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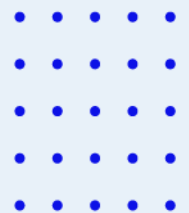
eProceeding

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INTERNATIONAL ACCOUNTING COLLOQUIUM

(FACULTY OF ACCOUNTANCY UiTM CAWANGAN KEDAH &
MINDANAO STATE UNIVERSITY- ILGAN INSTITUTE OF TECHNOLOGY)

Organized by
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PREFACE

The heartiest congratulation is proffered to the Faculty of Accountancy of UiTM Kedah Branch for the successful organization of the first *International Accounting Colloquium (IAC2023)* in collaboration with Mindanao State University-Iligan Institute of Technology on 31st January 2023. This colloquium marked another milestone for UiTM Kedah Branch as an intellectual hub where stimulating and prolific academic presentations and discussions could always be found.

It is indeed truly encouraging to see UiTM Kedah Branch forging ties with international universities to further strengthen itself in the aspects of research and innovation. This colloquium which covered a wider scope of knowledge had managed to accrue a broad set of perspectives not only in accountancy and business but also in other facets in which those two areas could be applied.

Thus, this colloquium could be viewed as a platform that brought together academicians who were interested in mobilizing innovative and creative global practices in accountancy and business for a sustainable business environment. Hopefully, our valued presenters and participants had not only gained new ideas from others but also managed to share their experiences, ideas and expertise which had been an enriching as well as a fulfilling experience for everyone.

Finally, to all participants and presenters, without your contribution, this colloquium would not have been possible. I would like to take this opportunity to express my immense gratitude and appreciation to you.

Thank you.

PROFESSOR DR. ROSHIMA HJ. SAID
Rector
Universiti Teknologi MARA (UiTM) Kedah
08400 Merbok, Kedah, Malaysia.

PREFACE

Alhamdulillah, my utmost gratitude to Allah SWT as with His blessings and mercy, the *International Accounting Colloquium (IAC2023)* could be successfully held on 31 January 2023. I would like to thank the Rector of UiTM Kedah Branch, Deputy Rectors, and esteemed members of the management for their support and encouragement in making IAC2023 a success. I would also like to extend my heartfelt thanks to Ms. Noora'in Omar, the Chairperson of IAC2023, for her dedication and commitment in accomplishing this program. My humble gratitude also goes to IAC2023 Committee Members and Team for their continuous hard work and effort.

The research effort is essential in educational organizations. Hence, the publication of this online eProceeding comprising of 10 (ten) extended abstracts is an effort by the Faculty of Accountancy, Universiti Teknologi MARA Kedah Branch (UiTM Kedah) to encourage accounting academics to be involved in academic writing. The IAC2023 eProceeding provides a platform for accounting academics to share and disseminate their academic knowledge to a larger audience. The experience gained in writing extended abstracts may help them improve their writing skills and be more confident in producing academic materials in the future.

Finally, the Faculty of Accountancy of UiTM Kedah, organizer of IAC2023, is very proud to share this avenue with academics, students, and industry practitioners. Thanks, and congratulations to all involved.

Thank you.

ASSOCIATE PROFESSOR DR. HAJAH INTAN MARZITA SAIDON

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PREFACE

Alhamdulillah, all praises to Allah, by whose grace and blessings made it possible to conduct our first *International Accounting Colloquium (IAC2023)* on 31st January 2023. This colloquium was organised by Faculty of Accountancy of UiTM Kedah Branch. The main participants were lecturers of UiTM Kedah Branch, Malaysia and Mindanao State University-Iligan Institute of Technology, Philippines. Hence, I would like to take this opportunity to thank the Rector of UiTM Kedah Branch, Deputy Rectors, Head of Centre of Studies and esteemed members of the management for their support and encouragement in making IAC2023 a success.

As a result of the colloquium, we are now publishing an online eProceeding IAC2023 comprising of 10 (ten) extended abstracts covering various topics such as money laundering, fraudulent financial reporting, ESG and sustainability. Some of the articles highlight the current issues in accounting, current development of related concept in accounting and its application in Malaysia and the Philippines. It is hope that this effort will encourage more academicians of local and foreign countries from different backgrounds to present and publish their research in their respective fields.

On behalf of the colloquium organiser, I would like to thank all presenters and authors for your participation and contribution. Special thanks to all the committee members of the *International Accounting Colloquium (IAC2023)*, I owed all of you so much and I want you to know that this is the best team ever!!! Last but not least, to all participants, we hope to see you in our next colloquium.

Thank you.

