening the integration between business strategy and sustainability (Lestari, 2025; Krasteva-Hristova & Papradanova, 2025). Studies on sustainable accounting also explain that integrating ESG into financial reports improves the relevance and usefulness of information for stakeholders (Handayani, 2025; Nyakuwanika & Panicker, 2025). This shift reflects corporate efforts to deliver more comprehensive reporting oriented toward long term value.

Several studies show that the implementation of IR has the potential to improve reporting quality and market perceptions of companies. Companies that integrate financial and ESG information tend to present reports that are more consistent and easier

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for investors to understand. A systematic literature review in Asia indicates that most studies find a positive relationship between IR implementation and firm value, although the level of significance varies across research contexts (Praditya & Yusnaini, 2025; Lestari, 2025). Improvements in information quality through IR are considered capable of reducing information asymmetry and increasing investor confidence in corporate prospects. In addition, studies on ESG implementation in public sector reporting emphasize that systematic reporting structures contribute to organizational transparency and accountability (Nofianti & Sutopo, 2025; Handayani, 2025). These findings indicate that IR has substantive potential in enhancing the quality of ESG reporting.

However, the effectiveness of IR in driving substantive change remains debated. Some studies identify a tendency toward decoupling, a condition in which companies present positive sustainability narratives in reports but have not fully implemented sustainability practices in their operations (Cepêda & Monteiro, 2025). Variations in research findings in Asia show that the impact of IR on firm value is not always consistent and depends on the quality of implementation and institutional environment (Praditya & Yusnaini, 2025; Lestari, 2025). Global ESG literature also emphasizes that an increase in disclosure quantity does not necessarily reflect an improvement in the depth of information quality (Kim & Yang, 2025; Nyakuwanika & Panicker, 2025). This condition suggests the possibility that IR is used as a legitimacy tool to meet external expectations without significant internal transformation.

These inconsistencies highlight a research gap that requires comprehensive synthesis. Existing literature remains scattered across various methodological approaches and geographical contexts, thus lacking clear classification between symbolic and substantive practices in IR. Global ESG research mapping has illustrated trends and directions of study development but has not specifically categorized findings based on the effectiveness of IR in improving reporting quality (Kim & Yang, 2025; Krasteva-Hristova & Papradanova, 2025). National studies on ESG integration in financial reporting also tend to focus on conceptual aspects without systematically mapping empirical findings (Handayani, 2025; Nofianti & Sutopo, 2025). These limitations create

opportunities for research that systematically synthesizes and clarifies findings in a structured and comprehensive manner.

Furthermore, various factors are believed to influence the effectiveness of IR in improving ESG reporting quality. Corporate governance structures, management commitment, regulatory pressure, and industry characteristics may determine whether IR results in substantive or merely symbolic change. As a governance mechanism, IR requires support from internal control systems and an organizational culture oriented toward sustainability (Lestari, 2025; Cepêda & Monteiro, 2025). The integration of environmental and social aspects into accounting systems also requires clear reporting standards to ensure that the information produced is comparable and verifiable (Handayani, 2025; Nyakuwanika & Panicker, 2025). Without such support, IR risks becoming merely a communication instrument without real changes in business practices.

Based on these phenomena and research gaps, this study offers novelty through the use of a Systematic Literature Review (SLR) approach. This study categorizes empirical findings into two main perspectives, namely symbolic and substantive, to provide a more structured understanding of IR effectiveness. The SLR approach enables the identification of research patterns, evaluation of empirical evidence consistency, and mapping of factors influencing successful IR implementation (Praditya & Yusnaini, 2025; Cepêda & Monteiro, 2025). This study also integrates global and national findings to develop a more systematic research map and future research agenda (Kim & Yang, 2025; Lestari, 2025). Thus, this study aims to answer the fundamental question of whether integrated reporting truly improves the quality of ESG reporting or merely represents a symbolic commitment to sustainability at the reporting level.

