

**INTEGRATED REPORTING AND PERFORMANCE OF SELECTED COMPANIES IN NIGERIA****EMELOGU LOVINAH C, PhD.****DEPARTMENT OF ACCOUNTANCY, ABIA STATE POLYTECHNIC,****ABA****Abstract**

*This study examined the relationship between integrated reporting and performance of selected companies in Nigeria. Primary data were collected through the administration of well-structured questionnaire to two hundred and two (202) respondents comprising some staff of Coca-Cola Bottling Company, Mobile Telephone Network (MTN) Group and Unilever Plc. A fraction of this sample size (twenty five staff) was interviewed in order to corroborate responses from the questionnaire. The reliability test of the questionnaire was done using Strictly Parallel Model: hence, the results show that the research instrument was appropriate for the research topic and therefore reliable. The independent variable – integrated reporting was measured by financial capital reporting, manufactured capital reporting, environmental capital reporting, social capital reporting, human capital reporting and intellectual capital reporting while the variable used in measuring company's performance (dependent variable) is return on assets (ROA) and these variables were captured in the questionnaire. The hypotheses were tested using Regression Model which was run using Statistical Package for Social Sciences (SPSS) Version 16.0. The significance values (sig. values) were used for decision making and the results show that their respective significance values at 95% confidence interval are less than 0.05; hence, all the stated null hypotheses were rejected while the alternative hypotheses were accepted which implies that there is positive and significant relationship between financial capital reporting, manufactured capital reporting, environmental capital reporting, social capital reporting, human capital reporting as well as intellectual capital reporting and companies' performance. The results were corroborated by regression values of 0.986, 0.953, 0.958, 0.972, 0.955 and 0.986 which showed a good level of prediction and R square values of 0.972, 0.908, 0.916, 0.945, 0.913 and 0.973 respectively, showed that the independent variables statistically, significantly explain the variability of the dependent variable. The study concluded that integrated reporting improves the quality of information available to providers of financial capital by communicating broader and more relevant information that can assist in effective capital allocation decisions and recommended among other things that there should be a legal requirement for the adoption of integrated reporting in Nigeria.*

*Keywords: Integrated reporting, integrated report, corporate capitals, value creation.*

**Introduction**

Today's businesses are operating in a world of significant change. As such, managers are expected to respond to any form of change and report in details to the investors. Financial reporting has changed over the years, not only depending on the societal needs but also on accounting needs, given that its service activity has to respond to any contextual change(s). As a service activity, the practice of accounting must respond to changes in which it operates (Beattie & Davie, 2006).

The new trend of things in the world today have made financial reporting irrelevant to an extent as it is no longer satisfying the information needs of investors and other stakeholders and this has created reporting gap. In order to close this reporting gap, investors demand for wider information that goes beyond pure financial data. Other stakeholders including regulatory bodies demand for increased non-financial information disclosure as a result of several corporate scandals and fraud (Cole & Jones,

2005; Veltel & Stawinoga, 2017). Integrated reporting (IR) appears to present the opportunity to establish the link between the financial, social and environmental information of organisations. Joshi (2018) posits that corporate financial reporting evolved because of stakeholders' increasing demands for transparent and non-financial information and integrated reporting (IR) which merges financial and non-financial information reporting ensures that integrated thinking is increasingly used to meet such demand. Integrated reporting (IR) is not only a combination of the conventional financial information with social and environmental disclosures in one report, it involves a "concise communication about an organization's strategy, governance, performance and prospects in the context of its external environment, leading to the creation of value over short, medium and long term" (IIRC, 2013). It improves the quality of information available to providers of financial capital by communicating broader and more relevant information that can assist in effective capital allocation decisions and closing of reporting gaps. Joshi (2018) asserts that integrated reporting (IR) is expected to blur the demarcations that exist between financial and non-financial disclosures.

Integrated reporting provides a more holistic form of reporting aims to address limitations of financial reports and develop long term business strategy (Lee & Yeo, 2016; Adams, Potter, Singh & York, 2016; Suttipun, 2017). This it does by reporting the value created by a business by considering non-financial resources such as manufactured, human, social and intellectual capitals as well as financial capital. Integrated reporting (IR) does not only benefit shareholders, but rather stakeholders such as employees, local

communities, legislators and customers also find it beneficial (Lee & Yeo, 2016; Eccles & Kizus, 2014).

