



Global Trends in Sustainability Reporting: A Malaysian Evidence

Hod Amin, Mohd Halim Kadri*, Raja Adzrin Raja Ahmad

University Technology MARA

*Corresponding Author

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ABSTRACT

This study explores Malaysian listed companies' trends in sustainability reporting between 2018 and 2022. The study focuses on economic, environmental, and social disclosures. The findings indicate an increase in total sustainability reporting from 2018 to 2022 with social reporting consistently leads, followed by economic, while environmental reporting remains the least disclosed. The study highlights the increasing volume of disclosures, regulatory influences, the adoption of sustainability frameworks, and ongoing challenges such as management focus and commitment, emphasis, influence, business strategy cost and assurance as the reasons of the trend.

Keywords: Sustainability reporting, disclosure trends, global standards, regulation, Malaysia

INTRODUCTION

In recent years, sustainability has emerged as a central concern for businesses worldwide, including those operating in emerging economies such as Malaysia. The growing awareness of environmental degradation, social inequality, and economic instability has pressured companies to operate responsibly and transparently. As a result, sustainability reporting has gained prominence as a strategic communication tool that enables companies to disclose their economic, environmental, and social impacts to stakeholders (Hahn & Kühnen, 2013; GRI, 2021). The global movement towards sustainable development, guided by frameworks such as the Global Reporting Initiative (GRI), United Nations Sustainable Development Goals (SDGs), and integrated reporting principles, has further emphasized the importance of transparent sustainability disclosure (KPMG, 2022; GRI, 2021).

In the Malaysian context, regulatory bodies such as Bursa Malaysia and the Securities Commission Malaysia have progressively encouraged sustainability practices and reporting. For instance, the Sustainability Reporting Guide issued by Bursa Malaysia highlights the expectations for listed companies to disclose their sustainability practices in a structured and meaningful manner (Bursa Malaysia, 2020). This reflects an increasing institutional push towards corporate accountability, transparency, and long-term value creation (Amran et al., 2017). Over the past decade, Malaysian listed companies have shown gradual improvement in the quantity and quality of their sustainability disclosures. However, there remains a need for deeper investigation into how these trends are evolving, particularly across the three main pillars of sustainability: economic, environmental, and social (Muttakin et al., 2018).

Understanding the trend of sustainability reporting among Malaysian listed companies is essential not only for investors and policymakers but also for corporate managers seeking to benchmark and enhance their sustainability strategies. Such insights can help identify areas of progress and gaps in reporting practices, thus supporting more effective sustainability governance and policy formulation (Rao & Tilt, 2016).

The objective of this study is to explore the trend of sustainability reporting among Malaysian listed companies. Specifically, it aims to:

1. Investigate the overall trend of sustainability reporting in Malaysia.
2. Analyze the trend of economic sustainability reporting among Malaysian listed companies.

3. Analyze the trend of environmental sustainability reporting among Malaysian listed companies.
4. Analyze the trend of social sustainability reporting among Malaysian listed companies.

By exploring these dimensions, the study seeks to provide a comprehensive overview of how sustainability reporting has evolved in Malaysia, and to contribute to the broader discourse on corporate sustainability in emerging markets.

LITERATURE REVIEW

Sustainability Reporting

Sustainability reporting is a strategic process where organizations disclose their economic, environmental, and social (EES) impacts to stakeholders in order to demonstrate transparency, accountability, and commitment to sustainable development. It reflects how companies integrate sustainability into their operations, decision-making, and long-term goals (GRI, 2021). The Global Reporting Initiative (GRI) has been a major force in standardizing sustainability reporting, providing guidelines widely adopted across countries and industries.