LITERATURE REVIEW

Stakeholder theory

Stakeholder theory explains that companies have a responsibility to meet the information needs of various parties who have an interest in the company's activities. These parties include investors, governments, the public, employees, and environmental organizations that are concerned with the economic, social, and environmental impacts of business activities. Companies need to present transparent and relevant information in order to maintain good relationships with these stakeholders. Sustainability reporting

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practices and integrated reporting have developed as means to convey more comprehensive information about company performance to stakeholders. The integrated reporting approach enables companies to explain the relationship between strategy, governance, and sustainability performance more clearly, allowing stakeholders to understand the company's value creation process in the long term (Stubbs et al., 2026). Research on the evolution of ESG reporting also shows that stakeholder information needs encourage companies to improve transparency and the quality of sustainability disclosures (Fagbemi et al., 2025). Therefore, stakeholder theory provides a conceptual foundation explaining that integrated reporting emerges as a response to increasing stakeholder demands for ESG information transparency.

Legitimacy Theory

Legitimacy theory explains that companies strive to obtain and maintain social legitimacy through activities and communication that align with societal values and norms. Organizations require such legitimacy so that their business activities can be accepted by the social environment in which they operate. Sustainability reporting practices are often used as a means to demonstrate a company's commitment to social and environmental responsibility. In this context, integrated reporting functions as a strategic communication medium used by companies to strengthen a positive image in the public eye. However, some studies show that sustainability reporting practices do not always reflect real changes in a company's operational activities. This phenomenon is known as decoupling, a condition in which sustainability information presented in reports does not fully reflect actual company practices (Cepêda & Monteiro, 2025). Other studies also indicate that organizations sometimes use sustainability reports to maintain social legitimacy when facing public or regulatory pressure (Hasiyah et al., 2025). Therefore, legitimacy theory helps explain the possibility that integrated reporting can be used as a tool of symbolic legitimacy in addition to serving as a means of enhancing transparency.

Integrated reporting

Integrated Reporting (IR) is a reporting model that combines financial and non financial information, including ESG aspects, to provide a comprehensive overview of a company's long term value creation (Hidayat & Yusnaini, 2026). This approach aims to improve the quality of corporate communication with stakeholders regarding overall performance and future prospects. Integrated reporting emphasizes the interconnection between strategy, governance, performance, and the social and environmental impacts of corporate activities. It also encourages companies to adopt integrated thinking, which is a decision making process that simultaneously considers various sustainability aspects. Research on the development of ESG reporting indicates that integrated reporting can enhance transparency and the relevance of corporate information for stakeholders (Fagbemi et al., 2025). Furthermore, the increasing development of ESG reporting standards encourages companies to present more structured and systematic information in integrated reports (Ibrahim et al., 2023). Thus, integrated reporting is regarded as an important development in corporate reporting practices oriented toward sustainable value creation.

The Quality of ESG Reporting

The quality of ESG reporting refers to the level of reliability, completeness, and usefulness of environmental, social, and governance information disclosed by companies to stakeholders. High quality ESG information enables investors and other stakeholders to understand the impact of corporate activities on economic, social, and environmental sustainability. Academic literature identifies several key dimensions in assessing ESG reporting quality, namely completeness, accuracy, comparability, and verifiability. The completeness dimension reflects the extent to which companies disclose all material information relevant to ESG performance. The accuracy dimension relates to the precision and reliability of data presented in corporate sustainability reports. The comparability dimension allows stakeholders to compare ESG information across companies and reporting periods. The verifiability dimension indicates that the disclosed information can be verified through audit mechanisms or independent assurance, thereby enhancing the credibility of sustainability reports (Wang et al., 2026). Research on

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sustainability reporting standards also emphasizes that consistency in ESG disclosures plays an important role in improving corporate transparency (Ibrahim et al., 2023).

