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Integrated Reporting And Share Price Performance Of Listed Industrial Goods Firms In Nigeria

¹AKPAN, Dorathy Christopher; ²ISAAC, Ndifreke Edem & ³UKPONG, Eno Gregory

^{1,2,3}Department of Accounting, Faculty of Management Sciences
Akwa Ibom State University, Obio Akpa Campus, Nigeria

¹dorathyakpan@aksu.edu.ng, ²ndyisaac@yahoo.com; ³enogregoryukpong@gmail.com

ABSTRACT

The Nigerian industrial goods industry is beset by a host of issues, and its basic foundation seem threatened by accountability and openness. In view of this, this study examined the effect of integrated reporting on share price performance of listed industrial goods firms in Nigeria. The study population comprised of 13 industrial goods firms listed on the Nigerian Exchange Group. The sample size for this study stood at 12. This was purposively adopted with availability of data as threshold for selection. The study made use of secondary data and utilized standardized ordinary least squares regression to analyze the linkage between the variables using Eviews 10.0 statistical package. The findings of the study revealed that financial capital has significant positive effect (6.827514[0.0008]) on price-earnings ratio of listed industrial goods firms in Nigeria; human capital has significant positive effect (2.729075[0.0291]) on price-earnings ratio of listed industrial goods firms in Nigeria; intellectual capital has a significant positive effect (6.821980[0.0000]) on price-earnings ratio of listed industrial goods firms in Nigeria. It was thus concluded that integrated reporting has significant effect on share price performance of listed industrial goods firms in Nigeria. The study recommended, amongst others, that firms should focus on innovation, research, and intellectual property development, and accurately report these in their integrated reports as enhanced intellectual capital disclosure has been shown to increase investors' trust and positively influence share price performance.

Keywords: Integrated reporting, financial capital, human capital, Intellectual capital, share price performance, price earnings ratio

1.0 INTRODUCTION

Nigeria has witnessed significant growth in recent years, driven by government initiatives and investments in infrastructural development. However, the industrial goods sector still faces challenges, including a lack of transparency and accountability, which can impact investors' confidence and ultimately, share price performance. In this context, integrated reporting (IR) has emerged as a crucial tool for companies to communicate their financial and non-financial performance, providing a comprehensive view of their value creation process. IR encompasses not only financial performance but also environmental, social, and governance (ESG) factors, which are increasingly important to investors and other stakeholders (Adegbe et al., 2019). The Nigerian Stock Exchange (NSE) has introduced initiatives to promote IR among listed companies, recognizing its potential to enhance investor confidence and improve financial capital. However, the adoption of IR remains voluntary, and many companies in the industrial goods sector have been slow to embrace this reporting approach.

The industrial goods sector is a critical component of the Nigerian economy, and its performance has a significant impact on the country's economic growth and development. Therefore, it is essential to understand the factors that influence share price performance in this sector, including the role of IR. The link between IR and share price performance is clear: companies that adopt IR tend to outperform those that do not. IR provides investors with a comprehensive view of a company's financial and non-financial performance, enabling them to make informed investment decisions. Through the adoption of integrated reporting, companies demonstrate their commitment to transparency and accountability, reducing risk and increasing investors' confidence (Aluya & John, 2024; Adegbe et al., 2019). This, in turn, leads to improved share price performance, as investors are willing to pay a premium for companies that prioritize long-term sustainability over short-term gains (Baboukardos & Rimmel, 2016).

Despite the benefits of IR, many listed industrial goods firms in Nigeria continue to resist its adoption, citing concerns about cost, complexity, and competitive disadvantage. However, this resistance comes at a great cost, as the sector's poor performance and lack of transparency undermine its credibility and reputation. The failure to adopt IR also means that companies in the sector miss out on the opportunities for innovation, growth, and long-term sustainability that this reporting approach offers (Akpan et al., 2022; Adegbe et al., 2019, Adegboyegun et al., 2018). This study is significant because it addresses a critical gap in the literature on IR and share price performance in the Nigerian industrial goods sector. By providing insights into the benefits of IR for share price performance, this study can inform the development of policies and practices that promote transparency, accountability, and sustainable value creation in the sector. Furthermore, the findings of this study can contribute to the global debate on the role of IR in promoting sustainable value creation and improving financial capital, with implications for companies, investors, and regulators worldwide.

