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**A SYSTEMATIC LITERATURE REVIEW ON THE  
RELATIONSHIP BETWEEN INTEGRATED REPORTING  
AND MARKET VALUATION**

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**Abstract:**

This study analyzes the existing literature on the adoption of integrated reporting and its implications for firms' market value. Guided by the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) framework, a systematic literature review was conducted using the Web of Science and Scopus databases, supplemented by additional relevant sources. The analysis identified two key themes related to the implementation of integrated reporting in voluntary and mandatory settings. The findings indicate mixed results regarding the relationship between integrated reporting and market value in voluntary settings. In contrast, almost all studies demonstrated a positive association between integrated reporting and market valuation in mandatory settings. The review synthesizes existing evidence to provide broader insights into the relationship between integrated reporting and market valuation. The findings offer valuable insights for researchers, practitioners, and regulators involved in the development and implementation of integrated reporting policies.

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Keyword:

Integrated Reporting, Market Valuation, Mandatory Setting,  
Systematic Literature Review (SLR), Voluntary Setting



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## Introduction

The traditional financial reporting framework is based on historical financial data and short-termism, which does not precisely reflect the economic consequences of company innovations and economic developments (Healy & Palepu, 2001; Lee & Yeo, 2015). However, as the business environment becomes more complex and challenging, stakeholders, particularly creditors and investors, demand value-relevant, high-quality, and timely information. As a result, managers must disclose financial and non-financial information to improve accountability, management transparency, and the optimal use of company resources. Financial statement users have repeatedly criticised the disjointed and voluminous corporate disclosure (Zhou et al., 2017), thus challenging investors to decide which information is vital for making a decision.

Therefore, the form of corporate reporting has evolved dynamically throughout the years, particularly with the most current reporting framework of integrated reporting (hereafter abbreviated as IR). The IR framework is a promising solution to the limitations and concerns associated with the conventional financial reporting framework. IR strives to offer a comprehensive and concise report that mainly demonstrates plans for future value generation of the company's resources through business model and articulation of business strategy and governance. IR connects six types of capitals, in particular, namely financial, human, social and relationship, intellectual, manufacturing, and natural capital (Dey, 2020). In addition, IR includes an extensive, interconnected, and forward-looking set of information and promotes better decision-making (Hagel, 2014). The IR framework is relevant in a new business landscape, where intangible assets account for an increasing share of the market value of companies. The benefits of integrated reporting include concentrating management attention on the company's strategy, connecting financial and non-financial data, and providing more comprehensive information to financial statement users (James, 2013). Furthermore, integrated reporting can be more cost-effective and transparent, which will improve executives in the implementation of planning and budgeting initiatives (Kaya and Turegun, 2014).

Several researchers have studied a systematic literature review of IR practices. For instance, Dumay, Bernardi, Guthrie, and Demartini (2016) reviewed 31 academic journal articles and 25 conference papers related to IR and found that the most relevant articles analyze normative considerations and make a few attempts to investigate real-world IR practice. Oll and Rommerskirchen (2018) explore 37 academic papers on the IR major criticism and demonstrate that the main complaint concerns the guiding principles and core concepts of the

IR framework and the International IR Council. Vitolla, Raimo, and Rubino (2019) evaluate 61 scholarly papers on the potential positive aspects and limits of IR, the factors or determinants of IR implementation and its quality, as well as their impact. Other researchers utilized 27 empirical studies reviews to look at the efficacy of IR for investors, concentrating on the value relevance of non-financial and financial information given via IR (Veltri & Silvestri, 2020). Recently, Soriya and Rastogi (2021) examine the IR practices across different countries, focusing on themes or areas and the possible future opportunities for IR. Their findings recommended that more empirical research and case studies be conducted on the IR of non-listed companies, non-financial and financial standards harmonisation, analysis of shareholders perceptions in Asia, and development assurance models in the future.

Despite the existing systematic literature review on IR, this study fills the literature gap by evaluating the association between IR and market valuation under both voluntary and mandatory settings. Furthermore, this study is the first systematic literature review focusing solely on empirical research investigating the relationship between IR and market value. Using a systematic review, this study evaluates questions through a systematic process for defining, selecting, and analysing appropriate literature. It explains a need for a comprehensive study that eventually directs the researcher in finding gaps and future directions for the subject of interest. This study answers the following research questions:

- 1) *What are the association between IR and market valuation under a voluntary setting?*
- 2) *What are the association between IR and market valuation under a mandatory setting?*

The significant contribution of this article is the comprehensive examination and summarization of all current information regarding the relationship between IR and market value from the viewpoint of users using a systematic literature review. This method allows for more general conclusions regarding the effect of IR on market value than individual studies, providing some suggestions for future research.

## **Research Design**

This section covers the systematic review process, which includes the retrieval and analysis of literature. The preferred reporting items for systematic reviews and meta-analyses (PRISMA) statements were used. The process consists of several steps: i) literature retrieval, including the identification, screening and eligibility for review process steps, and ii) data abstraction and analysis.

### ***PRISMA***

PRISMA Statement was used as a guideline during the systematic review. Amongst the PRISMA Statement benefits namely: i) the precise description of research questions; ii) the inclusion and exclusion criteria of literature; and iii) the extensive database literature searches within a specific time frame (Sierra-Correa & Cantera Kintz, 2015). Therefore, the PRISMA Statement allows a thorough search of literature related to integrated reporting and market valuation.

