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INTEGRATED REPORTING PRACTICES AMONG REAL PROPERTY LISTED COMPANIES IN MALAYSIA

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ABSTRACT

Integrated reporting promotes a cohesive and efficient approach to corporate reporting that draws on different reporting strands and communicates a full range of factors that can affect the ability of a company in creating its value over time and enhancing governance at the same time. However, there is a lack of study that has examined integrated reporting practices particularly in a developing country such as Malaysia. This study examines the extent of integrated reporting practices among real property listed companies in Malaysia. This study adopts content analysis on 189 annual reports from 63 real property companies that are listed in Bursa Malaysia. The results show that the real property companies in Malaysia have yet to achieve a satisfactory level of integrated reporting practices. This is because all of the companies have a compliant level of integrated reporting ranging from non-compliance to moderate compliance only. The results also show that the size of the company plays an important role on the extent of integrated reporting practices. The findings in this study provide knowledge to interested parties such as practitioners and academics on the level of integrated reporting practices among public listed companies in Malaysia. In addition, the findings provide ideas to the regulatory bodies to strategise ways in promoting integrated reporting among public listed companies.

Keywords: *Integrated reporting, size, real property companies, Malaysia*

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INTRODUCTION

The modern trend of reporting in the corporate world has changed due to the evolution of technologies as well as the stakeholders' demand for more transparency and accountability reporting on the companies (Healy & Palepu, 2001; Flack & Douglas, 2007). Apart from the annual financial information related to the economy and financial situation, the stakeholders are also seeking other information such as environment, social, and governance information (Lee & Yeo, 2015). This is attributed by existing information that is financial in nature which limits the investors' ability to predict long-term performance of a company. Financial statement has certain limitations in satisfying the stakeholders' needs. First, it does not reflect a company's past performance and also present future performance. Secondly, a company often prepares financial information that only satisfies the needs of a particular group of stakeholders, namely, the capital suppliers. This has led to calls for more information beyond the financial information to include non-financial information (Baker & Haslem, 1973; Chang, Most & Brain, 1983; Wallace, 1988; Yuen, Liu, Zhang & Lu, 2009; Lee & Yeo, 2015).

The stakeholders' demand for better reporting has led to integrated reporting. Integrated reporting is a single document that presents and explains a company's financial and non-financial performance. Integrated reporting increases communication between different components of the report and reduces duplication (Clark, Grist & Gilman, 2014; Graham, 2014) on the long term value in a clearer and more sufficient manner. The new trend of reporting integrates the financial and non-financial information in a single report. It becomes an important tool for companies throughout the world as it provides various benefits. However, the true vision of integrated reporting requires an articulation of the link between financial and sustainability performance and the outcomes that help a company to take more sustainable decisions and thus, enable investors and other stakeholders to understand how a company really performs (Graham, 2014).

In Malaysia, the development of Capital Market Masterplan 2 (CMP2) in April 2011 provides concerns among the stakeholders on the importance of investors' protection and governance. The 2011 Corporate Governance blueprint issued by the Securities Commission of Malaysia, with the main theme of "Disclosures and Transparency", provides evidence that Malaysia is moving towards integrated reporting since it promotes effective disclosure of non-financial information. Thus, Malaysia is also committed to be in the integrated reporting journey. An analysis of top 30 companies listed in Bursa Malaysia showed that they have already disclosed some key elements of the Integrated Framework (IRF) despite a lack of linkage between these elements. PwC's news stated that Malaysian companies have the basics reporting and these companies have a long way to go in embracing integrated reporting (Accountants Today, 2014). Since integrated reporting is a voluntary practice in Malaysia, there is a need for the Malaysian companies to change their mindset and plan the roadmap of the integrated process before such disclosure becomes mandatory.

Most companies throughout the world have already moved towards integrated reporting as it provides various benefits to the company. Various countries have voiced out their support towards integrated reporting. For example, the Brazil National Development Bank and Brazilian Stock Exchange have announced a greater alignment with integrated reporting, an indication that the Brazil government supports integrated reporting. In Japan, a corporate reporting lab has been set up by the Japan's Ministry of Economy, Trade and Industry to support such reporting. This shows that countries all over the world are moving towards integrated reporting. However, most companies that adopt this type of reporting are located in the developed countries. Studies such as Graham (2014) noted that integrated reporting in developing countries such as Malaysia is still unknown and suggested a study to examine the adoption level of integrated reporting.