Symbolic vs Substantive Sustainability Action

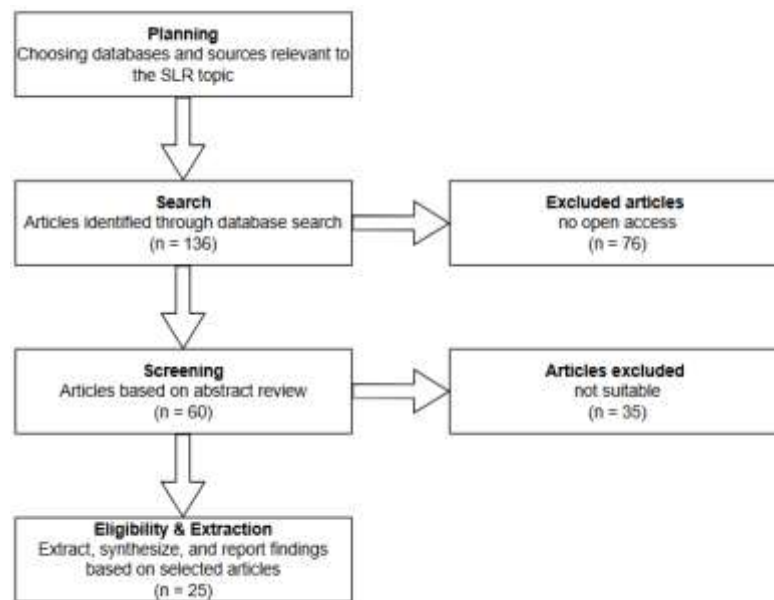
Sustainability literature distinguishes between two main approaches in ESG reporting practices, namely symbolic action and substantive action. Symbolic action occurs when companies increase the disclosure of sustainability information without making significant changes in their operational practices. In such conditions, sustainability reports function more as a reputation communication tool rather than as a reflection of actual sustainability performance. In contrast, substantive action reflects a genuine commitment by companies to integrate sustainability principles into business strategies and organizational decision making processes. Research shows that substantive sustainability practices are typically supported by performance measurement systems, strong governance, and independent verification mechanisms for ESG data (Ferraro et al., 2026). However, institutional pressures and public expectations may also encourage companies to adopt symbolic reporting practices to gain social legitimacy (Cepêda & Monteiro, 2025). The distinction between symbolic and substantive actions becomes an important issue in assessing whether integrated reporting truly improves ESG reporting quality or merely serves as a symbol of corporate sustainability commitment.

RESEARCH METHOD

This study employs a qualitative approach using the Systematic Literature Review (SLR) method to map the role of Integrated Reporting (IR) in improving the quality of Environmental, Social, and Governance (ESG) reporting and to assess whether such practices reflect substantive sustainability actions or merely symbolize corporate commitment to sustainability. The SLR method is chosen because it is capable of synthesizing findings from previous studies in a systematic and structured manner, enabling researchers to obtain a comprehensive understanding of the relationship between the implementation of integrated reporting and the quality of ESG reporting. This approach allows for the identification of research patterns, literature gaps, and differing

perspectives emerging from prior studies regarding the effectiveness of integrated reporting in sustainability reporting practices. In addition, this method does not involve statistical testing but rather emphasizes a critical analysis process of published research findings.

Figure 1. Protokol Systematic Literature Review



The data used in this study consist of secondary data obtained from scientific articles published in reputable national and international journals. The literature search process was conducted comprehensively through databases such as Scopus, Google Scholar, and SINTA, as these platforms provide scientific publications relevant to the fields of accounting, corporate reporting, and sustainability. The researcher limited the reviewed articles to the 2021–2026 publication period to ensure that the analyzed literature reflects the most recent developments in integrated reporting practices and ESG reporting standards. Through this literature selection process, this study seeks to identify empirical patterns regarding whether integrated reporting truly improves the quality of ESG reporting or merely serves as a symbol of corporate sustainability commitment.

RESULT AND DISCUSSION

Classification of Journals Based on Identity, Index, and Number of Articles

In Table 1, the researcher classifies the selected articles based on journal index criteria to ensure that the sources used originate from reputable and credible publications. This selection approach aims to enhance the reliability of the review in identifying valid

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and relevant research trends in the literature. Through this process, 25 articles published between 2021 and 2026 were obtained, examining the relationship between Integrated Reporting, ESG Reporting Quality, and the Symbol of Sustainability Commitment. Table 1 presents the distribution of these articles based on journal index categories, including Scopus quartiles (Q1, Q2, and Q3), DOAJ, the national SINTA index (SINTA 2–SINTA 5), GARUDA, and Google Scholar.

