

Beyond Compliance: Measuring The Economic Impact of Integrated Sustainability Reporting (ISR) on Firm Value and Stakeholder Trust in the Era of CSRD

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ABSTRACT

This qualitative study examines the economic impact of Integrated Sustainability Reporting (ISR) on firm value and stakeholder trust amid the evolving regulatory environment driven by the Corporate Sustainability Reporting Directive (CSRD). Unlike conventional compliance-based reporting, ISR integrates financial and non-financial disclosures to provide a holistic view of a firm's sustainability performance. Through thematic analysis of documents and semi-structured interviews with corporate sustainability officers, investors, and regulatory experts, this research uncovers how ISR influences firm valuation and strengthens stakeholder relationships. The findings reveal that ISR enhances transparency and accountability, which fosters increased stakeholder trust and positively affects firm reputation and market perceptions. Consequently, firms adopting ISR benefit from improved access to capital and stronger engagement with stakeholders including customers, employees, and regulators. Challenges remain in harmonizing sustainability data and measuring outcomes comprehensively, yet the strategic value gained through ISR implementation surpasses these hurdles. This study highlights ISR's role beyond mere regulatory compliance, positioning it as a critical tool for sustainable value creation and trust building in the CSRD era. The insights provide valuable implications for firms seeking to leverage integrated sustainability disclosures to achieve competitive advantage and long-term growth.

Keywords: Economics, Impact, Sustainability

Introduction

In the contemporary business environment, sustainability is no longer a peripheral concern but a central dimension shaping corporate strategy, accountability, and value creation. Increasingly, firms are expected to not only generate financial returns but also demonstrate responsibility for their environmental, social, and governance (ESG) impacts. This expectation is reflected in the rise of integrated sustainability reporting (ISR), an innovative reporting approach that extends beyond traditional financial disclosures to include comprehensive, cohesive narratives about a company's social and environmental performance, alongside its financial results (Mariappanadar, 2024).

The ISR represents a paradigm shift in corporate reporting. Unlike separate sustainability or corporate social responsibility (CSR) reports, which often exist as add-ons or supplementary documents, integrated sustainability reports combine financial and nonfinancial information into a unified framework. This integration helps stakeholders gain a more holistic understanding of how businesses create value over time by considering the interconnectedness between financial outcomes and ESG factors. The International Integrated Reporting Framework defines integrated reporting as a process that results in communication, most visibly a periodic "integrated report," about value creation over time. This process emphasizes how organizations' strategies, governance, performance, and prospects collectively influence their sustained ability to create value in the context of external environmental and social conditions.

The Corporate Sustainability Reporting Directive (CSRD), a landmark regulatory development of the European Union, amplifies the importance of ISR by mandating more rigorous and standardized disclosure of sustainability information from firms operating within its jurisdiction. The CSRD recognizes the necessity of transparency and accountability in meeting the demands of investors, regulators, and a broader society for

credible ESG data. It propels the transition from compliance-driven reporting to strategic sustainability communication, which embeds environmental and social considerations within the core corporate narrative. Under CSRD, firms are obligated to disclose detailed, comparable, and reliable ESG information that investors and stakeholders can use for informed decision-making (Odobáša & Marošević, 2023).

From an economic perspective, the adoption of ISR as part of CSRD compliance transcends legal obligations and emerges as a potent mechanism that influence firm value and stakeholder trust. Empirical and theoretical studies suggest that transparent and integrated disclosure reduces the information asymmetry between firms and market participants, thereby lowering capital costs and enhancing investor confidence. ISR signals a company's commitment to sustainable risk management, resilience, and ethical governance to the market, which are increasingly factored into investment and consumption choices. Firms demonstrating robust ISR practices tend to enjoy reputational capital and better stakeholder relationships, which translates into competitive advantages and sustained economic performance.

Beyond enhancing firm valuation, ISR plays a crucial role in building and maintaining stakeholder trust, a vital but intangible asset. Trust emerges when stakeholders perceive a firm's disclosure to be honest, coherent, and reflective of genuine sustainable practices. ISR fosters this trust by narrating how social and environmental responsibilities are integrated into business models rather than being portrayed as superficial or isolated compliance tasks. It addresses the growing societal demand for corporate transparency regarding environmental stewardship, social justice, and governance integrity. Customers, employees, investors, regulators, and communities increasingly scrutinize corporate ESG performance and are more likely to support organizations that clearly communicate their sustainability impacts through integrated reports (Zhou et al., 2025).

