



CROSS-COUNTRY ANALYSIS OF NARRATIVE DISCLOSURE PRACTICES AND STAKEHOLDER EXPECTATIONS: EVIDENCE FROM DEVELOPED AND EMERGING MARKETS

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ABSTRACT

The use of storytelling in corporate reports is crucial in providing contextual and prospective information and non-financial data that can be utilized by stakeholders, other to the regular financial reports. However, the quality and bearing of narrative reporting in different nations vary mainly because of variance in institutional settings, stakeholder design, and regulation frameworks. This study conducts a comparative analysis of narrative disclosure practices in selected developed (e.g., UK, Australia) and emerging (e.g., India, Malaysia) markets, examining the alignment between stakeholder expectations and corporate narrative strategies. This paper establishes some of the significant variations in thematic anchorage, reporting format and user needs addressing based on content analysis of annual reports and surveys conducted on the concerned stakeholders. The results imply that whereas such prominent features as consistency, materiality and inclusiveness of stakeholders are realized in developed markets, the mechanisms of compliance-driven and symbolic disclosure are dominant in the emerging markets. Furthermore, the stakeholders' expectations will vary according to the jurisdiction based on the maturity of the economy, culture and level of control exercised. The findings are very relevant to the standard-setters, the policymakers, and multinational businesses, which plan to harmonise the reporting practices without becoming dismissive of the focus of the localised stakeholders.

KEYWORDS: Narrative disclosure, stakeholder expectation, annual report, cross-national comparison, emerging economies, developed economy, corporate reporting, content analysis, non-financial disclosure, institutional context

I. INTRODUCTION

The use of narrative disclosure in enhancing transparency, accountability and the usefulness of a decision of a corporate reporting is of great importance. As financial statements alone often fail to convey a company's strategic direction, risk profile, and sustainability commitments, narrative reporting—through management commentary, strategic reviews, corporate governance statements, and environmental disclosures—helps bridge the information gap for diverse stakeholders (Beattie, 2014; IASB, 2010). Due to the high demand for non-financial information and future-looking information, the international standard-setters such as IASB, FRC, and IIRC have debated the purpose of narrative reporting as an addition to the financial information in the past two decades.

Investors, analysts, employees, NGOs and regulators are no longer satisfied with a compliance-based disclosure. They expect meaningful, accessible, and stakeholder-relevant narratives that align with global sustainability goals, risk transparency, and corporate purpose (Flower, 2015; Cheng et al., 2014). The institutional environment in which the firms are working informs the ability of the firms, however, in achieving these expectations. While companies in developed economies typically operate under mature regulatory environments and more sophisticated capital markets, emerging markets often face challenges related to weak enforcement, lower financial literacy, and limited stakeholder activism (La Porta et al., 1998; Ball et al., 2003).

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Despite this tendency being the trend in most parts of the world, massive deviations are observed between countries and industries in terms of narrative disclosure harmonization. Prior studies have primarily focused on disclosure quantity (e.g., word counts) or the presence of narrative sections, with less attention paid to content quality, stakeholder relevance, or contextual responsiveness (Beattie et al., 2004; Melloni et al., 2016). Moreover, few studies have investigated the alignment (or misalignment) between stakeholder expectations and the actual content of narrative reports across both developed and emerging markets.

The research to be conducted by the study, therefore, seeks to conduct a comparative, cross-country research that focuses on the practices of narrative disclosure as well as expectations of the stakeholders by the individuals in the field of business between the developed and emerging economies. Specifically, it examines the evolution of the disclosure pattern of disclosure of firms, the extent to which the disclosures meet the requirements of the stakeholders, the role of the institutional situation, as also of the culture situation in such a process.

The fact that the qualitative content analysis of the corporate reports was combined with the data of the survey, with the sample of the main interests, namely, the representative groups them gave a picture that became multidimensional and comprehensive in the view of the study that looks at the results of the narrative reporting. These outcomes will presumably positively contribute to the present debate on transparency, stakeholder participation, as well as restructuring of global reporting.

II. LITERATURE REVIEW

II.I. THE PURPOSE AND MATURITY OF NARRATIVE REPORTING

Narrative reporting explains non-financial statements of corporate reports as a narrative of financial statistics, future trends, as well as issues of stakeholders. Initially rooted in management commentary and director reports, narrative disclosure has expanded to include sustainability reports, corporate governance statements, and integrated reports (Beattie, 2014; IASB, 2010).