## **Resource**

PRISMA Statement was employed on two main databases which offer extensive literature search tools, particularly Web of Sciences (WoS) and Scopus. Clarivate Analytics established woS with over 30,000 journals of the most relevant multidisciplinary discoveries over a century (Web of Science, 2019). WoS is one of the best research engines globally and often used as a research tool for academic libraries (Li, Rollins, & Yan, 2018). On the other hand, Scopus offers over 24,600 peer-reviewed journals from over 5,000 publishers, considered the most extensive citation literature and peer-reviewed abstract database. Moreover, Scopus includes intelligent tools to visualise, analyse and track literature hence improves the efficiency and efficiency of research workflows (Scopus, 2019). In addition, this study also incorporates six supplementary databases, i.e. ProQuest, Science Direct, Wiley Online Library, Emerald Insight, Springer Link, and Taylor & Francis.

## **Eligibility And Exclusion Criteria**

PRISMA Statement provides a summary of summaries of eligibility criteria and criteria for exclusion. As depicted in Table 1, only manuscripts with specific criteria were accepted for the review process, i.e. (i) journal articles only because they incorporate complete reports and mature research (González-albo & Bordons, 2011), (ii) English manuscripts only for easy search and analysis of data, and (iii) manuscripts related to IR and market valuation only to address the research questions.

**Table 1: Inclusion and Exclusion Criteria**

| <b>Criterion</b> | <b>Eligibility</b>                        | <b>Exclusion</b>  |
|------------------|---|---|
| Literature type  | Journal articles, including case studies. | Review articles, conference reports, and chapters in books. |
| Language         | English                                   | Non-English.  |
| Discipline       | All                                       | None  |
| Focus of study   | IR and market valuation                   | Non-IR or non-market valuation.                             |

## **Systematic Review Process**

This study used the integrative systematic review, including quantitative, qualitative, and mixed methods manuscripts, which is the best technique since it allows a comprehensive manuscript overview with several research approaches (Jackson et al., 2019). In January 2021, the integrative systematic review was performed on WoS and Scopus databases. In addition, to acquire a more comprehensive review based on all possible quality literature, we include six supplementary databases, namely Science Direct, ProQuest, Wiley Online Library, Emerald Insight, Springer Link, and Taylor Francis.

The systematic review consists of four stages. Firstly, suitable keywords related to integrated reporting and market valuation were identified based on past studies and expert. The complete features of the databases facilitated the prioritisation and customisation of specific words over the rest within the search sections, such as abstract, title and keywords. Table 2 shows the search strings for all eight databases.

The search strings from all eight databases (WoS, Scopus, Science Direct, Wiley Online Library, Taylor & Francis, ProQuest, Emerald Insight, Springer Link) with 243 manuscripts were then retrieved. Second, sixty duplicated manuscripts were removed from the identification stage, and one hundred thirty-one more manuscripts were rejected during the screening stage. Third, during the eligibility stage, another 37 manuscripts were excluded. Finally, only 15 papers were available for the final analysis, which focused on integrated reporting and market valuation. Figure 1 demonstrates the PRISMA flow diagram.

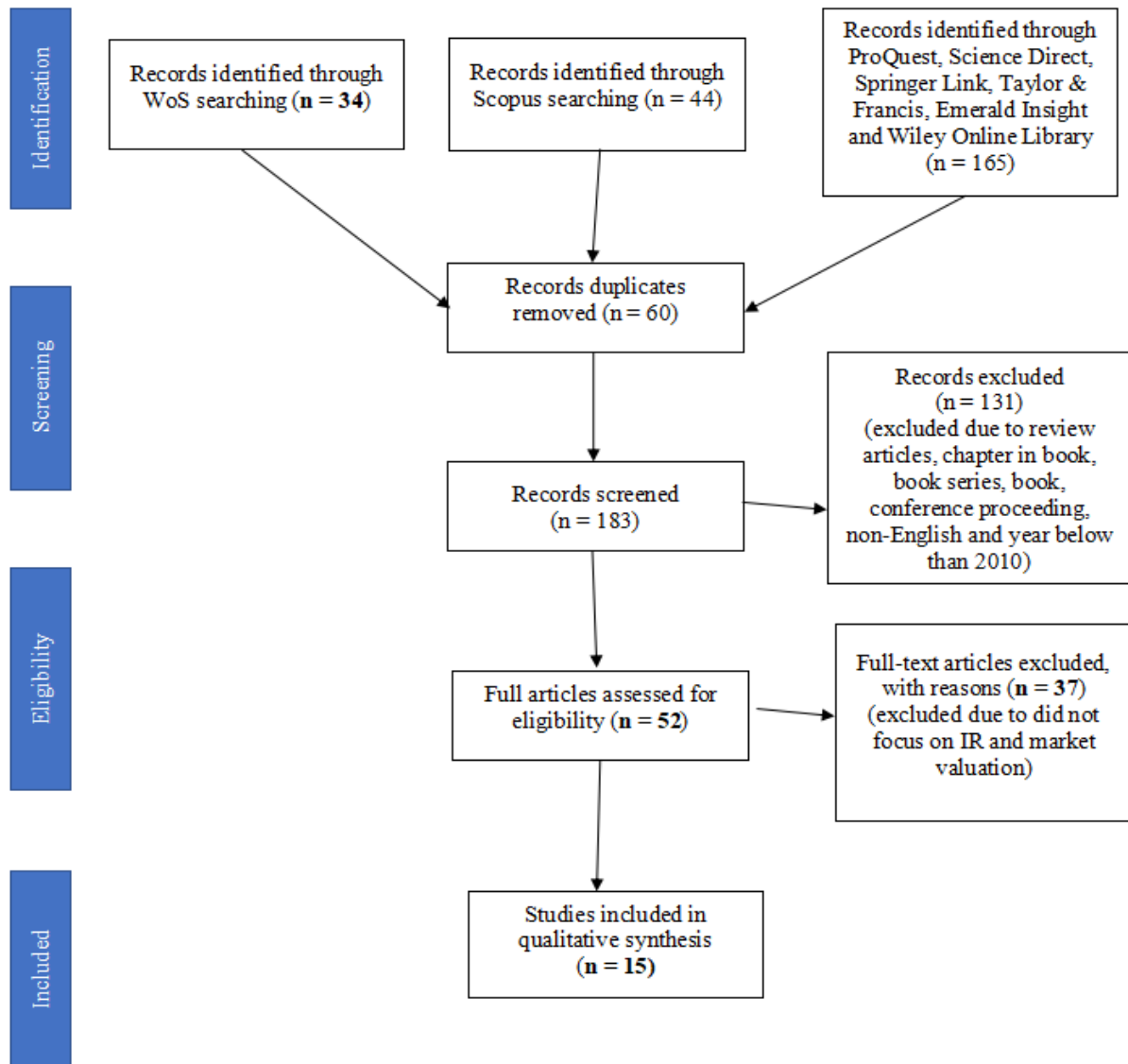
**Table 2: Search Strings Used in the Systematic Literature Review**