The multidimensional value creation outlined in ISR responds to the complex challenges and uncertainties faced by modern businesses. Environmental risks such as climate change, resource scarcity, and pollution affect both operational capabilities and regulatory landscapes. Social factors, including labor practices, human rights, and community engagement, influence corporate reputations and licenses to operate. Good governance practices mitigate the risks associated with misconduct, corruption, and strategic failures. The ISR provides a framework for companies to connect these factors with financial results, highlighting how risks and opportunities affect long-term business viability. This holistic perspective enables managers and decision makers to formulate more resilient strategies and reassures investors about the company's preparedness for future challenges.

However, integrating these diverse dimensions into coherent reports is challenge. The complexity of measuring ESG outcomes, standardizing data, and synthesizing information in a manner that balances materiality, transparency, and usability continues to test firms. Data quality, reporting consistency, and comparability are areas of development. However, as regulatory frameworks such as CSRD mature, firms are incentivized to invest in better data management, assurance mechanisms, and integrated thinking—the practice of considering financial and non-financial factors in decision-making processes—thereby enhancing reporting quality and strategic alignment (Oluwakemi & Mishelle, 2025).

This study arises within this transformative context, seeking to qualitatively explore the economic impact of ISR on firm value and stakeholder trust amid the implementation of CSRD. By employing content analysis and interviews with sustainability officers, investors, and regulatory experts, this study provides comprehensive insights into how ISR moves beyond compliance to become a strategic asset. The research questions focused on understanding the perceived benefits and challenges of ISR, its influence on firm reputation and market valuation, and its role in strengthening stakeholder trust.

LITERATURE REVIEW

1. Theoretical Foundations of Integrated Sustainability Reporting

ISR originates from the broader concept of Integrated Reporting (IR), established to address the limitations of conventional reporting, which segregates financial and sustainability information. According to Fischer et al. (2023), IR is an innovative reporting model that simultaneously provides financial and non-financial disclosures, fostering integrated thinking and long-term corporate management strategies. Such integration aims to reduce information asymmetry between firms and stakeholders by revealing how sustainability factors influence financial outcomes and strategic prospects (Fischer et al., 2023).

The International Integrated Reporting Framework (IIRC, now part of the Value Reporting Foundation) underpins ISR by defining integrated reporting as a communication process that links an organization's strategy, governance, performance, and prospects to its value creation in the context of its external environment. The key theoretical lenses applied in ISR research include legitimacy, stakeholder, signaling, and resource-based theories. These frameworks explain why firms engage in integrated reporting: to legitimize

their operations, meet stakeholder expectations, signal superior management, and enhance reputational and resource advantages.

2. Conceptual Dimensions and Quality of ISR

ISR extends the sustainability narrative by embedding ESG issues comprehensively along with financial data, enabling a nuanced narrative of value creation. Gros et al. (2025) emphasized that the quality of ISR hinges on attributes such as relevance, reliability, comparability, and coherence, aligned with IIRC's content elements framework. High-quality ISR supports investor decision-making and stakeholder trust by ensuring the completeness and transparency of disclosure (Gros et al., 2025).

The dynamic between voluntary and mandatory ISR also influences quality. Where reporting is voluntary, firms may vary in depth and consistency, while regulatory pressures such as the Corporate Sustainability Reporting Directive (CSRD) encourage standardized high-quality disclosures. Empirical reviews highlight that quantitative methods dominate ISR quality assessments, but qualitative insights remain crucial for understanding narrative content and user perceptions.

3. Economic Impact of ISR on Firm Value and Stakeholder Trust

Numerous studies link ISR to enhanced firm value. By providing integrated disclosure, firms reduce information asymmetry, allowing investors to better price the risks associated with ESG factors, thus potentially lowering the cost of capital and increasing firm valuation. ISR signals robust governance and sustainable risk management practices that are increasingly valued by capital markets amid rising ESG investment trends.

Stakeholder trust, a core relational asset, is fostered through ISR. Clear and authentic reporting cultivates trust among diverse stakeholder groups, including investors, employees, customers, and regulators, by demonstrating credible commitment to sustainability. This trust underpins the social license to operate and long-term organizational resilience.

