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Original Research Article

A Survey of Stakeholders' Perception of the Decision Relevance of Integrated Reporting in Nigerian Listed Firms

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Abstract

This study examined the perception of the Nigerian capital market stakeholders on the relevance of the Integrated Reporting to their decision making. The study adopted a survey research design. The study's population comprised of stakeholders in the financial reporting chain, out of which a sample of 475 respondents was selected through stratified random sampling. Data were collected from primary source sing a structured questionnaire. The instrument was administered on the respondents in their natural environments with 63.79% return rate. The reliability test on the copies returned for the variables examined showed 0.920 for integrated reporting with 30 items and 0.625 for relevance using five items. Data were analysed using descriptive and regression statistics. The study found that IR, measured by financial capital, manufactured capital, intellectual capital, social relationship capital, human capital and natural capital exerted a significant effect on the relevance to the decision making of stakeholders of firms listed on Nigerian Stock Exchange. The study, therefore, concluded that IR had a significant effect on the relevance to the decision making of stakeholders of firms listed on the Nigerian Stock Exchange. Among the recommendations of the study are; that IR should be adopted and made mandatory not only in Nigeria but also globally and that financial reporting framework for externalities and its effects should be standardised.

Keywords: Corporate reporting, Decision making, Integrated reporting, Non-financial information, relevance

JEL Classification Codes: M41, M48

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1 INTRODUCTION

Corporate reporting is an essential means by which companies communicate decision-making information with stakeholders as part of their accountability and stewardship obligations. When the recent history of financial and ethical reporting is examined, the idea that increasing expectations of stakeholders on transparency and accountability can be met by a single report has great importance. The Integrated Reporting (IR) issue has been suggested by the International Integrated Reporting Council (IIRC) and notable corporate reporting writers like Bhasin (2017) to fill the gap created by the current reporting architecture which is characterised by low financial reporting quality resulting in the erosion of investors' confidence on financial reports. It has been argued that corporate reporting should keep pace with the developing economic reality and address the needs of a broad stakeholder audience by providing financial and non-financial information having short and long term focus (Bhasin, 2017). IR is a relatively new but powerful idea enhancing the way organisations think, plan, and report the story of their business. It is essential to state that IR has been adopted by several leading companies to communicate a clear, concise, integrated story that explains how all of their resources are creating value, in a single report.

The problem of the study. The wave of corporate accounting scandals has eroded public trust and investors' confidence in financial reports and audit services and the quality they purport to possess. Hence, there has been debates and researches by corporate reporting academics in the recent times about what to be done to restore the confidence of the investors in the aftermath of the high profile corporate accounting scandals that had occurred in Europe, America, and other parts of the world. This is another gap worthy of investigation by this Study, Okafor (2012). Bhasin (2017) argued that the traditional financial reporting, as part of stewardship and accountability obligation, could no longer keep pace with the developing economic activities nor meet the needs of a broad audience of stakeholders and their diverse needs. On this premise of environmental dynamism and increasing growth in the number of stakeholders, Bhasin (2017) argued that Financial Reporting Quality (FRQ) seems to be slightly losing its relevance among diverse users. The author concluded that Integrated Reporting provides a plank to accommodate all these diverse stakeholders and their financial and non-financial needs in annual report filing.

Objectives of the Study. The objective of the study was to have a survey of the stakeholders' perception of the integrated reporting and its relevance to decision making among stakeholders of Nigerian listed firms. Specific objectives to achieve this are to: examine the influence of disclosing financial capital information on the relevance of financial statements to stakeholders' decision making in Nigeria; determine the effect of disclosing manufactured capital information on the relevance of financial statements to stakeholders' decision making in Nigeria; investigate the influence of disclosing intellectual capital information on the relevance of financial statements to stakeholders' decision making in Nigeria; assess the effect of disclosing social capital information on the relevance of financial statements to stakeholders' decision making in Nigeria; evaluate the impact of disclosing human capital information on the relevance of financial statements to stakeholders' decision making in Nigeria; and appraise the extent to which the disclosure of natural capital information affects the relevance of financial statements to stakeholders' decision making in Nigeria.

2 LITERATURE REVIEW

Integrated Reporting

Financial Executive (FE) (2011) asserted that Integrated Reporting (IR) redefines the scope of information relevant to strategic corporate objectives and provides a broader method of accessing, analysing, managing and communicating strategic information both internally and externally. It also refers to the integrated representation of a company's performance, in terms of both financial and non-financial results. According to the body, companies are providing integrated reports as a means to seek new business opportunities, safeguard reputation, maximise competitive advantage and mitigate operations risk.