Table 1. Journal Identity and Number of Articles

No.	Journal Name	Index Journal	Total Article	Percentage
1.	Corporate Social Responsibility and Environmental Management	Q1	2	8%
2.	Sustainable Development	Q1	1	4%
3.	Accounting, Auditing & Accountability Journal	Q1	1	4%
4.	Sustainability	Q1	1	4%
5.	Jurnal Akuntansi	Q1	1	4%
6.	Journal of Risk and Financial Management	Q2	2	8%
7.	Risks	Q2	1	4%
8.	Sinergi International Journal of Accounting & Taxation	Q2	1	4%
9.	Int. J. Managerial and Financial Accounting	Q3	1	4%
10.	Future Business Journal	DOAJ	1	4%
11.	Jurnal Media Akademik (JMA)	DOAJ	1	4%
12.	International Journal of Social Science and Business	SINTA 2	1	4%
13.	Ilomata International Journal of Management	SINTA 2	1	4%

14.	Journal of Applied Finance & Accounting (JAFA)	SINTA 3	1	4%
15.	Journal of Applied Business, Taxation and Economics Research (JABTER)	SINTA 4	1	4%
16.	Jurnal Maneksi (Management Ekonomi Dan Akuntansi)	SINTA 4	1	4%
17.	RIGGS: Journal of Artificial Intelligence and Digital Business	SINTA 5	1	4%
18.	Journal of Accounting, Business and Management	GARUDA	1	4%
19.	Summa : Journal of Accounting and Tax	GARUDA	1	4%
20.	Journal of Economics, Business, and Commerce (JEBC)	Google Scholar	1	4%
21.	Gyanshauryam, International Scientific Refereed Research Journal	Google Scholar	1	4%
22.	International Journal of Service Management and Sustainability (IJSMSust)	Google Scholar	1	4%
23.	Gading Journal for the Social Sciences	Google Scholar	1	4%
TOTAL			25	100%

The analysis of the distribution shows that Q1 journals dominate the publication sources with a total of 6 articles (24%), indicating that most of the reviewed studies come from high reputation international journals. Next, Q2 journals contributed 4 articles (16%), followed by journals indexed in Google Scholar with 4 articles (16%). Additionally, there were 2 articles each from DOAJ journals (8%), SINTA 2 (8%), SINTA 4 (8%), and GARUDA (8%). Meanwhile, Q3, SINTA 3, and SINTA 5 journals each contributed 1 article (4%). This distribution indicates that the majority of the literature used in this study comes from journals with strong academic indexing, both internationally and nationally, providing a solid academic foundation for the conducted research analysis.

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Identification of Journal Indexes

Based on Table 2, it can be observed that research on Integrated Reporting, ESG Reporting Quality, and the Symbol of Sustainability Commitment is distributed across several journal index categories, including journals indexed in Scopus (Q1, Q2, and Q3), the Directory of Open Access Journals (DOAJ), the national SINTA index (SINTA 2–SINTA 5), as well as journals indexed in GARUDA and Google Scholar. This classification indicates that the selected studies come from a variety of publication sources with different levels of academic recognition and indexing status. The complete distribution of articles based on these index categories is presented in Table 2.

Table 2. Journal Index

No.	Index	Total	Percentage
1.	Q1	6	24%
2.	Q2	4	16%
3.	Q3	1	4%
4.	DOAJ	2	8%
5.	SINTA 2	2	8%
6.	SINTA 3	1	4%
7.	SINTA 4	2	8%
8.	SINTA 5	1	4%
9.	GARUDA	2	8%
10.	Google Scholar	4	16%
TOTAL		25	100%

Based on the journal ranking distribution, the Q1 category dominates with 6 articles (24%), indicating that a portion of the reviewed studies was published in high reputation international journals. Next, Q2 journals and Google Scholar each contributed 4 articles (16%). The DOAJ, SINTA 2, SINTA 4, and GARUDA categories each contributed 2

articles (8%). Meanwhile, Q3, SINTA 3, and SINTA 5 each contributed 1 article (4%). This distribution indicates that most of the literature used in this study is supported by journal publications with strong indexing quality, both internationally and nationally, providing a solid academic foundation for the conducted analysis.

Dependent Variables

The dependent variable is the variable that is influenced by the independent variable. In this study, the dependent variable is used to assess whether Integrated Reporting affects the quality and effectiveness of ESG reporting, as well as other reporting and corporate performance aspects related to sustainability. The table below presents the distribution of dependent variables identified from the articles reviewed in this study.