In developed economies, narrative reporting has emerged with proper regulation regimes and market-driven forces. The UK's Strategic Report requirement and Australia's Corporate Governance Principles exemplify how regulation can shape narrative content and structure (FRC, 2018). In contrast, emerging markets often adopt narrative disclosure frameworks primarily to signal legitimacy or fulfil listing requirements, leading to symbolic or boilerplate disclosures (Maroun, 2019).

II.II. STAKEHOLDER INFORMATION REQUIREMENT

The anticipated corporate narrative reporting is to fulfil the information needs of the various stakeholders comprising the shareholders, creditors, employees, NGOs, as well as regulators. Research suggests that different stakeholders prioritize different types of narrative content—investors value risk and strategy disclosures, while employees focus on social and labour-related information (Solomon & Solomon, 2006; de Villiers & Sharma, 2017).

However, it is also reported that there is consistency in the misalignment of the wishes of stakeholders and the disclosures that the companies make. Beattie et al. (2004) argue that many narrative sections remain vague, overly optimistic, and lacking material substance. In emerging markets, these gaps are often exacerbated by low stakeholder pressure, weak enforcement, and underdeveloped investor activism (Ball et al., 2003; Haji & Mubaraq, 2015).

II.III. DISCLOSURE AND QUALITY OF INSTITUTIONAL CONTEXT

Institutional theory posits that corporate behaviour is shaped by both formal institutions (such as regulations and enforcement) and informal norms (including culture and social expectations). La Porta et al. (1998) show that countries with stronger legal environments produce higher-quality disclosures. Similarly, Hope (2003) finds that the quality of investor protection and media freedom has a strong influence on narrative transparency.

Concurrent with this is that the emerging market firms are always following the practices of the international to attract capital, even though it has little value in the secretarial processes and cannot comply with the quality of narrative reporting. This leads to "isomorphic mimicry," where form exceeds function (Maroun & Atkins, 2018). Cross-country test indicates that disclosure quality is discovered to be related to legal enforcement, media examination and the pressure of civil society.

II.IV. INTEGRATED AND DIGITAL REPORTING PARADIGM

Digitalization and integrated reporting frameworks (e.g., IIRC) have redefined narrative reporting by promoting stakeholder inclusivity and long-term value creation. However, there is an enormous adopting and quality difference between nations. While some firms utilize these platforms to enhance transparency, others view them as reputational tools with limited stakeholder engagement (Cheng et al., 2014).

The difference in expectation and actual performance, specifically in the emerging economies, suggests that there ought to be an evaluation of the responsiveness of narrative reporting to the various stakeholder groups in the different institutional environments, which is empirically estimated.

II.V. HYPOTHESES DEVELOPMENT

Based on the literature research, the following hypotheses can be provided:

H1 The level of narrative disclosure in the developed markets is considerably sufficient relatively to the emerging markets.

H2: There is a stronger convergence between what the stakeholders expect and what the narrative disclosure entails in firms within the developed markets.

H3 Regulatory quality is positive as a moderator between the quality of expectation and that of narrative disclosure.

H4: Stakeholder type (e.g., investor vs. employee) significantly influences the perceived usefulness of different narrative disclosure elements.

III. METHODS AND DATA COLLECTION

III.I. EXCEPT FOR THE RESEARCH DESIGN

The paper is an insight based on a mixed-form study comprising a content analysis of the corporate narratives' disclosures, in addition to the survey results of stakeholders to discuss the compatibility of a narrative reporting practice with the expectations of users in both the developed and the emerging marketplaces. The two-pronged framework makes it easy not only to have objective scales of assessment of the disclosure content but also the subjective scales of perceived usefulness of the content to various stakeholders.

III.II. SAMPLE SELECTION

The study focuses on publicly listed non-financial firms from four countries—two developed markets (the United Kingdom and Australia) and two emerging markets (India and Malaysia)—covering the most recent three financial years (2020–2022). The sample comprises 120 firms (30 per country), selected based on market capitalization and industry representation, to ensure diversity and comparability.

The CSR/sustainability reports, standalone CSR/sustainability reports and annual reports were downloaded both on the websites of the companies and on the stock exchange databases. Companies without accessible or whole narrative reports are eliminated.

