Unveiling the Impact of Firm Characteristics on Integrated Reporting Practices

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ABSTRACT

In recent years, there has been an increase in the number of research papers on integrated reporting. Integrated reporting improves how companies analyse, plan, and report on their financial performance and offers insights into their potential futures through a multi-capital and value-creation perspective. In this study, a variety of reputable journals were consulted for published research studies on firm characteristics and integrated reporting. This study examined the impact of firm characteristics on integrated reporting. The firm characteristics in this study include firm size, growth, profitability, and governance. Moreover, this study also examines the positive or negative relationship between firm characteristics and integrated reporting. In this study, three measures, including total asset value, net operating income, or market capitalization can be used to analyse the relationship between firm size and integrated reporting. Firm growth can be evaluated by looking at a company’s financial performance and long-term value creation. Besides that, in integrated reporting, profitability is frequently assessed about the company's influence on numerous stakeholders and its capacity to build long-term value. Finally, corporate governance and integrated reporting share a common goal of fostering disclosure, accountability, and ethical behaviour inside organizations.

Keywords: Integrated Reporting, Firm Size, Firm Growth, Profitability, Governance

INTRODUCTION

This study aims to investigate the key factors that influence firm characteristics on Integrated Reporting. According to (KPMG, 2023), integrated reporting is a broad concept that encompasses both traditional financial reporting including the cash flow statement and balance sheet, as well as non-financial reporting elements, for example, reporting on sustainability, corporate governance, and risk management. Integrated reporting improves how organizations plan, organize, and report (Ernst & Young, 2023). Integrated reporting encourages a more integrated and efficient approach to business reporting and aims to enhance the quality of information available to financial capital providers to enable greater effectiveness and efficiency in capital allocation (International Integrated Reporting Council [IIRC], 2021). An integrated report is a clear description of how an organization's strategy, governance, performance, and prospective clients, in the context of its external surroundings, result in the creation, conservation, or damage of value over the short, medium, and long term (International Integrated Reporting Council [IIRC], 2021). The main objective of an integrated report is to clarify to financial capital providers how an organization creates, maintains, or reduces value over time. As a result, it contains relevant data, both financial and alternative. Employees, clients, vendors, partners in business, community leaders, legislatures, regulators, and policymakers all benefit from an integrated report on an organization's ability to develop value over time (International Integrated Reporting Council [IIRC], 2021).

One of the most significant recent attempts at broadening non-financial reporting and accountability requirements by including the environmental and social effects of business is Integrated Reporting (Songini et al, 2021). The aforementioned reporting framework provides in combination material information on a company's strategy, governance, prospects, and performance in a way that reflects the firm's value creation process. Researchers identified the most important factors of IR quality as firm size, industry, national context, business performance, company ownership structure, and corporate governance systems. In terms of governance, the characteristics of the Board of Directors have significance to good IR practices because the board has the responsibility for representing and upholding the interests of various stakeholders (Songini et al, 2021).

The business value is going to be developed through supplying various capital and inputs, conducting business activities, and producing outputs that are influenced by capital effects. Multi-capital value creation occurs not only within the organization but may also be impacted by external factors or various resources, as well as the relationship with stakeholders. The interaction of both internal and external settings will provide stakeholders with an improved awareness of the organization's structure and strategy (Balasingam et al, 2019). Adopting IR will present some challenges, particularly in creating a perfect integrated report. Companies might encounter difficulties, particularly in meeting the standards required by integrated reporting. The researcher believes that while Malaysian businesses have established the basic foundations for financial reporting, they still have a long way to go in fully adopting IR. According to Balasingam et. al., (2019), organizations will face challenges in providing forward-looking statements in their annual reports, such as the time-consuming internal implementation of IR and gaining alignment throughout stakeholder groups. They must consider some factors when adopting IR at the outset while implementing it in the long run. These factors will be the organizations' challenges. As a result, the study intends to identify the potential challenges organizations will encounter in adopting and implementing IR.

The Purposes of Study

a) To determine whether firm size will influence the integrated reporting.
b) To determine whether growth will influence the integrated reporting.
c) To determine whether profitability will influence the integrated reporting.
d) To determine whether governance will influence integrated reporting.