IIRC (2011) describes integrated reporting (IR) as bringing together the material information about an organization's strategy, governance, performance and prospects in a way that reflects the commercial, social and environmental context within which it operates. It also provides a clear and concise representation of how an organization demonstrates stewardship and how it creates value now and in the future (Joshi, 2018; Veltel & Stawinoga, 2017). To create value, an organization will make use of a range of capitals which lead to outputs (products and services) and outcomes (wider benefit to investors and society). The value created by an organisation's overtime manifests itself in increases, decreases or transformations of the capitals caused by the organization's business activities and outputs (IIRC, 2013).

Integrated reporting includes forward looking information to allow stakeholders make a more informed assessment of the future of a company as well as of how the organization is dealing with its sustainability risks and opportunities (Lee & Yeo, 2016; Suttipun, 2017; IIRC, 2013). It helps organisations in integrating social and environmental considerations and social investment activities into mainstream business processes and decisions (Adams 2015; IIRC, 2013; Adams, Potter, Singh & York, 2016). Organisations undertaking social investments are rewarded by customers, employees and markets, particularly where such activities are embedded in the strategy, governance structure and the operations of the entities (Lev, Petrovits & Radhakrishnan, 2010; Porter & Kramer, 2006).

This study tested integrated reporting (IR) based on the six (6) corporate

capitals which include financial capital, human capital, manufactured capital, intellectual capital, natural capital as well as social and relationship capital (independent variables) while the dependent variable used as a measure of companies' performance is return on assets (ROA). This study therefore examined the relationship between integrated reporting and companies' performance.

### **Statement of the problem**

Corporate reporting has been challenged as a result of business risks, regulatory burdens, demand for effective corporate governance practices and transparency. The new trend of things in the world today has made financial reporting irrelevant to an extent as it is no longer satisfying the information needs of investors and other stakeholders. Hence, organisations are required to supply material information about their strategy, governance, performance and prospects in a clear, concise and comparable manner, but it is only financial reporting that most companies in Nigeria are presenting and this provides insufficient information for integrated thinking and investment decision making. So, this lack of holistic and transparent corporate disclosure resulted in a reporting gap which has caused several corporate scandals and fraud. It is upon this premise of reporting gap that this research is based on.

### **Objectives of the study**

The main objective of this study is to examine the relationship between integrated reporting and companies' performance. The specific objectives of this study include:

- To determine the relationship between financial capital reporting and companies' performance.

- To ascertain the relationship between manufactured capital reporting and companies' performance.
- To examine the relationship between environmental capital reporting and companies' performance.
- To find out the relationship between social capital reporting and companies' performance.
- To determine the relationship between human capital reporting and companies' performance.
- To examine the relationship between intellectual capital reporting and companies' performance.

### **Research questions**

The following relevant research questions were formulated:

1. To what extent is the relationship between financial capital reporting and companies' performance?
2. What is the extent of the relationship between manufactured capital reporting and companies' performance?
3. To what extent is the relationship between environmental capital reporting and companies' performance?
4. What is the extent of the relationship between social capital reporting and companies' performance?
5. To what extent is the relationship between human capital reporting and companies' performance?
6. What is the extent of the relationship between intellectual capital reporting and companies' performance?

### **Research hypotheses**

In line with the objectives of this study and the research questions above, the

researcher formulated the following null hypotheses:

- H<sub>01</sub>: There is no positive and significant relationship between financial capital reporting and companies' performance.
- H<sub>02</sub>: There is no positive and significant relationship between manufactured capital reporting and companies' performance.
- H<sub>03</sub>: There is no positive and significant relationship between environmental capital reporting and companies' performance.
- H<sub>04</sub>: There is no positive and significant relationship between social capital reporting and companies' performance.
- H<sub>05</sub>: There is no positive and significant relationship between human capital reporting and companies' performance.
- H<sub>06</sub>: There is no positive and significant relationship between intellectual capital reporting and companies' performance.

### **Review of Related Literature**

This review focuses on the conceptual framework as well as theoretical framework.

### **Concept of integrated reporting**

Integrated reporting has developed from the growing realization that traditional financial reporting provides insufficient information for integrated thinking and investment decision-making. The International Integrated Reporting Council (IIRC) defines integrated reporting as a process that results in communication by an organization; most visibly a periodic integrated report about how an organization's strategy, governance,

performance and prospects lead to the creation of value over the short, medium and long-term. IIRC (2011) asserts that integrated reporting is the means by which the broader value drivers of a business are managed internally and then communicated to investors and other stakeholders.