Following Graham's (2014) suggestion, this study aims to examine the integrated reporting practices among public listed companies in Malaysia. The findings in this study contribute to the existing literature that is currently lacking in evidences on integrated reporting practices in the developing country. The remainder of this study is structured as follows. The next section, Section 2, provides a review of literature related to voluntary disclosure with specific focus on integrated reporting. Section 3 presents the research question and research hypothesis of this study. Section 4 outlines the research design. The findings of this study are presented in Section 5. The final section summarises and concludes this study.

LITERATURE REVIEW

Companies' performance is often seen by stakeholders as a measurement of the companies' success in operating their business. One of the ways in communicating the performance of companies is by way of reporting disclosure in the annual reports. The purpose of an annual report is to provide relevant, useful, and reliable financial information to the stakeholders such as investors and shareholders on the performance of the business as well as the future prospects for decision-making purposes (Singhvi & Desai, 1971; Flack & Douglas, 2007; Binh, 2012). Reporting disclosure is crucial for companies to guarantee their mutually beneficial relationship with their stakeholders and raise capital at the lowest possible cost (Lev, 1992; Healy & Palepu, 2001; Jain & Kumar, 2013). Agca and Onder (2007, p.241) have provided the definition of reporting disclosure as:

> *"informing the public by financial statements of the firm. Disclosure comprises the last stage of accounting process; information regarding the financial activities collected by the accounting department is firstly processed and then summarized in a way in which it represent the financial situation and results of financial activities to be shared with the related parties".*

Studies, however, have suggested that the information disclosure in annual reports is often insufficient for stakeholders to make decisions (Chang, Most & Brain, 1983; Wallace, 1988; Yuen, Liu, Zhang & Lu, 2009; Binh, 2012). These studies imply that inadequate provision of information on the companies' performance has led to a huge gap between what information that the users of annual reports require and what information that the companies are willing to provide (Buzby, 1974; Hooks, Coy & Davey, 2002). Many of the information items which the users believe to be essential for decision-making are not disclosed in the annual reports. The stakeholders' information needs often vary hence relying solely on the mandatory information becomes inadequate. The agreement between the importance of relative items ranked by the stakeholders and the actual disclosure level of the companies is small (Haw, Qi & Wu, 2000; Hooks, Coy & Davey, 2002).

Financial Reporting standards have also emphasised the importance of reporting disclosure in showing true and fair view of companies' performance. The standards have identified the minimum limits of information to be disclosed to the stakeholders. Such information is known as 'mandatory disclosure'. Mandatory disclosure is the rules that allow equal access to basic information (Simon & Kar, 2001) by which the regulatory bodies of a country would decide on the content, amount, and format of the information that need to be presented to the stakeholders by the companies. In mandatory disclosure, the companies must disclose, in which form, to whom, and when they should be disclosed as defined by the standards (Durukan, 2003).

In an attempt to enhance their relationship with their stakeholders, companies have also provided information that extend beyond the standard requirements. Such information is known as 'voluntary disclosure'. Voluntary information disclosure refers to the disclosure of information that exceeds the mandatory information limits in relation to the content or amount provided by the companies (Agca & Onder, 2007). Such disclosure represents the free choice of the management of a company in which they decide the choice of information needs to be disclosed and also determine the relevance of the information to the person that will use the information for decision-making (Yuen, Liu, Zhang & Lu, 2009). Voluntary disclosure is voluntary in nature aims to improve the transparency and accountability to the stakeholders with the intention that better returns can be obtained through provision of such disclosure and consequently, improve the companies' performance (Ho & Wong, 2003).

A large body of the accounting literature has examined voluntary disclosure of information in the annual reports of the companies. Most of these studies conducted their research in developed countries although there are few studies that have used developing countries as their study setting (Sarikas, Vu & Djatej, 2009; Binh, 2012).These studies examined the quality and extent of information disclosure in annual reports (McNally, Eng & Hasseldine, 1982; Firer & Meth, 1986; Wallace, 1988; 1993) looking at both mandatory and voluntary disclosures. Studies that examined these disclosures have often used two levels of measurement. The first measurement is of the actual disclosure and the distributional of sectional disclosure (Ahmed, 1993) and the second measurement is item to item comparison (McNally, Eng & Hasseldine, 1982; Wallace, 1988). There are studies that combined both measurements (Karim, 1995). Other studies have used a disclosure index to examine the extent of reporting disclosure (Buzby, 1974). Buzby examined the extent of reporting disclosure practices among public listed companies.