Globally, the practice of sustainability reporting has grown significantly over the past two decades, especially following regulatory encouragement and increasing stakeholder demand (KPMG, 2022). In Malaysia, the rise of sustainability reporting was significantly influenced by the 2016 Sustainability Reporting Guide introduced by Bursa Malaysia. Since then, Malaysian listed companies have shown gradual improvements in both the quantity and quality of sustainability disclosures (Abd Aziz & Bidin, 2017). However, studies reveal inconsistencies in disclosure levels across different industries, with higher compliance observed among large and government-linked companies (Amran et al., 2017; Muttakin et al., 2018).

Despite progress, the integration of sustainability into core corporate strategy remains limited, and reporting is often more symbolic than substantive (Hahn & Kühnen, 2013). A more detailed insight into the evolving patterns within the economic, environmental, and social pillars is necessary to better assess the comprehensiveness and effectiveness of sustainability reporting. This deeper understanding can help identify gaps, enhance reporting practices, and strengthen the quality of disclosures to assist stakeholders to make more informed and responsible decisions.

Economic Reporting

Economic sustainability reporting focuses on an organization's financial performance, economic value creation, and distribution of economic impacts to stakeholders, such as employees, government, and the local community (GRI, 2021). It includes disclosures on direct economic value generated, financial assistance from governments, and investments in infrastructure and community development.

Studies show that economic disclosures are typically more consistent than environmental and social disclosures, likely due to their closer alignment with traditional financial reporting (Hahn & Lülfs, 2014). In Malaysia, economic reporting is often prioritized as companies attempt to align sustainability with shareholder expectations (Mansor et al., 2023). However, detailed disclosures on community investments, anti-corruption efforts, and supply chain economics remain underreported (Muttakin et al., 2018).

The trend suggests a slow but steady increase in economic reporting, with many firms still focusing on basic financial metrics, rather than more qualitative aspects of long-term economic impact (Bakar et al., 2019).

Environmental Reporting

Environmental reporting involves the disclosure of a company's environmental impacts, resource usage, emissions, and initiatives for conservation and sustainability (GRI, 2021). Topics typically include energy consumption, greenhouse gas (GHG) emissions, water usage, waste management, and compliance with environmental regulations.

While global awareness of environmental issues has grown substantially, environmental reporting in Malaysia remains relatively weak compared to economic and social aspects (Amran et al., 2017). Many companies provide generic statements of commitment without detailed quantitative disclosures. Factors such as industry type, regulatory enforcement, and environmental sensitivity influence the extent of disclosure (Rao & Tilt, 2016).

Trends indicate a gradual improvement in environmental disclosures, particularly among companies in environmentally sensitive sectors such as plantation (Md Daud et al., 2023). However, comprehensive environmental risk assessment and climate-related financial disclosures are still lacking in most annual or sustainability reports.

Social Reporting

Social sustainability reporting involves disclosures related to an organisation's social impacts, including human rights, labor practices, employee welfare, community engagement, diversity, and safety (GRI, 2021). Social reporting provides insight into how organizations manage relationships with employees, communities, and other stakeholders.

In Malaysia, social disclosures are often more developed than environmental ones and have shown notable growth in recent years (Wan Mohammad & Wasiuzzaman, 2021). This trend is partly due to the influence of Islamic corporate social responsibility values and increasing stakeholder expectations regarding labor rights and community contributions (Muttakin et al., 2018). Companies frequently report on training hours, gender diversity, and corporate social responsibility (CSR) projects.

Nevertheless, such reporting often remains surface-level, with limited disclosures on supply chain human rights practices, fair labor conditions, and occupational health and safety (Hahn & Kühnen, 2013). Still, the trend shows a faster uptake in social reporting compared to economic and environmental reporting (KPMG, 2022).

RESEARCH METHODOLOGY

Research Design

This study adopts a quantitative research design using a descriptive approach to examine the trends in sustainability reporting among companies listed on the Main Market of Bursa Malaysia over a five-year period (2018–2022). The research focuses on analysing the extent of sustainability disclosures across the three main pillars: economic, environmental, and social.