Table 3. Dependent Variables

No.	Dependent Variable	Number of articles	Percentage
1.	ESG Disclosure / ESG Reporting Quality	7	28%
2.	Integrated Reporting Quality / Disclosure	5	20%
3.	Corporate Transparency & Accountability	1	4%
4.	Firm Value / Market Valuation	2	8%
5.	Sustainability Reporting Quality	1	4%
6.	Financial Reporting Quality	1	4%
7.	Corporate Risk / Risk Taking	2	8%
8.	Sustainability / Environmental Performance	2	8%
9.	Tax Avoidance / Profitability	4	16%
TOTAL		25	100%

Independent Variables

The independent variable is a factor that serves as a primary driver or framework influencing changes in the dependent variable. In this study, the independent variable focuses on various dimensions related to Environmental, Social, and Governance (ESG)

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as well as the implementation of Integrated Reporting (IR), which is used to explain its impact on various corporate performance indicators. The distribution of these independent variables in the 25 reviewed articles is presented in the following table.

Table 4. Independent Variables

No.	Independent Variable	Number of articles	Percentage
1.	Integrated Reporting (IR)	6	24%
2.	ESG Disclosure / ESG Factors	4	16%
3.	Board Characteristics / Corporate Governance	3	12%
4.	Sustainability Reporting / Sustainability Practices	2	8%
5.	Financial Reporting Quality	1	4%
6.	ESG Performance	1	4%
7.	Environmental Accounting	1	4%
8.	Standardization of ESG Reporting / Reporting Framework	2	8%
9.	Stakeholder Pressure / Legitimacy Perspective	3	12%
10.	Corporate Transparency / Disclosure Practices	2	8%
TOTAL		25	100%

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

Variables	Author and Year	Results
Integrated Reporting	(Azahra et al., 2026; Devarapalli & Mohapatra, 2024; Butar-butur et al., 2024; Lestari, 2025; Praditya & Yusnaini, 2025; Sim et al., 2025; Shanmugam et al., 2025; Stubbs et al., 2026; Yosepha, 2025; Abdelmoneim & El-Deeb, 2024; Bachtiar et al., 2025; Wang et al., 2026; Nyakuwanika & Panicker, 2025; Nofianti & Sutopo, 2025; Yusnidar et al., 2026; Hidayat & Yusnaini, 2026; Nurilah et al., 2026)	(+)

	(Ferraro et al., 2026; Cepêda & Monteiro, 2025; Hasiah et al., 2025)	(-)
	(Kim & Yang, 2025; Krasteva-Hristova et al., 2025; Fagbemi et al., 2025; Handayani, 2025; Ibrahim et al., 2023)	(TB)
Positive (+); Negative (-); No Effect (TB)		

The Role of Integrated Reporting in Improving ESG Reporting Quality

Literature shows that the implementation of Integrated Reporting (IR) has the potential to improve the quality of Environmental, Social, and Governance (ESG) reporting by providing more transparent and integrated information. The IR framework encourages companies to combine financial and non financial information into a comprehensive report so that stakeholders can understand the relationship between business strategy, corporate performance, and sustainability impacts. This integration helps companies explain how operational activities relate to long term value creation. Integrated Reporting plays a significant role in enhancing the quality of sustainability disclosures, including aspects of the SDGs, as it can present information more comprehensively and cohesively (Nurilah et al., 2026). Research on the development of sustainability reporting indicates that integrated report structures can improve ESG disclosure quality and strengthen investor confidence in companies (Fagbemi et al., 2025). Other studies also show that high quality integrated reporting is associated with increased corporate transparency and investors' ability to assess organizational sustainability performance (Azahra et al., 2026). Empirical studies in various countries show that integrated reporting can improve ESG information quality because companies present a clear connection between business strategy and sustainability responsibility (Sim et al., 2025). Thus, substantive implementation of IR can contribute to enhancing ESG reporting quality.

