



Integrated Reporting and Firm Value: A Systematic Literature Review from Accounting and Economic Perspectives

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Abstract

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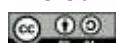
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This study aims to examine the relationship between integrated reporting and firm value from accounting and economic perspectives. Employing a Systematic Literature Review approach, this research analyzes academic articles published over the last five years and indexed in Google Scholar. The findings indicate that the impact of integrated reporting on firm value remains mixed and inconclusive. Several studies report a positive association, suggesting that integrated reporting enhances transparency and reduces information asymmetry, thereby improving firm valuation. However, other studies reveal weak or negative effects, highlighting issues related to information complexity and ambiguity perceived by market participants. These results suggest that the effectiveness of integrated reporting is not solely determined by its adoption but also by the quality of disclosure and the market's ability to interpret integrated financial and non-financial information. This study underscores the importance of a more integrative conceptual framework that bridges accounting and economic studies to better explain firm value creation mechanisms. Furthermore, the findings provide a foundation for future research to explore moderating factors that influence the relationship between integrated reporting and firm value.



1. Introduction

The development of modern accounting practices shows a significant shift from the traditional function as a provider of historical information to a strategic role in supporting economic value creation and long-term-oriented decision-making. In this context, accounting is no longer seen solely as a financial performance reporting tool, but rather as an important mechanism in reducing information asymmetry and improving the quality of economic signals for stakeholders. These changes are in line with the increasing market need for information that is relevant, transparent, and able to represent an entity's ability to create sustainable value (Phillips et al., 2019).

Firm value is one of the main indicators that reflects market perception of an entity's performance, prospects, and credibility. In accounting and economics perspectives, a company's value represents the aggregation results of financial and non-financial information interpreted by the capital market in the process of valuation and resource allocation. Therefore, company value is often used as a proxy for management's success in managing economic resources as well as a basis for investor consideration in making investment decisions (Wahl et al., 2020). Nevertheless, the literature shows that a company's value is not only influenced by conventional financial performance, but also by the quality and breadth of information conveyed through corporate reporting practices.

One of the reporting approaches that has developed rapidly in the last decade is integrated reporting. Integrated reporting is designed to bring together financial and non-financial information into a single coherent reporting framework, with the

aim of providing a holistic view of strategy, business models, performance, and short- and long-term value creation prospects. Conceptually, integrated reporting is seen as an accounting instrument that has the potential to improve information quality, strengthen transparency, and improve market efficiency through more comprehensive signaling to investors and other stakeholders (Melegy & Alain, 2020).

However, empirical findings related to the relationship between integrated reporting and company value still show mixed results. A number of studies have found that the implementation of integrated reporting is positively associated with company value because it is able to increase market confidence and the quality of predictive accounting information (Salvi et al., 2020). In contrast, other studies report that broader disclosures are not always positively responded to by the market and can even negatively impact a company's value due to the increasing complexity of information and diverse investor interpretations (Imam et al., 2024).

The inconsistency of these results confirms the existence of a research gap in the accounting and economic studies literature, especially related to the understanding of conceptual mechanisms that explain how and under what conditions integrated reporting affects company value. Velte (2022) emphasizes that most studies are still partial and have not fully integrated accounting and economic perspectives in explaining the value creation process. Thus, further research is needed to deepen understanding of the role of integrated reporting as an accounting mechanism in influencing company value, as well as enriching the literature related to the relevance of accounting information in the context of the modern market.

2. Literature Review

2.1 Integrated Reporting in the Perspective of Accounting and Economic Studies

Integrated Reporting (IR) developed in response to the limitations of traditional financial reporting in comprehensively explaining the company's value creation process. The IR framework emphasizes the integration of financial and non-financial information to describe how an organization's strategy, governance, performance, and prospects contribute to short, medium, and long-term value (Velte, 2022). From an accounting perspective, IR is seen as a mechanism to improve the quality of information through a more relevant, connected, and future-oriented presentation.

In economic studies, IR functions as an economic signal that has the potential to reduce information asymmetry between management and investors. Non-financial information integrated with financial data allows the market to assess the risks, opportunities, and sustainability of the company's performance more accurately (Arifin, 2024). Nevertheless, the effectiveness of IR as a means of economic communication does not always result in a uniform market response. Investors may interpret the breadth and depth of IR disclosures differently, depending on the context and credibility of the information being conveyed.

Empirical studies show that the implementation of IR still faces conceptual challenges, especially regarding the consistency and comparability of information between companies. The quality of IR disclosure is a crucial factor in determining whether the report truly enhances the usefulness of accounting information for

economic decision-making (Khafid et al., 2022) Therefore, the literature emphasizes the need for further evaluation of the role of IR in bridging accounting and economic interests simultaneously.