LITERATURE REVIEW

Institutional Theory on Financial Reporting

Financial reporting is primarily concerned with providing information about a firm's performance through measurements of earnings and its constituent parts. This information is particularly valuable to creditors, investors, and other parties interested in evaluating the likelihood of firm net cash inflows. The more detailed regulations that govern financial reporting are structured and guided by the underlying conceptual framework, ensuring consistency and coherence in the reporting process (Dichev, 2017).

For a very long time, the balance sheet approach served as a viable financial reporting method, receiving widespread acceptance from institutions all over the world. However, the researcher Dichev (2017) aims to make it clear that an income-based approach is workable. In broader terms, it also makes the case that an income-based strategy offers a superior theoretical and practical framework for financial reporting. In addition, based on other research findings financial reporting's underlying principles need to be reexamined as well. Numerous studies point to alarming patterns in the usefulness of accounting data, particularly earnings. According to market-based data, the relationship between stock returns and profitability reported by Generally Accepted Accounting Principles (GAAP) has gotten weaker over time (Francis & Schipper 1999).

Apart from that, the underlying relationship of the income-based approach to financial reporting is income = cash flows plus accruals. The income-based model's inherent dependence on cash flows, which is evident through the expression's cash flow term, is one of its key advantages. This benefit is essential because cash flows are the fundamental indicators of how well a firm is performing (Dichev, 2017). Furthermore, the fact that a firm has received or paid a particular amount at a specific moment is well-documented and can be accurately verified,

preventing fraud. A strong foundation like this is required to create a model for financial reporting.

Finally, accounting for operating is already mostly done by an income-based conceptual model of accounting, which is another important argument in its favor. In other words, accepting and extending an income-based approach to financial reporting is more important than adding brand-new, unproven theoretical constructs. Since accounting has always been a practical subject, businesses have always used a hybrid model, with important components of the historically evolved income-based approach persisting in present practice, even if regulators have supported the asset-based approach (Deegan et. al., 2011).

Integrated Reporting

The International Integrated Reporting Council describes IR as "a process based on integrated thinking which results in a regular integrated report by a company about the creation of value over time and associated communications concerning all elements of value creation" (Integrated Reporting, 2020). This definition states that integrated reporting is founded on ideas and precepts that seek to implement "integrated thinking," which is concentrated on preventing internal silos and reducing repetitions, as well as a reporting system that is more effective and cohesive (Cooray, Gunarathne & Senaratne, 2020). The future of corporate reporting is integrated reporting, which enables businesses to deploy resources more efficiently and make strategic decisions focused on value creation. According to the researchers Vitolla, Raimo, and Rubino (2019), the phrase "integrated reporting" refers to a cutting-edge and efficient reporting strategy that combines financial and non-financial data into a single report. It also provides a company with the ability to get around the restrictions associated with traditional reporting, which permits better evaluations of the company's future possibilities (Vitolla, Raimo, & Rubino, 2019).

Until recently, global adoption of Integrated Reporting (IR) was mostly optional, with South Africa becoming the first country to mandate it for publicly traded corporations in 2010, followed by Brazil. While most countries have not made IR mandatory, it is gaining traction. Over 2,500 companies in more than 75 countries have willingly implemented IR, demonstrating its expanding global appeal. The IFRS Foundation continues to encourage the global adoption of IR by supporting frameworks that help organizations efficiently integrate financial, environmental, and social reporting. The voluntary adoption of IR in regions such as Europe has sparked increased interest, with many businesses seeing value in increased transparency and sustainable practices. Although some regulatory steps have been made in specific countries, such as South Africa, mandatory adoption remains a global discussion. Market expectations for sustainability, accountability, and long-term value creation for stakeholders are driving the shift toward the integration of non-financial data (IFRS Foundation, 2024). A Klynveld Peat Marwick Goerdeler (KPMG) survey in 2017 found that from the years 2015 to 2017, more businesses in various nations implemented the integrated reporting framework and published integrated reports. Besides that, according to the research of the previous study conducted in Malaysia, the number of large Programmable Logic Controller (PLCs) that published fully integrated reports rose from 2 firms in 2015 to 11 companies in 2017 (Hamad, Draz, & Lai, 2020). In Malaysia, the principal institution promoting the use of integrated reporting to companies as well as investors is the Malaysian Institute of Accountants (MIA) (Huei & Kee, 2021).

