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Effect of Firm Size on the Relationship between Managerial Ownership and Integrated Reporting

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Abstract

The aim of this study is to evaluate the effect of managerial ownership on integrated reporting of non-financial services firms in Nigeria with firm size as the moderating variable. Secondary data covering a period of 10 years, 2012 to 2021 were extracted from a sample of 58 firms chosen from a population of 105 listed non-financial services firms that were listed on the Nigerian Exchange as at 31 December 2021. Multiple regression analysis was used to analyze the data and the findings reveal that managerial ownership has a negative and insignificant effect on integrated reporting of non-financial services firms in Nigeria while firm size has a significant and positive effect on integrated reporting of non-financial services firms in Nigeria. However, when the moderating variable was introduced, the results show a positive insignificant effect of firm size and managerial ownership on integrated reporting of non-financial services firms in Nigeria. Thus, this study concludes that the size of the firm is insignificant in determining the participation of managerial ownership in the disclosure of integrated reporting of non-financial services firms in Nigeria. Therefore, the study recommends proper monitoring of management to encourage more transparent information disclosure through integrated reporting.

KEYWORDS: Integrated reporting, Firm size, Managerial ownership, Disclosure, non-financial

1. Introduction

The inability of traditional corporate financial reporting to meet the needs of stakeholders in terms of full disclosure of the financial and non-financial information (such as greenhouse emissions, social responsibilities, health insurance of personnel labor rights among others) requirements of the stakeholders have increased over time from traditional financial reporting to a more comprehensive process of reporting termed integrated reporting (IR). IR tends to inspire organizations to consider sustainability risk and adopt sustainable business practices and in the long-run create sustainable society through integrated reporting (Hoque, 2017). IR present financial and non-financial information in a single report that shows the interconnectivity of both information through integrated thinking (Hoque, 2017). Integrated thinking leads to integrated decision making and actions that consider the creation of value over the short, medium and long term. In earnest, IR serves as a tool for systemic management and a response to the informational needs of the stakeholders.

Ownership of shares by management serves as a means of control to reduce agency problems. Since it is the duty of management to coordinate the operational activities of the firm, managerial ownership (MO) tend to make management a watchdog of their own activities. According to Milhalciuc (2021), the appropriate implementation of IR lies with the management of organizations. This is, because management understanding of the concept can lead to appropriate implementation through integrated thinking and interconnectivity of the information, analysis and better managerial decisions can be enhanced. On the other hand, Adelowotan and Udofia (2021) asserted that firm size (FZ) could influence the degree of corporate disclosure because large firms can afford the cost of disclosure when compared to smaller firms. Due to high visibility because of size, large firms are faced with public scrutiny concerned with more information on its operations. Large organizations disclose voluntary information and by extent integrated reporting in order to improve their public image (Akhter & Sekishita, 2019).

Notably, this research work is domiciled on the Nigerian non-financial services sector due to the fact the non-financial services sector of the Nigerian economy serves as an anchor for the provision of goods and services to the Nigerian populace thereby ensuring quality of lives and general economic growth of the nation. The failure of listed Nigerian non-financial services firms to provide investors with adequate social, economic, governance and environmental information that will enable them to understand the risk profiles of such entities and permit informed judgement and decisions has created a misconception in the minds of prospective investors (Ovute et al, 2014). The IR concept emerged to rectify the shortfalls of the present corporate reporting outlines. Hence, this study aimed to examine the moderating effect of firm size and managerial ownership on integrated reporting of non-financial services firms in Nigeria.

IR has gained the attention of both academics (Adelowotan & Udofia, 2021; Ahmed-Haji & Anifowoshe, 2016; Hadro et al., 2022; Raimo et al., 2020) and non-academics (International Federation of Accountants (IFAC), 2016, 2017; KPMG, 2017) in extant literature due to IR relevance. Most empirical studies (Alade & Odugbemi, 2022; Akhter, 2019; Marita et al, 2020; (Nengzih, 2019; Raimo et al., 2020; Onyabe et al., 2016; Udofia et al., 2021; Ulupui et al., 2020; Zouari & Dhifi, 2022) focused on the direct relationship between IR and other variables, which centred on the adoption of integrated reporting, effect of integrated reporting on performance, quality of integrated reporting, among others. There exist a dearth of research that seeks to examine integrated reporting using the indirect relationship for instance moderation except for the research of Dhifi & Zouari (2022) which seeks to examine the direct relationship between integrated reporting and ownership structure with performance as the moderating variable. Hence, due to the above reasons this study is aimed to examine the effect of managerial ownership on integrated reporting of non-financial services firms in Nigeria with firm size as the moderating variable. In a bid to achieve the stated objective, the following hypotheses were formulated:

Ho_1: Managerial ownership has no significant effect on integrated reporting of non-financial services firms in Nigeria

Ho_2: Firm size has no significant effect on integrated reporting of non-financial services firms in Nigeria.