Perhaps one of the earliest studies that have examined reporting disclosure is by Baker and Haslem (1973). Using questionnaire survey, they examined the information needs of the security analysts on their important sources of information. They found that the companies' reporting disclosure did not provide adequate information required by the security investors. They found that individual investors used different factors in analysing the shares of the companies, and that their information requirements varied significantly. They also found that the individual investors placed minor importance to financial statements as a source of information. This indicates that the investors are likely to prefer information that is beyond the mandatory disclosure.The findings of these studies suggested the importance of provision of voluntary disclosure to the companies' performance.

Recent studies have extended the voluntary disclosure perspective to include integrated reporting. Integrated reporting refers to a report that meets the need of both statutory financial reporting and sustainability reporting (Navi, 2014). It is an annual report containing sustainability performance information and financial statements. According to Babe (2016), the increasing need to improve disclosure for both financial and non-financial information has brought about the implementation of a reporting framework to assist the implementers and the understanding of the framework for the new corporate reporting structure. Integrated reporting can also be described as "holistic" reporting where it reflects the interactions and implications of financial, social, environmental, and governance, related to the organisational activities for stakeholders (Abeysekera, 2013)

There is a body of the accounting literature that has examined integrated reporting (Abeysekera, 2013; Steyn, 2014; Ri et al., 2015). These studies have identified several benefits of integrated reporting. Among the main benefits include facilitating achievement of a more holistic reporting that reports the interaction and implication of financial, social, environmental, and governance-related organisational activities for the stakeholders. It also provides the full picture of the company's ability to create and sustain value. Despite many benefits of integrated reporting, it also provide challenges in implementing integrated reporting. The challenges include lack of agreed-upon standards and assurance methodologies, poor understanding of the relationship between financial and non-financial performance, and lack of adequate regulations for effective presentation of integrated reporting (Krzus, 2011). However, most of these studies were conducted in developed countries.

One of the studies that examined integrated reporting is by Lee and Yeo (2015). Lee and Yeo (2015) examined the link between company valuation and integrated information reporting following one of the themes in voluntary disclosure study. Studies examining the factors influencing voluntary disclosure have examined company size as the possible factor to voluntary disclosure (Ibrahim, 2014; Uyar, Kilic & Bayyurt, 2013; Ghasempour & Atef, 2014; Mutakkin, Khan & Azim, 2015; Scaltrio, 2016). Most of these studies found that the company size influences the extent of voluntary disclosure of companies (Lan, Wang & Zhang, 2013; Ghasempour & Atef, 2014; Albitar, 2015), that is, managers of larger companies are likely to realise the possible benefits of better disclosure while smaller companies are more likely to feel that full disclosure of information would endanger their competitive position. Lee and Yeo (2015) found that among the reasons as to why companies provide integrated reporting is due to the size of their companies. Larger companies tend to provide integrated reporting compared to smaller companies. However, apart from Lee and Yeo's study, there is yet another study that examines the link between company size and integrated reporting. This study also aims to examine this issue.

RESEARCH OBJECTIVES, QUESTION, AND HYPOTHESIS

Research Objectives

The objective of this study is to examine the integrated reporting practices among public listed companies in Malaysia. This study specifically examines:

1. The extent of integrated reporting practices among real property companies in Malaysia.

2. Whether the size of the companies determines the level of integrated reporting disclosure among real property companies.

The objective of this study is achieved by way of content analysis.

Research Question

The new evolution of the technology and businesses has caused stakeholders to demand more than the financial information that focuses only on profitability and the short term success of the companies. The financial reporting has become more voluminous but less relevant to users as it focuses only on historic information and not on future strategy and performance. Therefore, companies need to broaden the scope of their reporting structure beyond just financial information. In addition, there is no standardised system for creating the annual reports. Typically, they gather reports from the human resource department, the finance department, and the remuneration committee. They then combine the reports together with the Chairman's statements that are often drafted by the Company Secretary and edited by the Chairman. Then, it will be bound as a glossy report which contains all the companie's information. Arguably, it is not the system but rather the process of combining all information from the departments which is prepared separately with no interconnection.

