

Integrated Reporting Disclosures: Evidence from Local Councils in Malaysia

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Abstract

Purpose: The objective is to determine the degree of Integrated Reporting (IR) disclosure in annual reports of selected city councils based on seven IR Framework Guiding Principles, namely (1) Strategic focus and future orientation, (2) Connectivity of information, (3) Stakeholder relationships, (4) Materiality, (5) Conciseness, (6) Reliability and completeness and (7) Consistency and comparability.

Design/Methodology/Approach: This study performs content analysis on recent online annual reports of ten city councils against the IR Guiding Principles.

Findings: Overall, the results indicate that IR is still at infancy and receives low acceptance by city councils. The results demonstrate that strategic aims and objectives were reported without indicating the time frame of the objectives. It was found that the annual report focuses more on the achievements of the department. All the city councils that were under study disclosed engagement activities with the community; used a combination of narrative statements, figures, pictures, and graphs; and disclosed positive information. The executive summary and Mayor's message were provided at the beginning

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of the annual report to give an overview of the organization's performance. Comparative data was used to benchmark performance across several years, but comparative data against other local authorities was limited.

Research Limitation: The limitations include the small sample size, thus the findings from this study should not be generalized. However, it justified the objective to examine the individual disclosure of IR guiding principles by large public sector organizations. Second, the content analysis was performed on the most recent annual reports of selected city councils which may not reflect the overall practice on consistency and comparability. Third, this study focused on seven guiding principles of IR, which is only part of the comprehensive IR framework.

Practical Implication: The findings from this study could be used as an input for regulators and other public sector entities to facilitate IR implementation in public sector organizations.

Originality/Value: The paper contributes to the existing literature on the current stage of IR implementation in public sector. The findings obtained show that IR, which was initially observed as a private sector initiative, has implications in public sector organizations.

Keywords: Integrated reporting, annual report, guiding principles, local council.