The development of integrated reporting has been motivated by two principal ideas; provision of additional information to investors to aid their valuation of firm's future performance and the ability of management to respond to the changing needs of stakeholders regarding social responsibility (Haller & Van Staden, 2014). The concept of integrated reporting is one that benefits both the shareholders and other stakeholders such as employees, local communities, legislators and customers (Lee & Yeo, 2016; Eccles & Kizus, 2014).

The concept of integrated reporting through its framework provides a mechanism to address the non-financial information needs of providers of financial capital by providing insight into the effectiveness of the organization's strategy in creating value (IIRC, 2013; Soderstrom, 2014 cited in Adams, Potter, Singh & York, 2016). The value creation process is the system chosen by the organization of inputs, business activities, outputs and outcomes which aim to create values over the short, medium and long term (IIRC, 2013). Integrated reporting is a concept that helps organizations integrate social and environmental considerations as well as social investment activities into mainstream business processes and decisions (Adams, 2015; IIRC, 2013).

IIRC (2013) posits that integrated reporting aims to give a holistic view of the organization by putting its performance and strategy in the context of its relevant social

and environmental issues. Integrated reporting includes forward-looking information to allow stakeholders make a more informed assessment of the future of a company as well as how the organization is dealing with its sustainability risks and opportunities (IIRC, 2011; IIRC, 2013; Lee & Yeo, 2016).

Veltel & Stawinoga (2017) assert that integrated reporting is a reporting system that incorporates conventional financial accounting with firm's sustainability and corporate governance related issues in order to increase the decision usefulness of business reporting. Integrated reporting as specified in the framework aims to promote a more cohesive and efficient approach to corporate reporting that draws on different reporting range of factors that materially affect the ability of an organization to create value over time, enhance accountability and stewardship for the broad base of capitals and promote understanding of their interdependencies, support integrated thinking decision making and actions that focus on the creation of value over the short, medium and long-term (IIRC, 2013). Steyn (2014) posits that integrated reporting is not just about reporting, but in reality, it is an element of better business reporting with higher benefits.

### **Concept of the capitals**

IIRC (2013) asserts that the capitals are the broad range of resources and relationships used and affected by an organization in its business activities. The capitals are regarded as stores of value on which the company depends for input into its business model and they are affected through corporate activity and outputs. Traditional business decision making would have focused on the financial aspects - tangible assets and liabilities, but

increasingly value creation has relied on intangible factors such as intellectual, human, social and relationships as well as natural resources. Value is not created by or within a business alone rather, value creation includes not only financial returns to providers of financial capital, but also comprises positive or negative effects on the other capitals and other stakeholders and is thus influenced by the external environment.

IIRC (2013) recognizes six distinct but interrelated capitals: financial, manufactured, natural, human, intellectual as well as social and relationship. Druckman (2014) asserts that these capitals encourage businesses to think more broadly and to consider all the potential sources of value creation and then report on them thereby giving investors not just richer data, but more context. Organizations most commonly report on the financial and manufactured capitals, but integrated reporting takes a broader view by also considering intellectual, social and relationships as well as human capitals (all of which are linked to the activities of people) and natural capitals (which provides the environment with the other capitals).

### **Financial capital**

The pool of funds that is available to an organization for use in the production of goods or the provision of services obtained through financing, such as debt, equity or grants, or generated through operations or investments (IIRC, 2013).

### **Manufactured capital**

IIRC (2013) posits that manufactured capital are physical objects distinct from natural physical objects that are available to an organization for use in the production of goods or the provision of services, including buildings, equipment, infrastructure (such as

roads, ports, bridges as well as waste and water treatment plants).

### **Intellectual capital**

IIRC (2013) opines that intellectual capital is an organisational knowledge-based intangibles which include: intellectual property (patents, copyrights, software, rights, and licences), organisational capital (tacit knowledge, systems, procedures and protocols) and intangibles associated with the brand and reputation that an organisation has developed.

### **Human capital**

This includes people's competencies, capabilities and experiences as well as their motivations to innovate (IIRC, 2013).