Ho_3: Moderating effect of firm size on managerial ownership has no significant effect on integrated reporting of non-financial services firms in Nigeria.

The findings of this study will be relevant to the management of non-financial services firms in Nigeria by providing insight into the effect of managerial ownership on the voluntary disclosure. They would be able to assess the degree of ownership with respect to the disclosure level of non-financial services firms in Nigeria. The study will be beneficial to regulatory bodies most especially the Nigerian Exchange, the Financial Reporting Council and the government by serving

as a guide for appropriate steps in the implementation of mandatory integrated reporting in Nigeria. Further, this research will add to the body of literature on integrated reporting and by extension ownership structure.

The rest of the work is structured as follows; literature review was discussed in section two, which entails the conceptual review of the study, the empirical review, and the theoretical underpinnings of the study. Section three described the methodology of the study while section four presented data analysis and interpretations and section five highlighted the summary, conclusions, as well as the recommendations of the study.

2. Literature Review

This section discussed in details the conceptual review of the study, the review of previous research and the theoretical underpinning of the study.

Conceptual review

Integrated reporting is a single report that contains information with two-dimensional meanings (Eccles & Krzus, 2010). Financial information on the one hand and non-financial information on the other; in order to communicate to all organization's stakeholders. IR provides the ability to connect financial stability with sustainability, which can result in increased resilient global economy (IIRC, 2013). IR is one of the tools of business management with three major dimensions namely; value creation for the firm and its stakeholders, the capital and the value creation process (IIRC, 2013). Value creation for the business and stakeholders is the capability of the firm to harness and utilize its capital in a continuous manner centered on their activities for their benefit and that of the society. The IR capitals, which includes financial, intellectual, manufactured, human, social and natural capitals entails the basic resources of the organization for the creation of value. While the value creation process is, the business model of the organization that reveals how the business resources were utilized during the business operations to create benefits that would aid in the achievement of goals (Adegbie et al., 2019)

Managerial ownership is the total number of shares owned by management in relation to the total number of shares in issue (Bakhtiar & Hafizul, 2019). For Khan et al. (2013), MO make managers dominate the company and have the power to decide company strategy with the ability to protect their interest and the interest of the company. Furthermore, Bakhtiar and Hafizul (2019) and Raimo et al. (2020) asserted that because MO aligns the interest of shareholders with management, the desire to disclose information about the firm is low, hence, MO tend to reduce integrated reporting. To corroborate their assertion, Zouari and Dhifi (2022) also contended that reduced level of information asymmetry due to managerial ownership discourage integrated reporting. In this research, MO is defined as the total number of shares owned by all directors in relation to the total number of shares issued.

Firms differ based on their size (Rely, 2022). Firm size could be depicted by asset base, sales volume, number of employees among others (Rely, 2022). According to Iredele (2019), large firms differ from small firms due to capital requirement, which tend to create diverse ownership structure that exercise different forms of control on the organization. To satisfy the information needs of diverse ownership structure, large firms, tends to provide adequate information that would meet the needs of all stakeholders and thus integrated reporting (Alade & Odugbemi, 2022). This study viewed firm size in terms of assets size hence, the adoption of logarithm of total assets was devised as its measure.

Theoretical Review

This study is anchored on agency theory. Due to the separation of management from the owners, agency theory posits that there exists conflict of interest between the management and the owners of corporate organizations. This conflict of interest regarded as agency problem according to agency theory can be resolved using corporate governance. Managerial ownership as a tool of corporate governance serves a means of checking the excesses of management as the owners of an organization (Alade & Odugbemi, 2022)

According to agency theory, a contradictory relationship exist between voluntary disclosures and managerial ownership (Alnabsha et al. (2018). However, Jensen and Meckling (1976) assert that the degree of managerial ownership serves as a means of aligning the interests of managers with that of the shareholders. Based on the above evidences, this study is anchored on agency theory and is in consonance with the research of Alnabsha et al. (2018), Dhifi and Zouari (2021), Zouari and Dhifi (2022) among others.

Empirical Review

Onyabe et al. (2016) examined the effect of CEO on integrated reporting of quoted African communication firms. The study extracted secondary data from a sample of 36 companies from a population of 38 companies covering a period of 10 years. Using the logistic regression technique to analyze the data, the study found that integrated reporting is negatively influenced by managerial ownership of African communication companies. This paper covered communication companies in Africa, thereby creating a gap for a more recent research that would incorporate all African companies for research.