The Nigerian industrial goods sector is facing a perfect storm of challenges, with a lack of transparency and accountability threatening to undermine its very foundation. Despite the introduction of initiatives to promote integrated reporting (IR) by the Nigerian Stock Exchange (NSE), many listed industrial goods firms continue to prioritize short-term financial gains over long-term sustainability, neglecting the environmental, social, and governance (ESG) factors that are critical to their success (Akpan et al., 2022). This narrow focus has led to a myriad of contemporary issues, including environmental degradation, social injustices, and governance failures, which are not only damaging to the sector's reputation but also have a negative impact on share price performance. The consequences of this neglect are stark: companies in the sector face reputational damage, legal liabilities, and financial losses, while investors suffer from reduced returns and increased risk. The wider economy also suffers, as the sector's poor performance hinders economic growth and development. This undermines trust in the capital market, discouraging foreign investment and hindering Nigeria's ability to achieve its development goals. The negative scenarios resulting from the lack of IR in the Nigerian industrial goods sector are stark: environmental disasters, social conflicts, and governance failures which continue to plague the sector, damaging companies' reputations and finances, and undermining trust in the capital market.

Majority of extant studies focused on the effect of integrated reporting on firm value (for instance, Akpan et al., 2022; Adegbe et al, 2019; Adegboyegun et al., 2020) while others dealt extensively on financial performance amongst other indices. Some of these studies, such as Akpan *et al.* (2022), Bilmakers, (2016) and Jeroe (2016) suggested a positive association between integrated reporting and firms' value while similar studies by Nurkumalasari *et al* (2019) and Cosma et al. (2018) indicated that integrated reporting does not affect the value of a firm. On the other hand, studies by Albetairi et al. (2018) and Adegboyegun et al. (2019) had a mixed result. The mixed and contradictory results and the failure of none of these studies to consider share price performance or valuation have left an outstanding gap in the literature regarding integrated reporting. Therefore, in an effort to fill this gap, this study examined the effect of integrated reporting on share price performance of listed industrial goods firms in Nigeria.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Integrated reporting

Integrated reporting has emerged as a key communication tool that aims to provide investors with a holistic and interconnected view of a company's strategy, performance, and impacts across financial, environmental, social, and governance (ESG) dimensions. The framework developed by the International Integrated Reporting Council (IIRC) underscores the importance of disclosing material information in a concise and integrated manner, encompassing elements such as organizational overview, governance, business model, risk and opportunities, strategy, performance, and outlook (Bubelo & Razborska, 2023). The adoption of integrated reporting is seen as instrumental in enhancing investors' confidence and ultimately influencing share price performance (Vitolla *et al.*, 2019). By presenting a unified view of a company's prospects, development strategy, and management actions towards risks, integrated reporting can instil trust and credibility among investors. This comprehensive approach not only aids in making informed investment decisions but also promotes efficiency and productivity within the organization.

As opined by Oyong *et al.* (2022), while traditional financial reporting frameworks may fall short in capturing the full spectrum of value creation and long-term sustainability, integrated reporting offers a more robust and forward-looking perspective. Although not mandatory in many jurisdictions, including Nigeria, the trend towards integrated reporting is gaining momentum, especially among listed manufacturing firms. Embracing integrated reporting help attract investments, build trust with stakeholders, address challenges, and manage risks effectively, leading to improved shareholder confidence and potentially positive share price performance.

Financial capital

Financial capital is a crucial component of integrated reporting, representing an organization's financial resources and ability to generate value (IIRC, 2020). It encompasses various financial elements, including equity, debt, and cash flows (Eccles & Krzus, 2010). Effective management of financial capital is vital to an organization's long-term sustainability and ability to create value for stakeholders (Ioannou & Serafeim, 2014). Integrated reporting requires organizations to disclose information on financial performance metrics, capital structure, cash flow management, and risk management strategies (John *et al.*, 2024; Adams, 2017). This transparency enables investors to make informed decisions and enhances stakeholder trust (Oyong *et al.*, 2022). The benefits of integrated reporting's focus on financial capital are multifaceted. John *et al.* (2024) stressed that effective financial capital management is linked to improved financial performance and increased shareholder value. Moreover, integrated reporting's holistic approach helps organizations identify opportunities for cost savings, efficiency gains, and strategic investments (Vitolla *et al.*, 2019). By embracing integrated reporting, organizations can demonstrate their ability to manage financial capital effectively, mitigate risks, and ensure long-term financial sustainability. This, in turn, enhances their credibility and attractiveness to investors, ultimately contributing to long-term success and sustainability (Ioannou & Serafeim, 2014).