Furthermore, integrated reporting is an approach based on principles. A company was not required to adhere to any set measuring methodologies, key indicators of performance, or disclosures of specific information to prepare an integrated report. It mostly depends on the professional opinion of the person who is responsible for deciding which variables are significant and how to present that information when it is appropriate (Huei & Kee, 2021). Integrated reporting focuses on eight content components including the outlook of the future, governance, risks and opportunities, business model, plan for resource allocation, organizational overview and the external environment, performance, and the foundation for the presentation. Apart from that, materiality, strategic emphasis and future orientation, consistency and comparability, conciseness, stakeholder relationships, dependability and completeness, and interconnection of information are seven guiding principles that have been established for the preparation and presentation of an integrated report (Huei & Kee, 2021). These components and guiding principles are advantageous since they may be used to make sure the report accurately relates financial and non-financial information, which makes it helpful to assess the company's existing performance and its potential future success (Huei, & Kee, 2021).

In addition, numerous previous research has underlined the positive effects of using integrated reporting. The researchers Baboukardos and Rimmel (2016) state that by linking previously unconnected bits of financial and sustainability information, integrated reporting enhances the quality of the information. Added to that, companies that voluntarily embrace integrated reporting contribute to greater earnings quality (Obeng et al., 2020) and also improve the standard of their earnings per share (Cortesi & Vena, 2019). Furthermore, by delivering the data needed from the capital markets and using a standard framework that may soon be commonly utilized, integrated reporting greatly assists in reducing regulatory risk (Pavlopoulos et al., 2017).

Last but not least, some of the recent research has examined how a firm's characteristics, such as its size, profitability, and sector, affect the quality of its integrated reporting. For instance, the researcher Frias-Aceituno et al. (2014) verified that the size and profitability of the company have positive effects on the publication of the integrated report; industry and growth potential, however, are not relevant in this regard. According to Ghani et al., (2018) findings for Malaysia, the size of the company and the audit firm had a favorable effect on the integrated reporting disclosure of real estate enterprises (Hamad, Draz, & Lai, 2020).

Firm Size

The size of the firm can be effectively characterized by various metrics such as the total value of its assets, the net income generated from its operations, or the market capitalization of its. These three metrics have been utilized extensively in prior research to determine the correlation relationship between firm size and the level of disclosure information in a firm's annual reports or integrated reporting (Buitendag, Fortuin, & De Laan, 2017). On the other hand, Price, Canback, and Samouel (2006), argue that the better metric of firm size is value-added. The researchers argue that this metric provides a precise measure of activity, but the value-added data is typically not publicly accessible for individual firms. In other words, it will be challenging to obtain precise value-added figures for specific companies, as this information is often not readily available or disclosed to the public.

Total assets represent the aggregate value of all tangible and intangible resources owned or controlled by a company. Fathurrahman and Sari (2020) explained, that the characteristics of assets are the following: first, the assets encompass economic benefits that will be acquired either presently or in the future. Second, the assets are an economic resource used by a firm to conduct operations. Third, the primary characteristic of an asset is its capacity to provide services or benefits to firms that utilize it. According to the Institute of Cost Accountants of India (n.d), they explained net income refers to the excess of revenue income over expense is called profit. Net income is computed by subtracting the recognized expenses from the revenues recognized during the reporting period. Market capitalization serves as a significant market indicator for assessing the value of shares and the overall value of a firm. Market capitalization represents the total value of a firm's outstanding shares of stock in the financial markets. Market capitalization reflects the market's perception of a firm's worth and is influenced by factors such as investor sentiment, financial performance, growth prospects, and industry dynamics (Toramane et al., 2009; Dias 2013).

Agency theory posits that disclosures are employed as a strategy to mitigate information asymmetry between principles and managers, thereby minimizing the costs associated with internal conflicts and power struggles. According to Alsaeed (2006), large firms tend to disclose more and more detailed information for several reasons, the large firms face more societal pressure and scrutiny than smaller firms, therefore, it mandates that large firms reveal additional details. Furthermore, large firms can collect, analyze, and exhibit extensive amounts of data with minimal expenditure.

Firm Growth

Recent research on indicates a rising correlation between IR adoption and company growth, particularly as firms incorporate Environmental, Social, and Governance (ESG) factors into their reporting procedures. IR has become a key instrument in fostering long-term sustainability and strategic growth by giving a holistic perspective of financial and non-financial data.