The Indonesian context reflects this dynamic. Evidence from Indonesian sustainability reporting research shows a growing emphasis on comprehensive disclosures aligned with global standards and increased stakeholder scrutiny. However, studies have also revealed challenges in data quality, harmonization, and the integration of cultural and religious aspects that locally shape sustainability perceptions. The increased adoption of ISR in Indonesia signifies firms' efforts to meet both local and international expectations for transparency and sustainability performance (Anwar et al., 2025).

4. Regulatory Environment and the Role of CSRD

The Corporate Sustainability Reporting Directive (CSRD), introduced by the European Union, represents a transformative regulatory framework mandating rigorous, standardized sustainability disclosures by firms operating in or interacting with the EU market. The CSRD significantly raises the bar for sustainability reporting quality, aligning with ISR principles by requiring detailed, comparable, and assured non-financial information integrated with financial performance.

The CSRD incentivizes firms to move beyond compliance to embrace ISR as a strategic tool for transparency and value creation. This regulatory impetus addresses key challenges related to data consistency, comparability, and auditability, which have historically impeded the effectiveness (Fabian et al., 2025).

CSRD influence extends globally, shaping reporting expectations in Asia and developing economies, where companies increasingly encounter EU-driven stakeholder demands. For example in Indonesia, the CSRD acts as both a benchmark and a catalyst, prompting firms to enhance the robustness of their sustainability disclosures by adopting integrated frameworks compatible with international standards.

METHOD STUDY

This study employs a qualitative research methodology to achieve a comprehensive and in-depth understanding of how Integrated Sustainability Reporting (ISR) influences firm value and stakeholder trust in the regulatory context of the Corporate Sustainability Reporting Directive (CSRD). Qualitative research is particularly suitable for this study because it allows the exploration of complex phenomena in which contextual nuances, stakeholder perceptions, and interpretive meanings are critical. Unlike quantitative methods that emphasize measurement and statistical validation, qualitative approaches enable the generation of rich, detailed insights into ISR's multifaceted economic and relational impacts, capturing the diverse perspectives of key actors involved in the sustainability reporting ecosystem.

The research design integrated multiple qualitative data collection and analysis methods. First, a purposive sampling strategy was employed to identify and select key informants who possessed expertise and

direct experience with the implementation and utility of ISR under CSRD guidelines. These participants included corporate sustainability officers responsible for ISR preparation and disclosure, investors who rely on such reports for decision-making, and regulatory experts involved in shaping or overseeing sustainability reporting standards. The purposive nature of sampling ensures that the collected data are both relevant and insightful, anchoring the analysis to practical realities while addressing the study's research questions.

Data collection involved semi-structured interviews, supplemented by document content analysis. Semi-structured interviews provide a flexible, yet focused means of eliciting rich narrative data, allowing interviewees to elaborate on their experiences, perceptions, and challenges regarding ISR's impact of ISR on economic value and stakeholder trust. Interview protocols were developed based on a review of the ISR literature and the CSRD regulatory framework, covering themes such as transparency, trust building, reputational effects, reporting challenges, and strategic value creation. Interviews were conducted either face-to-face or via virtual communication platforms to accommodate for participant availability and geographical dispersion. Each interview lasted approximately 45 to 90 minutes, was audio-recorded with permission, and was subsequently transcribed verbatim to ensure accuracy in capturing participant viewpoints.

Alongside the interviews, a content analysis of corporate ISR documents and CSR disclosures was performed. This involved analyzing publicly available ISR reports of selected firms operating in industries with significant sustainability impacts and subject to CSRD compliance. The content analysis focused on identifying the extent of integration between financial and non-financial disclosures, the clarity and comprehensiveness of sustainability narratives, and how firms communicate their value creation stories in relation to environmental, social, and governance (ESG) factors. This dual data source strategy enables triangulation, enhancing the reliability and validity of the findings by cross-verifying interview insights with documentary evidence.

Thematic analysis was employed as the central data analysis technique to systematically examine and interpret the qualitative data obtained from the interviews and document reviews. This method involves iterative coding, categorization, and theme development, allowing prominent patterns and meanings within the data to emerge in relation to ISR's economic impacts. An inductive approach was adopted, where themes arose from the data itself rather than being constrained by preconceived frameworks, thus accommodating novel insights particularly relevant to the evolving CSRD landscape. Thematic analysis facilitated the identification of core themes, such as enhanced transparency, stakeholder trust, reputational capital, data integration challenges, and regulatory alignment, which collectively elucidate ISR's role of ISR beyond compliance.