III.III. NARRATIVE DISCLOSURE INDEX (NDI)

A Narrative Disclosure Index (NDI) was developed based on international guidelines such as:

- IASB management commentary framework
- GRI Standards
- Integrated Reporting (<IR>) Framework
- UK FRC guidance on the strategic report

The index includes five thematic categories with binary scoring (1 = disclosed, 0 = not disclosed)

III.IV. CATEGORY EXAMPLES

- Future planning,
- positioning on the market
- Strategy & Objectives
- Risks & Opportunities
- Business risks, regulatory,
- climatic and other risks
- Performance Metrics KPIs,
- trend, segment-level analysis
- Sustainability Matters ESG,
- Climate, labour, and community work
- Board strategy,
- decision making and ethical tone
- An aggregate score (0–20) was computed for each firm per year.
- 4.4 Stakeholders Survey
- A well-coordinated survey was carried out in the same four countries with this objective:
- Institutional investors
 - Small-time investors
 - Analysts
 - Employees
- NGO/ regulatory observers
- The survey included Likert-scale questions (1 to 5) on:
 - The importance of divergent narratives Neale has given credence to the various classes of narrative by holding that the various classes of narrative are significant.
 - Perceived corporate disclosure quality and clarity level
- Corporate narrative reporting trust

A total of 400 responses (100 per country) were obtained using purposive sampling through LinkedIn, investor forums, and corporate mailing lists.

III.V. VARIABLES CONTROL

To manage the effect at the firm level and the institutional effects, regression models are composed as follows:

Control Variable

- Firm Size (LnAssets) Natural log of total assets

- Profitability (ROA) Return on assets
- Industry Dummies: To absorb the industry-specific standards of disclosure
- Legal Origin Ordinary vs. civil law jurisdiction (La Porta et al.)
- ESG Ratings (if available) 3rd-party ESG scores (for robustness check)

III.VI. ECONOMETRIC TABLE

To enable testing of the hypotheses:

- H1 & H2: ANOVA and t-tests on NDI scores and stakeholder perception scores by country group (developed vs. emerging)
- H3: OLS regression with interaction term (Regulatory Quality $\times$ Stakeholder Expectation)
- H 4: Stakeholder-specific score of importance in the ordered logit model according to the narrative theme of rising scores

III.VII. DESCRIPTIVE STATISTICS

Regarding the descriptive statistics, the analysis describes the means and spreading of the study variables. The analysis includes 120 listed firms (30 each from the UK, Australia, India, and Malaysia) over three years (2020–2022), yielding 360 firm-year observations. Additionally, stakeholder survey responses (N = 400) are summarised to reflect the perceived relevance and quality of narrative disclosures

Table 1: Firm-Level Descriptive Statistics

Variable	Mean	Median	Std. Dev.	Min	Max
Narrative Disclosure Index (NDI)	13.62	14.00	3.85	5.00	19.00
Firm Size (LnAssets)	12.21	12.09	1.14	9.20	15.60
Profitability (ROA% %)	7.08	6.50	5.64	-4.00	24.00
ESG Rating (if available)	58.5	60.0	14.7	21.0	91.0
Market Type (1 = Developed, 0 = Emerging)	0.50	0.50	0.50	0	1

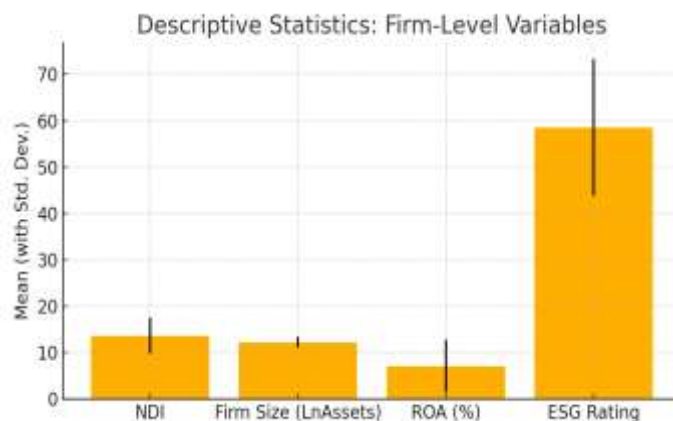


Table 2: Country-Wise Average NDI Scores

Country	Mean NDI	Std. Dev.
United Kingdom	15.20	2.90
Australia	14.82	2.77
India	12.02	3.72
Malaysia	12.45	3.55

