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The Integrated Reporting (IR) Framework Implementation in Nigerian Listed Companies

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Abstract

Research efforts have supported the need for multi-dimensional reporting that comprises of financial, non-financial, social and environmental components. This paper investigates the readiness of Nigeria to adopt Integrated Reporting (IR) by evaluating the level of compliance of the annual reports of quoted companies in Nigeria to IR framework as developed by the International Integrated Reporting Council (IIRC). A total of 90 companies from 170 quoted companies on Nigeria Stock Exchange were selected based on the criteria that the companies had available annual reports for the period 2013-2017, these companies had neither been delisted nor merged with other companies during the period of study. The annual reports of the selected 90 quoted companies from 2013-2017 were content analysed using the disclosure index developed by Kilic and Kuzey (2018) to measure the IR Disclosure Score (IRDS) of each of the sampled companies. It was found that Nigerian listed companies' reports comply with about 75% of the IR framework requirements. The most compliant companies were in the financial sector, followed by manufacturing, extractive and other sectors. The least disclosed IR content element in all the sectors was performance. Companies were not able to articulate the extent which the objectives of the organisation was achieved using key performance indicators (KPIs) especially the connectivity between financial and non-financial performance disclosures. In order to drive IR adoption, regulatory authorities such as the Financial Reporting Council of Nigeria (FRCN) and Securities and Exchange Commission (SEC) should provide needed support in the area of technical and infrastructural resources which would encourage early adoption of the IR framework in Nigeria.

Keywords: *Integrated reporting, company disclosures, Integrated Reporting framework, content elements, performance*

1. Introduction

The general dissatisfaction of corporate report users with the disclosures in listed companies reporting framework has shown the need to integrate financial and non-financial issues in corporate reports of quoted entities (ACCA & Eurosif, 2013). High levels of environmental uncertainties, pressures from several external stakeholders to communicate and maintain corporate transparency of an organisation's activities, as well as link corporate reports with business strategy and risk, resulted in the formation of the International Integrated Reporting Council (IIRC) in 2010. This body was set up by the Prince of Wales Accounting for Sustainability Project, the Global Reporting Initiative and the International Federation of Accountants to design a framework which would present a comprehensive report of a company's business performance from both financial and non-financial perspective (Kilic & Kuzey, 2018; Lodhia, 2015). In 2013, the IR framework was established to make organisations more accountable to stakeholders about its performance in reaching its long-term vision through the use of multi-dimensional resources that comprise financial, non-financial, social and environmental components.

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The Nigerian government established the Companies and Allied Matters Act (1990) (as amended) which made provisions for some of the elements of the IR framework. The government also adapted several regulatory frameworks such as the International Standards of Accounting and Reporting (IASR) and the Blue book on Investment promotion and Facilitation by the United Nations Cultural and Technical Department (UNCTAD) so as to attract foreign direct investment and improve investment in physical and human capital. When these efforts did not yield the desired results, the government through the Financial Reporting Council of Nigeria in 2011, mandated the adoption of the International Financial Reporting Standards (IFRS) for quoted companies from January 1, 2012. The government further promoted awareness on social and environmental reporting, reviewed several regulations and laws such as the Nigeria code of corporate governance (2018) and Companies and Allied Matters bill (2018), SEC sustainability guideline in December 2018 among others. All these strategies were introduced with the aim of improving comparability, transparency and credibility of corporate reports from Nigeria, restore stakeholders' confidence and boost cross border investment. However, the disclosures in the listed companies' corporate reports have been inadequate in practice.

Studies in Nigeria including Umoren, Udo and George (2015), Okaro and Okafor (2016), Oyewo and Isa (2017), Iyoha, Ojeka and Ogundana (2017) have recommended the need for Nigeria to adopt the IR framework. However, there has been paucity of empirical literature in Nigeria that has supported the existence of some of the elements required to be disclosed in the IR framework already entrenched in the annual reports of listed companies. The IR framework consists of eight elements which should be presented in an integrated report. These include: organisational overview and external environment, governance, business model, risks and opportunities, strategy and resource allocation, performance, future outlook and lastly basis of presentation (IIRC, 2013). Evidence has shown from the studies of Imeokparia (2009) and Imeokparia (2007) that the annual reports and accounts of Nigeria listed companies present several elements of the IR framework prior to its emergence in 2013. For instance, the financial, manufacturing and human capital performance reports were more disclosed than intellectual capital, social, environmental and consumer relationships. Umoren, et al., (2015) and Okaro, et al., (2016) provide evidence of the disclosure of governance, financial performance and social activities in corporate reports of quoted companies. This suggests that increased disclosures in the areas where there are gaps in the corporate reports of listed companies in Nigeria in relation to the IR framework is required for Nigeria to fully conform with the IR framework. Thus, it becomes imperative for this study to evaluate the level of compliance with disclosures by listed corporate reports in Nigeria, with the IR framework, and to determine the level of differences in IR disclosures among industry sectors of Nigerian quoted companies.