Likewise, Agustia et al. (2018) studied managerial ownership, corporate social responsibility, and corporate performance of manufacturing companies quoted on the Indonesian Stock Exchange for a period of 3 years, 2013 to 2015. The study mined secondary data from a purposively selected sample of 56 manufacturing firms and multiple regression analysis was used in analyzing the data. The results reveal that managerial ownership has significant effect on corporate social responsibility of manufacturing Indonesian firms. The findings of the study of Agustia et al. (2018) is limited to the manufacturing sector whereas this study emphasized on the entire non-financial services firms in Nigeria.

On the contrary, Kurniawan and Wahyuni (2018) evaluated the factors that influence company's capability in adopting integrated reporting of Indonesian firms. The study purposively selected a sample of 40 companies out of a population of companies listed on the SRI-Kehati Stock Index and extracted secondary data covering a time frame of 3 years, 2014 to 2016. The study adopted multiple linear regression analysis and it was found that managerial ownership does not significantly affect integrated reporting of Indonesian firms. Moreover, Bakhtiar and Hafizul (2019) investigated the effect of corporate governance on integrated reporting compliance of Malaysian firms by extracting secondary data from a sample of 30 companies from a population of all companies listed on the Bursa Malaysian Exchange. The study covered a period of 3 years, 2015 to 2017. Using multiple regression analysis, the results showed that managerial ownership inversely influence integrated reporting. The work of Kurniawan and Wahyuni (2018) and Bakhtiar and Hafizul (2019) only covered a period of three years whereas, this study spanned across 10 years.

Akhter and Sekishita (2019) explored the determinants of integrated reporting of Japanese firms listed on the Tokyo Stock Exchange from which a sample of 225 firms were selected as the sample of the study for the year 2018. Using multiple regression analysis, the study revealed that firm size positively and significantly affected integrated reporting of listed Japanese firms. On the other hand, Raimo et al. (2020) investigated the role of ownership structure on integrated reporting by selecting a sample of 152 firms from a population of 200 international companies listed on the IIRC website. The study covered 2017 and secondary data were mined from the financial reports of the selected firms. Using multiple regression analysis, the study revealed a negative and significant effect of managerial ownership on integrated reporting.

Adelowotan and Udofia (2021) examined the impact of firm attributes on integrated reporting of quoted companies in Nigeria by extracting secondary data from a sample of 90 companies listed on the Nigerian Exchange. The study covered a period of 5 years, 2013 to 2017. Using regression analysis, the study found that firm size has a significant and positive effect on IR of listed companies in Nigeria. Moreover, Udofia et al. (2021) explored corporate governance and integrated reporting of listed companies in Nigeria by extracting data from a population of 170 companies quoted on the Nigerian Exchange as at 31 December 2017. From this population, a sample of 90 firms were purposively selected as the sample of the study. Using the multiple regression analysis, the study revealed a positive insignificant relationship between managerial ownership and integrated reporting of Nigerian firms. Other events (such as changes in regulations and policies by government, business environmental changes and so on) might have overridden the findings of this research as it is dated as far back as 2017.

Christian and Salim (2022) studied factors that affect forward-looking disclosure in integrated reporting of property, real estate, and building construction firms listed on the Indonesian stock exchange for a period of 4 years, 2017 to 2019. Using purposive sampling method, the study selected 42 companies as the sample size and analyzed the results with panel data regression analysis. The study found a significant and positive association between firm size and integrated reporting. In the same vain, Hadro et al. (2022) evaluated the impact of ownership structure on integrated reporting of Polish quoted companies. Using the population and sample of companies listed on the Warsaw Stock Exchange, the study spanned a period of 5 years, 2015 to 2019 adopting institutional ownership, foreign ownership, state ownership, and managerial ownership as proxy for ownership structure. Using a sophisticated method of textual analysis to assess the

quantity and quality of information disclosed with the different combination of ownership structure, the study found that lower quantity and quality of information were disclosed when the percentage of managerial ownership is higher.

3. Methodology

The research design of this study is the correlational research design, which seeks to investigate the effect of the independent variables on the outcome variable without influence of the researcher. Hence, secondary data covering a period of 10 years, 2012 to 2021 were extracted from a sample of 58 non-financial services firms selected from a population of 105 quoted non-financial services firms on the Nigerian Exchange as of December 2021 (see Appendix A I). The timeframe of this study is selected based on the justification that IR was advocated for in 2010 and it commenced in 2012. The sample size was selected based on the availability of the content elements of IR on the annual reports of the non-financial services firms listed on the NGX during the period of the study.