Human capital

Human capital is a vital component of integrated reporting, encompassing an organization's investment in its workforce's skills, knowledge, and well-being (IIRC, 2020). Effective human capital management is critical to driving innovation, productivity, and long-term success (Boudreau & Ramstad, 2007). Integrated reporting requires organizations to disclose information on human capital metrics, such as employee engagement, training and development, diversity and inclusion, and employee well-being (Adams, 2017). This transparency demonstrates an organization's commitment to its workforce and its ability to create value through human capital. Extant studies have highlighted the positive impact of human capital on organizational performance, including improved financial performance and increased innovation (Ioannou & Serafeim, 2014). The integration of human capital information into reporting enables stakeholders to assess an organization's ability to manage this critical resource effectively (Vitolla *et al.*, 2019). By disclosing human capital metrics, organizations demonstrate their commitment to employee development, diversity, and well-being, leading to improved employee engagement and retention (Oyong *et al.*, 2022). Effective human capital management also enhances an organization's

reputation and attractiveness to investors (Abdulrahman & Mohd, 2020). As noted by Eccles and Krzus (2010), human capital is a key driver of long-term sustainability, and its integration into reporting is essential for a comprehensive understanding of an organization's value creation.

Intellectual capital

Intellectual capital is a critical component of integrated reporting, representing an organization's intangible assets, such as knowledge, innovation, and intellectual property (IIRC, 2020). It encompasses three sub-components: human capital, structural capital, and relational capital (Stewart, 1997). Effective management of intellectual capital drives innovation, competitiveness, and long-term sustainability (Boudreau & Ramstad, 2007). Integrated reporting requires organizations to disclose information on intellectual capital metrics, such as research and development expenditures, patent filings, and licensing agreements (Adams, 2017). This transparency demonstrates an organization's ability to create value through innovation and knowledge. Effective management of intellectual capital enhances an organization's reputation, attractiveness to investors, and financial performance (Vitolla *et al.*, 2019; Aluya & John, 2024). Intellectual capital also plays a critical role in an organization's ability to adapt to changing market conditions and technological disruptions (Oyong *et al.*, 2022). As noted by Eccles and Krzus (2010), intellectual capital is a key driver of long-term sustainability, and its integration into reporting is essential for a comprehensive understanding of an organization's value creation. By disclosing intellectual capital information, organizations demonstrate their commitment to innovation, knowledge creation, and sustainable growth.

Share price performance

Share price performance refers to the fluctuation in value of a company's shares over a specific period of time. It is a key indicator of a company's financial health, growth prospects, and investor sentiment. Share price performance is influenced by a multitude of factors, including the company's financial performance, industry trends, overall market conditions, and economic indicators. A company's share price can rise or fall depending on various events, such as the release of quarterly earnings reports, mergers and acquisitions, changes in leadership, or global economic shifts (Adams *et al.*, 2016). Share price performance is crucial for investors, as it directly impacts their returns on investment. Investors closely monitor share price performance to make informed decisions about buying, selling, or holding onto shares. A company's share price performance can also influence its ability to raise capital, attract new investors, and maintain a competitive edge in the market. Moreover, share price performance is often linked to executive compensation, with CEOs and other executives receiving bonuses or stock options tied to the company's share price performance.

To evaluate share price performance, investors and analysts employ various metrics, including total return, price-earnings ratio, and price-earnings ratio. In addition to these metrics, investors also consider qualitative factors, such as the company's management team, industry outlook, and competitive position. A company with a strong management team, solid financials, and a favourable industry outlook is more likely to experience positive share price performance (Cooray *et al.*, 2020). Conversely, a company facing intense competition, regulatory challenges, or management issues may experience declining share price performance. By analysing both quantitative and qualitative factors, investors can develop a nuanced understanding of a company's share price performance and make informed investment decisions.

Price-earnings ratio

The price-earnings (P/E) ratio is a widely used metric in finance that compares the price of a company's stock to the earnings it generates. This ratio is calculated by dividing the market value price per share by the company's earnings per share (EPS). The result is a ratio that provides insight into how much investors are willing to pay for each dollar of earnings. A high P/E ratio may indicate that a stock's price is high relative to earnings and possibly overvalued. This could be due to high expectations for future growth, a strong brand, or a competitive advantage. On the other hand, a low P/E ratio might indicate that the current stock price is low relative to earnings, potentially making it a good value investment opportunity. The P/E ratio can be used to compare companies within the same industry or sector, as well as to compare a company's current P/E ratio to its historical average. This can help investors identify

trends and potential areas of mispricing. Additionally, the P/E ratio can be used in conjunction with other metrics, such as earnings growth rates and dividend yields, to gain a more comprehensive understanding of a company's stock (Chen et al., 2016).