Infosys' 2023 research highlights how integrated thinking allows organizations to maximize resources, monitor risks, and align plans with stakeholder expectations, resulting in better decision-making and sustainable growth.

The organization emphasizes how integrating ESG factors into the core business model improves both financial and non-financial performance, hence contributing to firm growth (Infosys, 2023). Similarly, Deloitte's findings underline that IR not only meets stakeholder transparency expectations but also enhances a company's potential to produce long-term value. Companies that integrate ESG considerations into their operations and strategic thinking can better discover growth opportunities and manage risks (Deloitte, 2023).

Furthermore, The Clorox Company's 2023 integrated annual report demonstrates how connecting ESG goals with core company strategy led directly to enhanced sales, operational efficiency, and shareholder returns. The adoption of IR has contributed to the company's success by increasing stakeholder trust and ensuring long-term value generation (Clorox, 2023).

In their study conducted in 2005, Pass, Lowes, and Davies defined firm growth as the progressive enlargement of a firm's size over time. According to their framework, firm growth encompasses various dimensions, including the expansion of assets or capital employed, turnover, profit, and the number of employees. Similar to a study conducted by Kouser, Bano, Azeem, and Hassan in 2012, they presented a definition of firm growth that closely aligns with the aforementioned perspective. According to their definition, firm growth entails an augmentation in sales, expansion of asset size, increase in production volume, growth in the number of employees, increased profits, business expansion through acquisition or merger, product development, and diversification. This comprehensive definition encompasses multiple aspects of firm growth and highlights various indicators of organizational advancement.

According to Delmar et al. (2003), scholars recognize four distinct types of firm growth. Firstly, organic growth refers to the expansion of a firm's operations through internal means, such as increasing market share, expanding product lines, or entering new markets. Secondly, the creation of new firms involves the establishment of entirely new entities, either through entrepreneurship or spin-offs from existing firms. Thirdly, the concentration of existing firms pertains to growth achieved through mergers and acquisitions, where multiple firms combine their resources and operations. Lastly, growth through innovation and the diffusion of new products and processes involves the introduction of novel and improved offerings into the market, driving the expansion of a firm. These categorizations highlight different pathways through which firms can achieve growth and diversify their operations.

In Davidsson's (2010) research, he emphasized the presence of distinct growth modes, particularly organic growth versus growth through acquisitions. The researcher argued that organic growth can face limitations influenced by three overarching factors. Firstly, internal factors such as managerial ability play a role in determining the extent of organic growth. Secondly, external factors related to product or factor markets can impose constraints on organic growth potential. Lastly, a combination of internal and external factors, namely uncertainty and risk, can affect the feasibility of organic growth. Davidsson (2010) also posited that organic growth does not occur spontaneously. It requires purposeful planning and the allocation of resources toward that objective. Consequently, to capitalize on growth opportunities in the market, specialized resources, and managerial capabilities must be accessible to the firm.

Profitability

A condition in which a business is making a profit is referred to as profitability. When the total amount of the business income exceeds the total amount of the business expenditures within a reporting period, profitability is achieved. One of the criteria that can be implemented to determine how much a business is worth is profitability, which is typically expressed as a multiple of profitability on an annual basis (Bragg, S., 2022). Therefore, profitability is one of the factors that influence firm characteristics on integrated reporting. According to the signaling theory, businesses intend to reveal their quality to investors when they are performing well, which includes aspects like profitability and return on investment. Signaling is a response to information asymmetry in markets, where corporations in this situation possess details that investors do not. If the party with greater information gives the others a signal, asymmetries can be minimized (Watson et al., 2002). Based on the indication of Singhvi and Desai (1971), the investing public is likely to have more faith in a company's ability to survive if its earnings margin is higher than the industry average. As it is not worried about losing out in the pricing war and also aims to assure its stockholders of the company's solid position to survive, the firm may

publish more information when its earnings margin is higher than the industry average and the company will hold a stronger position in the price rivalry when the earnings margin is larger.

In truth, as profits increase, managers are more eager to provide details to support management compensation agreements and reassure investors of the company's profitability (Malone et al., 1993 & Wallace et al., 1994).