The extent to which the information contained in the annual reports of the selected firms are checked in relation to the International Integrated Reporting Council (IIRC) framework checklist adapted from previous studies (Donkor et al., 2021; IIRC, 2012; Zhou et al., 2017), the checklist (Appendix A II) was centered around the content elements (presented based on the guiding principles of IIRC (2012). Thus to extract the data, consideration is made on the availability of 8 guiding principles, which comprised of the content element of IR (organizational overview and operating context, governance, opportunity and risks, strategy and resource allocation, business model, performance and outcomes, future outlook, and basis of preparation and presentation) in the annual reports of sampled firms. The study employed multiple regression analysis to analyze the data and based on the results of the panel effects test, random effect model was interpreted for the study.

Model Specification

The model of the study is specified below:

$IR_{it} = \beta_0 + \beta_1 MO_{it} + \beta_2 FZ_{it} + \mu$........................(1)

$IR_{it} = \beta_0 + \beta_1 MO_{it} + \beta_2 FZ_{it} + \beta_3 MOFZ_{it} + \mu$ .... (2)

From the model, IR represents integrated reporting while MO depicts Managerial ownership and FZ means firm size. Likewise, i represents company subscript, t denotes year script, β_0 connotes constant while $\beta_1 - \beta_9$ implies coefficient of intercept and μ signifies error term.

Table 1: Variables Definition and Measurement

Variables	Acronym	Variable definition	Variable measurement	Sources
Integrated Reporting (Dependent variable)	IR	IR index	IR index using the occurrence approach of content analysis; if present, 1 otherwise, 0 and the total added and divided by the total on the checklist.	IIRC framework (2012), Zhou et al. (2017), Donkor et al. (2020)
Managerial Ownership (Independent variable)	MO	Managerial Ownership	Percentage of shares held by directors in relation to the total number of shares in issue	Raimo et al. (2020), Sale and Yenti (2022).
Firm Size (Moderating variable)	FZ	Firm Size	Natural log of total assets	AbdulRahman and Alsayegh (2021)

Source: Researcher's Compilation (2022)

4. Results and Discussions

4.1 Descriptive Statistics

The descriptive statistics of this study is given in Table 2. It is a representation of the calculated mean, minimum, maximum values and standard deviation of the study.

Table 2: Descriptive Statistics

Variables	Observations	Mean	Standard deviation	Minimum	Maximum
IR	580	0.480	0.181	0.065	0.807
MO	580	0.078	0.015	0	0.971
FZ	580	10.297	0.776	8.418	12.379

Source: STATA 13

Table 2 represents the descriptive statistics of this study and it shows on the average, during the period of the study, IR has a maximum value of 81%, 6.5% on the minimum and 48% on the average. This is to say that, averagely, almost 50% of non-financial services firms in Nigerian are currently conducting voluntary disclosure of integrated reporting and when encouraged, integrated reporting will become easily widespread in Nigerian listed non-financial services firms.

The mean value of managerial ownership of listed non-financial services firms in Nigeria stood at 7.8% within the period of the study, 0 on the minimum and 97% on the maximum. This signifies that during the period of the study, majority of the non-financial services firms' shareholding are owned by their managers. Indicating that most of them are run by their owners. Additionally, from Table 2, the minimum log of firm size stood at 8.42, 10.30 on the average and 12.40 on the maximum indicating that within the period of the study majority of non-financial services firms are large firms who have the means to implement integrated reporting.

4.2 Correlation Analysis

The correlation value of the dependent variable (integrated reporting), the independent variable (managerial ownership), and the moderating variable (firm size) is displayed in Table 3. It shows the relationship between the dependent variable and the independent variables and the inter relationship amid the independent variables of the study.

Table 3: ***Correlation Matrix***

Variables	IR	MO	FZ
IR	1.0000		
MO	-0.2053	1.0000	
FZ	0.4655	-0.3604	1.0000

Source: STATA 13

As presented in Table 3, a minimal relationship exists between the variables of the study under the period reviewed. Thus, indicating the absence of Multicollinearity. Table 3 further depicts that MO is inversely correlated with IR, that is to say, any increase in managerial ownership of non-financial services firms in Nigeria will cause a decrease in integrated reporting. On the other hand, FZ is positively correlated with IR of non-financial services firms in Nigeria. Indicating that the higher the firm size, the higher will be the level of integrated reporting of non-financial services firms in Nigeria.

4.3 Results of Diagnostics Tests

In order to ascertain the reliability and validity of the results of this study, this study conducted diagnostics test and hereby presented in this section. In addition, the mean vif of 1.15 connotes the absence of multicollinearity within the variables of the study during the period under review. More so, the Chi^2 probability of 0.0026 obtained from the Breusch-Pagan test was significant indicating that the data has panel effect. Hence, the inability to interpret the ordinary least square regression result and necessitating further tests. In order to test for the presence of panel effect on the data of the study, Breusch and Pagan Langrangian Multiplier test was conducted and the result revealed a Chi^2 probability of 0.000, which is significant at 1%. Indicating the presence of panel effect and necessitating the need to choose between the fixed effect model and random effect model using Hausman Specification Test. The Hausman specification test indicated a Chi^2 probability of 0.15, which is insignificant. Hence, implying the interpretation of the random effect model (Adegbie et al., 2019).