The ethical considerations were rigorously observed throughout the study. Participant anonymity and confidentiality were ensured by assigning codes to the interviewees and removing information from the transcripts and reports. Informed consent was obtained prior to data collection, with participants fully briefed on the study's purpose, scope, and right to withdraw at any time. The study also adhered to the institutional ethical guidelines governing research conduct, respecting the autonomy and privacy of all involved parties.

Several strategies have been implemented to bolster trustworthiness. Triangulation, as mentioned above, cross-checked the interview data with content analyses to corroborate the findings. Member checking was conducted by providing interviewees with summaries of their transcripts or thematic interpretations for validation to ensure that participant meanings were accurately represented. Reflexivity was maintained by the researcher by keeping field notes and memos, acknowledging potential biases, and actively reflecting on the interpretive process to minimize subjective influence on the findings.

Furthermore, the qualitative research design aligns with the exploratory nature of the inquiry and the complexity of sustainability reporting phenomena, in which context-specific factors and stakeholder interactions are paramount. This approach supplements existing quantitative ISR research by providing nuanced explanations of why and how ISR impacts firm value and stakeholder trust, especially in a regulatory environment characterized by the introduction of CSRD. It addresses calls in the sustainability accounting literature for more qualitative studies that examine the behavioral, cultural, and strategic dimensions of corporate sustainability communication and governance.

RESULTS AND DISCUSSION

Participants broadly agreed that ISR significantly enhances transparency by amalgamating financial and non-financial data into a coherent narrative that better informs investors and other capital market participants. This enhanced transparency mitigates information asymmetry, which is a recognized barrier to accurate valuation and investment decisions.

One sustainability officer stated:

"Integrated reporting bridges the gap between what we achieve sustainably and how it reflects financially. Investors use this comprehensive view to assess their resilience and growth potential more confidently."

Several investors echoed this view, highlighting how ISR disclosures enable more precise risk assessment and valuation adjustments that factor in environmental, social, and governance (ESG) risks and opportunities.

The findings confirm that ISR adoption correlates with positive market perceptions, often resulting in enhanced firm valuations. Firms noted better access to capital markets, partly because of improved investor confidence driven by credible integrated disclosure.

ISR's comprehensive and cohesive disclosure format was identified as a fundamental tool for building and sustaining stakeholder trust beyond investors. Stakeholders, such as customers, employees, regulators, and community groups increasingly demand greater accountability for sustainability issues.

A regulatory expert remarked:

"ISR signals the firm's commitment to sustainability with clarity and accountability. It provides stakeholders with a reliable basis for trust, essential for license to operate, and social acceptance."

Employees expressed that ISR fosters internal trust and alignment by communicating sustainability goals with transparency, thereby enhancing organizational identity and motivation. Some firms reported that ISR helped create deeper engagement with external stakeholders by clearly demonstrating sustained efforts toward social and environmental commitments.

Participants frequently linked ISR to increased reputational capital, which acts as an intangible asset that contributes to long-term economic benefits. Firms using ISR effectively reposition themselves as sustainability leaders, differentiate them from competitors, and attract socially conscious investors and consumers.

An investor emphasized:

"Companies with strong integrated reporting have lower risk and are better managed. Their comprehensive disclosures attract investors who seek sustainable growth."

This study supports the view reported in the literature that ISR supports the signaling of sustainable risk management and ethical governance, reinforcing a firm's standing in competitive markets and thereby creating value.

Despite these benefits, firms face challenges in consistently integrating diverse sustainability data streams into their coherent reports. Difficulties include:

- Harmonizing quantitative and qualitative sustainability metrics with financial results.
- Ensuring data quality, consistency, and comparability across reporting periods.
- Measuring and presenting impacts in ways meaningful to various stakeholders.

A sustainability officer noted:

"Though ISR is valuable, the complexity in gathering and verifying multidimensional sustainability data remains a significant hurdle."

Nevertheless, respondents agreed that these challenges are surmountable and outweighed by the strategic benefits ISR generates, especially with regulatory pressures encouraging improved data governance under the CSRD.