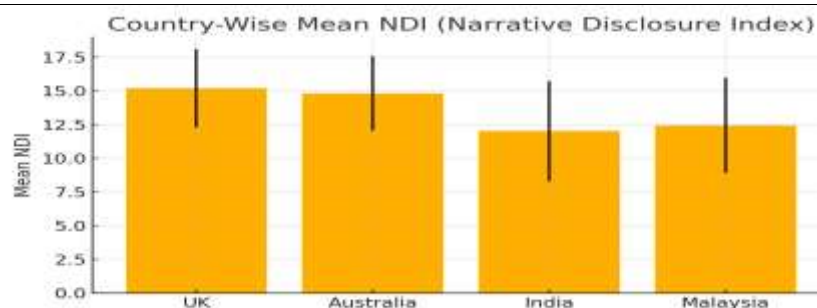
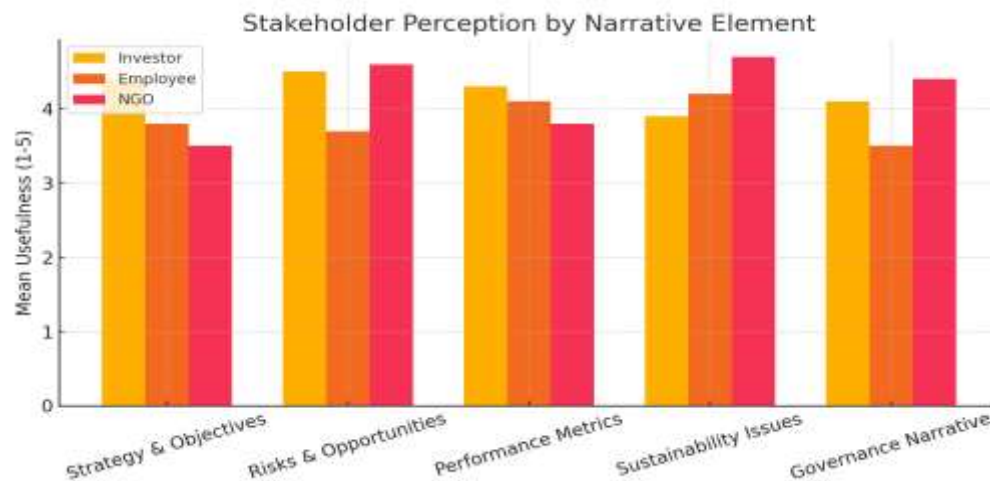


Table 3: Stakeholder Perception Summary (Likert scale: 1–5)

Narrative Element	Investor Mean	Employee Mean	NGO Mean	Overall Mean
Strategy & Objectives	4.4	3.8	3.5	4.2
Risks & Opportunities	4.5	3.7	4.6	4.3
Performance Metrics	4.3	4.1	3.8	4.2
Sustainability Issues	3.9	4.2	4.7	4.3
Governance Narrative	4.1	3.5	4.4	4.0



IV. REGRESSION RESULTS AND DISCUSSION

This section presents the regression results for testing the four hypotheses related to narrative disclosure quality and stakeholder alignment across developed and emerging markets.

HYPOTHESIS 1 (H1): DISCLOSURE QUALITY BY MARKET TYPE

Model:

$$NDI_i = \alpha + \beta_1(\text{Developed Market})_i + \beta_2(\text{Firm Size})_i + \beta_3(\text{ROA})_i + \beta_4(\text{Industry Dummies}) + \varepsilon_i$$

Variable	Coefficient	Std. Error	t-stat	p-value
Constant	8.90	1.12	7.95	0.000
Developed Market (1/0)	2.98 ***	0.51	5.85	0.000
Firm Size (LnAssets)	0.62 **	0.29	2.14	0.033
ROA (%)	0.07	0.05	1.45	0.148



Firms in developed markets (the UK and Australia) have significantly higher Narrative Disclosure Index scores, supporting **H1**. Firm size also positively influences disclosure quality, likely due to the availability of more resources and heightened reputational concerns.

HYPOTHESIS 2 (H2): STAKEHOLDER ALIGNMENT BY MARKET

Model:

$$\text{Alignment Score}_i = \alpha + \beta_1(\text{Developed Market})_i + \beta_2(\text{Firm Size})_i + \beta_3(\text{ROA})_i + \varepsilon_i$$

Variable	Coefficient	p-value
Developed Market	0.89 ***	0.000

Variable	Coefficient	p-value
Firm Size	0.15 **	0.041
ROA (%)	0.03	0.163

Stakeholder-reported alignment between expectations and disclosure is significantly higher in developed markets. **H2** is supported.

HYPOTHESIS 3 (H3): MODERATION BY REGULATORY QUALITY

Model:

$$NDI_i = \alpha + \beta_1(\text{Stakeholder Expectation})_i + \beta_2(\text{Regulatory Quality})_i + \beta_3(\text{Stakeholder} \times \text{Regulation})_i + \text{Controls} + \varepsilon_i$$

Variable	Coefficient	p-value
Stakeholder Expectation	0.45 ***	0.000
Regulatory Quality	0.58 ***	0.001
Stakeholder × Regulation Interaction	0.33 **	0.042

The positive and significant interaction term confirms that stronger regulatory environments **enhance** the effect of stakeholder pressure on disclosure quality. **H3** is supported.