Integrated Reporting (IR) was suggested by the International Integrated Reporting Council (IIRC) (2013) to address the observed shortcomings of the traditional corporate reporting architecture. Bhasin (2017) opined that corporate reporting should keep pace with the developing economic reality and address the needs of broad stakeholders by providing financial and non-financial information having short, medium and long term focus. He further asserted that IR is a relatively new but powerful idea, enhancing the way organisations think, plan and report the story of their business.

Also justifying the need for the introduction of Integrated Reporting (IR), Joshi (2018) stated that corporate reporting had been challenged lately due to the emerging business risks, regulatory burdens, demand for effective corporate governance practices, and calls for transparency. He further observed that IR involves integrated thinking incorporating the conventional financial accounting with the firm's sustainability and corporate governance elements and other observed shortcomings. Joshi (2018) also submitted that integrated reports fully combine the company's financial and non-financial performance, and it is expected to remove the demarcations existing between financial and non-financial disclosures.

The IIRC's Framework of IR identified six value-creating capitals which are relevant in the life of a firm when producing products/services. These are financial capital, manufactured capital, intellectual capital, social and relationship capital, natural capital and human capital (IIRC, 2013).

The relevance of Information for Decision Making

The relevance of information on the financial statement can be appreciated by its capacity in creating the difference in the decision-making process by the users (Herath & Albarqi, 2017). This is to say that financial information must have the capacity of influencing decision towards predicting value, and confirmation of the value of a specific item. That is to mean that financial information has such capacity if the outcomes can be reliably predicted based on current and past situations of business (Power, 2010). In this case, decision-makers especially investors, lenders and creditors base their decision on the financial information presented by company's management in order to measure its level of return on investments, capacity to pay liabilities and payables. Financial information relevance comes as to confirm the financial information provided by management to decision-makers and concerns, past and current events or situation that can be used as predictors of future longevity of business (Garcia & Cuadrado, 2011; Olayinka, Olojede, & Olaoye, 2017; Bambang, Kot, Adiati, & Nur, 2018).

International Accounting Standards Board (IASB) (2008), considered financial information relevance as the capability that makes a significant difference in decision making by different information users especially the owners of capital and others financial resources. It stressed further that for a piece of information to be relevant, it must have the capacity of predictive and confirmatory value. This means that a piece of from the company must have the capacity to provide important future cash flows. While a predictive value is when a piece of information has a certain value as input in predictive processes used by the owners of investors and other stakeholders to form their views about the company's future and what it will give them as a result of investing in such business. According to Herath and Albarqi (2017), relevance is the concept that information generated by an accounting system should impact the decision making of someone perusing the information. The concept can involve the content of the confirmation and its timeliness, both of which can impact decision making. They asserted that that financial reporting quality is a broad concept that does not only refer to financial information but which also include other non-financial information that is useful for making decisions.

Furthermore, it was observed that relevance is closely associated with the usefulness and materiality of the term, citing that relevance illustrates the capability of making decisions by users. Also, when information in financial reports influences users in their economic decisions, it is said that this information has the quality of relevance. They contended further that when this information assists users to evaluate, correct, confirm current and past events, it is useful.

Financial accounting reporting is a set of procedures, process, rules, regulations and minimisation of discretional behaviours that are used in the treatment of business transactions preparation and presentation of accounting information to the stakeholders and its level of relevance, reliability, transparency, the faithfulness of such information towards eminent decision making (Paktinat & Darush, 2015; De-Meyere, Bauwhede & Van-Cauwenberge, 2018). Financial accounting should have quality itself before anyone may expect from it qualitative financial information (Watson & Matshonisa, 2012; Diaz, Gregory & Wayne, 2017). Thus, financial information should come out of a well-structured financial accounting system, so that the financial statements convey information to users for decision making. Financial reporting quality provides true and fair information about the under-lying the past financial position and financial performance of an entity, and it must be transparent for decision-makers (Biddle, Rodrigo & Verdi, 2009; Tasios & Bekarias, 2017).

Accounting reporting quality is the aptitude of the accounting process and measurements to replicate the company's financial position and performance (Barth, 2018, Kyle, Roy & Wilks, 2015). The analysis of this definition shows that the core value of accounting process is to provide relevance and reliability of financial information which is useful for decision making. This indicates that the main objective of accounting reporting quality is to minimise the manipulating effects and intention of managers towards misleading investors and other stakeholders (Francis, Olsson & Schipper, 2006).