2. Literature Review

2.1 Theoretical Framework

Legitimacy Theory: this theory is derived from the concept of organisational legitimacy by Dowling and Pfeffer (1975). The theory suggests that organisations who have certain corporate attributes (such as attainment of long listing age on the NSE, large size, belong to a particular industry type or having share ownership structures comprising institutional or foreign shareholders), would desire to enhance or retain their current image or status in the eyes of stakeholders. This could be done through maintaining good stakeholder relationships, adhering to the existing legal and regulatory frameworks operating in their business environment and making more information disclosures to their stakeholders. Moreover, in relation to this study, compliance with the existing legal and regulatory frameworks in Nigeria suggests some levels of compliance with some of the requirements of the IR framework. Thus, quoted companies which comply with most of the existing legal and regulatory frameworks in Nigeria, (similar to the IR framework), would be willing to adopt integrated reporting in Nigeria just to maintain their legitimacy status.

2.2 Conceptual review

Integrated reporting

The theory of information asymmetry has provided ample warning to investors not to rely completely on available information disclosed in a public company's financial report. In line with this theory, Scot (2012) warned that markets would continue to collapse and nations suffer financial crisis if investors relied wholly on the information publicly available about a firm's financial performance when making decisions because the information may not be useful or informative of the true state of the firm. Non-financial information disclosure is critiqued for being inconsistent, due to inadequate standards and laws guiding reporting disclosures (Garcia-Sánchez & Noguera-Gámez, 2017). Integrated reporting is an innovative step to meet the needs of the changing dynamics of the corporate milieu (Steyn, 2014).). The IIRC (2013) defined integrated reporting as:

"a concise communication about how an organization's strategy, governance, performance, and prospects, in the context of its external environment, leads to the creation of value over the short, medium, and long term" (IIRC, 2013, p. 7). The integrated report links financial and non-financial performance reports to provide a holistic and richer picture of an organisation's activities from a multidimensional perspective (Abeysekera, 2013). It reviews the guiding principles surrounding prioritization of information disclosed when measuring a company's performance (Adams & Simnett, 2011).

2.3 Implementation of IR Framework

The IIRC was originally established in 2010 by the Global Reporting Initiative and the Prince's Accounting for Sustainability Project and International Federation of Accountants (Feng, Cummings & Tweedie, 2017). The IIRC launched its pilot program in 2011 (Fasan & Mio, 2017). In 2013, after the successful implementation of IR by over 100 global companies, the IIRC issued a draft copy of the IR framework (Busco, Frigo, Quattrone & Riccaboni, 2013). After extensive due process was duly observed in setting up the framework, the final version was issued in December 2013 (Steyn, 2014). South Africa and France were among the first countries to mandate their listed companies to produce an integrated report or provide reasons for not doing so (Cheng, Green, Conradie, Konishi, & Romi, 2014). The successful implementation of the IR framework has been attributed to the pressure from regulatory authorities, the company's familiarity with preparation of sustainability reports and political interference in the respective countries. This is evidenced with case study companies in South-Africa, The Netherlands, Brazil, France and Australia (Devillers, Hsiao & Maroun, 2017). In Nigeria however, few sustainability reports are reported because it is neither a listing requirement nor a significant report which regulatory bodies compel organisations to present.

2.4 Content elements of integrated reporting framework

The IR framework describes in detail eight content elements required in an integrated report. These are discussed below:

Organisational Overview and External Environment

An integrated report explains the organisation's activities, its business environment, market position, board structure, ethics, values, the impact of the external environment and organisational structure. Mmako and Rensburg (2017) observed that most of this information are disclosed in the Chairman's statement of the annual report of companies in South-Africa. Similarly, the annual reports of listed Nigerian companies also disclose this information in the Chairman's statement and Director's report.

Governance: this element provides details on the skills and diverse qualifications of the Board of Directors and their contributions to value creation over a short, medium and long term period, the company's values and risk management approach, cultural and ethical values among others.