| Journal database     | Search string   | Frequency of hits |
|----------------------|---|-------------------|
| WoS                  | TOPIC: ("market valuation" OR "stock valuation" OR "firm value" OR "market capitalization" OR "stock prices" OR "stock return" OR "equity value" OR "firm wealth" OR "share prices" OR "business value" OR "share value" OR "market value")<br>AND TOPIC: ("integrated reporting")  | 34                |
| Scopus               | ( TITLE-ABS-KEY ( "market valuation" OR "stock valuation" OR "firm value" OR "market capitalization" OR "stock prices" OR "stock return" OR "equity value" OR "firm wealth" OR "share prices" OR "business value" OR "share value" OR "market value" ) AND TITLE-ABS-KEY ( "integrated reporting" ) )   | 44                |
| Science Direct       | Title, abstract, keywords: ("market valuation" OR "stock valuation" OR "firm value" OR "market capitalization" OR "stock prices" OR "stock return" OR "equity value") AND ("integrated reporting")  | 10                |
| Wiley Online Library | ""market valuation" OR "stock valuation" OR "firm value" OR "market capitalization" OR "stock prices" OR "stock return" OR "equity value" OR "firm wealth" OR "share prices" OR "business value" OR "share value" OR "market value"" in Abstract and ""integrated reporting"" in Abstract   | 7                 |
| Taylor Francis       | [[Abstract: "market valuation"] OR [Abstract: "stock valuation"] OR [Abstract: "firm value"] OR [Abstract: "market capitalization"] OR [Abstract: "stock prices"] OR [Abstract: "stock return"] OR [Abstract: "equity value"] OR [Abstract: "firm wealth"] OR [Abstract: "share prices"] OR [Abstract: "business value"] OR [Abstract: "share value"] OR [Abstract: "market value"]] AND [Abstract: "integrated reporting"] | 2                 |
| ProQuest             | ab("market valuation" OR "stock valuation" OR "firm value" OR "market capitalization" OR "stock prices" OR "stock return" OR "equity value" OR "firm wealth" OR "share prices" OR "business value" OR "share value" OR "market value") AND ab("integrated reporting")   | 32                |

|                    |  |     |
|--------------------|--|-----|
| Emerald<br>Insight | abstract: “market valuation OR stock valuation OR firm value OR market capitalisation OR stock prices OR stock return OR equity value OR firm wealth OR share prices OR business value OR share value OR market value” AND (abstract: “integrated reporting”)  | 0   |
| Springer<br>Link   | '(("market OR valuation" OR "stock OR valuation" OR "firm OR value" OR "market OR capitalization" OR "stock OR prices" OR "stock OR return" OR "equity OR value" OR "firm OR wealth" OR "share OR prices" OR "business OR value" OR "share OR value" OR "market OR value") AND ("integrated OR reporting"))' | 114 |

***Data Abstraction And Analysis***

The abstraction and interpretation of data include 15 papers chosen. Descriptive analysis was used to summarise the 15 papers, while content analysis was employed to address the research questions. The abstracts of the selected articles were analysed before the complete paper analysis took place. Raw data addressing the research questions were extracted. The final findings were documented, and the whole process was recorded accordingly.



**Figure 1: The Flow Diagram of the Study**

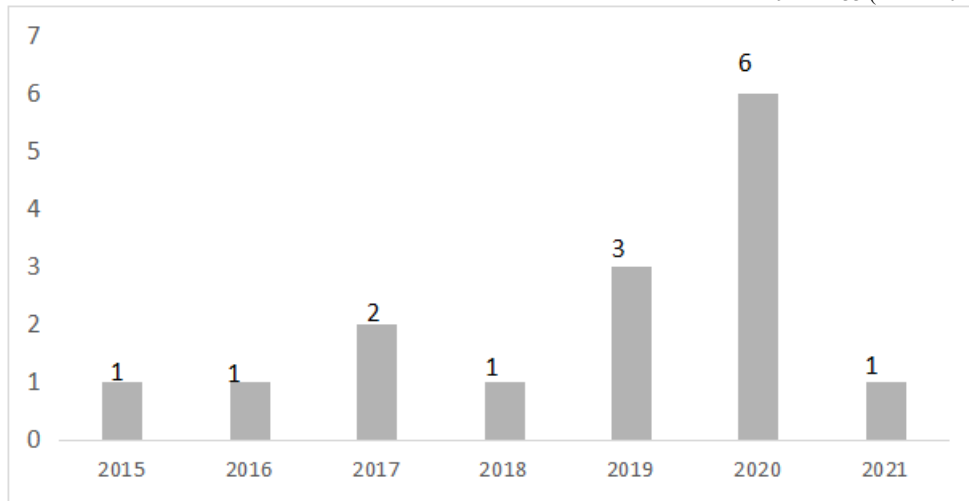
Source: Adapted from Moher, Liberati, Tetzlaff, and Altman (2009)

## Results

This section reports the descriptive statistics and the finding regarding the relationship between IR and market valuation.