Theoretical Review

This study is based on the Stakeholders Theory as propounded by Freeman (1984). It focused on the need for businesses to report adequate information to meet the needs of all stakeholder groups that include, but are not limited to, financial shareholders. The assumption of Stakeholders theory is that organisations must be able to meet the needs of both financial and non-financial stakeholders in order to satisfy regulatory reporting requirements (Dawkins & Ushiyama, 2014). Managers that integrate stakeholder demands, requests, and needs into the financial decision making, and reporting process, appear to be poised to lead the marketplace going forward. A major criticism of the theory is that by applying the political concept of a social contract to the corporation, stakeholder's theory undermines the principles on which a market economy is based (Mansell, 2013).

Empirical Review

Quality of Financial Statements and Reports

According to Bhasin (2017), the traditional financial statements and reports have been deficient and unreliable as a guide for decision making by the concerned investors and other stakeholders. Akintoye (2019) and Nwaobia, Kwarbai, and Ajibade (2016) also suggested that this poor Financial Reporting Quality (FRQ) has also led to the impromptu business failures with their attendant job losses globally including the reported financial scandals across the globe, Nigeria not being an exception. Salaudeen, Ibikunle and Chima (2015) observed that one prevailing issue was how to build investors' confidence in the national enhance transparent financial reporting.

In the same vein, Faboyede and Mukoro (2012) suggested that the cardinal objective of Financial Statements is to give a true and fair view of the financial affairs of an enterprise. Others are: to guide management not only in the appraisal of past results but in the formulation of future policy and make informed decisions on current operational control; making tax assessment and the provision of financial information for various other interested parties. Faboyede and Mukoro (2012) further suggested that the nature of financial statements is such that they are based on fundamental accounting assumptions such as going concern, accruals and consistency, as well as accounting principles and methods.

Orshi, Dandago and Isa (2019) also posited that corporate reporting is currently driving towards integrated thinking incorporating financial, governance, social and environmental issues to promote long-term value creation, all of which are relevant in the decision making processes of stakeholders among firms listed in Nigeria. The authors further observed that as a third world nation, the adoption of integrated reports is voluntary in Nigeria. However, they concluded that considering the information needs of all stakeholders, the formulation of enabling policies by regulatory agencies would drive corporate reporting to be more integrative to drive long term value maximisation of companies listed on Nigerian Stock Exchange.

3 METHODOLOGY

The study adopted a survey research design. The study population comprised of stakeholders in the financial reporting chain. Out of this infinite population, a purposive sample of 475 respondents was randomly selected. Data were collected mainly from primary source using a structured questionnaire. The instrument was administered directly on the respondents in their natural environment with 63.79% return rate. The result of the reliability test showed 0.920 for integrated reporting with 30 items and 0.625 for relevance using 5 items. Data were analysed using percentage, mean and regression statistics.

The model designed for this study is presented as follows:

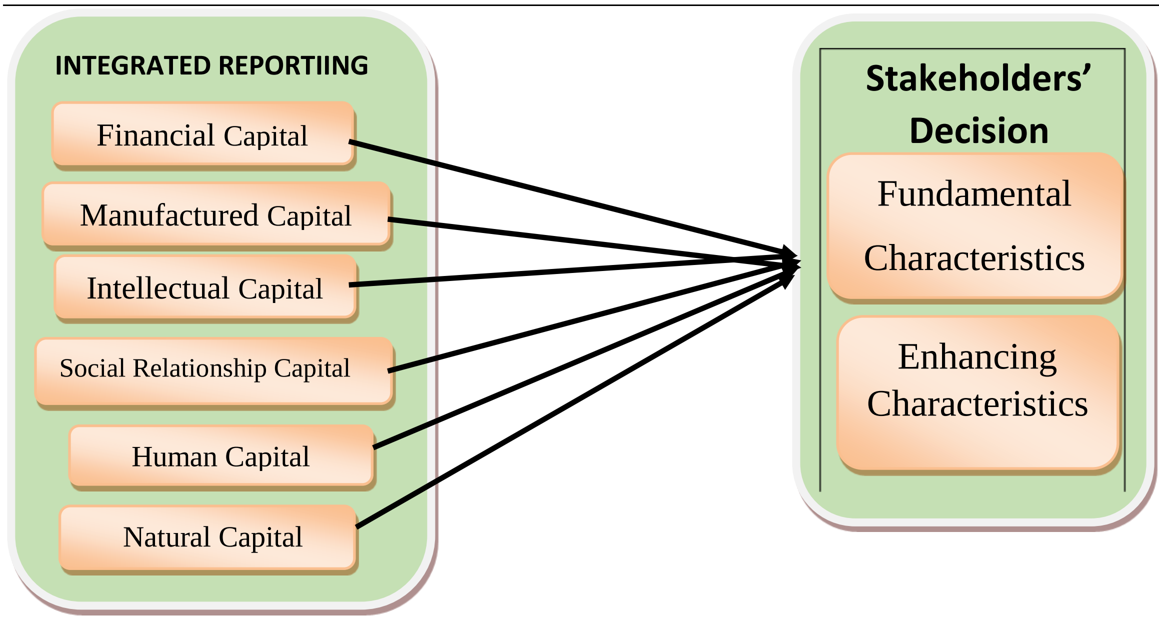

Figure 1: **Conceptual Model**

Source: Researcher's Concept (2019) Source**: Researcher's Concept (2020)**

4 ESTIMATION RESULTS AND DUSCUSION OF FINDINGS

4.1 Descriptive Analyses

Table 1: Profile of the Respondents

Variables	Items	Percent
Gender	Male Female	58.7 41.3
Age (in years)	Below 35 36 – 45 46v- 55 56 – 65 Above 65	6.37 53.4 32.7 6.3 1.3
Educational Level	HND/B.Sc. Masters PhD	47.9 46.2 5.9
Stakeholders	Shareholders Stockbrokers/Investment Analysts Regulators/Inspectors-FRC Regulators/Inspectors-ICAN Regulators/Inspectors-SEC South African Bank Staff	49.8 15.8 10.6 8.26 10.0 5.6

Source: **Extract from SPSS Output (2020)**

Profile of the respondents showed 58.7% were males while 41.3% were females, 6.3% were below the ages of 35 years, 53.4% were between the ages of 36 and 45 years, 32.7% were between 46 to 55 years, 6.3% were 56 to 65 years, and 1.3% were above the ages of 65 years. Distribution of the respondents' education Level showed that 45.9% possess HND/B. Sc., 45.2% had a Masters Degree and 5.9% possess Doctor of Philosophy Degree (Ph.D). Stakeholder distribution revealed that 49.8% were shareholders, 15.8% were Stock Brokers/Investment Analysts, 10.6% were Regulators/Inspectors (officials of Financial Reporting Council of Nigeria), while 8.2% Regulators/Inspectors (ICAN) 10.0% were Regulators/Inspectors (SEC) and 5.6% were South African Bank Staff listed on Nigerian Stock Exchange.

Perception of the Importance of disclosing information about Integrated Reporting

Table 2: Responses on the importance of Integrated Reporting (%)

Variables	SA	A	PA	PD	D	SD	Mean	Std Dev.
Financial Capital	14.6	74.5	10.6	0.3	-	-	5.0331	.51447
Manufactured Capital	20.8	71.0	7.6	0.7	-	-	4.986	0.54506
Intellectual Capital	6.3	73.3	17.2	2.6	0.7	-	4.8185	.60630
Social Relationship Capital	17.3	67.8	13.3	1.3	0.3	-	5.0033	0.62449
Human Capital	9.2	74.6	14.9	1.0	0.3	-	4.9142	0.55124
Natural Capital	8.3	72.4	18.3	1.0	-	-	4.8804	0.54066
Integrated Reporting	9.4	1.3	82.2	6.4	0.7	-	5.0235	0.43359

Source: Extract from SPSS Output (2020)

Importance of disclosing information about financial capital on the financial report: The results in Table 2 revealed that 14.6% of respondents strongly agreed, 74.5% agreed, 10.6% partially agreed, and 0.3% partially disagreed that reporting financial capital on financial statements among Nigerian listed firms is needed by stakeholders. On average, the result (mean = 5.0331, standard deviation = 0.51447) showed that respondents agreed that reporting financial capital is necessary on financial statements of companies in Nigeria.

Importance of disclosing information about manufactured capital on the financial report: The results also revealed that 20.8% of respondents strongly agreed, 71.0% agreed, 7.6% partially agreed, and 0.7% partially disagreed that reporting manufactured capital on financial statements among Nigerian listed firms is needed by stakeholders. On average, the result (mean = 4.986, standard deviation = 0.54506) showed that respondents agreed that reporting manufactured capital is necessary on financial statements of companies in Nigeria.