Business Model: the integrated report should describe the six most significant capitals (i.e. (manufactured, financial, intellectual, social, human and natural capital) the business activities undertaken and the outputs from these activities. The business model and capital focus will vary with the nature of the entity's undertakings. For example, while an ICT company would focus primarily on intellectual and human capitals, upstream Oil and Gas Company may identify manufactured, financial and natural capitals as vital to their success.

Risks and Opportunities: the report should explain some particular sources of risk and opportunities arising from both internal and external business activities. Disclosures should include an assessment of the likelihood of each item of risk and opportunity, its potential magnitude and strategies to deal with these risks and opportunities (Lipunga, 2015).

Strategy and Resource Allocation: this element is concerned with the organisation's mission and strategies in achieving its objectives. This element is minimally disclosed in the annual report of listed entities in Nigeria.

Performance: financial and non-financial performance measures should be used to disclose the company's ability to achieve its desired strategic objectives, using the six capitals (manufactured, human, social and relationship, intellectual and natural capital) and the effects of the company's activities on the values of each of these capitals.

Outlook: the report should disclose information on the obstacles the organisation may face when pursuing strategy, the implication of these challenges or environmental uncertainties on the business model and future value creation (Lipunga, 2015) and the overall long-term vision or performance of the organisation. The Chairman's statement in Nigeria's corporate annual report usually discloses information on the company's outlook.

Basis of presentation: this explains how the organisation determines the information to be disclosed in an integrated report as well as the basis of measurement and evaluation. IIRC (2013) laid down seven principles guiding the presentation of an integrated report. These include: strategic focus and future orientation; connectivity of information; stakeholder relationships; materiality; conciseness; reliability and completeness; consistency and comparability.

Due to the successful implementation of IR in South Africa, majority of prior researches have concentrated on investigating issues related to integrated reporting using listed companies on the Johannesburg Stock Exchange (Dumay, Bernardi, Guthrie & La Torre, 2016; De Villiers & Maroun,2017). Some Researchers have investigated the drivers of IR adoption from a country level and firm level point of view (Jensen & Berg, 2012; Frías-Aceituno, Rodríguez-Ariza & García-Sánchez, 2013; Garcia-Sánchez, Rodríguez-Ariza & Frías-Aceituno, 2013; Rivera-Arrubla, Zorio-Grima & García-Benau, 2017). Some other studies critiqued the implementation challenges and overall flaws in the IR framework (Flower, 2015; Dumay, Bernardi, Guthrie & La Torre, 2017). Other researchers examined stakeholders' perception of adopting integrated reporting (Steyn, 2014; Stubbs and Higgins, 2014; Macias and Farfan-Lievano, 2017; McNally Cerbone & Maroun, 2017). However, sparse literature has investigated the compliance level of listed entities in Nigeria with the IR framework. Nigerian researches have recommended the adoption of IR but concentrated more on studying sustainability reporting and ESG disclosures

(Umoren et al., 2015; Okaro & Okafor, 2016). The few studies on IR have been more perception based with emphasis on adoption without cognizance of the partial compliance by corporate entities in Nigeria (Oyewo, 2016; Tijani, Ogundeji & Ajape, 2013). A few other studies (Havlová, 2015; Melloni, Stacchezzini & Lai, 2016) investigated the consequences of IR adoption using case studies of early adopters. However, sparse literature has investigated the compliance level of listed entities in Nigeria to assess their readiness to adopt the IR framework. Stent and Dowler (2015) analyzed the gap in the 2011 annual reports of four companies in New Zealand in comparison with the integrated reporting framework requirements; they had reporting scores ranging between 70-87%. This study was limited by its sample size and the use of non-current annual reports. The authors observed that there were deficiencies in the disclosure of uncertainties in the future outlook of sampled companies in New Zealand which could be detrimental to sustainability and financial stability. Lipunga's (2015) study in Malawi showed that on average 43% of the IR framework requirements are disclosed among the sample of 12 listed companies. These companies provided information mainly on organisation's overview and external environment, financial performance and governance specifically there were disclosures on the organisation's context, compliance with laws, codes and standards, financial disclosure, the board independence and the functions of the audit committee.