Integrated reporting and share price performance

The relationship between integrated reporting and share price performance is complex and multifaceted. Financial capital, human capital, and intellectual capital are critical components of integrated reporting, providing stakeholders with a comprehensive understanding of a firm's value creation. Effective management of these capitals can enhance a firm's reputation, attractiveness to investors, and financial performance. In the context of Nigerian industrial goods firms, integrated reporting plays a vital role in driving long-term sustainability and financial success. By disclosing information on financial capital, human capital, and intellectual capital, firms demonstrate their ability to manage resources effectively, mitigate risks, and create value for stakeholders. This transparency can lead to improved investor confidence, increased market value, and better access to capital.

Extant studies support the significance of integrated reporting in driving firm value and financial performance. For instance, Akpan et al., (2022) found that human capital disclosure significantly improves firm value in Nigerian manufacturing firms. Similarly, Oyong et al. (2022) reported a positive relationship between integrated reporting and financial performance in Nigerian finance companies. Other studies, such as Adeboyeun et al. (2020), Omran et al. (2021), and Olusanjo et al. (2019), provide further evidence of the importance of integrated reporting in enhancing firm value, financial performance, and stakeholder relationships in various contexts.

Theoretical Framework

Stakeholder theory by R. Edward Freeman (1984)

The stakeholder theory, proposed by R. Edward Freeman in 1984, posits that any group or individual that can affect or be affected by the success of a company's objectives is a stakeholder. This theory is based on the idea that a company should be viewed as a collection of stakeholders, and the company's mission should be to manage their interests, needs, and perspectives (Freeman, 1984). The theory identifies various stakeholders, including shareholders, employees, customers, suppliers, government, and the community, and emphasizes the importance of balancing their interests to achieve long-term success.

Integrated reporting, which includes financial capital, human capital, and financial performance, provides a framework for stakeholders to produce value, which translates to meeting the needs of a diverse collection of stakeholders. By prioritizing integrated reporting, companies can identify and manage the interests of their stakeholders, leading to improved share price performance (Simnett & Huggins, 2015). The stakeholder theory also explains how human capital can have a positive impact on financial performance. Companies that prioritize human capital tend to have better financial performance, as they are able to identify and manage risks and opportunities related to environmental, social, and governance (ESG) factors (Albetairi et al., 2018; Oyong et al., 2022).

Additionally, human capital help companies to build trust and credibility with their stakeholders, leading to improved financial performance and share price performance. The stakeholder theory provides a useful framework for understanding the moderating effect of integrated reporting on share price performance of listed industrial goods firms in Nigeria. By prioritizing the interests of their stakeholders, companies can achieve long-term success and improve their financial performance, which can lead to improved share price performance. The theory also highlights the importance of human capital in achieving financial performance and improving stakeholder relationships.

Empirical Framework

Suman and Mohapatra (2024) assessed the effect of firm performance on the integrated reporting quality (IRQ). The sample period covers four years, i.e., 2018 to 2021, with 84 Indian companies that have adopted Integrated Reporting. The analysis utilized panel data estimation with a two-Stage Least Square

(2SLS) method using Environmental, Social and Governance (ESG) index as instrumental variable to account for the endogeneity issues. The results are also robust to multicollinearity based on the VIF analysis. The results support the hypothesis that companies with higher ESG score are expected to improve the standard of integrated reporting. Further, this research has shown that profitability, firm age, and solvency have significant positive relationship with the Integrated Reporting Quality disclosure, which is in conformity with the theoretical assumptions. On the contrary, this study did not find any effect of firm size and Covid-19 on IRQ.

Dewi et al. (2023) examined the impact of green accounting and integrated reporting on financial performance and market performance in basic materials and energy sector companies listed on the Indonesia Stock Exchange (IDX) and also determined whether these two policies can support the realization of the 2030 Sustainable Development Goals (SDG), specifically the 8th and 13th SDG goals. The final sample of this study used 74 samples with the observation period 2020-2022. Using the regression test tool, this study found that the implementation of green accounting and integrated reporting can be recognized as a strategic policy for basic materials and energy companies in Indonesia.

Akpan et al. (2022) investigated the effect of integrated reporting on firms' value of 59 listed manufacturing firms in Nigeria from 2011 - 2020. This study used human capital disclosure index, manufacturing capital disclosure index, and social and relationship capital disclosure index as proxies for integrated reporting (independent variable) while firms' value (dependent variable) was proxied by Tobin's Q. The study employed ex post facto research design and purposive sampling technique. Secondary data source from companies' annual reports and Nigerian exchange Group Were used to obtain information. The results of the analysis showed that the disclosure of human capital information in the annual report of listed manufacturing firms in Nigeria significantly improves the firm's value.