Importance of disclosing information about intellectual capital on the financial report: The results in Table 2 revealed that 6.3% of respondents strongly agreed, 73.3% agreed, 17.2% partially agreed, and 2.6% partially disagreed, and 0.7 disagreed that reporting intellectual capital on financial statements among Nigerian listed firms is needed by stakeholders. On average, the result (mean = 4.8185, standard deviation = 0.60630) showed that respondents agreed that reporting intellectual capital is necessary on financial statements of companies in Nigeria.

Importance of disclosing information about social relationship capital on the financial report: Table 2 revealed that 17.3% of respondents strongly agreed, 67.8% agreed, 13.3% partially agreed, 1.3% partially disagreed and 0.3% disagreed that reporting social relationship capital on financial statements among Nigerian listed firms is needed by stakeholders. On average, the result (mean = 5.0331, standard deviation = 0.62449) showed that respondents agreed that reporting social relationship capital is necessary on financial statements of companies in Nigeria.

Importance of disclosing information about human capital on the financial report: The results in Table 2 revealed that 9.2% of respondents strongly agreed, 74.6% agreed, 14.9% partially agreed, 1.0% partially disagreed and 0.3% disagreed that reporting human capital on financial statements among Nigerian listed firms is needed by stakeholders. On average, the result (mean = 4.9142, standard deviation = 0.55124) showed that respondents agreed that reporting human capital is necessary on financial statements of companies in Nigeria.

Importance of disclosing information about natural capital on the financial report: The results on Table 2 revealed that 5.3% of respondents strongly agreed, 72.4% agreed, 18.3% partially agreed, and 1.0% partially disagreed that reporting natural capital on financial statements among Nigerian listed firms is needed by stakeholders. On average, the result (mean = 4.8804, standard deviation = 0.54066) showed that respondents agreed that reporting natural capital is necessary on financial statements of companies in Nigeria.

On the integrated reporting as a whole, 9.4% of respondents strongly agreed, 1.3% agreed, 82.2% partially agreed 6.4% disagreed and 0.7% disagreed that stakeholders need integrated reporting on financial statements among Nigerian listed firms. On average, the result (mean = 5.0235, standard deviation = 0.43359) showed that respondents agreed that integrated reporting is necessary on financial statements of companies in Nigeria.

Perception of the Importance of disclosing information Relevant to Stakeholders' Decision

Table 3: Analysis of Financial Reporting Quality

Variables	**SA**	**A**	**PA**	**PD**	**D**	**SD**	**Mean**	**Std. Dev.**
REL1	23.4	51.5	23.4	1.0	.0.7	-	4.9604	.75363
REL2	45.5	34.7	15.5	2.6	1.3	0.3	5.1947	.92341
REL3	37.0	43.2	19.1	-	0.3	0.3	5.1584	.77715
REL4	33.3	40.3	21.5	4.0	0.7	0.3	5.0066	.90617
REL5	32.3	30.4	27.1	8.3	2.0	-	4.8284	1.03750
RELEV	**11.6**	**76.6**	**11.6**	**0.3**	**-**	**-**	**4.9934**	**.49496**

Source: Extract from SPSS Output (2020)

The extent of the Relevance of Financial Statements: The results in the table show that 11.6% of respondents strongly agreed, 76.6% agreed, 11.6% partially agreed and 0,3% partially disagreed with the position that financial statements of listed companies in Nigeria are relevant to stakeholders' needs. In general, respondents, with a mean of 4.9934, agreed that financial statements of listed companies in Nigeria are relevant to stakeholders' needs.

Test of Hypotheses/ Inferential Analysis
Effect of Integrated Reporting on Relevance of Financial Reporting

Table 4: Model Summary for Effect of Integrated Reporting on Relevance
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.483[a]	.233	.217	.43849

a. Predictors: (Constant), NATCAP, SORCAP, MANCAP, HUMCAP, FINCAP, INTCAP

Source: Extract from SPSS Outputs (2020)

The result on Table 4 gives R^2 of 0.233, *Adjusted* R^2 of 0.217 with 0.43849 standard error of the estimate. This indicates that the model regression shows that the Integrated Reporting (measured by financial capital, manufactured capital, social capital, human capital and intellectual capital) exerted combined effect of 0.217 which represents 21.7% on the relevance of financial reporting. Thus, the residual of 78.3% is attributable to variables which are not captured in the study.