In addition, the least disclosures were on risk and opportunities, especially how these identified risks are managed, the system of internal control among others. Other areas of non-disclosures were organisation's values and board performance, report on individual director's performance and their individual remunerations. However, Lipunga (2015) research was limited in sample size and the fact that IR adoption was still voluntary, thus there is a limit to the conclusions that could be drawn from the research. Trpseka, Lazarevska and Atanasovski, (2016) analysed the corporate websites of 42 listed companies in Macedonia which disclosed information similar to the requirements of the IR framework. Majority of the information was gathered from the general information of the company and the financial statements. It was observed that information on content elements such as organisational overview and the external environment were highly disclosed, governance was minimally disclosed by companies especially in the areas of directors' remuneration and incentives. The business model was well disclosed by listed companies specifically in the areas of business activities, inputs and outputs, as well as outcomes. Information on strategy and resource allocation showed moderate disclosures especially in the area of long term, short- and medium-term objectives, or the intended strategic plans to achieve these objectives. Information on performance was mainly quantitative (financial). Future outlook was among the least disclosed element among the sampled companies in Macedonia followed by stakeholder relationships management. This study relied on the corporate websites of these institutions which may not be a valid means of generating information for data analysis due to the frequent changes that are made on the information disclosed in corporate websites.

Kilic and Kuzey (2018) conducted a similar research in Turkey to assess the level of compliance of quoted companies' corporate reports with the IR framework. The study found that risk and opportunities had the highest IR disclosure, followed by organisational overview and the external environment, governance, business model, performance, future outlook and lastly strategy and resource allocation. All these three studies were conducted in countries where the listed companies had not fully adopted the requirements of the IR framework. In view of the similarity of these situations with Nigeria's corporate reporting milieu, this study attempts to:

i. investigate the level of compliance of corporate reports' disclosure by listed companies in Nigeria with the integrated reporting framework.
ii. investigate the level of differences in IR disclosure among industry sectors of quoted companies in Nigeria.

The study embarked on testing the following null hypotheses:

i. There is no significant difference between the disclosures required in the content elements of the IR framework and the disclosures of corporate annual reports of listed companies in Nigeria.
ii. There is no significant difference in the levels of IR disclosure across the sectors of quoted companies in Nigeria

3. Research Methods

Ex-post facto research design using content analysis was employed in gathering the data used for analysis because the study utilized historical data (annual reports) of listed companies in analyzing the IRDS of companies. This research design permits the examination of the disclosures in the annual reports without influencing the contents. The population of the study consists of companies listed on the Nigeria Stock Exchange. As at December 31, 2017, there were 170 companies from 11 sectors quoted on the floor of the Nigerian Stock Exchange (NSE Fact book, 2017). These eleven sectors were grouped into the extractive, manufacturing, financial and other services sector. Consumer goods, industrial goods, conglomerates and healthcare were grouped to form the manufacturing sector. The financial services sector was a combination of banks and insurance companies. The extractive sector consisted of natural resources, agriculture, construction and oil and gas while the others consisted of ICT and services sector. The sample consisted of the 90 companies listed in Nigeria Stock Exchange as at December 31, 2017. This was arrived at after eliminating companies which did not have the relevant data for the study, had changed their names due to mergers or conversion to private limited companies. The sample represented 52% of the population of quoted companies in Nigeria as at 2017. The corporate reports of the sampled companies were analysed to examine the disclosure level of corporate reports of Nigerian quoted companies for the years 2013-2017.

This study adopted the approach used by Kilic and Kuzey (2018) that developed a disclosure index of 50 items within seven categories of the content elements, including: 1. "organizational overview and external environment" which had 13 items; (2) "governance" consisted of 5 items (3) "business model" had 15 items (4) "risk and opportunities" consisted of 2 items, (5) "strategy and resource allocation consisted of 6 items" (6) "performance" had 5 items; and (7) "outlook" consisted of 4 items. The eighth content element of IR framework was not included in this study because only companies which have fully adopted IR provide the basis of presentation of the report.

Similar to the approach adopted by Kilic and Kuzey (2018) and Stent and Dowler (2015) in assessing the disclosures of IR content elements in the annual reports of companies in Turkey and New Zealand respectively, this research employed content analysis to examine all narrative and financial sections of the annual reports including the chairman's statement, directors' report, operating review, management discussion and analysis). A score of 1 was assigned if a certain IR element is disclosed at least once, and 0 otherwise. Hence, a company received a score ranging from 0 to 50, based on the number of items disclosed. The IR disclosure score (IRS) was calculated mathematically as follows:

$$IRS = \left(\sum_{i=1}^{t} \mathrm{IR}i\right)/t$$

where: IRi = 0 if disclosure item was not found or 1 if the disclosure item was found
t = the sum of integrated reporting disclosure items a firm could disclose (out of 50 items).