Integrated reporting also increases corporate accountability to stakeholders because the reports emphasize connectivity between governance, strategy, and organizational performance. This approach encourages management to explain how the company creates value through the management of various types of capital, including environmental and social capital. More integrated information helps investors understand how corporate sustainability activities affect long term performance. Empirical studies

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show that high quality integrated reports are correlated with increased transparency and investor assessment of corporate sustainability risks and opportunities (Bachtiar et al., 2025). Other studies indicate that integrated ESG reporting practices can enhance a company's credibility in the eyes of investors because sustainability information is presented systematically and consistently (Yusnidar et al., 2026). Furthermore, research on integrated reporting in Indonesia shows that corporate governance characteristics can improve the quality of integrated reports and strengthen corporate transparency (Butar-Butar et al., 2024). Therefore, consistent implementation of IR can enhance corporate accountability to stakeholders.

In addition to improving transparency and accountability, integrated reporting also helps investors understand a company's long term sustainability performance. IR presents information on strategy, risks, opportunities, and performance within a single integrated reporting framework, giving investors a more comprehensive view of corporate prospects. Research on IR disclosure quality indicates that integrated reports can reduce information fragmentation often seen in separate financial and sustainability reports (Devarapalli & Mohapatra, 2024). This information integration helps investors more accurately assess the relationship between financial performance and ESG performance. Other literature reviews also show that integrated reporting can improve investment decision making quality because the reports provide relevant information on sustainability risks and long term corporate opportunities (Shanmugam et al., 2025). Thus, integrated reporting has the potential to enhance ESG reporting quality if companies genuinely integrate sustainability principles into their business strategies.

Integrated Reporting as a Symbol of Sustainability Commitment

Although integrated reporting has the potential to improve ESG reporting quality, several studies indicate that the practice does not always reflect real changes in corporate sustainability practices. Some companies use IR as a communication tool to build a sustainability image without implementing significant environmental or social policies. In such cases, integrated reports function more as a reputation management tool rather than a reflection of actual sustainability performance. Literature on sustainability

reporting shows that companies sometimes increase the quantity of ESG disclosures to meet stakeholder expectations or regulatory pressure without making substantive changes in business practices (Fagbemi et al., 2025). Such practices can create a gap between reported information and the company's actual operational conditions. Other research also identifies a tendency for companies to use ESG reporting to enhance social legitimacy and strengthen corporate image in the public eye (Yosepha, 2025). This condition indicates that integrated reporting can become a form of symbolic reporting if not supported by real sustainability strategy changes.

Criticism of integrated reporting also arises from the potential for greenwashing, which is the practice of presenting sustainability information in a positive light without fully reflecting actual conditions. Companies can prepare reports that appear comprehensive through strong sustainability narratives, but the information is not always supported by verifiable empirical data. Research on IR disclosure quality shows that some companies still face challenges in presenting ESG information that is complete, accurate, and comparable across reporting periods (Abdelmoneim & El-Deeb, 2024). This situation can reduce the credibility of sustainability reports if stakeholders detect inconsistencies between the reports and actual company practices. Moreover, research on ESG reporting development shows that some organizations use sustainability reporting as a legitimacy strategy to maintain corporate reputation in the public eye (Cepêda & Monteiro, 2025). This phenomenon strengthens the argument that integrated reporting can serve as a symbolic communication tool in corporate reporting practices.

Recent literature also indicates that the use of integrated reporting as a legitimacy tool often occurs in companies facing high external pressure from regulators or society. In such situations, companies seek to demonstrate sustainability commitment through more comprehensive reports without significant changes in operational policies. Research on ESG integration in corporate reporting shows that the quality of sustainability disclosures does not always reflect actual ESG performance (Handayani, 2025). Bibliometric analyses of sustainability reporting development also find that some companies still view integrated reporting as a strategic communication tool to build a sustainability reputation (Krasteva-Hristova & Papradanova, 2025). These conditions indicate that the implementation of IR does not automatically improve ESG reporting quality if companies do not integrate sustainability principles into business practices.

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Therefore, integrated reporting can function as a symbol of sustainability commitment in certain corporate cases.