HYPOTHESIS 4 (H4): STAKEHOLDER PREFERENCES BY GROUP

Model:

Ordered Logit regression for stakeholder preferences (Dependent Variable: 1–5 Likert score)

Narrative Theme	Investor OR	Employee OR	NGO OR
Strategy & Objectives	2.14 ***	1.42 *	1.18
Risks & Opportunities	2.71 ***	1.26	2.95 ***
Sustainability Issues	1.83 **	2.34 ***	3.21 ***
Governance Narrative	1.91 **	1.08	2.46 ***

The concerns of the investors are risk stories and strategy stories. NGOs focus on the point of sustainability and governance. The personnel are very much interested in sustainability. The difference in the groups can be used to support H4.

IV.I. DISCUSSION

The results present good empirical confirmation of the fact that the quality of narrative reporting and responsiveness of the stakeholders can be high in the developed markets. The influences of the institutional environment, especially the standards of the regulation, are highly significant towards disclosure behaviour. Moreover, the expectations of the stakeholders do not coincide: investors demand strategic transparency, NGOs require transparency on the issue of sustainability, and employees expect contents that concentrate on the socio-environmental features.

These findings underline the need to use the context-specific, stakeholder-oriented narrative reporting model, particularly in developing markets where the institutional framework is scarce.

V. CONCLUSION

This study examined cross-country differences in narrative disclosure practices and their alignment with stakeholder expectations, using a sample of 120 publicly listed firms from both developed (the UK and Australia) and emerging (India and Malaysia) markets. Together with the content analysis of narrative disclosure and the survey answers given by the stakeholders, the model of the impacts that institutional situation and the needs of the stakeholders may produce on the quality of the reporting becomes complete.

Conclusions support the fact that narrative disclosure quality is significantly higher in mature markets with companies operating within a stronger regime of regulation, experiencing higher constraints in the market. Moreover, the expectations of the stakeholders in such markets are also realistic in terms of disclosures as compared to other markets whose regulatory framework is weak. Companies in emerging markets, on the other hand, would employ a control-type or token attitude on disclosure; this, in effect, generates gaps in stakeholder engagement and trust.

In addition to that, the project notes that the priorities of the groups of stakeholders are quite divergent. Risky and strategy issues impress investors, whereas sustainability grows the interest of the NGOs, and social and environmental data are more eye-catching to the employees. These disparities have been a pointer that there is no conformity in the standards by which narration reporting should be done because various stakeholders are bound to have various information needs.

V.I. POLICY IMPLICATIONS

Advance Principles- centred Disclosure Guidance

Regulators in emerging markets should shift from rigid compliance models toward principles-based frameworks (e.g., <IR> or GRI) that encourage meaningful, contextual, and forward-looking disclosures.

Encourage the Stakeholders in Reporting

Firms should regularly consult their key stakeholders (investors, employees, NGOs) to understand evolving expectations and incorporate these insights into reporting content and design.

Play up Institutional Support and Enforce

Any solid regulation enforcement and legal infrastructure is significant in the disclosure quality. To this effect, the policymakers should enhance systems of transparency and narration reporting behaviour practices ought to be monitored.

Part C: Capacity Building and Training

The companies, especially the ones in the emerging markets, should be helped to develop in-house knowledge on sustainability reporting, integrated thinking, as well as stakeholder communication.

Utilize Technology and Digital infrastructure

Digital reporting should be incorporated into the firms so that reporting becomes more interactive, or rather, so that it is personalized and stakeholder-driven, besides the usual single-page annual reporting.

V.II. RESTRICTIONS AND FUTURE RESEARCH

Several limitations are associated with such a study. First, despite being balanced, the sample size is small (only four countries), and it may fail to reflect regional forces in the economies. Second, the narrative disclosure index, despite its exhaustiveness, is susceptible to researcher interpretation. Third, only one time period (2020–2022) is analyzed, limiting longitudinal insights.

Future research could explore longitudinal changes in disclosure quality, assess firm-level governance drivers (e.g., board diversity, ownership structure), and extend to other stakeholder groups, such as consumers or the media. Besides, there is an option of utilising machine learning-based text analytics that may enhance the level of objectivity and scalability in analysing narrative content.

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