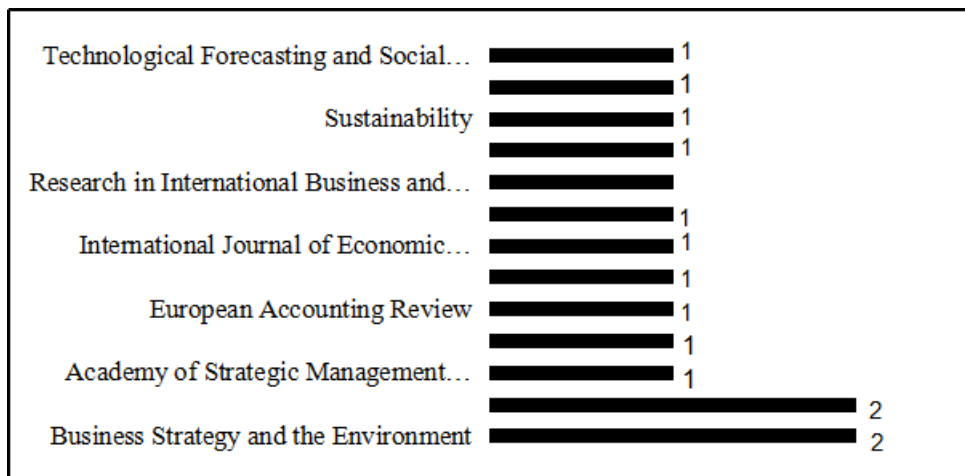
### *Descriptive Statistics*

From 15 articles analysed, it was distributed between the year 2015 and 2021. Again, a random distribution pattern is observed, showing the increasing importance of integrated reporting and market valuation, especially a significant increase from 2019 to 2020, as presented in Figure 2.



**Figure 2: Number of Articles Published by Year**

The distribution of 15 articles published across 13 journals highlights that a variety of journals address the topic of integrated reporting and market valuation (Figure 3). Specifically, two journals published two different papers on the subject, and the remaining eleven (11) journals published one paper each. Of the two (2) journals with the highest number of publications, they address subjects linked to environmental, sustainability and business.



**Figure 3: Journals with the Number of Articles Published**

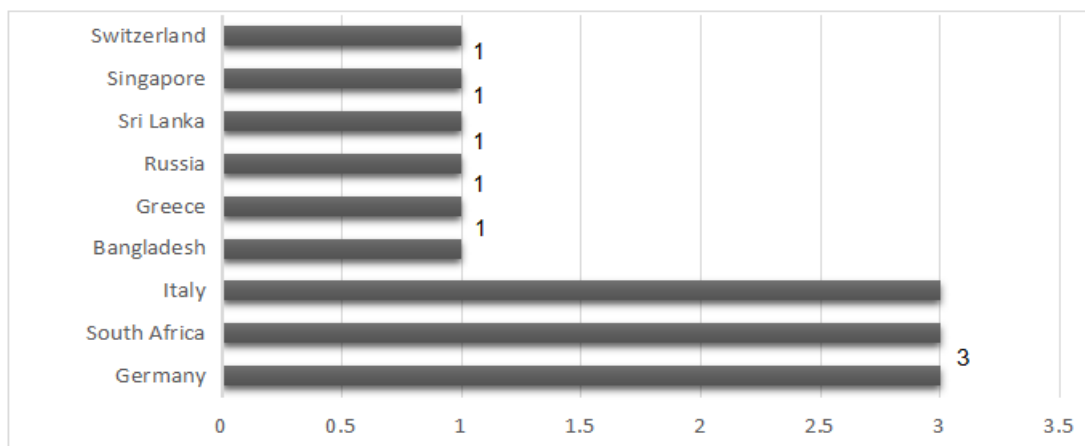
The ranking of journals (the top six) with the highest impact factors appears with one publication, except for the Journal of Cleaner Production and Business Strategy and the Environment, with two (2) articles published in Table 3.

**Table 3: Journals With the Highest Impact Factors and the Number of Articles**

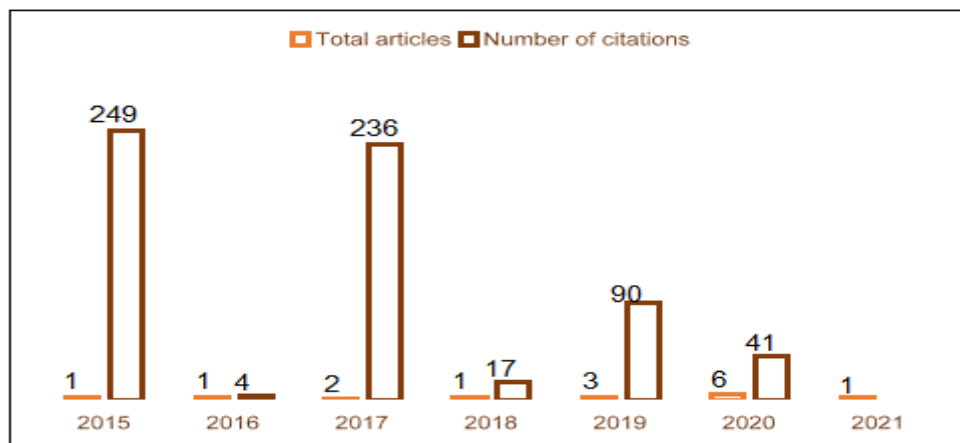
| Journal                                     | Impact factor | Number of articles |
|---|---------------|--------------------|
| Journal of Cleaner Production               | 7.246         | 2                  |
| Technological Forecasting and Social Change | 5.846         | 1                  |
| Business Strategy and the Environment       | 5.483         | 2                  |
| Accounting, Organizations and Society       | 3.958         | 1                  |