Moreover, Siregar and Bachtiar (2010) also pointed out that profitable businesses reveal more of their social initiatives to demonstrate their impact on society. According to Sharif and Rashid (2014), the management of a prosperous company feels proud of its success and therefore typically projects a favorable perception of its performance by providing additional information to the public. Furthermore, Ben-Amar & Boujenoui (2007) expressed that managers of companies that perform well have incentives to enhance the quality of their corporate governance disclosures to display the governance framework in place to persuade shareholders and potential investors. Hence, it is anticipated that the performance of the company will play a significant role in determining the ratio disclosure. Compared to businesses with lower returns, companies with higher profitability provide more information. Another argument is that companies with bad performance could hide their performance from stakeholders by disclosing less information. From the standpoint of the agency theory, Inchausti (1997) highlighted this viewpoint, arguing that the management of an extremely lucrative organization will utilize information for personal gain. The management of a company thus may provide specific details when the rate of return is high to defend the continuation of its positions and compensations (Singhvi and Desai, 1971). Based on the manifestation of Khlif and Souissi (2010), higher performance enables managers to persuade shareholders more effectively of their superior managerial skills. Thereby, managers might win the trust of investors to a greater extent by providing more information. Managers can differentiate themselves and their organizations in the labor and equity markets by performing better. This is supported by Singhvi and Desai (1971), who found a positive correlation between profit margins and earnings returns and the degree of corporate disclosure. Not only that, agency theory, by Ng and Koh (1994), also contends that more profitable corporations are more vulnerable to public scrutiny and are hence more prone to implement self-regulatory methods to avoid external control.

Governance

Corporate governance refers to the set of guidelines, customs, and procedures that regulate and control a business. Corporate governance generally entails striking a balance between the needs of all of a company's various stakeholders, including shareholders, senior management, clients, suppliers, financiers, the government, and the local community (James and Chen, 2023). By the indication of Buitendag et al., 2017, the impact of corporate governance continues to remain mostly unclear, and entity governance has long been a subject of interest. Based on the attestation of Buitendag et al., (2017), earlier research has revealed that ownership structures and board composition are the two main categories of corporate governance that will influence disclosure decisions. Other than that, Suttipun and Bomlai (2019) pointed out that their research used agency theory to clarify how ownership structure, board composition, and voluntary corporate integrated reporting form the connective framework of corporate governance because ownership structure and board composition are key corporate governance mechanism for reducing agency problems and information asymmetries.

The ownership of South African entities has a significant impact on their disclosure (Buitendag et al., 2017). Studies have shown that the organization will select a different disclosure tactic based on the composition of its shareholders. According to Eng and Mak (2003), greater disclosure is related to lesser managerial ownership and substantial government control. Blockholder ownership, though, has no connection to transparency. Thus, they stipulated that institutional, governmental, and block shareholders should be clearly distinguished from one another. Greater managerial oversight and a requirement for less information asymmetry can be anticipated from larger owners (such as block holders and institutional investors). Therefore, they would need more voluntary disclosure. Organizations with government ownership, like the Public Investment Corporation, have access to resources and information that other organizations would not. Government-owned businesses facilitate access to additional resources (RDT), such as contracts, that can enhance performance (Ntim & Soobaroyen, 2013b). Higher degrees of corporate disclosure though will be necessary due to related political influence and conflicts of interest between shareholders and the government (Ntim et al., 2012b). Hence, it is likely that companies with government ownership will voluntarily divulge more information (Buitendag et al., 2017).

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Larger boards are perceived as being less united, and as these organizations lack transparent reporting structures and communication channels, it is reasonable to infer that their disclosure is of lesser quality. On the contrary, when the number of executive members on the board rises, larger boards will have more administrative power and might place a greater emphasis on reporting. Due to the special corporate environment in South Africa, Agency Theory contends that a dual leadership structure, which splits the roles of board chairperson and CEO, can notably strengthen boards' capability to oversee managers by boosting board accountability and independence, which may have a positive effect on CSR disclosure (Ntim and Soobaroyen, 2013b). Haniffa and Cooke (2002) and Barako et al., (2006) offer empirical evidence supporting the good effects of dual leadership structure on disclosure. In South Africa, organizations are required to increase the proportion of formerly disadvantaged people they hire in management and to enhance their abilities. A common term for this is black economic empowerment (BEE). As a result, it would be reasonable to assume that organizations with greater BEE levels (directors of colour and female directors on their board) would make more voluntary disclosures to appear more trustworthy and genuine.