The stakeholders' demand for better reporting has led to the development of integrated reporting. Integrated reporting promotes a more cohesive and efficient approach to corporate reporting that draws on different reporting strands and communicates the full range of factors that affect the ability of an organisation to create value over time. It also supports integrated thinking, decision making, and actions that focus on the creation of value over the short, medium, and long term. Although it can be seen that there is an improvement on the adoption of integrated reporting, the adoption level is still not as many expected (Graham, 2014). It has been reported that Malaysian companies still have a long way to go in embracing integrated reporting (Accountants Today, 2014). However, to date, there is yet a study that examines where the Malaysian companies stand in terms of integrated reporting. Therefore, the following research question is developed:

RQ_1: What is the extent of integrated reporting practices among real property companies in Malaysia?

Research Hypothesis

A body of the accounting literature has examined the relationship between company size and voluntary disclosure practices. There is a group of studies that found significant positive relationship between company size and voluntary disclosure practices (Lan, Wang & Zhang, 2013; Ghasempour & Atef, 2014; Albitar, 2015). Other studies have found no relationship between company size and voluntary disclosure (Agyei-Mensah, 2012; Ibrahim, 2014; Mutakkin, Khan & Azim, 2015). Lee and Yeo (2015) extended the voluntary disclosure by examining the relationship between company size and integrated reporting. They also found significant relationship between company size and integrated reporting. However, their study was conducted using companies in South Africa as the study setting. This study uses companies in Malaysia with specific focus on real property companies. Therefore, the following research hypothesis is developed:

H_1: There is a significant relationship between company size and extent of integrated reporting practices among real property companies in Malaysia.

RESEARCH DESIGN

Sample Selection

This study chose the real property companies listed in Bursa Malaysia as the sample study. Real property companies were chosen because of their strong characteristics and for being among the popular industries chosen to be invested by local and foreign investors (Thim, Choong & Asri, 2012). In addition, the government's support through relaxation and lifting of certain restrictions and regulations in property ownerships have also attracted investment in the property market. This shows that real property industry has the ability to create value over time and is concerned with long term value creations (Abdullah & Wan Zahari, 2011).

In total, there are 81 real property companies listed in Bursa Malaysia as of 31st December, 2015. However, 18 companies were excluded from this study due to the unavailability of their annual reports for three consecutive years. The final sample comprised of 63 real property companies. In total, the sample for this study is 189 annual reports of 63 real property companies over a period of 3 years.

Research Instrument

This study employed content analysis as the research instrument. To perform the content analysis, this study used the annual reports from 2013 to 2015 of the real property companies. Content analysis was chosen to analyse the information and as a method in codifying the text (or content) of pieces of writing or categories depending on the selected criteria. The content analysis focused on determining information related to integrated reporting.

According to International Integrated Reporting (IIR) Framework, there are eight major elements of integrated reporting. The eight elements of integrated reporting are (1) organisation's overview and external content, (2) strategy and resources allocation, (3) business model, (4) governance, (5) risk and opportunities, (6) performance, (7) outlook, and (8) basis of preparation and presentation. Each of these elements contains questions related to the elements. The questions were adopted from Lee and Yeo (2015).

The first element of the integrated reporting is organisational overview and external content. There are 5 questions in this element relating to the organisation's mission, vision, culture, values, and the circumstances under which it operates; the organisation's competitive landscape and market positioning, the organisation's ability to create value in short term and long term, the effects of integrated reporting on the organisation, and on the availability, quality, and affordability of capitals that the organisation uses or affects. The second element of the integrated reporting is strategy and resource allocation. In this element, the questions include the organisation's medium and long term strategic objectives, resources allocation plans, the link between strategy and resources plans to external environment influences, stakeholders' engagement, risks and opportunities.

Organisation's business model is the third element of integrated reporting. The questions related to this element include the business model, the extent that the business model creates short term and long term value, the type of capital, business activities, output and outcome of the business model, the link of the business model to other content elements such as strategy, risk and opportunities, and performance, and the extent of connectivity and synergies benefits that exist amongst the different business models when operating in multiple businesses with multiple business models. The fourth element of integrated reporting is related to governance. There are 5 questions in this element. The questions include governance structure, leadership structure, processes for strategic decision, risk management and integrity issues, culture, ethics and value and relationship with key stakeholders, and directors' and senior executives' remuneration.

Performance is the fifth element of integrated reporting. In this element, 5 questions were constructed. The questions include the strategic objectives, capital used in value chain, outcomes such as customers' satisfaction, shareholders' return, tax contribution, job creation, employees' development and engagement, the state of key stakeholders' relationship and how the organisation responds to meet key stakeholders' legitimate needs and interests, and to what extent the integrated reporting combines with financial performance relating to other capitals such as human, nature, intellectual, manufactured, and social.