|                            |       |   |
|----------------------------|-------|---|
| Sustainability             | 2.966 | 1 |
| European Accounting Review | 2.470 | 1 |

The Journal of Cleaner Production serves as an interdisciplinary, international forum to exchange information on concepts, technologies, and policies designed to help ensure progress towards sustainable governments, regions, societies, corporations, and education institutions. Elsevier published it in the United Kingdom with an impact factor of 7.246 (2019). These factors make the Journal of Cleaner Production widely referred to when the subject of policies or technologies is concerned, explaining the discrepancy compared to others regarding the number of citations, especially the Sustainability and European Accounting Review as reported in Table 3. Germany, South Africa, and Italy lead the ranking with the highest number of articles published, as demonstrated in Figure 4.



**Figure 4: Countries with the Number of Articles Published.**



**Figure 5. Number of article Published/ Citations by Year**

Figure 5 shows the number of an article published versus the number of article citations per year. Of the 15 articles, the most cited deal with various subjects, including the association of IR and firm valuation, IR quality and firm value and firm's market valuation, IR readability and market valuation, sustainability disclosure in IR and market valuation, IR and stock market value, intellectual capital disclosure quality in IR and firm value and effect of IR voluntary adoption on market value as presented in Table 4.

**Table 4: Most Cited Articles**

| Author (year)   | Article title   | Journal  | Citations | Subject  |
|---|---|--|-----------|--|
| Lee and Yeo (2015)                                    | The association between integrated reporting and firm valuation                                       | Review of Quantitative Finance and Accounting  | 249       | Investigate the association between IR and firm valuation                              |
| Barth, Cahan, Chen, and Venter (2017)                 | The economic consequences associated with integrated report quality: Capital market and real effects  | Accounting, Organisations and Society          | 233       | Determine the association between integrated report quality and firm value             |
| Pavlopoulos, Magnis, and Emmanuel (2019)              | Integrated reporting: An accounting disclosure tool for high-quality financial reporting              | Research in International Business and Finance | 36        | Examines the association between IR disclosure quality and the firm's market valuation |
| Cortesi and Vena (2019)                               | Disclosure quality under Integrated Reporting: A value relevance approach                             | Journal of Cleaner Production                  | 32        | Determine the effect of IR voluntary adoption on market value                          |
| Caglio, Melloni, and Perego (2019)                    | Informational Content and Assurance of Textual Disclosures: Evidence on Integrated Reporting          | European Accounting Review                     | 22        | Examine the association of IR readability with a market valuation                      |
| Camodeca, Almici, and Sagliaschi (2018)               | Sustainability disclosure in integrated reporting: Does it matter to investors? A cheap talk approach | Sustainability (Switzerland)                   | 17        | Evaluate the effect of sustainability disclosure in IR on market valuation             |
| Salvi, Vitolla, Giakoumelou, Raimo, and Rubino (2020) | Intellectual capital disclosure in integrated reports: The effect on firm value                       | Technological Forecasting and Social Change    | 15        | Examine the impact of IC disclosure quality in IR with firm value                      |

### ***Association between IR and Market Valuation***

Analyses of these papers indicated that the IR impacted market valuation in various ways and resulted in mixed results under voluntary and mandatory settings.

### ***Association between IR and Market Valuation under Voluntary Setting***

Wahl et al. (2020) explored how the firm value of 1336 firm-year observations of 167 companies was impacted by IR disclosure. The majority of the companies are from Japan, Spain, and United Kingdom with different industries such as utilities, financial services, retail, and pharmaceuticals. The firm value is measured via Tobin's Q, and the result from the ordinary least square regression indicated a positive relationship between IR disclosure and firm value is not supported.

Dey (2020) examined the relationship between IR practice with firm value and stock liquidity of all Bangladesh banking firms. The study used data for a sample including 144 firm-year observations of 30 banks listed on the Dhaka Stock Exchange between 2013 to 2018. The IR practice and firm value are measured in term of IR score and Tobin's Q, respectively, while stock liquidity is measured via the spread and stock turnover ratio. Results from multiple regression analysis revealed the positive association between IR practice and Tobin's Q; however, the result does not suggest any conclusive evidence on the relationship between IR practices and stock liquidity.

Landau et al. (2020) explored (i) the impact of IR on stock market value and (ii) the difference that exists in the market valuation among firms toward different kinds of reports; IR reporting or separate environmental, social, and governance (ESG) report. This study conducted in a voluntary setting in Europe with data used contains 343 firm-year observations of 50 European blue-chip companies across nine different countries, with the majority of them, are from the United Kingdom. Findings from regression analysis confirmed i) the negative influence of IR on stock market value, and ii) firms that publish an IR have a higher stock market value than firms that publish a separate ESG report is not supported.