Research Framework

The research framework was developed based on the findings of the literature review. The dependent variables of the study are integrated reporting, and the independent variables are the firm size, growth, profitability, and governance as shown in Figure 1.

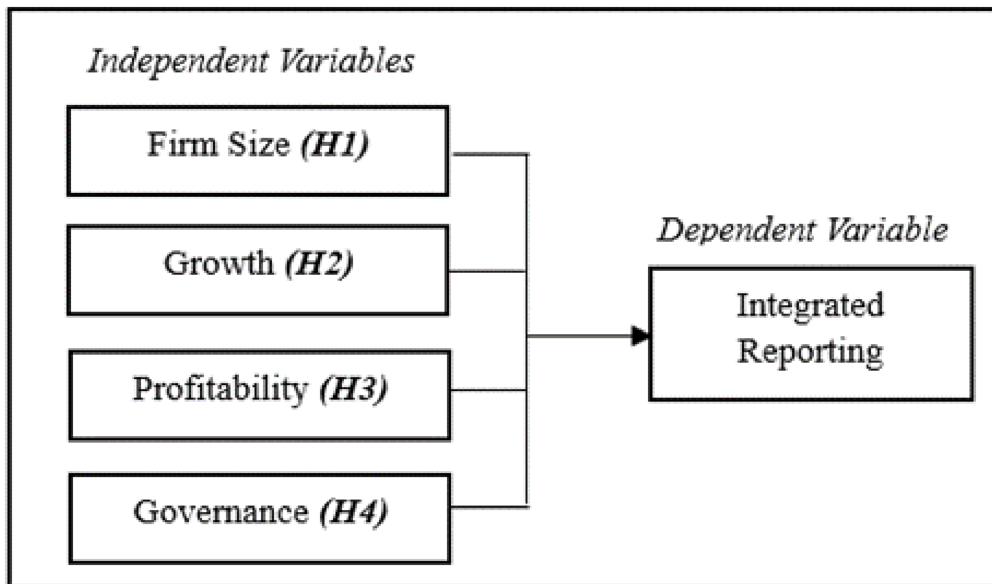

Fig. 1 Research Framework

Operational Variables

Table 1. Definitions of Operational Variable

Variables		Operational Definitions
Dependent variable	Integrated Reporting	A regular integrated report by a company about the creation of value over time and associated communications concerning all elements of value creation.
Independent variables	Firm Size	Refers to the quantitative measure of a company's scale or magnitude, often assessed by factors such as the number of employees, total assets, annual revenue, or market capitalization
	Firm Growth	Refers to the changes as the progressive enlargement in a company's size, performance, or market position over time.

	Profitability	Refers to a company's ability to generate profits or financial gains relative to its expenses and investments.
	Governance	Refers to the set of guidelines, customs, and procedures that regulate and control a business to ensure ethical conduct, transparency, and effective oversight

RECOMMENDATION AND CONCLUSION

The use of IR is increasingly recognized as a critical step in integrating a company's strategy with its financial and non-financial performance. Businesses that have implemented IR have claimed benefits in openness, decision-making, and long-term sustainability, which frequently translate into increased investor trust and a stronger market position. For example, research has consistently shown that firms that implement IR can better integrate their ESG (Environmental, Social, Governance) metrics with their financial goals, allowing them to attract long-term capital and reduce risks associated with non-financial factors such as environmental liabilities and social unrest (Eccles & Krzus, 2019).

The framework's comprehensive approach not only promotes more open communication with stakeholders, but also assists businesses in better understanding and managing the interconnection of financial, environmental, and social risks. As these variables become increasingly important for market competitiveness, organizations that use IR are better positioned to secure long-term growth. An increasing amount of empirical evidence supports the assumption that organizations that use IR are perceived as forward-thinking, resilient to future shocks, and more likely to create long-term value (Churet & Eccles, 2015).

However, despite the obvious advantages, transitioning to Integrated Reporting can be difficult. Many management teams, particularly those accustomed to traditional reporting frameworks, are first hesitant due to perceived complexity and a shift in focus away from financial measures. However, these worries are generally alleviated as businesses begin to see the practical benefits of IR. Empirical studies show that, despite initial resistance, management teams quickly appreciate the strategic benefit of IR in strengthening organizational resilience, stakeholder interactions, and internal decision-making.