HAJAH NOORA'IN BINTI OMAR

Chief Editor

eProceeding International Accounting Colloquium (IAC2023)

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The Role Of ESG Reporting In Reshaping Businesses

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Abstract

This review aims to evaluate the role of Environmental, Social, and Governance (ESG) reporting (commonly termed as “ESG reporting”) in corporate transformation. ESG reporting has grown in popularity in recent years as businesses recognise the value of sustainability and social responsibility in their operations. This study presents an in-depth examination of the existing literature on ESG reporting and its implications for businesses. The assessment includes an examination of scholarly journal articles, publications, and reports from international organizations such as the United Nations Global Compact, the World Economic Forum, and the Global Reporting Initiative. The review also includes case studies and empirical studies that investigate the link between ESG reporting and various business outcomes such as financial performance, reputation, and risk management. The paper presents the important conclusions from the literature, emphasizing how ESG reporting may promote openness and accountability, encourage responsible investments, drive innovation and efficiency, boost reputation and brand value, and manage risks. The evaluation also identifies gaps in the literature and prospective research directions. Overall, this paper adds to the growing body of knowledge on ESG reporting and its role in business transformation. The findings have significant implications for businesses, investors, governments, and other stakeholders, highlighting the benefits of implementing sustainable and socially responsible business practices.

Keywords: ESG; ESG reporting; business, business transformation

1. Introduction

Environmental, social, and governance (ESG) issues have received a lot of attention from investors, consumers, and other stakeholders in recent years. Businesses are increasingly expected to demonstrate their commitment to sustainability and responsible business practices by reporting on their ESG performance. ESG reporting has become a vital tool for businesses to convey their sustainability initiatives and address stakeholder concerns [1] [2]. Despite the growing relevance of ESG reporting, literature focusing on this area of research is still lacking. Further study is required, for example, to understand the mechanisms through which ESG reporting affects business performances, the relevance of ESG reporting in emerging markets, and the obstacles and impediments to implementing ESG reporting standards. The objective of this review is to evaluate the existing research on the role of ESG reporting in reshaping businesses. This review specifically seeks to identify the business outcomes related with ESG reporting and investigate the link between ESG reporting and those outcomes.

2. Materials And Methods

This systematic review seeks to provide a complete examination of existing research on the role of ESG reporting in business transformation. To select relevant research, gather data, and summarise conclusions, the review employs a systematic approach.

2.1 Research question

The review's research question is "What role does ESG reporting play in transforming businesses?"

2.2 Search strategy

A systematic search was conducted on the Scopus database, one of the largest academic databases, using keywords such as "ESG reporting", "corporate sustainability reporting", "environmental reporting", "social reporting", "governance reporting", "business performance", "financial performance", "reputation", "risk management", "innovation", and "efficiency". The search was restricted to peer-reviewed works published in English between 2010 and 2022.

2.3 Study selection

Prior studies were assessed for relevance to the research issue as well as inclusion criteria. Studies that investigate the relationship between ESG reporting and business outcomes such as financial performance, reputation, risk management, innovation, and efficiency were included as inclusion criteria. Excluded studies were those that did not match the inclusion criteria or were duplicates.

2.4 Data extraction

Author(s), publication year, research methodology, sample size, variables studied, and important findings were extracted from the selected publications. A standardised data extraction form was used to extract the data.

2.5 Data synthesis

Based on the research question and the business outcomes examined, the findings from the selected studies were synthesised and arranged into themes. Following that, the themes were studied and discussed in the context of the research question.

2.6 Quality evaluation

The quality of the review was evaluated using a standardised quality assessment instrument. Study design, sample size, data collection and analysis methodologies, and relevance to the research issue were among the quality assessment criteria.

3. Results And Discussion

3.1 Financial performance

ESG reporting improves financial performance: Numerous studies have identified a link between ESG reporting and financial success. ESG reporting gives vital information to investors about a company's sustainability activities, which can boost its attractiveness to socially conscious investors and positively impacted stock performance [3] [4].

3.2 Reputation and stakeholder relationships

ESG reporting improves reputation and stakeholder relationships: ESG reporting assists businesses in developing and maintaining a positive reputation by demonstrating their commitment to responsible business practices. Businesses that prioritise environmental, social, and governance issues are more likely to attract and keep consumers, employees, and investors that share their values [5] [6].

3.3 Risk management

ESG reporting increases risk management: ESG reporting enables businesses to identify and manage ESG risks, reducing the potential of negative consequences on their business operations and reputation. By disclosing ESG-related risks, organisations can also boost openness and accountability, which can strengthen stakeholder trust [7] [8].

3.4 Innovation and efficiency

ESG reporting increases innovation and efficiency: ESG reporting encourages businesses to implement new and sustainable practices that can improve efficiency, save costs, and boost competitiveness.

Businesses that emphasise ESG concerns are more likely to discover new business possibilities that correspond with their sustainability objectives [9] [10].

4. Conclusion

ESG reporting is critical in transforming businesses by improving financial performance, enhancing reputation, controlling risks, stimulating innovation, and increasing efficiency. Businesses that emphasise ESG problems are better positioned to negotiate changing market situations, meet stakeholder expectations, and contribute to long-term development. As the need for ESG reporting grows, so does the need for standardised frameworks and norms to assure consistency, comparability, and accuracy in ESG reporting procedures. Despite a growing amount of research on the importance of ESG reporting in business transformation, there are still gaps in the literature, notably in emerging countries and the significance of ESG reporting in small and medium-sized enterprises (SMEs) [11] [12].

Acknowledgement

We would like to thank Universiti Teknologi MARA Cawangan Kedah for the facilities provided in completing this review. We also extend our gratitude to the anonymous reviewers for their useful suggestions.

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