4.4 Results

Table 4 presents the regression result derived from the data of moderating effect of firm size on managerial ownership and integrated reporting of non-financial services firms in Nigeria.

Table 4: Regression analysis

Variables	Coefficient	Z-Statistics	Probability	Cumulative Results
IR	-0.575	-2.67	0.008	
MO	-1.870	-1.41	0.159	
FZ	0.104	4.93	0.000	
MOFZ	0.178	1.33	0.184	
R^2 Overall				0.22
Wald Chi^2				52.12
Wald-Sig				0.0000

Source: STATA 13

The cumulative R^2 overall of 0.22 as designated in Table 4 indicates that the total variation in integrated reporting of non-financial services firms in Nigeria is determined by the independent variable and the moderating variable of the study (MO and FZ). The Wald Chi^2 value of 52.12 of the variables, which is significant at 1% indicates that the model of integrated reporting, managerial ownership, and firm size is fit and it reveals that there exist a 99% probability that the effect of the variables (IR, MO and FZ) on one another is not a coincidence such that the independent variables (MO and FZ) reliably predict the dependent (IR) variable of the study.

4.5 Test of Hypotheses

4.5.1 Managerial Ownership and Integrated Reporting

In Table 4, the z-value of managerial ownership is -1.4 with a co-efficient of -1.87 and a p-value of 0.159, which is insignificant. Depicting that MO has a negative insignificant effect on IR of non-financial services firms in Nigeria. Hence, the null hypothesis, which state that managerial ownership does not significantly affect integrated reporting of non-financial services firms in Nigeria is hereby accepted.

4.5.2 Firm Size and Integrated Reporting

As shown in Table 4, the z-value of firm size stood at 4.93 with a co-efficient of 0.104 and a p-value of 0.000, which is significant at 1%. Indicating a positive and significant effect of FZ on IR, thus, the null hypothesis, which state that firm size does not have a significant effect on integrated reporting of non-financial services in Nigeria is thereby rejected.

4.5.3 Firm Size, Managerial Ownership and Integrated Reporting

The regression result of moderating variable has a z-value of 1.33 with a co-efficient of 0.178 and a p-value of 0.184 indicating a positive insignificant effect of MOFZ on IR. Consequently, the null hypothesis, which state that moderating effect of firm size on managerial ownership does not have significant effect on integrated reporting of non-financial services firms in Nigeria is hereby confirmed.

Discussion of Findings

As seen in Table 4, MO has a p-value of 0.159 with a co-efficient of -1.87 and z-value of -1.4 demonstrating a negative insignificant effect of MO on IR of non-financial services firms in Nigeria. From this result, it can be deduced that managerial ownership has a weak influence on integrated reporting and this influence is inverted. Meaning that, any increase in managerial ownership will induce a reduction in integrated reporting of non-financial services firms in Nigeria. Since managerial ownership are both owners and managers, they tend to disregard the need to disclose information about the activities of the organization due to their access and involvement in the running of the business. More so, in order to protect their interest of profit maximization, manager owners may discourage integrated reporting. This finding is in line with studies of Bakhtiar and Hafizul (2019); Kurniawan and Wahyuni (2018); Oyabe et al. (2016) and Raimo et al. (2020), and in variance with the findings of Agustia et al. (2018) and Alnabsha et al. (2018).

However, FZ has a z-value of 4.93 with a co-efficient of 0.104 and a p-value of 0.000, indicating a positive and significant effect of firm size on integrated reporting of non-financial services firms in Nigeria. This result signifies that as the size of the firm increases, the need for integrated reporting also increases. That is, an increase in firm size will cause an increase in integrated reporting of non-financial services firms in Nigeria. Hence, the implementation of integrated reporting is better influenced by firm size (Kansal et al., 2014). Signifying that, the higher the visibility of a firm, the more expenditure on the corporate social responsibility and thus the bigger the pressure and willingness to voluntarily disclose integrated report. This findings is in tandem with the works of Adelowotan and Udofia (2020), Alade and Odugbemi (2022), Akter and Sekishita (2019), Iredele (2019) but contrary to the works of Meuleman (2018) and Zouari and Dhifi (2022).

In addition, as presented in Table 4, the moderating variable MOFZ has a p-value of 0.184 with a co-efficient of 0.178 and a z-value of 1.33. This result implies that the moderating effect of firm size on managerial ownership has an insignificant effect on integrated reporting of non-financial services firms in Nigeria. Meaning that the presence of managerial ownership in large companies does not have any influence on integrated reporting. Although, from this result, firm size did strongly affect the relationship between managerial ownership and integrated reporting, it can be deduced that firm size was able to strengthen the relationship from a negative insignificant effect to a positive insignificant effect. Hence, it can be said that firm size as a moderating variable was able to moderate the relationship amid managerial ownership and integrated reporting of non-financial services firms in Nigeria.