Table 5: ANOVA Result for Effect of Integrated Reporting on Relevance of Financial Reporting

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17.018	6	2.836	14.751	.000[b]
	Residual	55.952	291	.192		
	Total	72.970	297			

a. Dependent Variable: RELEV

b. Predictors: (Constant), NATCAP, SOCCAP, MANCAP, HUMCAP, FINCAP, INTCAP

Source: Extract from SPSS Outputs (2020)

The results of the ANOVA show $F(6,297) = 14.751$, $P = 0.000$, indicates that the model testing the effect of integrated reporting on the relevance of financial reporting is significant since $P < 0.05$. This implies that the result is substantial enough for prediction and other decision making purposes.

Table 6: Coefficients Result for Effect of Integrated Reporting on Relevance of Financial Reporting

Coefficients[a]

Model		Unstandardised Coefficients		Standardised Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.901	.371		5.119	.000
	FINCAP	.061	.057	.063	1.073	.284
	MANCAP	.047	.051	.052	.925	.356
	INTCAP	.074	.051	.089	1.443	.150
	HUMCAP	.098	.053	.109	1.834	.068
	SORCAP	.235	.047	.297	4.944	.000
	NATCAP	.108	.055	.119	1.980	.049

a. Dependent Variable: RELEV

Source: Extract from SPSS Outputs (2020)

Interpretation:

Influence of Reporting information on the Financial Capital: Results of analysis of the individual influence measured by the coefficients presented on Table 6 show that financial capital had a *p*-value of 0.284 with *t*-statistic of 1.073 and 0.061 as beta values. Since the $p = 0.284 > 0.05$, the null hypothesis is accepted meaning that there is no significant influence of Financial Capital on reporting information of companies listed on the Nigerian Stock Exchange.

Influence of Reporting Information on the Manufactured Capital: The results of the influence of reporting information on manufactured capital had a *p*-value of 0.356 with *t*-statistic of 0.925 and 0.047 as beta values. Since the p = 0.356 > 0.05, the null hypothesis is accepted to establish that manufactured capital does not have a significant influence on the relevance of financial reporting among companies listed on Nigerian Stock Exchange and the alternate rejected.

Influence of Reporting Information on the Intellectual Capital: The results of the influence of reporting information on intellectual capital had a p-value of 0.150 with t-statistic of 1.443 and 0.074 as beta values. This showed that $p > 0.05$, establishing there is no significant effect from the result. Since the $p = 0.150 > 0.05$, the null hypothesis which states that there is an influence of reporting information about the intellectual capital among companies listed on the Nigerian Stock Exchange is accepted and the alternate rejected.

Influence of Reporting Information on the Human Capital: The results of the influence of reporting information on human capital information had a p-value of 0.068 with t-statistic of 4.656 and beta values of 0.233. Since the $p = 0.068 > 0.05$, it is considered significant so the null hypothesis which states that there is no influence of human capital on reporting information among companies listed on Nigerian Stock Exchange is accepted and the alternate rejected.

Influence of Reporting information on Social Capital: The results of the influence of reporting information on social capital had a p-value of 0.000 with t-statistic of 4.944 and 0.297 as beta values. Since the $p = 0.000 < 0.05$, the null hypothesis which states that there is no influence of reporting information on social capital among companies listed on Nigerian Stock Exchange is rejected and the alternate, accepted.

Influence of Reporting information on Natural Capital: The results of the influence of reporting natural capital had a p-value of 0.049 with t-statistic of 1.980 and 0.119 as beta values. This showed that $p = 0.049 > 0.05$, establishing there no significant effect from the result. Since the $p = 0.049 > 0.05$, the null hypothesis which states that there is no influence of reporting information about natural capital among companies listed on the Nigerian Stock Exchange is accepted and the alternate, rejected.

In summary, it implies that individually financial capital contributed 0.061 (6.1%) to changes in quality of financial reporting, social capital contributed 0.235 (23.5%) to changes in the relevance of financial reporting, and human capital individually 0.098 (9.8%) to changes in the relevance of financial reporting.

Summary of Results and Discussion of Findings

The summary of each effect of integrated reporting components on the individual components of the quality of financial reporting is presented on Table 6 presenting the beta values of those predictors with a significant effect on the determinant ($p < 0.05$). The Adjusted R^2 found to be significant were also included to give a bird's eye view of the results.