### **Social and relationship capital**

IIRC (2013) asserts that social and relationship capital has to do with the institutions and the relationships within and between communities, groups of stakeholders and other networks, and the ability to share information to enhance individual and collective well-being. It includes shared norms, common values and behaviours; key stakeholder relationships, and the trust and willingness to engage that an organisation has developed and strives to build and protect with customers, suppliers, business partners, and other external stakeholders as well as organization's social licence to operate.

### **Natural capital**

Natural capital includes all renewable and non-renewable environmental resources and processes that provide goods or services that support the past, current or future prosperity of an organisation (IIRC, 2013). This includes air, water, land, minerals and forests as well as biodiversity and eco-system health.

### **Company's performance**

Company's performance is measured in different ways in order to determine the general perception of the company and what it worths. Saale (2007) posits that performance is the process of evaluating how well an organization is managed and the value it delivers for customers and other stakeholders. Good performance is the criterion whereby an organization determines its capability to prevail.

The dependent variable used as a measure of company's performance is return on assets (ROA). Return on assets is one of the profitability ratios which measures the income or operating success of a company for a given period of time (Dincer, 2011; ICAN, 2006).

Hence, this research examines the relationship between company's performance and each of the corporate capitals (financial capital, human capital, manufactured capital, intellectual capital, natural capital as well as social and relationship capital).

### **Theoretical framework**

This study is based on two (2) relevant theories which include stakeholder theory, legitimacy theory and institutional theory.

### **Stakeholder theory**

Stakeholder theory was formulated by Freeman in the year 1984. Freeman (1984) posits that all stakeholders have the right to be treated fairly and certain minimum rights that must not be infringed. Hence, firms and managers need to consider the interest of all groups that are affected or can affect their activities in their value creation process. Such group of stakeholders has a right to receive information from the company even though the stakeholders might not use the information nor have a direct influence on the firm (Gray, Collison &

Bebbington, 1998). By adopting and implementing integrated reporting (IR), firms become more aware of their stakeholders who might influence the decision making process (Eccles & Saltzman, 2011).

### **Legitimacy theory**

Legitimacy theory is derived from the concept of organizational legitimacy which was formulated by Dowling and Pfeffer in 1975. Legitimacy theory posits that organisations continually seek to ensure that they operate within the bounds and norms of their respective societies (Dowling & Pfeffer, 1975). These bounds and norms are not considered to be fixed but change overtime, thereby requiring organisations to be responsive to the ethical or moral environment in which they operate (Deegan & Unerman, 2011). Deegan (2000) asserts that legitimacy theory stresses that the organization should consider the rights of the general public and not only its investors.

### **Methods and Materials**

This research adopted survey research design in order to achieve the objectives of the study. The instruments used in this study are questionnaire and personal interview. The researcher administered well-structured questionnaire to two hundred and two (202) respondents also known as cases (sample size) comprising some staff of Coca-Cola Bottling Company, Mobile Telephone Network (MTN) Group and Unilever Plc. A five point Likert scale was

used in the questionnaire where five (5) is the highest which denotes strongly agree (SA), followed by four (4) which denotes agree (A), three (3) which denotes undecided (U), two (2) which denotes disagree (D) and one (1) is the lowest which denotes strongly disagree (SD). The questionnaire was coded for easy analysis as follows: IRECRA, FCRSRCP, MCRSRCP, ECRSRCP, SCRSRCP, HCRSRCP, ICRSRCP, IRDMTAA, IRIQIPC, IRPHALFR, IRPOSCV, IRACEP, IRCTFPEG, IRCBPTB, IRICRSR, IRHEEP, IRACWR, IRAIME, IREUMCVC, IRCAER, IREACI, IRHEEHS, IRPCVS, IREOKBI and IRCERMFI. The variables of this study were captured in the questionnaire.

Furthermore, the researcher interviewed twenty five (25) staff of the three selected companies in order to corroborate responses from the questionnaire. This was done at the time of administering the questionnaire.

The reliability test of the questionnaire was done using Strictly Parallel Model with the aid of Statistical Package for Social Sciences (SPSS) version 16.0.

### **Strictly Parallel Model**

Strictly Parallel Model is one of the statistical models used for reliability test.

**Decision rule:** When the value of reliability of scale unbiased is above 0.7, the questionnaire is also said to be reliable and was not as a matter of chance.