Cooray, Senaratne, Gunarathne, and Herath (2020) investigated the relationship between the level of IR adoption and firm value in Sri Lanka, where the adoption of IR is a voluntary setting. The IR adoption level is measured in terms of IR disclosure scores, and the data used covers 39 companies with 117 firm-year observations for 2015 to 2018. Findings from regression analysis revealed that the level of IR adoption does not significantly impact the firm value. However, the IR adoption level shows a significant positive relationship with firm value when combined with earnings information. The result further emphasised that the control variables, firm and profitability, did not significantly related to the firm value.

In the work of Cortesi and Vena (2019), "Disclosure quality under integrated reporting: a value relevance approach", the relationship between IR and market value is explored. The result of the research showed IR is statistically significant, contributing positively to the market prices. Salvi et al. (2020) determined the impact of intellectual capital (IC) disclosure in IR on firm value. The intellectual capital disclosure can be categorised into three; human capital disclosure, structural capital disclosure and, social and relationship capital disclosure, while firm value is measured via Tobin's Q. The multiple linear regression revealed i) the significant positive relationship between overall intellectual capital disclosure in IR and firm value, ii) the significant positive relationship between all three components of intellectual capital and firm value.

Grassmann (2021) investigated the moderating role of voluntary disclosure of an IR on the association between corporate social responsibility (CSR) expenditures and firm value. The study used data for a sample consists of 8992 firm-year observations between 2012 to 2017. The CSR expenditure is measured in term of environmental expenditure and social expenditure. Findings from robust ordinary least square regression indicated that i) the environmental expenditures follow a U-shaped relationship with firm value and voluntary disclosure of IR positively moderates this relationship and, ii) the social expenditures follow an inverted U-shaped relationship with firm value and the moderating effect of voluntary disclosure of IR on this relationship is not supported.

### ***Association between IR and Market Valuation under Mandatory Setting***

Barth et al. (2017) investigated the association between integrated report quality and firm value by examining two channels, namely the real effect channel and the capital market channel, which this association may arise. Their empirical models disaggregate firm value into three components: cost of capital, liquidity, and expected future cash flows. The study used data for a sample including 292 firm-year observations of 80 listed firms on the Johannesburg Stock Exchange between 2011 to 2014. The integrated report quality is measured in term of proprietary EY data. Findings indicated that the integrated report quality is positively associated with liquidity and expected future cash flows; however, the negative association between integrated report quality and cost of capital is not supported. The result also revealed a positive relationship between integrated report quality and firm value, where this relationship is attributable primarily to liquidity and expected future cash flows but not the cost of capital.

Rambe and Mangara (2016) examined the relationship between IR ratings and share price among top-106 Johannesburg Stock Exchange-listed companies in South African. The result from multivariate non-parametric regression revealed a positive relationship between IR ratings and share price. The share price of a company tended to increase with an increase in the IR rating.

Moloi and Iredele (2020) investigated the difference in the firm value on the difference in IR quality which is high and low. The firm value is measured in term of Tobin's Q, and the data used consists of 20 South African listed firms with 100 firm-year observations between 2013 and 2017. Finding from the independent sample t-test suggested that there is a significant difference in firm value among different IR quality. Higher firm value is observed for the firm with high IR quality compared with the low IR quality.

Lee and Yeo (2015), in their work "The association between integrated reporting and firm valuation", analysed i) the relationship between the IR and firm valuation and ii) the moderate effect of organisational complexity and external financial needs on the relationship between IR and firm valuation. This study utilises data for a sample comprising 822 firm-year observations in South Africa for the period 2010-2013. Their findings indicated that the benefits of IR dominate the cost of it, where the IR is positively related to firm valuation. Besides, the positive relationship between IR and firm valuation is more robust in firms with higher i) organisational complexity and ii) external financing needs. High organisational complexity is large firms with high intangible assets and operating in various geographic segments and business.

Caglio et al. (2019) examined i) the association between IR readability and market valuation and ii) the moderate role of assurance on IR readability and market valuation. The study used data for a sample including 443 firm-year observations listed on the Johannesburg Stock Exchange between 2011 to 2016, with the majority of them are from energy, industrials, materials and, consumer staple and discretionary. Findings from ordinary least square regression revealed i) the positive association between IR readability and market valuation and ii) assurance moderates the impact of abnormal reading difficulty on market valuation.

In the work of Camodeca et al. (2018), “Sustainability disclosure in integrated reporting: Does it matter to investors? A cheap talk approach”, the effect of sustainability disclosure in IR on market valuations is investigated. The study considers a sample of 180 European listed companies of 3382 firm-year observations for 2013 to 2018, and the finding indicated that the sustainability disclosure via IR does not affect market valuations.

Pavlopoulos et al. (2019), in their work “Integrated reporting: An accounting disclosure tool for high-quality financial reporting”, examined the relationship between IR disclosure quality and a firm’s market valuation. The study uses data for a sample consisting of 382 firm-year observations of 82 listed non-financial firms from 25 countries from 2011 to 2015. The IR disclosure quality is measured in term of the disclosure score index, while the firm’s market valuation in term of Tobin’s Q index. Their result revealed that the disclosure score index is positively and significantly associated with Tobin’s Q index. This suggesting firms that show higher IR disclosure quality is outperforming, producing high market valuation.

Usanova and Khakimzyanova (2017), in their work “Integrated reporting as a factor of the firm’s value growth”, examined the relationship between the IR and a firm’s value growth. The study is based on the regression model and analysing the data of 500 firm-year observations for 2010-2016; the researchers conclude that IR positively affects the firm’s value growth.