Table 7: Summary of Results

Predictors	FR	REL	FUND	UND	TIM	VER	COM	ENH	QFR
Financial Capital	0.290*	NS	0.146*	NS	NS	0.198*	NS	0.116*	0.091*
Manufactured Cap	NS	NS	NS	NS	0.107*	NS	NS	NS	NS
Intellectual Capital	0.122*	NS	NS	NS	0.110*	NS	NS	NS	0.128*
Social Rel. Capital	0.201*	0.235*	0.343*	0.254*	0.220*	0.314*	NS	0.258*	0.219*
Human Capital	0.269*	NS	0.230*	NS	0.248*	0.146*	0.190*	0.159*	0.203*
Natural Capital	NS	0.108*	NS	0.166*	0.159*	NS	NS	0.165*	0.142*
Adjusted R^2 of IR	0.284*	0.217*	0.360*	0.181*	0.263*	0.290*	0.149*	0.293*	0.311*

Note:
* = significant at 5%
NS = Not significant
Source: SPSS Output (2020)

Influence of Integrated Reporting on the Quality of Financial Reporting

The findings from the results of the regression analysis revealed that reporting information about each of the components of integrated reporting except in the case of manufactured capital showed significant influence on the quality of financial reporting of companies listed on Nigerian Stock Exchange. Subject to this exception, this result agrees with the *a-priori* expectation set by the study. This finding testifies that an improvement in the reporting of information about each of the five capitals (except manufactured capital) would enhance the perception of stakeholders in Nigeria on the quality of financial reporting.

Considering the magnitude of the influence from each predictor, influence of reporting social relationship capital gave highest influence of 21.9%, followed by reporting on human capital that contributed 20.3%, then natural capital with 14.2%, intellectual capital with 12.8% and lowest from financial capital with 9.1% influence.

Influence of the Individual Components of IR on the Quality of Financial Reporting

The statistics on Table 6 also revealed that result of each of the regressions against the proxies of the quality of financial reporting was found to be significant therefore adequate enough for our decision making inferences.

Individually, reporting of financial capital is found to have significant influence of 29.00% on fundamental characteristics (faithful representation only) of financial statements of companies in Nigeria. Similarly, reporting of financial capital has significant effect of 19.8% on enhancing characteristics (verifiability alone) of financial statements of companies in Nigeria.

Reporting manufactured capital is found to have significant effect on neither of fundamental and enhancing quality of financial statements of companies in Nigeria. However, a 10.7% significant influence is found on timeliness of financial reporting by companies in Nigerian.

Reporting intellectual capital is not found to significantly influence either of fundamental and enhancing qualities of financial statements of companies in Nigeria. However, the result shows a significant effect of 12.2% on faithful representations and 11.0% timeliness of financial reporting among Nigerians.

Reporting social relationship capital is found to have a significant effect of 34.3% on fundamental quality and 25.8% on enhancing the quality of financial statements of companies in Nigeria. Regarding the effect of reporting social relationship capital on individual components of quality of financial reporting, a significant influence of 23.5% is found on the relevance of financial reporting. In the aspect of individual components of enhancing quality, reporting social relationship capital has a significant influence of 25.4% on understandability, 22.0% on timeliness, 31.4% on the verifiability of financial reporting in Nigeria.

Reporting human capital is found to have a significant effect of 23.0% on fundamental quality and 15.9% on enhancing the quality of financial statements of companies in Nigeria. Regarding the effect of reporting human capital on individual components of fundamental quality, a significant influence of 26.9% is found on the faithful representation of financial reporting. In the aspect of individual components of enhancing quality, reporting human capital has a significant influence of 24.8% on timeliness, 14.6% on verifiability and 19.0% on the comparability of financial reporting in Nigeria.

Reporting natural capital is found to have no significant effect on fundamental quality but significant influence of 16.5% on enhancing the quality of financial statements of companies in Nigeria. Regarding the effect of reporting natural capital on individual components of fundamental quality, a significant influence of 10.8% is found on the relevance of financial reporting. In the aspect of individual components of enhancing quality, reporting natural capital has a significant influence of 16.6% on understandability and 15.9% on the timeliness of financial reporting in Nigeria.

Discussion of Findings

Findings from the regression analyses showed that generally, integrated reporting measured by financial capital, manufactured capital, intellectual capital, social relationship capital, human capital and natural capital had a significant effect on the quality of financial reporting of companies in Nigeria. This general finding is supported by positions and arguments of early studies like Adams (2015), Camileri (2018), de Villiers and Maroun (2017) as well as Eccles and Krzus (2010) that the emergence of integrated thinking and reporting which include the reporting of both financial and non-financial capitals in their annual disclosures impacted positively in improving the quality of reports generated by firms which had adopted integrated reporting in its culture.