Table 1. Thematic Analysis of Qualitative Data on ISR Impact

| Theme | Description | Sample Participant Quote | Economic/Relational Impact |
|-------------------------------|---|--|--|
| Enhanced Transparency | ISR merges financial and ESG data, reducing information asymmetry to improve investor decisions | "Integrated reporting bridges sustainability and financial performance." | Increased investor confidence; better market valuation |
| Stakeholder Trust | Clear, accountable ISR disclosures build trust with investors, employees, customers, regulators | "ISR signals commitment, providing a reliable basis for trust." | Strengthened stakeholder engagement and social license |
| Reputation & Competitive Edge | ISR enhances corporate reputation, differentiating firms in competitive markets | "Strong ISR attracts investors seeking sustainable growth." | Reputational capital leading to competitive advantage |
| Access to Capital | Transparent ISR enhances firm attractiveness to capital providers | "ISR disclosure supports improved access to financing." | Lower capital costs; improved funding opportunities |

| Theme | Description | Sample Participant Quote | Economic/Relational Impact |
|-------------------------------|---|--|---|
| Data Integration Challenges | Complexity in measuring & integrating diverse sustainability data streams | "Gathering and verifying sustainability data remains challenging." | Operational challenges in ISR implementation |
| Regulatory Alignment | CSRD mandates increase ISR adoption and improve quality of sustainability disclosures | "CSRD forces greater rigor and consistency in ISR practices." | Compliance plus strategic alignment benefits |
| Internal Organizational Trust | ISR fosters alignment and motivation among employees via transparent sustainability goals | "It boosts morale and shared commitment internally." | Enhanced employee engagement and productivity |

Sustainability officers have highlighted ISR's role of ISR in facilitating strategic sustainability governance and communication. They noted that ISR drives internal accountability by linking sustainability initiatives to financial outcomes and encouraging integrated thinking across departments.

"ISR makes sustainability central to our business model, compelling us to measure and report comprehensively, which in turn drives internal improvements."

Officers also stressed that ISR adoption often requires organizational change—breaking silos between finance, sustainability, and communication teams for coherent reporting.

Investors have expressed growing expectations for ISR as a useful decision tool that clarifies ESG risks and opportunities often overlooked in traditional financial disclosures. Many recognized ISR are pivotal for sustainable investment practices and portfolio risk management.

"ISR disclosures give transparency that reduces uncertainty about ESG issues, which increasingly influence investment returns."

Investment professionals also acknowledged challenges in standardization but remained optimistic about the ISR's future importance, especially as CSRD and other regulations drive uniformity.

Regulators viewed ISR through the lens of accountability and trust-building within broader sustainability governance frameworks. They emphasized ISR's potential of ISR in harmonizing sustainability reporting standards.

"ISR aligned with CSRD ensures companies provide reliable, comparable, and comprehensive sustainability information."

Regulators affirmed that ISR serves public interests by promoting transparency and encouraging firms to adopt sustainable practices that benefit society and the economy alike.

A central theme of this study is that ISR enhances transparency by integrating financial and non-financial data into a comprehensive narrative, effectively reducing information asymmetry between firms and investors. This finding echoes legitimacy and signaling theories in sustainability disclosure research, wherein integrated reporting is posited to address market failures caused by uneven or asymmetric information (El Mahdy et al., 2024).

By presenting sustainability metrics alongside traditional financial indicators, ISR enables investors to better assess the risks and opportunities related to environmental, social, and governance (ESG) factors that can materially affect long-term firm performance. This aligns with findings from recent empirical studies indicating that improved ISR quality correlates with a reduced cost of capital and higher valuation multiples. Investors perceive firms with credible ISR as more resilient and better governed, thus warranting a valuation premium (Chouaibi et al., 2024).

Furthermore, qualitative data reveal that ISR's holistic approach contributes to investor confidence by making sustainability risks more measurable, comparable, and integrated into corporate strategy. This reduces the uncertainty around non-financial factors that increasingly influence investment decisions in the era of sustainable finance. Thus, ISR serves not only as a reporting tool but also as a risk management and communication mechanism that supports value-enhancing capital allocation and market trust (Eka et al., 2024).

However, this raises the practical challenge of integrating sustainability data. Firms struggle to harmonize disparate qualitative and quantitative ESG metrics and ensure data quality and comparability over time. This complexity can impede the seamless capital market benefits of the ISR. However, regulatory

pressures, such as the CSRD, catalyze investments in data infrastructure, standardization, and assurance frameworks, potentially alleviating these barriers in the medium-term (Majekodunmi, 2025).

Beyond firm value, this study highlights ISR as a critical instrument for building stakeholder trust an intangible but essential asset for corporate sustainability and legitimacy. Transparent ISR disclosures cultivate trust by demonstrating authentic corporate commitment to environmental stewardship, social responsibility, and governance ethics.