2.2 Firm Value as an Accounting and Economic Outcome

Firm value is a central indicator in accounting and economics studies because it reflects the market's perception of a company's performance, prospects, and risks. In an accounting perspective, a company's value is often seen as a result of the quality of information generated by the reporting system, which affects investor confidence and decision-making efficiency (Salvi et al., 2020). Relevant and reliable information allows the market to estimate the value of the company more precisely.

From the perspective of economic studies, firm value reflects the mechanism of resource allocation and market expectations for a company's ability to create economic value in the future. Signal theory explains that more transparent reporting practices have the potential to improve market valuations, even if the signals provided are not always responded to positively. Empirical research shows that increased disclosure does not automatically increase a company's value, especially when the information adds to the complexity of interpretation for investors (Cristofel & Kurniawati, 2021).

A more diverse finding is shown by studies examining the relationship between integrated reporting and firm value. Imam et al. (2024) found that integrated reporting can have a negative effect on company value, indicating ambiguity in the interpretation of accounting signals by the market. These results confirm that firm value is not only influenced by the quantity of disclosure, but also by how the

information is perceived and used in an economic context. Therefore, the relationship between accounting reporting practices and company value still requires more in-depth conceptual and empirical study.

3. Method

The research method in this study uses Systematic Literature Review (SLR) which aims to obtain a comprehensive and structured understanding of the relationship between modern accounting reporting practices and corporate values in the perspective of accounting and economic studies. The SLR approach was chosen because it allows researchers to synthesize the findings of previous research in a systematic, transparent, and replicative manner, thereby reducing subjective bias and strengthening the conceptual basis of the research.

The initial stage of SLR begins with the formulation of the focus and scope of research that focuses on two main variables, namely integrated reporting practices and corporate values. Based on this focus, a systematic literature search was carried out through an academic database indexed by Google Scholar. The search process is limited to scientific articles published within the last five years to ensure the relevance of the findings to the current research context and publication needs. The keywords used were adjusted to terminology in the fields of accounting, corporate reporting, and economic studies.

Furthermore, the articles obtained were selected using inclusion and exclusion criteria. Articles that meet the inclusion criteria are studies that discuss modern accounting reporting practices and their implications for company value or

economic outcomes. Articles that are not relevant to the research focus or are outside the established publication period are excluded from the analysis. The selection process is carried out in stages through a review of the title, abstract, and full content of the article. The selected articles were then analyzed using a narrative synthesis approach by grouping findings based on themes and patterns of research results. This analysis aims to identify consistency, differences in findings, and gaps in research that are still open, so that it can be used as a basis for the development of conceptual frameworks and academic arguments for research.

4. Results

Based on the results of the Systematic Literature Review of articles published in the last five years, it was found that the relationship between modern accounting reporting practices, especially Integrated Reporting, and company values shows a diverse pattern of findings and is not entirely conclusive. The literature generally agrees that Integrated Reporting was developed to improve the quality of accounting information by integrating financial and non-financial aspects in one coherent reporting framework (Velte, 2022). However, empirical results related to the economic implications of the practice still show differences in direction and power of influence.

Table.1 Summary of Gap Research Based on SLR Results

Yes	Author & Year	Research Focus	Key Findings	Research Gap
1	Velte (2022)	IR and firm value	Inconsistent results	Lack of accounting-economic integration

2	Wahl et al. (2020)	IR & market response	Conditional positive influence	Not universal
3	Melegy & Alain (2020)	IR Quality	Quality determines value	The mechanism of value is not yet clear
4	Salvi et al. (2020)	IC disclosure in IR	Partial influence	Component-focused, not holistic
5	Suryati & Murwaningsari (2022)	IR & firm value	Negative influences	Ambiguity of accounting signals

Table 1 shows a number of studies that found that Integrated Reporting is positively associated with company value because it is able to reduce information asymmetry and increase transparency for investors. Wahl et al. (2020) show that companies that voluntarily adopt Integrated Reporting tend to have better prediction accuracy and are more appreciated by the market. These findings support the signaling theory argument that more comprehensive disclosures can serve as positive signals regarding the quality of management and the company's long-term prospects.

However, other literature shows results that are not in line with this argument. Suryati and Murwaningsari (2022) found that integrated reporting actually has a negative effect on company value, which indicates that the breadth of disclosure can cause interpretive ambiguity for investors. These results show that the increase in the quantity and complexity of information is not always responded positively to by the market, especially when investors face limitations in processing non-financial information efficiently.

In addition, some studies emphasize that the influence of Integrated Reporting on a company's value depends heavily on the quality of disclosure, not just its adoption rate. Melegy and Alain (2020) show that the quality of disclosure in

integrated reports plays an important role in increasing the predictability of accounting information and its implications on company value. These findings confirm that Integrated Reporting will only be economically valuable if the information presented is relevant, consistent, and comparable.

