

The Impact On Firm Value On Adopting Integrated Reporting: Empirical Evidence from Australian Firms

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Abstract

Purpose of Study: This study aims to examine the effect of Integrated Reporting (IR) on the firm value of publicly listed companies in Australia, focusing on a sample of 24 companies over the period from 2015 to 2020.

Research Methodology: The analysis is conducted in two stages: firstly, a disclosure IR index and coding approach are utilized to evaluate firms' performance based on capital components in alignment with the IIRC reporting framework. Secondly, System GMM regression analysis is employed to determine the impact of IR on the performance of Australian companies.

Findings: The study finds that Australian companies place less emphasis on disclosing Natural Capital (NC), with low levels of TNC disclosures in annual reports. Conversely, there is more extensive reporting on intellectual, social, and relational capital, with companies being more transparent through social media and other communication channels. The results reveal a significant negative relationship between IR and performance, suggesting that improvements in IR practices are necessary to enhance performance and strengthen shareholders' monitoring capabilities.

Originality: This research is notable for being one of the first to apply the Disclosure of IR Items and Coding Approach combined with System GMM for panel analysis within the Australian context.

Keywords: Integrated Reporting, Value Performance, Australian Companies