The next element of integrated reporting is outlook. In this element, the questions are related to challenges and uncertainties of the organisation in pursuing its strategies, how the organisation responds to critical challenges and uncertainties, the potential implications for organisation's business model and future performance, the potential implications from external environment, risks and opportunities, and achievement of strategic objectives. This element also includes discussion on potential implications related to availability, quality, and affordability of capitals and their effects on the organisation's ability to create value over time.

The last element of integrated reporting is the basis of preparation and presentation of integrated reporting. In this section, this study examined how the organisation determines the matters to be included in the integrated report and how the matters are quantified or evaluated, whether the organisation provides a summary of the organisation's materiality determination process and the key judgments adopted, whether the integrated report identifies its reporting boundary and explains how it is determined. In this element, the questions also include whether there are material risks, opportunities, and outcomes attributable to or associated with other entities, whether the stakeholders are included in the integrated report to the extent that they materially affect the ability of financial reporting entity to create value. Finally, whether the integrated report provides a summary of the significant frameworks and methods used to quantify or evaluate material matters included in the report. A summary of the research instrument is provided in Table 1.

Table 1: Content Elements

No.	Major Contents Elements	No. of Items
1	Organisation overview and external content	5
2	Strategy and resources allocation	5
3	Business model	5
4	Governance	5
5	Risk and opportunities	5
6	Performance	5
7	Outlook	5
8	Basis of preparation and presentation	5
	TOTAL	40

Disclosure Index Construction

A disclosure score was constructed as a yardstick to measure the level of integrated reporting practices by the real property companies. The construction of disclosure score is based on the information that the companies supply in their annual financial reports to the shareholders. Financial reports serve as a widely accepted proxy for the level of voluntary disclosure provided by companies. In this study, Integrated Reporting Score (IRSCORE) adopted from Lee and Yeo (2015) was based on the integrated information provided by the companies in their annual reports.

Lee and Yeo constructed the Integrated Reporting Score (IRSCORE) as an equal-weighted score based on the eight major content elements identified by the IIR framework. Each major content element consists of 5 questions, making a total of 40 questions over 8 elements. Each question is provided a score ranging from 0 as 'non-compliance' with IR framework to 5 as 'strong compliance' with IR Framework. If a company has no or little information on a question in an element in the annual report, then the question would obtain a score of 0. On the other hand, if information related to a question of an element is extensive, then the question would have a score of 5. Therefore, based on the scoring procedures, the minimum IRSCORE would be 0 (40 questions x score of '0') and the maximum IR score would be 200 (40 questions x score of '5'). In other words, if a company scores '5' for all the questions in all elements, then the company has a total score of 200. Likewise, if a company does not provide any information related to integrated reporting in all the questions in all elements, then the company would have a score of 0. A high score of the accumulated questions for all elements indicates that the companies have disclosed more integrated reporting information in their annual reports which is in line with the IR framework and guiding principles.

Data Analyses

Before the data analysis was performed, the data for company size were coded based on the total assets owned by the real property companies. Subsequently, the companies were divided into 3 categories namely '1' for companies that owned total assets of not more than RM10,000,000; '2' for companies that have total assets between 10,000,001 to RM100,000,000, and '3' for companies that have total assets of between 100,000,001 to RM1,000,000,000.

For the level of integrated reporting practices, the total score of the integrated reporting information was coded into 5 categories. The first category represents the companies that have a score of 0 to 39 and were coded as '1' to represent non-compliance. The second category is for companies that have a score of 40 to 89 and were coded as '2' to represent very low compliance. This is followed by '3' to represent moderate compliance on the integrated reporting practices of the companies and '4' as strong compliance on the integrated reporting practices of the companies. The last category is very strong compliance of integrated reporting pracwtices of the companies and this was coded as '5'. The data were then analysed using Statistical Package for Social Sciences (*SPSS, version 23*).

RESULTS

Descriptive Statistics

This section presents the descriptive statistics for the size of the real property companies. The results are shown in Table 2. The results show that most of the companies are large-sized companies that own assets more than RM100,000,001 (37.6 percent). This is followed by medium-sized companies that own total assets between RM10,000,001 to RM100,000,000 (59 percent), and small-sized companies that own total assets below RM10,000,000 (59 percent). This is expected since the country is developing rigorously with property development which led to the prosperity of many real property companies.