The findings from the test of the individual hypotheses revealed that:

1) Financial Capital have significant influence on quality of financial reporting among company listed on Nigerian Stock Exchange. This finding is in agreement with the *a-priori* expectation of this study that expected that financial capital would have a positive influence on financial reporting quality among company listed on Nigerian Stock Exchange. This has been the position by researchers until recently when non-financial performance measures are also becoming an important type of disclosure in the corporate environment (Malek-Yonan, Bakhtiar & Rafsanjani, 2016; Harif, Hoe & Ahmad, 2013).
2) Manufactured Capital does not have a significant influence on financial reporting quality among company listed on the Nigerian Stock Exchange. This finding is contrary to the *a-priori* expectation of the study that stated that manufactured capital does not have a significant influence on financial reporting quality of firms listed on the Nigerian Stock Exchange.
3) Intellectual Capital has a significant positive influence on financial reporting quality among Nigerian listed firms. It should be noted that this position agrees with the *a-priori* expectation of this Study that Intellectual capital has a significant influence on financial reporting quality among Nigerian listed firms. This finding is consistent with Apiti, Ugwoke and Chiekezie (2017) that found a significant relationship between intellectual capital and firm's performance and reporting quality.
4) Social Relationship Capital has a significant effect on financial reporting quality among Nigerian listed firms. The position agreed with the *a-priori* expectation of the study that expected that social relationship capital has a significant influence on financial reporting quality of firms listed in Nigeria. This aligns with the position of earlier studies like Malek-Yonan, Bakhtiar and Rafsanjani (2016) which observed that non-financial measures like social relationship and stakeholders' engagements among Nigerian listed companies create a positive environment that drives the firms to perform better on their corporate objectives.
5) Human Capital has a significant positive influence on the financial reporting quality among Nigerian listed firms. This also aligns with the *a priori* expectation of this study that human capital would have a significant influence on financial reporting quality of Nigeria listed firms. This is found to be inconsonant with the positions of earlier studies by Al-Hajaya, Altarawney and Altarawney (2019), Catalfo and Wolf (2016) and Curado, Henriques and Bontis (2011) which found creative capabilities and innovation with associated skills and experience possessed by personnel working in the firm have become the basis for success and development of such firms.
6) Natural Capital has a significant positive influence on the financial reporting quality of Nigerian listed firms. This also aligns with the *a priori* expectation of this study that human capital would have a positive significant influence on financial reporting quality of Nigeria listed firms. Support for this finding can be seen in Fenichel and Hashida (2019) that natural capital is a resource that must be nurtured and measured and as an element of Integrated Reporting, it

must be subjected to the theory of sustainability and the theory of measurement.

5 CONCLUSION

The study concluded, in the light of the findings that Integrated Reporting measured by financial capital, manufactured capital, intellectual capital, social relationship capital, human capital and natural capital exerted significant influence on stakeholders' decision making among companies listed on the Nigerian Stock Exchange. The introduction and adoption of Integrated Reporting template in Nigeria will therefore be in the interest of all stakeholders of companies in Nigeria, and this will ensure that their investments and interests are properly safeguarded.

6 RECOMMENDATIONS

Arising from the findings from this study, the following recommendations are proffered by this study:

i. that integrated reporting should be made mandatory, and it should become a universal practice for the global listed companies within the next 5 – 10 years;
ii. that financial reporting framework for externalities and its effects should be standardised;
iii. that at the heart of integrated reporting is integrated thinking which takes into account the connectivity and interdependencies between the range of factors that affect an organisation's ability to create value sustainably over time, including how the company tailors its business model and strategy to respond to its external environment and the risks and opportunity it faces. IR therefore strongly recommended;
iv. that aside the financial capital providers who are reckoned with in the traditional financial reorting model, other internal and external stakeholders like employees, trade unions, NGOs, customers, suppliers, government and its agencies will leverage on the findings of this study to advance their interests of complementing the government's developmental initiatives, promoting transparency and accountable business practices if IR is adopted among companies listed in Nigeria; and
v. that a well-developed framework for integrated reporting be developed by relevant institutions like accountancy professional bodies, stock exchanges and financial reporting councils.

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