**Table 1: Reliability test result**

Common mean	4.123
Common variance	1.098
True variance	.934
Error variance	.164
Common inter-item correlation	.850
Reliability of scale	.993
<b>Reliability of scale (unbiased)</b>	<b>.993</b>

Source: Researcher's computation using SPSS version 16.0

**Decision**

Since the value of reliability of scale unbiased is above 0.7, the questionnaire is

said to be reliable and was not as a matter of chance.

**Analysis and Results****Table 2: Analysis of data**

		5	4	3	2	1	Total
1	IRECRA	91	88	13	6	4	<b>202</b>
2	FCRSRCP	95	85	12	7	3	<b>202</b>
3	MCRSRCP	75	71	16	14	26	<b>202</b>
4	ECRSRCP	100	80	7	9	6	<b>202</b>
5	SCRSRCP	123	44	11	10	14	<b>202</b>
6	HCRSRCP	102	51	29	8	12	<b>202</b>
7	ICRSRCP	90	89	5	13	5	<b>202</b>
8	IRDMTAA	86	60	26	10	20	<b>202</b>
9	IRIQIPC	81	105	10	2	4	<b>202</b>
10	IRPHALFR	105	72	11	9	5	<b>202</b>
11	IRPOSCV	87	84	9	7	15	<b>202</b>
12	IRACEP	71	68	16	28	19	<b>202</b>
13	IRCTFPEG	85	95	13	5	4	<b>202</b>
14	IRCBPTB	59	95	8	22	18	<b>202</b>



15	IRICRSR	76	91	17	12	6	202
16	IRHEEP	70	88	22	18	4	202
17	IRACWR	83	92	14	10	3	202
18	IRAIME	102	70	20	8	2	202
19	IREUMCVC	85	87	7	14	9	202
20	IRCAER	80	78	23	11	10	202
21	IRECACI	94	103	5	-	-	202
22	IRHEHS	83	86	9	13	11	202
23	IRPCVS	78	99	12	8	5	202
24	IREOKBI	96	80	14	8	4	202
25	IRCERFI	75	77	18	20	12	202

### Test of hypotheses

The following hypotheses were tested ( $H_1$ ,  $H_2$ ,  $H_3$ ,  $H_4$ ,  $H_5$  and  $H_6$ ).

### Test of hypothesis 1

Hypothesis 1 is as follows:

$H_0$ : There is no positive and significant relationship between financial capital reporting and companies' performance.

$H_1$ : There is positive and significant relationship between financial capital

reporting and companies' performance.

Variables used in testing hypothesis 1 are IRECRA (dependent variable), FCRSRCP, IRIQIPC, IRPHALER and IRPOSCV (independent variables).

**Table 3: Model summary table for hypothesis 1**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square change	F Change	df <sub>1</sub>	df <sub>2</sub>	Sig. F Change
1	.986	.972	.971	.146	.972	1706.821	4	197	.000

Source: Researcher's computation using SPSS Version 16.0

**Table 4: ANOVA table for hypothesis 1**

Model	Sum of Squares	df	Mean square	F	Sig.
1 Regression	145.370	4	36.342	1706.821	.000

Residual	4.195	197	.021		
<b>Total</b>	<b>149.565</b>	<b>201</b>			

Source: Researcher's computation using SPSS Version 16.0

### Decision

The significance value (sig. value) at 95% confidence interval is .000 and it is less than 0.05, thus we reject the null hypothesis (Ho) and accept the alternative hypothesis (Hi) which states that there is positive and significant relationship between financial capital reporting and companies' performance. The "R" (which is also called the multiple correlation coefficient) value of 0.986 indicates a good level of prediction which implies that the independent variables are effective predictors of the dependent variable. The "R Square" value also known as the coefficient of determination of 0.972 indicate that the independent variables explain 97.2% of the variability of the dependent variable. This shows that the regression equation is very useful for making

predictions as the value of "R square" is close to one (1).

### Test of hypothesis 2

Hypothesis 2 is as follows:

H<sub>0</sub>: There is no positive and significant relationship between manufactured capital reporting and companies' performance.

H<sub>1</sub>: There is positive and significant relationship between manufactured capital reporting and companies' performance.

Variables used in testing hypothesis 2 are IRECR (dependent variable), MCRSRCP, IRACEP, IRADMTAA and IREUMCVC (independent variables).