This finding emphasize the fact that the presence of managerial ownership in large organizations does not influence the adoption of integrated reporting and further Buttresses the fact that the presence of managerial ownership in big organizations does not considerably increase the implementation of integrated reporting and does not reduce it. Further, this result shows that managerial ownership in large listed non-financial services firms in Nigeria may be indifferent to the implementation of integrated reporting and where the need arises the will to adopt IR may not be very strong.

5. Conclusions and Recommendations

The major objective of this study is to evaluate the effect of managerial ownership on integrated reporting of non-financial services firms in Nigeria with firm size as the moderating variable. The study employed the correlational research design and a sample of 58 non-financial services firms was chosen from a population of 105 quoted non-financial services firms on the NGX from January 2012 to 31 December 2021. Secondary data covering a period of 10 years, from 2012 to 2021 were extracted from the annual reports of sampled firms. The results of the multiple regression analysis conducted revealed an insignificant moderating effect of firm size on the relationship between managerial ownership and integrated reporting of non-financial services firms in Nigeria. The results of this study imply that firm size, as a moderating variable is an insignificant factor in integrated reporting of non-financial services firms in Nigeria where there exists large managerial ownership in the organization. Thus, it can be concluded that the presence of managerial ownership in large non-financial services firms does not affect integrated reporting.

From the foregoing, this study recommends that in order to protect the interest of other shareholders and the stakeholders at large, the management of non-financial services firms in Nigeria should be mandated to voluntarily disclose integrated reporting of their organizations to ensure more transparency in their reporting of the activities of the organization. In addition, this study recommends that since firm size is a significant conveyor of integrated reporting, large organizations be compelled to disclose integrated reporting of their activities to maintain their visibility and company image. Lastly, to ensure integrity, transparency, and protection of all stakeholders of the firm, management should be monitored and encouraged to disclose integrated reporting.

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Appendix A I
SAMPLE SIZE OF THE STUDY

S/N	COMPANY	SECTOR
1	FTN COCOA PROCESSORS PLC [RST]	AGRICULTURE
2	LIVESTOCK FEEDS PLC.	AGRICULTURE
3	OKOMU OIL PALM PLC.	AGRICULTURE
4	PRESCO PLC	AGRICULTURE
5	CHELLARAMS PLC.	CONGLOMERATES
6	TRANSNATIONAL CORPORATION PLC	CONGLOMERATES
7	U A C N PLC.	CONGLOMERATES
8	JULIUS BERGER NIG. PLC. [CG+]	CONSTRUCTION/REAL ESTATE
9	UPDC PLC [BLS]	CONSTRUCTION/REAL ESTATE
10	CADBURY NIGERIA PLC.	CONSUMER GOODS
11	CHAMPION BREW. PLC. [BLS]	CONSUMER GOODS
12	DANGOTE SUGAR REFINERY PLC [CG+]	CONSUMER GOODS
13	FLOUR MILLS NIG. PLC. [CG+]	CONSUMER GOODS
14	GUINNESS NIG PLC [CG+]	CONSUMER GOODS
15	HONEYWELL FLOUR MILL PLC [CG+]	CONSUMER GOODS
16	INTERNATIONAL BREWERIES PLC. [BLS]	CONSUMER GOODS
17	MCNICHOLS PLC	CONSUMER GOODS
18	N NIG. FLOUR MILLS PLC.	CONSUMER GOODS
19	NASCON ALLIED INDUSTRIES PLC	CONSUMER GOODS
20	NESTLE NIGERIA PLC. [CG+]	CONSUMER GOODS
21	NIGERIAN BREW. PLC. [CG+]	CONSUMER GOODS
22	NIGERIAN ENAMELWARE PLC.	CONSUMER GOODS
23	P Z CUSSONS NIGERIA PLC. [CG+]	CONSUMER GOODS
24	UNILEVER NIGERIA PLC. [CG+]	CONSUMER GOODS
25	VITAFOAM NIG PLC.	CONSUMER GOODS
26	FIDSON HEALTHCARE PLC	HEALTHCARE
27	GLAXO SMITHKLINE CONSUMER NIG. PLC. [CG+]	HEALTHCARE
28	NEIMETH INTERNATIONAL PHARMACEUTICALS PLC [CG+]	HEALTHCARE
29	PHARMA-DEKO PLC.	HEALTHCARE
30	CHAMS HOLDING COMPANY PLC	ICT
31	COURTEVILLE BUSINESS SOLUTIONS PLC	ICT