Table 2: Company Size

Size	Frequency	Percent
Below RM10,000,000	59	31.2
RM10,000,001 to RM100,000,000	59	31.2
More than RM100,000,001	71	37.6
TOTAL	**189**	**100.0**

Table 3 presents the descriptive statistics of the level of integrated reporting practices among the real property companies. The results show that out of the 189 companies, more than half of the companies (56.1 percent) have low compliance of integrated reporting disclosure in their annual reports. Sixty five companies practise non-compliance of integrated reporting disclosure and only 9.5 percent of the companies practise moderate compliance of integrated reporting disclosure. No companies have strong compliance of integrated reporting disclosure in their annual reports. Such results indicate that the integrated reporting practices among the real property companies are still very low.

Table 3: IRSCORE

IRSCORE	Frequency	Percent
Non Compliance	65	34.4
Low Compliance	106	56.1
Moderate Compliance	18	9.5
Strong Compliance	0	0
Very Strong Compliance	0	0
TOTAL	189	100.0

To provide further understanding on the integrated reporting practices of the real property companies, a Cross Tabulation analysis was conducted. Table 4 presents the analysis. Table 4 shows that 28 small-sized companies (47.4 percent) are non-compliant of integrated reporting practices. Another 28 small-sized companies (47.4 percent) practise low compliance of integrated reporting practices. Only 3 out of 59 small-sized companies have moderate compliance on integrated reporting practices. For medium-sized companies, 16 companies have non-compliance of integrated reporting practices. Seven out of the 59 medium-sized companies have moderate compliance of integrated reporting practices. Most of the companies with similar total assets have low compliance of integrated reporting practices. Large-sized companies also show similar results to medium-sized companies. The results show that large-sized companies have low compliance of integrated reporting practices. Twenty one of large-sized companies have non-compliance of integrated reporting practices. Only 8 large-sized companies have moderate compliance of integrated reporting practices. None of the companies regardless of the size practise strong compliance of integrated reporting.

Table 4: Company Size and IRSCORE

Size	IRSCORE			TOTAL
	Non-Compliance	Low Compliance	Moderate Compliance	
Below RM10,000,000	28	28	3	**59**
RM10,000,001 to RM100,000,000	16	36	7	**59**
More than RM100,000,001	21	42	8	**71**
TOTAL	65	106	18	189

In comparing the real property companies based on company size, 43 percent of the real property companies that practise non-compliance of integrated reporting come from small-sized companies. Surprisingly, the medium-sized companies are less non-compliance (24.6 percent) compared to those large-sized companies (32.3 percent). The results in Table 3 also show that more large-sized companies (39.6 percent) practise low compliance of integrated reporting compared to medium-sized companies (33.9 percent) and small-sized companies (26.5 percent). Similar pattern of results is shown with moderate compliance of integrated reporting with large-sized companies that have the highest rate of moderate compliance (44.4 percent), followed by medium-sized companies (38.9 percent), and small-sized companies (16.7 percent).

Company Size and Integrated Reporting Practices

This section presents the results in testing hypothesis 1. Hypothesis 1 states that "size of a company determines the level of integrated reporting among real property companies in Malaysia". The correlation analysis was performed to determine whether there is a relationship between size of a company and level of integrated reporting practices. The results are shown in Table 4. Panel A, Table 5 shows that the integrated reporting practices among the real property companies is between '1' as non-compliance to '2' as low compliance with a mean score of 1.7513. In addition, most of the companies that reported non-compliance to low compliance is from medium-sized companies with a mean score of 2.0635. The results also show that there is a significant relationship between size of a company and integrated reporting practices among the real property companies in Malaysia with r =0.032, and the relationship is positive as shown in Panel B, Table 5.

Table 5: Company Size and IRSCORE

Panel A: Descriptive Statistics				
		Mean	**Std. Deviation**	**N**
Company Size		2.0635	0.82912	189
IRSCORE		1.7513	0.61589	189
Panel B: Correlation Analysis				
			Size	**IRSCORE**
Company Size	Pearson Correlation		1	0.156
	Sig. (2-tailed)			0.032
	N		189	189
IRSCORE	Pearson Correlation		0.156	1
	Sig. (2-tailed)		0.032	
	N		189	189

This study proceeds to provide further evidence on the relationship between company size and the extent of integrated reporting practices. The ANOVA analysis was performed to determine whether there is any significant difference between the companies of the three categories. The results are shown in Table 6. Table 6 shows that there is a significant difference between the three categories of companies in their integrated reporting practices with *p*-value of 0.029.