Thus, even if a management team's current attitude toward implementing IR is not fully favorable, there is usually an underlying optimism. This confidence arises from a growing recognition that IR is a forward-thinking strategy that not only improves reporting but also lays the groundwork for long-term success and sustainability. As organizations become more aware of the potential long-term benefits—ranging from improved corporate reputation to better risk management—it is likely that these initial objections will be replaced by a proactive and purposeful adoption of Integrated Reporting.

The management team's attitude towards the practice of integrated reporting is not positive at the moment, but they are optimistic about beginning to adopt integrated reporting because they are aware of the long-term benefits that will result from applying it.

Based on the objectives provided, it is possible to conclude that firm size, growth, profitability, and governance are all important elements in determining a company's adoption of IR. Firm size frequently plays an important influence, since larger organizations typically have greater resources and stakeholder pressure to implement comprehensive reporting systems such as IR. Larger organizations also have a broader set of stakeholders, including investors and regulatory authorities, who advocate for greater transparency, which drives IR adoption. Growth is another important element; companies that are rapidly expanding may use IR to better manage and convey the relationship between their financial performance and non-financial repercussions, such as ESG concerns. Companies pursuing long-term success frequently discover that IR may help them match their operational goals with long-term value generation. Profitability can also influence the use of IR. More profitable businesses may have the financial resources to invest in the necessary systems and processes to implement IR. Furthermore, highly profitable companies are frequently subjected to greater scrutiny from stakeholders, necessitating increased openness through integrated reporting. Governance, namely the quality of corporate governance frameworks, is a key driver of IR. Firms with excellent governance systems are more likely to

implement IR, which supports their commitment to transparency, accountability, and ethical business practices. Good governance frameworks encourage integrated thinking, in which the relationship between financial and non-financial performance is explicitly defined.

The current state of reporting shows that an increasing number of businesses have begun to adopt and implement integrated reporting. However, companies that are listed on stock exchanges may face difficulties in the process of adopting and implementing integrated reporting. The availability and readiness of information, as well as the capability of report preparers, will affect the choice of management when deciding whether or not to adopt and implement integrated reporting in their business. Cost is the most important concern for the company. Other considerations include the availability and readiness of information. (Balasingam & Arumugam & Hui, K. A.,2019). Companies that have a high-profit margin will almost certainly have the resources to carry out the deployment of an integrated reporting framework. This will also make it possible for the board of directors to make decisions quickly and efficiently, and it will improve the information that is available to the various stakeholders (Alade, Muyiwa & Odugbemi, Olubunmi, 2022).

When considering the implementation of integrated reporting, businesses need to take into account the size of their companies as well as the resources at their disposal. Larger companies typically have a greater capacity to collect, analyze, and present large amounts of data. This advantage comes from economies of scale. However, even smaller companies can reap the benefits of implementing integrated reporting by concentrating on providing their stakeholders with information that is substantial and pertinent to their needs. It is strongly suggested that companies evaluate their capabilities and adjust the reporting practices they use accordingly. Following that is growth; companies need to be aware of the various facets of growth and how they connect to integrated reporting to be successful. Consideration should be given to the effect that the company's expansion will have on its reporting procedures, regardless of whether the expansion was the result of organic growth, mergers, acquisitions, or innovation. As companies grow, they need to make sure that their reporting system can keep up with the ever-evolving dynamics of their company and the interests of their various stakeholders.

The level of profitability is an important issue that can affect integrated reporting. Companies that are doing well and making profits should highlight this particular feature in their reports. They can communicate their quality to investors by highlighting their financial success, return on investment, and other relevant measures. It is essential to find a balance between the financial and non-financial information that is available, illustrating how profitability fits with environmentally responsible business practices and value development over the long term. Governance is a very important component of integrated reporting. The qualities of the Board of Directors, such as their experience and diversity, might affect the level of the company's internal relations practices. It is recommended that businesses make good corporate governance systems a priority to ensure openness, accountability, and efficient stakeholder representation. The adoption and execution of integrated reporting ought to be actively supervised by boards, with due consideration given to the interests of a variety of stakeholders.

Thus, the conclusion is that firm size, growth, profitability, and governance are all interconnected and influence the extent to which companies embrace Integrated Reporting, with larger, more profitable, and well-governed firms being more likely to use IR as a tool for fostering long-term sustainable growth.

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