Sample Selection

The sample consists of 252 companies listed on the Main Market of Bursa Malaysia. These companies were selected based on their consistent listing throughout the study period and the availability of sustainability or integrated reports from 2018 to 2022. Companies with missing or incomplete reports for any of the years were excluded to ensure data consistency and comparability. The final sample consists of 1260 firm-year observations.

Data Collection

Data on sustainability reporting were manually collected from publicly available sustainability reports and annual reports published by the sampled companies. These reports were accessed through company websites and Bursa Malaysia's official portal. The data collection process adhered to the Global Reporting Initiative (GRI) Standards, which serve as a widely accepted framework for sustainability reporting.

A checklist of 42 reporting elements was developed based on GRI standards, comprising of:

- 7 elements for economic (EC) reporting,
- 17 elements for environmental (EN) reporting, and
- 18 elements for social (SOC) reporting.

Each element was recorded based on a binary coding system:

- **1** = the company disclosed the specific GRI element in a given year;
- **0** = the company did not disclose the element.

The total score for each pillar and year was then calculated for each company to analyse disclosure levels and reporting trends over time.

Data Analysis

The collected data were analyzed using SPSS (Statistical Package for the Social Sciences) software. The analysis involved the use of descriptive statistics, including frequencies, percentages, and mean scores, to identify the overall trends and patterns of sustainability reporting across the five-year period.

The key reporting indicators analyzed included:

- Total Sustainability Reporting (TSR): based on the total number of GRI elements disclosed (out of 42),
- Economic Reporting (EC): based on the 7 economic indicators,
- Environmental Reporting (EN): based on the 17 environmental indicators,
- Social Reporting (SOC): based on the 18 social indicators.

The results were tabulated and graphically represented to highlight changes in disclosure levels from 2018 to 2022 in analysis of findings section.

Analysis of findings

The analysis of the top 100 Malaysian listed companies from 2018 to 2022 reveals a positive upward trend in sustainability reporting across all three pillars—economic (EC), environmental (EN), and social (SOC). Total sustainability reporting (TSR) rose from 39.13% in 2018 to 52.68% in 2022, with social disclosures consistently leading (rising from 47.84% to 61.46%). This growth reflects a steady national movement toward improved corporate transparency, aligning with regulatory frameworks such as Bursa Malaysia's Sustainability Reporting Guide (Bursa Malaysia, 2020).

Table 1: Trend of sustainability reporting in Malaysia

Year	2018	2019	2020	2021	2022
TSR	39.13 %	43.71 %	45.88 %	48.04 %	52.68 %
EC	38.66 %	43.93 %	45.41 %	47.39 %	51.30 %
EN	30.11 %	33.94 %	36.23 %	37.98 %	43.95 %
SOC	47.84 %	52.84 %	55.18 %	57.80 %	61.46 %

Note:

TSR is total sustainability reporting in percentage

EC is economic reporting in percentage

EN is environmental reporting in percentage

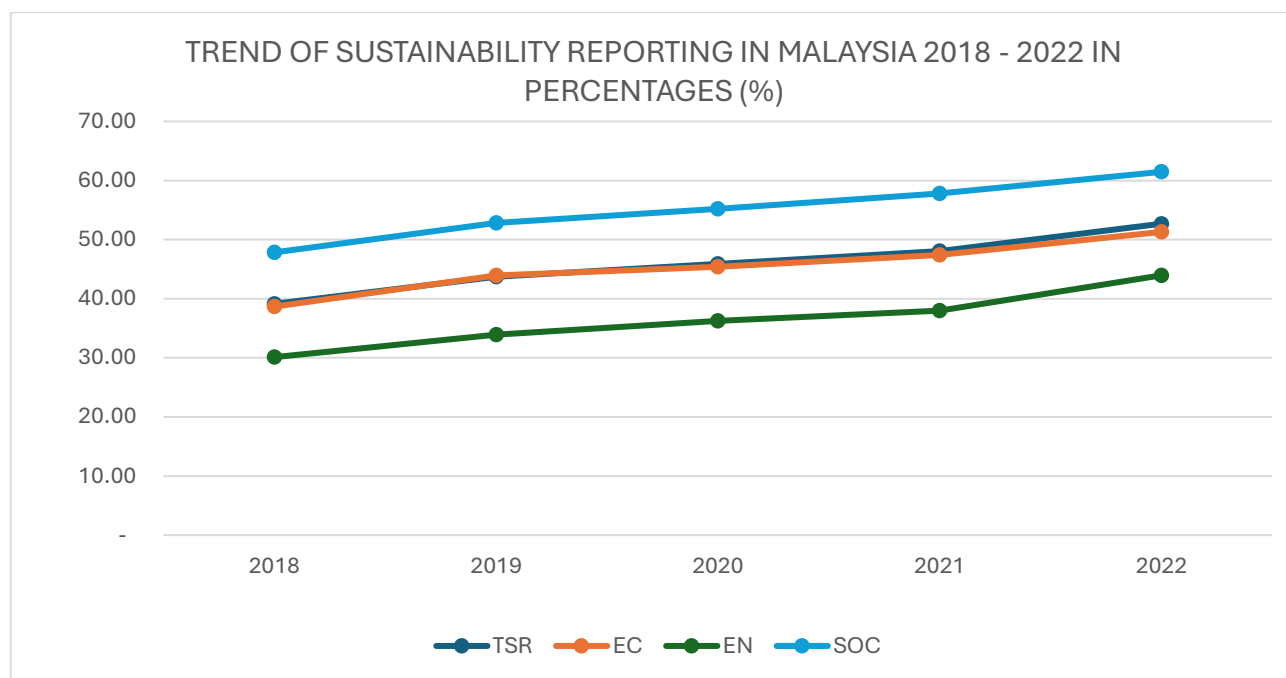
SOC is social reporting in percentage

These findings are consistent with earlier Malaysian studies that observed incremental but uneven progress in sustainability reporting. Amran et al. (2017) highlighted that social disclosures tend to dominate, largely due to pressure from government-linked institutions and societal expectations in Malaysia's stakeholder-oriented

environment. Similarly, Wan Mohammad & Wasiuzzaman, (2021) noted that social reporting has historically outpaced environmental and economic dimensions due to greater alignment with corporate social responsibility (CSR) traditions in the region.

However, while the upward trend confirms prior observations, the rate of increase across economic and environmental disclosures remains relatively modest. For instance, environmental reporting rose from 30.11% to 43.95%, still lagging behind other pillars. This supports Muttakin et al. (2018), who suggested that Malaysian companies often treat environmental reporting as symbolic or compliance-driven, rather than strategic. Hahn and Kühnen (2013) also indicated that environmental disclosures globally tend to be less detailed and less frequently reported unless enforced by stringent regulation or reputational risks.

Figure 1: Percentage growth in total, economic, environmental, and social sustainability reporting among Malaysian companies (2018–2022).



When compared with other regions, Malaysia's sustainability reporting growth reflects a moderate pace. According to KPMG (2022), global sustainability reporting rates among the top 100 companies were 79% in 2017 and 96% by 2022, with high rates in Western Europe (96%), North America (92%), and even the Asia-Pacific region averaging above 80%. Countries such as Japan, South Korea, and Singapore have demonstrated more aggressive adoption of integrated sustainability practices, often fueled by mandatory disclosure requirements or stronger ESG investment culture (KPMG, 2022; GRI, 2021).

In contrast, Malaysia's sustainability reporting, while improving, is still catching up in terms of depth, assurance, and integration. For example, Hahn and Lülfs (2014) found that many Asian firms, including Malaysian ones, tend to disclose positive aspects more than negative or risk-related information, a pattern still evident in recent disclosures.