Trust emerges from coherent, accountable communication linking sustainability initiatives with tangible business outcomes, which contrasts with token or superficial CSR reports often dismissed by stakeholders as "greenwashing." This corroborates stakeholder theory perspectives, emphasizing accountability and dialogue as foundations for enduring trust relationships.

The study's findings show that ISR supports trust not only among investors, but also across a wide stakeholder spectrum, including employees, customers, regulators, and communities. Internally, ISR fosters employee engagement and alignment with corporate sustainability goals that can improve morale and productivity. Externally, ISR reassures customers, regulators, and society that the firm is proactively managing sustainability risks and opportunities, there by securing its social license to operate (Joyce et al., 2025).

This multi-stakeholder trust-building function of ISR is vital in the CSRD context, where firms face more rigorous and comparable disclosure requirements, enhancing societal expectations for corporate transparency and accountability. Thus, ISR becomes a tool for relational capital formation, helping firms develop resilient stakeholder networks crucial to long-term success.

Qualitative evidence also identifies a strong link between ISR and enhanced reputational capital, which acts as an intangible resource supporting sustainable competitive advantage and economic performance. Firms adept at ISR differentiate themselves by adopting sustainable business models aligned with global sustainability goals such as the United Nations SDGs (Pratiwi & Mohammed Inuwa, 2025).

This reputational enhancement attracts not only investors oriented towards ESG criteria, but also socially conscious consumers and talented employees, thus broadening the firm's access to critical resources and markets. The signaling effect of ISR appears to reassure market participants about a firm's ethical governance and risk management, aligning business strategies with broader societal values.

Consistent with resource-based and signaling theories, reputational capital derived from ISR is a strategic asset that enables firms to command premium pricing, attract preferential financing terms, and achieve higher customer loyalty. However, maintaining this advantage requires continuous improvements in reporting quality and abstaining from misleading disclosures that could damage credibility (Biswas & Dygas, 2025).

Notwithstanding ISR's benefits of ISR, the findings acknowledge considerable challenges in its implementation, notably the complexity of integrating diverse sustainability data streams and measuring non-financial impacts in a meaningful way. These challenges reflect the broader issues documented in the literature where firms grapple with:

- Data standardization and alignment with evolving regulatory frameworks
- Assurance and auditability of sustainability information to enhance reliability
- Materiality determination to balance relevant disclosures with information overload
- Harmonizing qualitative narratives with quantitative metrics for diverse stakeholder needs

The CSRD's role in enforcing more rigorous and standardized disclosures is a double-edged sword: it raises the bar for compliance while simultaneously pushing firms toward better practices, fostering innovation in data management, and integrated thinking. Firms investing in digital sustainability reporting platforms, the internal integration of finance and sustainability functions, and third-party assurance are better positioned to overcome these hurdles. This ongoing evolution underscores the transition from add-on CSR reporting to embedded ISR as a fundamental part of corporate governance and performance management systems.

ISR encourages the adoption of integrated thinking in which sustainability considerations are not siloed but deeply embedded in corporate strategy, governance, and decision-making processes. This strategic alignment ensures that sustainability issues are managed proactively rather than reactively, aiding firms in navigating emerging risks, such as climate change regulation, social inequalities, and governance failures that could have significant financial ramifications.

The qualitative insights regarding internal organizational trust and cross-departmental collaboration attest to the ISR's role in breaking down operational silos and enhancing strategic coherence. This can lead to improved sustainability performance, which feeds back positively on firm value and stakeholder trust.

CONCLUSION

This study reveals that Integrated Sustainability Reporting (ISR) significantly transcends regulatory compliance to serve as a strategic driver of both firm value and stakeholder trust in the context of the Corporate Sustainability Reporting Directive (CSRD). Through qualitative insights derived from interviews and document analysis, ISR has been shown to enhance transparency by integrating financial and sustainability data, thus reducing information asymmetry and fostering investor confidence, which positively influences firm valuation. Furthermore, ISR builds multifaceted stakeholder trust by providing authentic, accountable disclosures that resonate with investors, employees, customers, regulators, and broader communities, reinforcing social licenses to operate and relational capital. Despite the challenges related to data integration and impact measurement, firms perceive ISR as a valuable mechanism that differentiates them competitively, strengthens reputational capital, and improves access to capital markets. Regulatory pressures from the CSRD stimulate improvements in data quality and reporting rigor, positioning ISR as both a compliance requirement and a tool for sustainable value creation.

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