## **Discussion and Future Research**

### ***Discussions***

This study attempted to systematically review the existing literature on the association between integrated reporting (IR) and market valuation under voluntary and mandatory settings. A systematic search of existing literature from eight academic databases: Web of Science, Scopus, Science Direct, ProQuest, Wiley Online, Taylor & Francis, Emerald and Springer Link identified only fifteen (15) relevant papers that were mined for insights. The findings emphasised several insights. Overall, the current study supports the firm in adopting the IR, which significantly influences market valuation.

The present study acknowledges two research questions. Regarding the first research question, the analysis of the association between IR and market valuation under a voluntary setting and findings indicated mixed results on this association. Some studies found a significant positive relationship between IR practice and firm value (Dey, 2020) and market value (Cortesi & Vena, 2019), intellectual capital disclosure in IR and firm value (Salvi et al., 2020). Some show an insignificant association between IR disclosure and firm value (Wahl et al., 2020), IR practices and stock liquidity (Dey, 2020), IR adoption level and firm value (Cooray et al., 2020), while Landau et al. (2020) revealed a significant negative association

between IR practices and stock market value. The positive association between IR practices and firm value is supported by the voluntary disclosure theory (Dey, 2020). Also, the structured integrated reporting disclosure index is positively related to return on equity, market-to-book and return on assets (Islam, 2020). Shareholders should count on IR to make their investments since this reporting is more reliable, accurate, and capable of increasing firms' market value (Cortesi & Vena, 2019). Barth et al. (2017) found a positive association between IR and stock liquidity under the mandatory setting where the IR minimise the information asymmetry about the firm's different forms of capital such as financial, social natural, human to the capital providers. On the other hand, there is no proof that IR practice significantly reduces information asymmetry (Albertini, 2019; Martinez, 2016). The additional effect of IR disclosure is absent in the firms where the implementation of IR involuntary setting since they might already have relatively high transparency (Wahl et al., 2020).

Regarding the second research question, almost all of the studies indicated the positive relationship between IR and market valuation under the mandatory setting. The analyses revealed a positive relationship between IR disclosure quality and i) firm value (Barth et al., 2017; Moloji & Iredele, 2020), ii) firm's market valuation (Pavlopoulos et al., 2019), IR practices, and i) firm valuation (Lee & Yeo, 2015), ii) firm's value growth (Usanova & Khakimzyanova, 2017), IR ratings and share price (Rambe & Mangara, 2016), IR readability and market valuation (Caglio et al., 2019). In contrast, only a single study indicated that the association between sustainability disclosure via IR and market valuation is not supported (Camodeca et al., 2018).

### ***Future research***

The findings could suggest several recommendations for future study. First, the studies on the association between IR and market valuation are still limited, with only fifteen (15) studies that have been conducted up to date. Therefore, more studies should be conducted on this topic since the association between IR and market valuation is still unclear, especially in the voluntary setting. Second, it is suggested for future studies to consider the meta-analysis. Meta-analysis is a quantitative technique used to demonstrate the strength of variable relationship via specific measures (Shelby & Vaske, 2008). Third, the significance of the determinants for IR implementation under both voluntary and mandatory settings should be thoroughly analysed. This is vital to ensure both the necessary and unnecessary actions are taken to increase IR implementation. Although electronic keyword searches have been recognised as the best and standard method with which to conduct a systematic analysis, the supplementary search techniques are suggested for researchers to search for existing review papers or research articles instead of relying upon electronic keyword searches (Horsley et al., 2011; Tsafnat et al., 2014). The supplementary search techniques recommendations include (i) contacting the experts if the researchers are not sure about the literature (Gotzsche & Ioannidis, 2012), (ii) citation searching, which involves the identification of additional or potential papers by using the citation network surrounding an original paper (Briscoe et al., 2020), (iii) reference checking, which refers to searching from the reference list at the end of a selected paper for additional papers (Horsley et al., 2011).

## Conclusion

This study utilised a systematic review method to evaluate the association between IR and market valuation. Findings revealed from this study demonstrated mixed results on the association between IR and market valuation under a voluntary setting, while the integrated reporting is positively associated with market valuation under a mandatory setting. The result of the systematic review provides a clear picture of how IR affect market valuation under a mandatory setting; however, meta-analysis should be conducted in future to determine the effect of IR on market valuation under a voluntary setting.

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**Appendix**

| Author (year)      | Objective  | Independent variable                                | Dependent variable  | Moderating variable                          | Sample  | Analysis               | Industry  | Result               |
|--------------------|--|---|---|--|---|------------------------|---|----------------------|
| Wahl et al. (2020) | To investigate the effect of voluntary IR disclosure on firm value.  | Integrated Reporting disclosure                     | Firm value (Tobin's Q)  |  | 167 listed firms<br>33 countries<br>Majority:<br>- 68 (Japan)<br>- 13 (Spain)<br>- 12 (United Kingdom)<br>(2011-2018)           | Panel data analysis    | -Financial services<br>-Utilities<br>- Pharmaceuticals<br>-Retail   | Insig.               |
| Dey (2020)         | To investigate the association between integrated reporting (IR) and i) firm value ii) stock liquidity   | Integrated Reporting index                          | Firm value (Tobin's Q)<br>Stock liquidity                               |  | 144 firm-year observation<br>Bangladesh (2013-2018)   | OLS regression         | Banking firms   | Positive<br>Negative |
| Grassmann (2021)   | To determine whether integrated reporting (IR) positively moderates the association between CSR expenditures (environmental and social expenditures) and | -Environmental expenditures<br>-Social expenditures | Firm value (stock market-based corporate financial performance measure) | Voluntary disclosure of an integrated report | 8,992 firm-year observation<br>Majority:<br>1.Europe<br>2.Africa<br>3.Asia<br>4.South America<br>5.North America<br>6.Australia | Robust OLS regressions | Majority of companies with IR<br>1.Industrial<br>2.Basic materials<br>3.Consumer goods<br>4.Consumer services | Positive<br>Insig.   |