Overall, the Malaysian trend from 2018 to 2022 reflects an encouraging movement towards enhanced corporate accountability, with social reporting leading, economic reporting gaining, and environmental reporting improving, albeit slowly. However, comparative global benchmarks suggest that more policy reinforcement and stakeholder engagement are needed for Malaysia to achieve reporting standards similar to developed economies.

The faster increase in social reporting, compared to economic and environmental disclosures, can be attributed to several interrelated factors. First, focus on corporate governance - studies of Malaysian PLCs indicate that board priorities and top-management commitment favour social issues such as community engagement and employee welfare, making them more extensively disclosed than economic or environmental data (Amran et al., 2017, Thompson & Zakaria, 2004).

Second, emphasise on guideline - Bursa Malaysia's Sustainability Reporting Guide provides strong emphasis and clarity on social pillars, helping firms more easily integrate and implement social indicators in their sustainability reports (Bursa Malaysia, 2018). Third, the influence of stakeholder and media. Firms face stronger public and media pressure on social issues—such as labour practices, diversity, and community impacts compared to other on technical environmental concerns, which encourages enhanced social disclosures (Muttakin et al., 2018; Wan Mohammad & Wasiuzzaman, 2021).

Fourth, social focus on human capital typically covers areas like employee training, benefits, and community donations, which can be easier to document and reports. So, social topics are more aligned with integrated and narrative-driven reporting, making them easier to embed in financial and strategic disclosures (Bakar et al., 2019). Finally, unlike environmental data, which often require technical measurements and third-party audits, social reporting is less resource-intensive, promoting faster uptake especially among mid-sized firms (Clarkson et al., 2008). These factors collectively explain why social reporting saw the highest growth among the three pillars in Malaysia between 2018 and 2022.

In contrast, economic and environmental reporting have grown at a slower pace due to the following reasons. First, many economic disclosures overlap with conventional financial reporting and may already be well-established. This results in less urgency for new sustainability-specific economic indicators, causing slower growth in dedicated economic reporting (Rao & Tilt, 2016). It reflects the maturity of economic reporting. Secondly, environmental reporting, particularly for Scope 3 emissions, water use, and biodiversity impacts, requires complex data collection, measurement, and verification processes. This indicates that environmental data are becoming more complex. Firms lacking internal expertise or access to environmental consultants may struggle to disclose this information comprehensively (Hahn & Kühnen, 2013).

Third, environmental disclosures often demand specialized software, scientific benchmarks, or third-party assurance. These resources that are of higher costs and viewed as technical barriers may be financially burdensome to some mid-sized Malaysian firms (Clarkson et al., 2008). Fourth, while Bursa Malaysia mandates sustainability reporting, its early guidelines focused more on social issues, and only in recent years have regulators begun emphasizing climate-related risks and environmental performance (Bursa Malaysia, 2020).

Finally, compared to social issues, environment which often attract direct consumer or media scrutiny, economic and environmental topics tend to receive less intense stakeholder attention in the Malaysian context (Muttakin et al., 2018; Wan Muhammad & Wasiuzzaman, 2021). These structural, regulatory, and cost-related challenges help explain why economic and environmental disclosures increased more modestly than social reporting during the period under review.

CONCLUSION, RECOMMENDATIONS AND FUTURE RESEARCH DIRECTIONS

Conclusion

This study explored the trend of sustainability reporting among Malaysia's top 100 listed companies between 2018 and 2022, focusing on the three core pillars which are economic, environmental, and social disclosures. The findings indicate a steady increase in total sustainability reporting (TSR), rising from 39.13% in 2018 to 52.68% in 2022. Among the three pillars, social reporting consistently leads, followed by economic, while environmental reporting remains the least disclosed.

These findings confirm earlier studies (Amran et al., 2017) that suggested Malaysian firms prioritize social aspects of sustainability, often due to regulatory encouragement and socio-cultural expectations. Compared to global trends, however, Malaysia still lags in comprehensiveness, assurance, and integration of sustainability reporting (KPMG, 2022).