Factors Determining the Implementation of Integrated Reporting: Substantive or Symbolic

Differences in research findings regarding the effectiveness of integrated reporting indicate that several factors influence whether IR is substantive or symbolic. One important factor is the quality of corporate governance. A strong corporate governance structure can enhance the quality of integrated reporting because management is encouraged to present more transparent and accountable information. Research on ESG based companies shows that board characteristics, such as diversity and independence, contribute to improved integrated reporting quality and corporate transparency (Butar-Butar et al., 2024). In addition, regulatory pressure also plays a role in encouraging companies to prepare more credible sustainability reports. Clear regulations on ESG reporting can improve the consistency and quality of sustainability information disclosure (Kim & Yang, 2025). Thus, corporate governance and regulation are key factors in determining the effectiveness of IR implementation.

Investor demands also play an important role in determining the quality of integrated reporting implementation. Institutional investors increasingly consider ESG performance in investment decision making, providing companies with incentives to improve the quality of sustainability reporting. Studies show that companies with high ESG transparency tend to gain greater investor trust and better access to financing (Bachtiar et al., 2025). Moreover, company size and reputation influence commitment to sustainability reporting because larger companies face stronger public pressure to maintain social legitimacy. Literature on ESG implementation also indicates that integrating sustainability factors into corporate strategy can enhance reporting quality and strengthen the link between ESG performance and financial performance (Yusnidar et al., 2026). Therefore, investor demands and corporate reputation are factors that drive a more substantive implementation of IR.

Another factor determining the quality of integrated reporting is the presence of external assurance and independent verification systems for sustainability reports. Assurance processes help enhance the credibility of ESG information because independent parties verify the data presented by the company. Research on sustainability reporting development shows that companies using external assurance tend to produce more transparent and reliable ESG reports (Nyakuwanika & Panicker, 2025). Furthermore, integrated reporting supported by independent verification systems can also increase stakeholder confidence in the sustainability information provided by companies. Thus, IR implementation can improve ESG reporting quality when supported by strong corporate governance, adequate regulatory pressure, investor demands, and independent assurance mechanisms. Conversely, without support from these factors, integrated reporting may become a symbolic expression of sustainability commitment that does not reflect real changes in corporate practices.

CONSLUSION AND RECOMMENDATIONS

Conclusion

This study aims to analyze whether Integrated Reporting (IR) is capable of improving the quality of Environmental, Social, and Governance (ESG) reporting or merely serves as a symbol of corporate sustainability commitment. The literature review findings indicate that the implementation of integrated reporting can enhance ESG information transparency and strengthen the connection between business strategy, governance, and corporate sustainability performance. Integrated reports allow companies to present financial and non financial information more comprehensively, enabling stakeholders to understand the company's long term value creation process. This information integration also helps investors assess sustainability risks and opportunities more systematically. Therefore, integrated reporting has the potential to improve ESG reporting quality when implemented consistently and substantively.

However, the literature also shows that the implementation of integrated reporting does not always result in a tangible improvement in ESG reporting quality. Some companies use IR as a communication tool to build a sustainability image and gain social legitimacy in the public eye without making significant changes in operational practices. Such conditions may lead to symbolic reporting or even greenwashing in corporate

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sustainability reporting. Differences in implementation are influenced by factors such as the quality of corporate governance, regulatory pressure, investor demands, company size, and the presence of external assurance for sustainability reports. Therefore, integrated reporting can improve ESG reporting quality if companies genuinely integrate sustainability principles into their strategies and business practices.

Recommendation

This study provides several recommendations for consideration by various parties. Companies are expected to implement Integrated Reporting more substantively by integrating sustainability aspects into business strategy, governance, and organizational decision making processes. The preparation of integrated reports should not only focus on presenting narrative information but also be supported by complete, accurate, and verifiable ESG data. Furthermore, companies need to enhance the transparency of sustainability reporting by applying clear reporting standards and utilizing external assurance to ensure the credibility of ESG information.

For future researchers, studies on integrated reporting and ESG reporting quality still offer extensive opportunities for development. Subsequent research can adopt empirical approaches to examine the relationship between the implementation of integrated reporting and corporate ESG performance more deeply. Researchers may also consider factors such as corporate governance quality, regulatory pressure, and industry characteristics in influencing the effectiveness of IR implementation. In addition, future studies can broaden the data scope by using cross country or multi industry samples to obtain a more comprehensive understanding of corporate sustainability reporting practices.

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