|                           |  |                           |  |  |                |  |  |
|---------------------------|--|---------------------------|--|--|----------------|--|--|
| Barth et al. (2017)       | firm value<br>1. To determine the association between integrated report quality and firm value<br>2. To determine the association between integrated report quality and firm value (cost of capital, liquidity, expected future cash flow) | Integrated report quality | Firm value (Tobin's Q)<br>1.Liquidity<br><br>2.Cost of capital<br>3.Expected future cash flows | 292 firm-years<br>South Africa<br>(2011-2014)                    | Regression     | Majority:<br>1.Financials<br>2.Materials                                       | Positive<br><br>Positive<br><br>Insig.<br><br>Positive |
| Pavlopoulos et al. (2019) | To examine the association between IR disclosure quality and the firm's market valuation   | IR disclosure quality     | Firm market valuation (Tobin's Q index)  | 382 firm-year observation<br><br>25 countries<br><br>(2011-2015) | OLS Regression | Non-financial firms<br>Majority:<br>1.Manufacturing<br>2.Retails<br>3.Services | Positive   |
| Landau et al. (2020)      | 1. To examine the association between stock market value and IR<br><br>2.To examine the difference   | IR ESG report             | Market valuation   | 343 firm-year observations<br>Majority:<br>United Kingdom        | Regression     |  | Negative<br><br>Insig.                                 |

|                                  |  |               |   |   |  |   |          |
|----------------------------------|--|---------------|---|---|--|---|----------|
|                                  | between IR and separate ESG reports in terms of market valuation.  |               |   |   |  |   |          |
| Usanova and Khakimzyanova (2017) | To examine the impact of IR on market value  | IR disclosure | Market value (Price-to-Book)                | 500 firm-year observations<br>Majority:<br>1.European<br>2.African<br>3.Asian<br>4.North America<br>(2010-2016) | Regression                             | Majority:<br>1.Industrial<br>2.Basic materials<br>3.Consumer goods<br>4.Consumer services | Positive |
| Rambe and Mangara (2016)         | To examine the impact of IR ratings on share price   | IR Reporting  | Share price                                 | 106 JSE listed companies<br>South Africa  | Multivariate non-parametric regression | Financial<br>Basic materials<br>Teleco<br>Industrial                                      | Positive |
| Moloi and Iredele (2020)         | To examine the difference exists in the firm value of firms with high IR quality and those with low IR quality | IR Quality    | Firm value (Tobin's Q)                      | 20 firms listed on JSE<br>(100-firm-year observations)<br>South Africa<br>(2013-2017)                           | Independent sample t-test              | Majority<br>1.Financial<br>2.Industrial<br>3.Mining                                       | Positive |
| Cooray et al. (2020)             | To determine the effect of IR adoption on firm value   | IR adoption   | Firm value (Market price and market return) | 39 companies<br>117 IR for 3 years<br><br>Sri Lanka<br><br>(2015-2018)  | Regression                             | Majority:<br>1.Finance<br>2.Beverage, Food and Tobacco<br>3.Diversified Holdings          | Insig.   |

|                         |   |  |                             |   |   |                            |   |          |
|-------------------------|---|--|-----------------------------|---|---|----------------------------|---|----------|
| Cortesi and Vena (2019) | To determine the effect of IR voluntary adoption on market value              | IR adoption  | Market value                |   | 391 companies   | Regression                 |   | Positive |
|                         |   |  |                             |   | Majority:<br>Brazil, Russia,<br>India, China,<br>South Africa<br>(2011-2017)                      |                            |   |          |
| Lee and Yeo (2015)      | To examine the association between IR and firm valuation                      | IR disclosures (IR score)                                | Firm valuation ((Tobin's Q) | Firm characteristics<br>1. Organisational complexity<br>2. External financing needs | 822 firm-year observations<br><br>South Africa<br>(2010-2013)                                     | Regression                 | Industry:<br>Agriculture<br>Mining<br>Chemical<br>Construction<br>Electrical and electronics<br>Food<br>IT<br>Manufacturing<br>Retail<br>Services | Positive |
| Camodeca et al. (2018)  | To examine the effect of sustainability disclosure in IR and market valuation | Sustainability disclosure in IR                          | Market valuation            |   | 3382 firm-year observations<br>Majority:<br>United Kingdom,<br>Ireland, France<br><br>(2013-2018) | Regression                 | Industry:<br>Basic materials<br>Industrials<br>Oil and gas<br>Utilities   | Insig.   |
| Salvi et al. (2020)     | To examine the impact of IC disclosure quality in IR with firm                | Intellectual capital disclosure quality in IR-structural | Firm value (Tobin's Q)      |   | 110 companies   | Multiple linear regression |   | Positive |

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|                         |   |                                   |                     |           |   |                   |          |
|-------------------------|---|-----------------------------------|---------------------|-----------|---|-------------------|----------|
|                         | value   | -human<br>-social<br>relationship | and                 |           |   |                   |          |
| Caglio et al.<br>(2019) | To examine the<br>association of IR<br>readability with a<br>market valuation | IR readability                    | Market<br>valuation | Assurance | 443 firm-year<br>observations<br>2011 to 2016 | OLS<br>regression | Positive |

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