Although the increasing trend is encouraging and reflects positive momentum, the pace and depth of disclosure, particularly in environmental and economic reporting, remain below that of developed economies and neighboring countries like Singapore and South Korea (GRI, 2021; Rao & Tilt, 2016). This suggests a need for

more substantive, data-driven, and transparent sustainability practices to align with global expectations and support Malaysia's broader sustainable development goals.

Recommendations

While Bursa Malaysia has provided valuable guidelines, mandatory disclosure requirements, especially for environmental indicators (e.g., GHG emissions, energy intensity), could significantly improve consistency and comparability. Regulators should consider adopting mechanisms similar to those in the EU or Singapore, where non-financial reporting standards are legally enforced. In addition, top management and boards should be encouraged to integrate sustainability into strategic decision-making. Board training and composition (e.g., inclusion of sustainability experts or independent directors) have been shown to influence the quality of disclosure (Rao & Tilt, 2016). To enhance stakeholder trust and credibility, companies should engage third-party assurance providers to verify the accuracy of sustainability data, particularly on environmental and economic aspects. This practice is still limited among Malaysian firms.

Firms, especially small and medium capital companies, often lack expertise in sustainability reporting. Training programs, industry workshops, and collaborative reporting platforms could help build internal capacity and promote knowledge sharing. Additionally, companies should engage stakeholders more meaningfully, using feedback to guide reporting priorities. Finally, but not least, companies should move toward integrated reporting that connects financial and non-financial information in a cohesive narrative. This would support a more holistic understanding of how sustainability issues impact long-term value creation and corporate resilience. These recommendations aim to support Malaysian companies in enhancing the quality, credibility, and strategic relevance of their sustainability reporting, thereby aligning with global best practices and contributing to national and international sustainable development goals.

Future Research Directions

While this study provides valuable insights into the trends of sustainability reporting among Malaysian listed companies from 2018 to 2022, several opportunities exist for future research to build upon and expand the findings. These directions are important to enhance understanding, address limitations, and inform both practice and policy. Future research could focus on sectoral comparisons to investigate differences in sustainability reporting across industries such as manufacturing, finance, energy, and plantations. Industry-specific regulations, environmental impact, and stakeholder expectations often influence disclosure practices differently (Rao & Tilt, 2016). A deeper analysis could help identify best practices and tailor recommendations for specific sectors. Next, future studies could evaluate the quality, depth, and credibility of sustainability reporting using content analysis frameworks such as the Global Reporting Initiative (GRI) quality indicators or sustainability assurance ratings (Hahn & Lölfs, 2014). This would distinguish between symbolic and substantive reporting.

In addition, further research could examine the long-term impact of sustainability reporting on firm value, financial performance, investor perception, and stakeholder trust. Employing econometric models to explore causal relationships would contribute to the growing body of literature on the value relevance of sustainability disclosures (Amran et al., 2017; Muttakin et al., 2018). Investigating how corporate governance structures, board diversity and ownership type affect sustainability reporting would provide a more nuanced understanding of disclosure drivers (Nurumina et al., 2020). So, comparative studies could also assess how institutional pressures (Wang & Ding, 2025) vary across companies of different sizes or ownership structures.

Finally, comparing Malaysia's sustainability reporting practices with other ASEAN or developed economies could highlight key policy and institutional differences influencing sustainability performance. Such studies could use benchmarking methods to assess Malaysia's progress relative to peers like Singapore, Thailand, or Japan (KPMG, 2022). Last but not least, future research could explore how stakeholders (e.g., investors, consumers, regulators) perceive the materiality and usefulness of disclosed sustainability information. Survey-based or interview-based approaches could help companies align their reporting more closely with stakeholder expectations and decision-making needs. These future research directions will not only deepen academic understanding but also support ongoing efforts to improve sustainability governance, disclosure practices, and corporate accountability in Malaysia and beyond.

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