**Table 5: Model summary table for hypothesis 2**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square change	F Change	df <sub>1</sub>	df <sub>2</sub>	Sig. F Change
1	.955	.913	.911	.258	.913	514.591	4	197	.000

Source: Researcher's computation using SPSS Version 16.0

**Table 6: ANOVA table for hypothesis 2**

Model	Sum of Squares	df	Mean square	F	Sig.
1 Regression	136.500	4	34.125	514.591	.000
Residual	13.064	197	.066		
<b>Total</b>	<b>149.564</b>	<b>201</b>			

Source: Researcher's computation using SPSS Version 16.0

### Decision

The significance value (sig. value) at 95% confidence interval is .000 and it is less than 0.05, thus we reject the null hypothesis

(Ho) and accept the alternative hypothesis (Hi) which states that there is positive and significant relationship between

manufactured capital reporting and companies' performance. The "R" value of 0.955 shows a good level of prediction while

the "R Square" value of 0.913 shows that the independent variables explain 91.3% of the variability of the dependent variable.

### Test of hypothesis 3

Hypothesis 3 is as follows:

H<sub>0</sub>: There is no positive and significant relationship between environmental capital reporting and companies' performance.

H<sub>1</sub>: There is positive and significant relationship between environmental

capital reporting and companies' performance.

Variables used in testing hypothesis 3 are IRECRA (dependent variable), ECRSRCP, IRACWR, IRCAER and IRCERMFI (independent variables).

**Table 7: Model summary table for hypothesis 3**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square change	F Change	df <sub>1</sub>	df <sub>2</sub>	Sig. F Change
1	.972	.945	.944	.204	.945	848.845	4	197	.000

Source: Researcher's computation using SPSS Version 16.0

**Table 8: ANOVA table for hypothesis 3**

Model		Sum of Squares	df	Mean square	F	Sig.
1	Regression	141.362	4	35.341	848.845	.000
	Residual	8.202	197	.042		
	<b>Total</b>	<b>149.564</b>	<b>201</b>			

Source: Researcher's computation using SPSS Version 16.0

### Decision

The significance value (sig. value) at 95% confidence interval is .000 and it is less than 0.05, thus we reject the null hypothesis (H<sub>0</sub>) and accept the alternative hypothesis (H<sub>1</sub>) and concludes that there is positive and significant relationship between environmental capital reporting and companies' performance. The "R" value of 0.972 shows a good level of prediction while the "R Square" value of 0.945 shows that the independent variables explain 94.5% of the variability of the dependent variable.

### Test of hypothesis 4

Hypothesis 4 is as follows:

H<sub>0</sub>: There is no positive and significant relationship between social capital reporting and companies' performance.

H<sub>1</sub>: There is positive and significant relationship between social capital reporting and companies' performance.

Variables used in testing hypothesis 4 are IRECRA (dependent variable), SCRSRCP, IRCBPTB, IRICRSR and IRECAI (independent variables).

**Table 9: Model summary table for hypothesis 4**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square change	F Change	df <sub>1</sub>	df <sub>2</sub>	Sig. F Change
1	.958	.918	.916	.249	.918	552.116	4	197	.000

Source: Researcher's computation using SPSS Version 16.0

**Table 10: ANOVA table for hypothesis 4**

Model	Sum of Squares	Df	Mean square	F	Sig.
1 Regression	137.316	4	34.329	552.116	.000
Residual	12.249	197	.062		
<b>Total</b>	<b>149.565</b>	<b>201</b>			

Source: Researcher's computation using SPSS Version 16.0

### Decision

Since significance value (sig. value) at 95% confidence interval is .000 and it is less than 0.05, thus we reject the null hypothesis (H<sub>0</sub>) and accept the alternative hypothesis (H<sub>1</sub>) and which states that there is positive and significant relationship between social capital reporting and companies' performance. The "R" value of 0.958 shows a good level of prediction while the "R Square" value of 0.918 show that the independent variables explain 91.8% of the variability of the dependent variable.

### Test of hypothesis 5

Hypothesis 5 is as follows:

H<sub>0</sub>: There is no positive and significant relationship between human capital reporting and companies' performance.

H<sub>1</sub>: There is positive and significant relationship between human capital reporting and companies' performance.

Variables used in testing hypothesis 5 are IRECRA (dependent variable), HCRSRCP, IRHEEP, IRAIME and IRHEEHS (independent variables).