32	CWG PLC [BLS]	ICT
33	E-TRANZACT INTERNATIONAL PLC [BLS][CG+]	ICT
34	BERGER PAINTS PLC [CG+]	INDUSTRIAL GOODS
35	BETA GLASS PLC.	INDUSTRIAL GOODS
36	CAP PLC	INDUSTRIAL GOODS
37	CUTIX PLC.	INDUSTRIAL GOODS
38	DANGOTE CEMENT PLC [CG+]	INDUSTRIAL GOODS
39	LAFARGE AFRICA PLC. [CG+]	INDUSTRIAL GOODS
40	TRIPPLE GEE AND COMPANY PLC.	INDUSTRIAL GOODS
41	INDUSTRIAL & MEDICAL GASES NIGERIA PLC (BOC GASES)	NATURAL RESOURCES
42	ARDOVA PLC [CG+]	OIL AND GAS
43	CONOIL PLC	OIL AND GAS
44	ETERNA PLC.	OIL AND GAS
45	JAPAUL GOLD & VENTURES PLC	OIL AND GAS
46	MRS OIL NIGERIA PLC.	OIL AND GAS
47	TOTALENERGIES MARKETING NIGERIA PLC	OIL AND GAS
48	ACADEMY PRESS PLC.	SERVICES
49	AFROMEDIA PLC	SERVICES
50	CAPITAL HOTEL PLC [BLS]	SERVICES
51	CAVERTON OFFSHORE SUPPORT GRP PLC	SERVICES
52	EUNISELL INTERLINKED PLC	SERVICES
53	LEARN AFRICA PLC	SERVICES
54	NIGERIAN AVIATION HANDLING COMPANY PLC [CG+]	SERVICES
55	R T BRISCOE PLC.	SERVICES
56	RED STAR EXPRESS PLC [CG+]	SERVICES
57	TOURIST COMPANY OF NIGERIA PLC. [DIP]	SERVICES
58	UNIVERSITY PRESS PLC.	SERVICES

Source: Researcher's Compilation (2022)

Appendix A II
INTEGRATED REPORTING CHECKLIST AND SCORING SCHEME

1. Organizational Overview and Operating Context **What does the organization do and what are the circumstances under which it operates?**		
Components	**Explanations and Examples**	**Coding Scheme**
1.1 Reporting Boundary	Reporting boundary and how it has been determined	If disclosed in the annual report , 1 otherwise, 0
1.2 Mission and Value	Organization's mission and values (including its culture and ethical values)	If disclosed in the annual report, 1 otherwise, 0
1.3 Business Overview	Organization's ownership and operating structure and its principal activities, markets, products and services.	If disclosed in the annual report, 1 otherwise, 0
1.4 Operation Context	Significant aspects of the legal, commercial, social, environmental, and political context within which the organization operates (including the significant laws and regulations, technological developments and stakeholder needs, interest and expectations that affect the organizations ability to create value in the short, medium, and long terms).	If disclosed in the annual report, 1 otherwise, 0
1.5 Summary Statistics	A summary of key quantitative information (e.g. the number of employees, turnover, and number of countries in which the company operates), highlighting in particular, significant changes from prior periods.	If disclosed in the annual report, 1 otherwise, 0
2. Governance		