The t statistics and ANOVA test was used to test hypothesis i and ii

t = observed difference between sample means of IRDS - expected difference between population means of IRS / estimate of the standard error of the difference between two sample means

4. Results

Company Disclosures

Table 1 presents a summary of the compliance level of Nigerian quoted companies with the IR framework. Employing the ranking disclosure score developed by Ernst and Young (2014) for assessing level of IR disclosure of quoted companies in South Africa. The compliance level was based on the availability of relevant information on each of the content elements as required by the IR framework (2013). Table 1 displays the total IR disclosure score for each content element for the 90 sampled companies from 2013- 2017. The mean Integrated Reporting disclosure scores (Mean IRS) were derived by dividing total number of items in each IR content element disclosed divided by the 90 sampled companies. Table 1 shows that the sampled quoted companies between the periods 2013-2017 improved their levels of disclosure across firms from a mean score of 37.5 out of a total score of 50 to 37.63 out of 50 at the end of 2017. Most of the improvements were mainly in the area of risk and opportunity while the least disclosures were in the area of performance. According to the Ernst and Young rating, the IR disclosures contained in the annual reports of Nigerian quoted companies could be rated as good.

Table 1 Level of Corporate Disclosure Compliance with the Integrated Reporting framework

IR Content Element Total nos. of IR disclosure items	**OOEE (13)**		**GO (5)**		**BM (15)**		**RO (2)**		**SR (6)**		**P (5)**		**FO (4)**		**Total (50)**
YEAR	**Total IRDS**	**%**	**Total IRDS**	**%**	**Total IRDS**	**%**	**Total IRDS**	**%**	**Total IRDS**	**%**	**Total IRDS**	**%**	**Total IRDS**	**%**	**Total Mean IRS**
2013	978	84	391	87	877	65	161	90	367	68	280	62	315	88	37.5
2014	979	84	391	87	877	65	164	91	366	68	280	62	314	87	37.46
2015	982	84	390	87	871	65	167	93	365	68	280	62	315	88	37.44
2016	984	84	391	87	877	65	169	94	366	68	280	62	316	88	37.59
2017	988	85	391	87	875	65	171	95	364	67	281	62	317	88	37.63

KEY: OOEE (Organisational Overview and External Environment); GO (Governance); BM (Business Model); RO (Risk & Opportunity); SR (Strategy & Resource Allocation); P (Performance); FO (Future Outlook); RG (Report Guidance); IRS (IR Disclosure Score).

MEAN IR SCORE % RATING: 0-40% -PROGRESS TO BE MADE; 41-60% - AVERAGE; 61-80% - GOOD; 81-100% - EXCELLENT.

Source: Compiled by researcher (2019)

Organizational Overview and External Environment: From the results in Table 1, out of a total score of 1170(13 items*90companies), companies complied with 84% of the disclosure requirements from 2013-2016 until 2017 when there was an increase to 85%.

Governance: Governance had a constant disclosure score of 87%; this suggests that sampled listed companies in Nigeria disclosed their board of directors list, compensation policies, board experience and skills.

Business Model: The second least disclosed item was the Business model (65%). This suggests that companies avoid reporting negative information about the impact of their activities in diminishing firm value.
Risk and Opportunities: This had the highest disclosure ranging between 90% - 95%. The disclosure level increased yearly by 1%. This suggests that most sampled companies disclosed in the corporate reports the "internal or external risks", "uncertainties and opportunities" in the external or internal business environment.
Strategy and Resource Allocation: Between 67-68% disclosures were made on the strategies and resources allocation for the periods 2013-2017.
Performance: The least disclosed item was performance (62%). It appears that most of the sampled companies disclosed key performance indicators from the annual financial statements but may not have connected it with the non-financial reports.
Future Outlook: The findings in Table 1 revealed a disclosure level ranging between 87-88% between 2013-2017. This suggests that disclosures were made mainly on the future expectations, risks and environmental uncertainties.

Test of hypothesis i

Table 2 One-Sample Test

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
IR Score	172.626	449	.000	37.5111	37.084	37.938

The result in Table 2 shows the t test used to check if the variances in IR score are significant at $p < 0.05$,it shows that the difference between the disclosures required by the IR framework and the IR disclosure score derived from the corporate annual reports of Nigerian listed companies is significant $t(449) = 172.6$, $p < 0.05$. Consequently, the null hypothesis which proposes that there is no significant difference between the disclosures required in the content elements of the IR framework and the disclosures of corporate annual reports of listed companies in Nigeria is not retained.