The results of the SLR also reveal that most studies still place Integrated Reporting as a single variable without elaborating on the underlying economic mechanisms of the relationship with company value. Salvi et al. (2020) highlight that certain disclosures, such as intellectual capital in integrated reporting, can affect a company's value, but these effects are partial and do not necessarily reflect the overall benefits of Integrated Reporting (Salvi et al., 2020). This shows that there are limitations in explaining the value creation process holistically.

From the perspective of stakeholder theory, Integrated Reporting is expected to be able to improve the relationship between companies and stakeholders through the delivery of more transparent and long-term oriented information. Barney and Harrison (2020) emphasize that value creation does not only depend on shareholders, but also on the ability of companies to manage relationships with various stakeholders. However, empirical results show that the capital market does not necessarily immediately internalize these benefits into a company's valuation.

The literature also shows differences in outcomes influenced by methodological approaches and research contexts. Velte (2022) notes that previous studies used corporate value proxies and diverse analysis methods, resulting in findings that are difficult to compare directly. This condition strengthens the

indication of a methodological gap in research on Integrated Reporting and company value.

Furthermore, the results of SLR indicate that some studies tend to focus on short-term implications, while the main goal of Integrated Reporting is to support long-term value creation. Phillips et al. (2019/2020) emphasized that sustainable economic value is often not directly reflected in stock market prices. This explains why some studies have found weak or even negative influences in the short term.

These findings collectively show that the relationship between Integrated Reporting and company values is complex and multidimensional. The difference in results is not only due to variations in context, but also by conceptual limitations in linking accounting reporting practices to economic outcomes. Thus, the results of this SLR confirm the need for a more integrative approach in explaining how Integrated Reporting affects the value of the company from the perspective of accounting and economic studies simultaneously.

5. Discussion

This discussion section relates the findings of the Systematic Literature Review to the main theoretical frameworks in accounting and economic studies, especially signaling theory and stakeholder theory. The results of the study show that the relationship between Integrated Reporting and company value is neither linear nor universal, but is influenced by the quality of disclosure and the way the market interprets the information conveyed. These findings are in line with signaling theory, which states that the information published by a company serves as a signal for

investors, but the effectiveness of the signal is highly dependent on the credibility and clarity of the message received (Velte, 2022).

The positive influence of Integrated Reporting on the company's value found in some studies can be interpreted as the company's success in conveying signals of management quality and long-term prospects. Wahl et al. (2020) show that integrated disclosures are able to improve the accuracy of market expectations, which is ultimately reflected in improved valuations of companies. In this context, Integrated Reporting acts as an accounting mechanism that reduces information asymmetry and supports market efficiency.

However, negative or insignificant results that also appear in the literature indicate the limitations of signaling theory when the information conveyed is too complex or difficult to interpret. The findings of Suryati and Murwaningsari (2022) show that integrated reporting can actually reduce company value, which reflects the phenomenon of information overload and ambiguity of accounting signals. This condition confirms that increased transparency is not always followed by an increase in economic value.

From a stakeholder theory perspective, Integrated Reporting is designed to communicate how companies create value for various stakeholders in the long run. Barney and Harrison (2020) emphasize that sustainable economic value creation requires the balanced management of stakeholder interests. However, the results show that the capital market tends to be more responsive to short-term benefits, so the expected long-term value of Integrated Reporting is not fully reflected in market prices. In addition, Melegy and Alain (2020) emphasized that the quality of disclosure

is a key factor in bridging theory and practice. Thus, this discussion confirms that the research findings do not contradict the theory, but rather show that the effectiveness of Integrated Reporting as an instrument of economic value creation is highly dependent on the quality of implementation and market perception.

6. Conclusion

The conclusions of this study show that modern accounting reporting practices, especially Integrated Reporting, have a complex and non-uniform relationship with company values in the perspective of accounting and economic studies. Based on the results of the Systematic Literature Review, it can be concluded that the main goal of Integrated Reporting to improve information quality and support long-term economic value creation has not always been consistently reflected in market assessments. Previous research findings show that there are variations in direction and power of influence, ranging from positive, insignificant, to negative. These results indicate that the effectiveness of Integrated Reporting as a value-creation instrument is highly dependent on the quality of disclosure and the market's ability to interpret the information presented.

Comprehensive disclosure does not automatically increase the value of a company if the information creates complexity, ambiguity, or cognitive burden for investors. Thus, the expected economic value of integrated reporting practices is determined more by the relevance, clarity, and consistency of information than by the sheer breadth of disclosure. This study confirms that the relationship between accounting reporting practices and company values cannot be understood simply. A

more integrative conceptual approach between accounting and economic studies is needed to explain the mechanism of value creation more comprehensively. These findings also open up opportunities for further research to explore the factors that strengthen or weaken the role of integrated reporting in increasing company value.

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