**Table 11: Model summary table for hypothesis 5**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square change	F Change	df <sub>1</sub>	df <sub>2</sub>	Sig. F Change
1	.953	.908	.906	.264	.908	487.839	4	197	.000

Source: Researcher's computation using SPSS Version 16.0

**Table 12: ANOVA table for hypothesis 5**

Model		Sum of Squares	df	Mean square	F	Sig.
1	Regression	135.850	4	33.962	487.839	.000
	Residual	13.715	197	.070		
	<b>Total</b>	<b>149.565</b>	<b>201</b>			

Source: Researcher's computation using SPSS Version 16.0

### Decision

The significance value (sig. value) at 95% confidence interval is .000 and it is less than 0.05, thus we reject the null hypothesis (Ho) and accept the alternative hypothesis (Hi) and conclude that there is positive and significant relationship between human capital reporting and companies' performance.

The "R" value of 0.953 indicates a good level of prediction while the "R Square" value of 0.908 indicate that the independent variables explain 90.8% of the variability of the dependent variable.

### Test of hypothesis 6

Hypothesis 6 is as follows:

H<sub>0</sub>: There is no positive and significant relationship between intellectual capital reporting and companies' performance.

H<sub>1</sub>: There is positive and significant relationship between intellectual capital reporting and companies' performance.

Variables used in testing hypothesis 6 are IRECRA (dependent variable), ICRSRCP, IRCTFPEG, IRPCVS and IREOKBI (independent variables).

**Table 13: Model summary table for hypothesis 6**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square change	F Change	df <sub>1</sub>	df <sub>2</sub>	Sig. F Change
1	.986	.973	.973	.143	.973	1783.982	4	197	.000

Source: Researcher's computation using SPSS Version 16.0

**Table 14: ANOVA table for hypothesis 6**

Model		Sum of Squares	df	Mean square	F	Sig.
1	Regression	145.546	4	36.387	1783.982	.000
	Residual	4.018	197	.020		
	<b>Total</b>	<b>149.564</b>	<b>201</b>			

Source: Researcher's computation using SPSS Version 16.0

## Decision

The significance value (sig. value) at 95% confidence interval is .000 and it is less than 0.05, thus we reject the null hypothesis (Ho) and accept the alternative hypothesis (Hi) which states that there is positive and significant relationship between intellectual capital reporting and companies' performance. The "R" value of 0.986 indicates a good level of prediction while the "R Square" value of 0.973 indicate that the independent variables explain 97.3% of the variability of the dependent variable.

## Conclusion and Recommendations

### Conclusion

In today's world, considering only the financial perspective of a firm cannot guarantees the sustainability of such firm, so the non-financial perspectives need to be taken into consideration. Integrated reporting (IR) is not only a combination of the conventional financial information with social and environmental disclosures in one report, it also involves a concise communication about an organization's strategy, governance, performance and prospects in the context of its external environment, leading to the creation of value over short, medium and long term. The primary purpose of an integrated report is to improve the quality of information available to providers of financial capital by communicating broader and more relevant information that can assist in effective capital allocation decisions.

This research highlighted on five (5) relevant theories which include stewardship theory, agency theory, stakeholder theory, legitimacy theory and institutional theory. The findings of this study show that adoption of integrated reporting is still voluntary as it is mainly multinational companies that have adopted integrated reporting in Nigeria as

the three (3) selected firms are all multinational companies and there is no legal requirement mandating companies in Nigeria to adopt integrated reporting. Also, all the independent variables statistically, significantly explain the variability of the dependent variable.

Hence, the result of the study indicates that there is positive and significant relationship between financial capital reporting, manufactured capital reporting, environmental capital reporting, social capital reporting, human capital reporting as well as intellectual capital reporting and companies' performance. Also, the returns on assets (ROA) of the three selected companies are good indicators of success as none of them is negative.

### Recommendations

The researcher recommended the following:

- Companies in Nigeria should voluntarily adopt integrated reporting like these companies understudy in order to enjoy the benefits of integrated reporting.
- The government should mandate companies in Nigeria especially big firms to adopt integrated reporting as it was how International Financial Reporting Standard (IFRS) was adopted.
- There should be legal requirements for the adoption of integrated reporting. The Financial Reporting Council of Nigeria (FRCN) should conduct sensitization programmes on the need of the adoption of integrated reporting.

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