Sectorial Analysis of compliance Level to the IR Reporting Framework by Sampled Companies
In order to evaluate the sector with the highest disclosure score, a sectorial analysis of levels of IR disclosure was conducted. The Consumer goods, industrial goods, conglomerates and healthcare companies were grouped to form the manufacturing sector. The financial services sector was an amalgam of banks and insurance companies. The extractive sector consisted of an amalgam of natural resources, agriculture, construction and oil and gas while the others sector consisted of ICT and services sector. The effective sample size was 90 companies consisting of 18 companies in the extractive sector, 37 companies in the manufacturing sector, others sector consisted of 11 companies, while the financial service sector consisted of 24 companies. The companies grouped in each of the sector used similar accounting techniques, practices, operations and standards or are subject to strict guidelines and monitoring from similar regulatory bodies.

Table 3 Sectorial analysis of levels of IR disclosure (2013-2017)

IRS	EXTRACTIVE	FINANCIAL	MANUFACTURING	OTHERS
Mean	34.15	39.75	37.51	37.13
Median	36	41	39	39
Maximum	42	43	43	41
Minimum	22	28	23	26

IR DISCLOSURE SCORE MEAN INDEX:0-20-PROGRESS TO BE MADE; 21-30- AVERAGE; 31-40-GOOD; 41-50- EXCELLENT
Source: Survey (2019 with scales adapted from Ernst and Young Excellence in IR Awards (2014)

The results in Table 3 show that companies in the financial sector have the highest disclosure score with a mean value of 39.75, this is followed by manufacturing (37.51), others (37.13) and lastly extractive sector (34.15). Wild and van Staden (2013) using companies in Europe and South Africa, identified a prevalence of financial service companies among the early adopters of IR attributing this situation to the desire to achieve societal acceptance and validation following loss of investor confidence after several financial scandals. It is plausible that this need for insurance companies and banks to restore the confidence of stakeholders in Nigeria propel them to make more information disclosures.

Test of hypothesis ii

Table 4 ANOVA Test result of IR disclosure scores across sectors

		Sum of Squares	df	Mean Square	F	Sig.
IR Score	Between Groups	1227.859	3	409.286	21.960	.000
	Within Groups	8312.585	446	18.638		
	Total	9540.444	449			
IR content elements score	Between Groups	.000	3	.000	.	.
	Within Groups	.000	446	.000		
	Total	.000	449			

The ANOVA test in Table 4 is significant, $F(3, 446) = 22$, $p < .05$.this shows that using group means to predict scores is significantly better than using the overall mean: in other words, the group means of IR disclosure scores are significantly different amongst the sectors.

Post hoc test

Table 5 Multiple Comparisons

LSD

Dependent Variable	(I) sector	(J) sector	Mean Diff. (I-J)	Std. Error	Sig.	95% Confidence Interval Lower Bound	95% Confidence Interval Upper Bound
IR Score	manufacturing	others	.2241	.6630	.736	-1.079	1.527
		extractive	2.3625*	.5548	.000	1.272	3.453
		financial	-2.4736*	.5060	.000	-3.468	-1.479
	others	manufacturing	-.2241	.6630	.736	-1.527	1.079
		extractive	2.1384*	.7389	.004	.686	3.591
		financial	-2.6977*	.7030	.000	-4.079	-1.316
	extractive	manufacturing	-2.3625*	.5548	.000	-3.453	-1.272
		others	-2.1384*	.7389	.004	-3.591	-.686
		financial	-4.8361*	.6020	.000	-6.019	-3.653
	financial	manufacturing	2.4736*	.5060	.000	1.479	3.468
		others	2.6977*	.7030	.000	1.316	4.079
		extractive	4.8361*	.6020	.000	3.653	6.019

*. The mean difference is significant at the 0.05 level.

The results from Table 5 shows that there is a significant difference in the IR scores of quoted companies in the financial sector in comparison with others, extractive and manufacturing sectors ($p < 0.05$). The extractive sector also had a significant difference in IR disclosure in comparison with others, financial and manufacturing sectors ($p < 0.05$). However, there is an insignificant difference in the IR score between others sector and the manufacturing sector ($p > 0.05$). Thus, hypothesis ii is not retained because there is a significant difference in the levels of IR disclosure across the sectors of quoted companies in Nigeria. This is in agreement with the studies of Okaro et al., (2016) and Umoren et al., (2015). The compliance levels of Nigerian quoted companies with the IR Framework as summarized in Appendix A shows that:

Organizational Overview and External Environment: The disclosure levels showed that: “ownership and operating structure” had a 100 % disclosure score, “the legal factors, competitive landscape & market positioning”, were both 98%. The “key stakeholders” (92%),”number of employees” (96%), “political factors” (93%),”mission and vision statement” (89%) “general explanations about organization culture, ethics or values” (91%), “code of conduct” (97%), “social factors” (82%) and lastly “environmental factors” (78%). This disclosure level is similar with the findings of Lipunga (2015), Kilic et al., (2018) where companies provided high information disclosures on this element.