What are the organization's governance structure and how does it support the organization's ability to create value in the short, medium, and long terms?		
2.2 Governance Structure	The organization's leadership structure and the strategic decision making process	If disclose in the annual report, 1 otherwise, 0
2.2 Governance and Strategy	Actions those charged with governance have taken to influence and monitor the strategic direction of the organization and its approach to risk management	If disclosed in the annual reports , 1 otherwise, 0
2.3 Remuneration and Performance	How remuneration and incentives are linked to value creation in the short, medium and long terms, including how they are linked to the organization's use of and effect on the capitals (manufactured, human, intellectual, natural, social and relationship)	If disclosed in the annual reports , 1 otherwise, 0
2.4 Governance and Others	How the organization's culture and ethical value are reflected in the organization's use of and effect on the capitals and its relationships with key stakeholders.	If disclosed in the annual reports , 1 otherwise, 0
3. Opportunities and Risks **What are the key opportunities and risks the organization faces?**		
3.1 Risks	The organization's key risks, including those that relate to external factors and to the organization's effect on, and the continued availability, quality and affordability of relevant capitals	If disclosed in the annual reports , 1 otherwise, 0
3.2 Opportunities	Significant opportunities that affect the organization's ability to create value over time	If disclosed in the annual reports , 1 otherwise, 0
4. Strategy and Resource Allocation Plans **Where does the organization want to go and how does it intend getting there?**		
4.1 Strategic Objectives	The organization's short-, medium- and long-term strategic objectives and the associated strategies and resource allocation plans.	If disclosed in the annual reports , 1 otherwise, 0
4.2 Links between Strategy and Other Elements	How the organization's strategy and resource allocation plans relate to its business model, are influenced by its operating context, and affect key capitals and the risk management arrangements related to those capitals.	If disclosed in the annual reports , 1 otherwise, 0
4.3 Competitive Advantage	What differentiates the organisation, giving it a competitive advantage, e.g., the role of innovation and intellectual capital; the extent to which environmental and social considerations have been embedded into its strategies?	If disclosed in the annual reports , 1 otherwise, 0
4.4 Stakeholder Consultations	Stakeholder consultations that were used in formulating its strategy and resource allocation plans	If disclosed in the annual reports , 1 otherwise, 0
5. Business Model **What are the organization's key inputs, value-adding activities, and outputs by which it aims to create value over the short, medium, and long terms?**		
5.1 Business Model	The organization's business model (highlighting key inputs, value-adding activities, and outputs by which it aims to create value over the short, medium, and long terms).	If disclosed in the annual reports , 1 otherwise, 0
5.2 Business Model and Others	The connection of business model to other aspects of reporting, including strategy, risk, KPIs and financial considerations like cost containment and revenues.	If disclosed in the annual reports , 1 otherwise, 0
5.3 Stakeholder Dependencies	Critical stakeholder dependencies, key-value drivers, and important external factors.	If disclosed in the annual reports , 1 otherwise, 0
6. Performance and Outcomes **How has the organisation performed against its strategic objectives and related strategies, and what are the key outcomes resulting from its activities?**		
6.1 KPIs against Strategy	Key Performance Indicators (KPIs) and Key Risk Indicators (KRIs) regarding the organization's performance with respect to strategic objectives and related strategies, targets, value drivers and identified risks.	If disclosed in the annual reports , 1 otherwise, 0

6.2 Explanation of KPIs	A narrative explanation of the significance and implications of KPIs and KRIs and key methods and assumptions used in compiling them.	If disclosed in the annual reports , 1 otherwise, 0
6.3 Stakeholder Relationship	The state of key stakeholder relationships and how the organisation has responded to stakeholders' legitimate needs, interests, and expectations.	If disclosed in the annual reports , 1 otherwise, 0
6.4 Past, Current and Future Performance	The linkages between past and current performance and outcomes and between current performance and outcomes and future outlook.	If disclosed in the annual reports , 1 otherwise, 0
6.5 Financial Implications	The connectivity between financial performance and outcomes regarding other capitals (e.g., the investment in human resources and its implications for expected revenue growth; energy efficiency and its implications for cost reduction).	If disclosed in the annual reports , 1 otherwise, 0
6.6 Supply Chain Performance	The material economic, environmental, and social impacts up and down the value chain of the organisation. May include information about such things as carbon emissions, or labor practices of entities with which the organisation has important relationships, such as key suppliers.	If disclosed in the annual reports , 1 otherwise, 0
6.7 The Quality of Quantitative Indicators	Quantitative indicators of performance and outcomes are presented with high quality (e.g. presented for a number of periods, consistent with industry benchmarks, and presented with qualitative information to provide context).	If disclosed in the annual reports , 1 otherwise, 0
7. Future outlook **What opportunities, risks, challenges and uncertainties is the organisation likely to encounter in pursuing its strategic objectives, and what are the potential implications for its strategies and future performance**		
7.1 Anticipated Changes	The expectations of senior management about the operating context the organisation is likely to face in the short-, medium- and long-term future, including how that will affect the organisation and how the organisation is currently equipped to respond.	If disclosed in the annual reports , 1 otherwise, 0
7.2 Potential Implications	The potential implications of the availability, quality and affordability of capitals the organisation uses (e.g., the continued availability of skilled labor or natural resources) and their importance to the organization's ability to create value over time.	If disclosed in the annual reports , 1 otherwise, 0
7.3 Estimates	Lead indicators for future outlook (e.g., targets, forecasts and projections; Estimates of KPIs and KRIs; and significant assumptions used, together with possible risks).	If disclosed in the annual reports , 1 otherwise, 0
8. Basis Of Preparation and Presentation		
8.1 Materiality Process	A summary of the organization's materiality determination process	If disclosed in the annual reports , 1 otherwise, 0
8.2 Boundary	A description of the reporting boundary and how it has been determined	If disclosed in the annual reports , 1 otherwise, 0
8.3 Methods Used	A summary of the significant frameworks and methods used to quantify or evaluate material matters.	If disclosed in the annual reports , 1 otherwise, 0

References: IIRC (2012), Zhou et al. (2017), and Tiron-Tudor et al. (2020).