Table 6: ANOVA

	Sum of Squares	**df**	**Mean Square**	**F**	**Sig.**
Between Groups	2.659	2	1.329	3.601	0.029
Within Groups	68.654	186	0.369		
TOTAL	71.312	188			

Subsequently, this study performed a Post-Hoc Test in order to understand further on the relationship between company size and integrated reporting practices. The results are shown in Table 7. The results show that there is a significant difference in integrated reporting practices between the small-sized companies and the medium-sized companies with p-value of 0.016. The results also show a significant difference in integrated reporting practices between the small-sized companies and the large-sized companies with p-value of 0.026. However, the results show that there is no significant difference in integrated reporting practices between the medium-sized companies and the large-sized companies with p-value of 0.776.

Table 7: Post Hoc Test

Size	Size	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Small	Medium	-.27119*	0.11186	0.016	-.4919	-.0505
	Large	-.24063*	0.10703	0.026	-.4518	-.0295
Medium	Small	.27119*	0.11186	0.016	.0505	.4919
	Large	.03056	0.10703	0.776	-.1806	.2417
Large	Small	.24063*	0.10703	0.026	.0295	.4518
	Large	-.03056	0.10703	0.776	-.2417	.1806

SUMMARY AND CONCLUSION

This study examined the integrated reporting practices among public listed companies in Malaysia. Specifically, this study investigated the extent of integrated reporting practices among the real property companies in Malaysia. This study also looked at whether company size determines the extent of integrated reporting practices among the real property companies. Using content analysis on 189 annual reports from 63 companies, this study found that the real property companies have still a long way to go in reaching a satisfactory level of integrated reporting. The results in this study show that all the real property companies have either non-compliance, low level of compliance, or moderate compliance. In other words, none of the real property companies have strong compliance on integrated reporting, an indication of a weak integrated reporting practices.

The results also show that company size influences the extent of integrated reporting practices. This study shows that most of the medium-sized companies practise moderate compliance, the most ahead of the large-sized companies although the results show insignificance. This is indeed a surprise since it is expected that larger-sized companies often tend to practise more voluntary disclosure compared to smaller-sized companies. Previous studies have shown that managers of larger companies are likely to realise the possible benefits of voluntary disclosure while smaller companies are more likely to feel that full disclosure of information would endanger their competitive position.The findings in this study somewhat contradict the previous studies in financial reporting disclosure (Lan, Wang & Zhang, 2013; Ghasempour & Atef, 2014; Albitar, 2015). As expected, this study found that most of the companies that practise non-compliance are small-sized companies. Such results are consistent with Ibrahim (2014) and Mutakkin, Khan, and Azim (2015).

There are a few possible reasons to the findings shown in this study. One possible reason is that the realisation and increased confidence of the management of small-sized companies on the importance of provision of integrated reporting as they stand to receive many benefits similar to their large companies counterpart. Provision of integrated reporting would assist in strengthening their position and reputation in the market and subsequently, gaining a larger market share. Another possible reason is that although large companies have more inherent advantage in terms of resources in provision of integrated reporting as compared to smaller-sized companies, the cost of devoting to tracking and reporting data however is lower for small-sized companies. It is, therefore, the cost of preparing integrated reporting would be lower for small-sized companies and, hence, encourages these companies to have higher compliance of integrated reporting as compared to large-sized companies.

This study is not without limitations. Since the study was conducted solely on listed real property companies, the result should be interpreted cautiously. The findings in this study could not be generalised to the integrated reporting disclosure practices of unlisted companies and of other industries such as manufacturing and construction. Secondly, over time, the quality of disclosure might improve and the practices may change. For example, Malaysia has implemented sustainability reporting among the listed companies but the process is time consuming. In consequence, integrated reporting is yet to be fully implemented by the companies. They are also confused with other reports such as sustainability and environmental reporting. Thirdly, the study only relied on the annual reports of companies as the data source. Future studies may also include other data sources such as websites, press releases, and prospectuses.

In sum, this study provides some implications for companies, investors, and regulators. All these parties play an important role in improving the transparency and disclosure practices of corporations. Companies may increase integrated reporting information disclosure by being aware of the advantages and benefits of information disclosure.

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