Governance: The content analysis showed that all companies disclosed their board of directors’ experience and skills (100%) with their names (99%). About 82% of the companies presented information on how they monitor strategic direction, while (96%) of the sampled companies reported the culture, ethics and values that are reflected in its use of and effects on the capitals. However, in comparison to other levels of compliance in this element, there was minimal information on the Compensation policies (79 %). Lipunga (2015), Umoren et al., (2015) and Kilic et al., (2018) found very high disclosures on governance among listed entities in Malawi, Nigeria and Turkey respectively.

Business Model: All companies provided information on revenues, cash flows (100%), other items showed lesser disclosures as follows: organisational reputation (97%), innovation, employee training , increase in capitals (create value) innovation (93%) key products and services (92%) “decrease in capitals(diminish value)” (60%) “Key inputs” (51 %) “employee morale”

(87%), "after sale service" (66%) and "customer satisfaction" (78%). "Greenhouse gas (GHG) emissions" (0%), "water waste" (0%). Consistent with the studies of Umoren et al., (2015), Lipunga (2015) and Kilic et al., (2018), there was minimal disclosure on social, environmental and customer relationships both in developing and developed countries but more information on the financial, manufactured and human capitals.

Risk and Opportunities: The content analysis showed that majority of the sampled companies disclosed "internal or external risks" (89%) and "internal or external opportunities" (76%). The sampled companies' reports could not present the intrinsic risks and opportunities relating to their companies but danced around the common risks and opportunities arising from the political, legal and economic environment. Kilic et al., (2018) observed this trend among quoted companies in Turkey.

Strategy and Resource Allocation: 97 % of the companies presented their strategic objectives without any precise time frame; only 61% divulged their strategies with the underlying time frames. Other components such as: "the measurement of achievements and target outcomes" (72 %), "an understanding of the organization's ability to adapt to change in order to achieve goals" (71 %), "the link between strategies and key capitals" (81 %) and "strategies in place, or intended to implement to achieve those objectives" (97 %). The majority of sampled companies chose not to put specific time frames for the achievement of these strategic objectives nor demonstrate an understanding of the organization's ability to adjust to the dynamics in the business environment in order to achieve their goals. Contrary to the findings of Kilic et al., (2018), there was slightly higher disclosures in this element among Nigerian listed entities in comparison with Turkish quoted companies

Performance: More presentations were made in the areas of: "Substantial financial implications of activities on other capitals" (76%), appraisal of performance in relation to regional/industry yardsticks (70%) and KPIs that present financial measures (72 %). Furthermore, little information was given on the connection between prior and current performance (59%), and KPIs linking financial measures with non-financial components (0 %). This corroborates the findings of Umoren et al., (2015), Lipunga(2015), Robertson and Samy (2015) and Kilic et al., (2018) and could be attributed to the inadequacy of disclosures in the sustainability reports of quoted companies in these prior studies

Future Outlook: It was observed that most of the listed companies were interested in disclosing information about their future expectations. About 91% of the sampled organisations reported broad expectations in view of environmental uncertainties; most were reluctant to disclose unique risks and expectations of their company. Majority of the entities provided forecasts about KPIs (98%), and the basis for them (83%). The least disclosed information was the connectivity between short-term performance and the future expectations of the organisation. Kilic et al., (2018) and Stent et al., (2015) also found similar results.

5. Discussion, Conclusion and Recommendations

5.1 Discussion of Findings

This study has provided empirical evidence supporting the existence of some of the elements required to be disclosed in the IR framework already entrenched in the annual reports of listed companies in Nigeria. The least disclosed element among the 7 elements examined was Performance. The sampled companies were not able to articulate the extent which the objectives of the organisation was achieved using Key Performance Indicators (KPIs) especially the connectivity between financial and non-financial performance disclosures. In view of the importance of maintaining corporate legitimacy status, companies who desire the retention of stakeholders' confidence on the transparency and credibility of corporate reports prepared in Nigeria should consider bridging the identified gaps in the current corporate reports, as identified in this study, so as to fully comply with the requirements of the IR framework. Banks and insurance companies have proven to be trail blazers in the area of information disclosures by ensuring high levels of transparency when complying with the IR framework requirements. Whilst this has been attributed to the need to retain stakeholders' confidence in the activities of the financial sector, there is no gainsaying the benefits of retaining good standing in Society. A company that reduces information disclosures may create room for irreparable losses, in terms of integrity and repute. In view of the existing level of compliance among companies in Nigeria with the IR framework requirements, the Nigerian government through the SEC and FRCN may develop policies that would fast track the adoption of IR among listed companies in Nigeria. Integrated reporting is an innovative reporting technique which has been adopted by several countries and multinational companies. Nigeria is an emerging economy that is in need of cross border investments to increase economic growth and development.

5.2 Conclusion and Recommendations

IR is a means to incorporate transparency and accountability in the annual reports prepared by management for stakeholders. This research is among the few in Nigeria that has provided evidence of the existence of some of the elements of the IR framework in Nigeria's corporate report. Second, it examines the gap in corporate reports in comparison to the IR framework. This study presents some gaps in current reporting practices of listed Nigerian companies especially in the area of corporate performance, specific timeframes for achieving set goals and business model disclosures which IR adoption can ameliorate. The evidence gathered from this study may be useful to regulators such as SEC and FRC of Nigeria, in determining possible policies or actions that could promote IR adoption in Nigeria. Prospective researchers may choose to analyze the drivers of integrated reporting adoption or incorporate the use of questionnaire to analyze corporate report users' perceptions regarding benefits and challenges of integrated reporting implementation.

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Appendix A

Table 7: Disclosure levels of Nigeria listed companies with IR framework requirements

		Content element group	N	%
Organizational overview and external environment	OOEE1	Mission and vision	80	89%
	OOEE2	Description of organisational culture, ethics, or values	82	91%
	OOEE3	Code of conduct	87	97%
	OOEE4	Proprietorship or operating structure	90	100%
	OOEE5	Competitive landscape and market positioning	88	98%
	OOEE6	Employee size	86	96%
	OOEE7	Geographic spread of organization's business activities	85	94%
	OOEE8	Legal factors	88	98%
	OOEE9	Political factors	84	93%
	OOEE10	Social factors	74	82%
	OOEE11	Market forces	76	84%
	OOEE12	Key stakeholders	83	92%
	OOEE13	Environmental factors	70	78%
Governance	GOV1	Names of Board members	89	99%
	GOV2	Board qualifications and expertise	90	100%
	GOV3	Culture, ethics and values are reflected in its use of and effects on the capitals	86	96%
	GOV4	Strategy monitoring activities	74	82%
	GOV5	Board remuneration and reward guidelines	71	79%
Business model	BM1	Key inputs	46	51%
	BM2	Product differentiation	76	84%
	BM3	Delivery channels and marketing	62	69%
	BM4	After sale service	59	66%
	BM5	Innovation	84	93%
	BM6	Employee training	84	93%
	BM7	Key products and services	83	92%
	BM8	GHG emissions	0	0%
	BM9	Water waste	0	0%
	BM10	Employee morale	78	87%
	BM11	Organizational reputation	87	97%
	BM12	Revenue, cash flows	90	100%
	BM13	Customer satisfaction	70	78%
	BM14	Rise in resources (create value)	84	93%
	BM15	Drop in resources (diminish value)	54	60%
Risks & oppor	RO1	Internal or external risks	80	89%
	RO2	Internal or external opportunities	68	76%
Strategy and resource allocation	SR1	Short-, medium- and long-term strategic objectives (without time frame)	87	97%
	SR2	Short-, medium- and long-term strategic objectives(with time frame)	55	61%
	SR3	Strategies in place, or intends to implement, to achieve those strategic objectives	87	97%
	SR4	The measurement of achievements and target outcomes	65	72%
	SR5	An understanding of the organization's ability to adapt to change to achieve goals	64	71%
	SR6	The link between strategies and key capitals	73	81%
Performance	PE1	KPIs that present financial measures	65	72%
	PE2	KPIs that combine financial measures with other components (i.e. the ratio of greenhouse gas emissions to sales)	0	0%
	PE3	The linkages between past and current performance	53	59%
	PE4	The comparison between regional/industry benchmarks	63	70%
	PE5	Financial implications of significant effects on other capitals	68	76%
Future Outlook	FO1	Expectations about future or explanations about uncertainties	82	91%
	FO2	Forecast about KPIs	88	98%
	FO3	Assumptions related to those forecasts	75	83%
	FO4	The linkages between current performance and the organization's outlook	60	67%

Key: N= no. of sampled companies with IR disclosure; %= percentage of sampled companies that disclosed the content element

Source: Survey results (2019) adapted from Kilic & Kuzey (2018)