Oyong et al. (2022) studied the effect of integrated reporting on the financial performance of 28 coated finance companies in Nigeria from 2014 to 2020. did dependent variable was measured by earning special while the independent variable was integrated reporting proxy by integrated reporting index such as governance, business model, risk and opportunities, strategy, and resource allocation, outlook reporting. Secondary data source was obtained while the ex post facto research design and purposive sampling method were employed for the analysis. The result showed that integrated reporting has a positive relationship with the financial performance of quoted finance firms.

Omran et al. (2021) analyzed the influence of board characteristics on integrated reporting (IR) for the top 50 companies listed on the Australian Securities Exchange (ASX50). A checklist was devised based on the IIRC (International Integrated Reporting Council) framework to track companies' disclosures for the period from 1st July 2014 to 30th June 2017. Regression analysis was used to investigate the determinants (board size, board independence, activity of the board, gender diversity, firm size, profitability and growth opportunities) of IR and its separate components. The findings indicated a significant and positive effect of board independence on the aggregate IR index, FOPRI and GPP. A negative and significant association was found between activity of the board and both the aggregate IR index and its separate components, including GOVSTR, PERF and GPP. Additionally, the aggregate IR index is significantly related to firm size, profitability and growth opportunities.

Adeboyegun et al. (2020) investigated integrated reporting and performance of 13 banks in Nigeria for the period 2009 to 2018. The study employed cross sectional and ex post facto research design with data obtained from the annual reports of the sampled banks. The study employed profit after tax as dependent variable and also used integrated reporting index, debt to equity ratio and total assets as independent variables and the data were analyzed with the use of classical ordinary least square and panel co-integration techniques. The data analysis showed that integrated reporting does not significantly influence corporate performance of banks in the short run, but significantly affects firm performance in the long run.

Cooray et al. (2020) examined the relationship between the level of integrated reporting (IR) based on the extent of adoption of the International Integrated Reporting Framework (IIRF) and the firm value (a proxy for value relevance of IR) in Sri Lanka, where the adoption of IR is a voluntary exercise. Using a

comprehensive disclosure checklist, 117 integrated reports were content-analyzed, and then two regression models assessed the value relevance of IR disclosure. The study notes an increasing trend toward the adoption of IIRF in the preparation of integrated reports overall, as well as of each content element of IIRF. However, this rising trend has not significantly impacted the firm value by itself. Hence, this study's findings do not support the enlightened stakeholder's view on the subject of IR in Sri Lanka. Instead, it showed a significant positive relationship with the firm value when combined with the information on earnings (earnings per share), indicating that IIRF-compliant IR improves the value relevance of accounting information.

Ley et al. (2019) investigated the association between board characteristics investors' confidence, and firm value of 751 listed companies on Main Market Bursa Malaysia from 2016 to 2019. Secondary data source was obtained from annual reports of companies and DataStream database. They dependent variable was firm value proxied by Tobin's Q while the independent variables were board independence, CEO duality, audit committee independence, and remuneration committee. They study findings showed that CEO duality and board independency significantly related to firm value is consistent with previous studies. The analysis on the role of investors' confidence in the relationship between board characteristics and firm value indicated that investors' confidence plays significant role in the relationship between CEO duality and firm value.

Nurkumalasari et al. (2019) carried out a study on integrated reporting disclosure on firm value of 14 firms in Asia between 2015 and 2017. The study utilized Tobin q as the dependent variable and also employed the integrated disclosure index, number of subsidiaries, long-term debt ratio, return on asset, total debt ratio as well as return on assets as the independent variables. The data was analyzed with descriptive statistics and POLS regression techniques and the result showed that integrated reporting has no effect on firm value especially in cases of high leverage.

Olusanjo et al. (2019) examined integrated reporting practices on shareholders' relationships with manufacturing companies quoted on the Nigerian Stock Exchange as at 31 December, 2018. The study employed survey research design with a sample size of 45 and questionnaire method of data collection from 675 respondents using purposive sampling technique. The data were collected from a well validated questionnaire with Cronbach's alpha reliability coefficients of 0.73 to 0.85. The data obtained were analyzed using descriptive and inferential statistics. The study revealed that integrated reporting practices jointly and significantly improved stakeholders' relationships.

Based on the above, the following hypotheses were formulated for the study.

- H₀₁:** Financial capital has no significant effect on price-earnings ratio of listed industrial goods firms in Nigeria
- H₀₂:** Human capital has no significant effect on price-earnings ratio of listed industrial goods firms in Nigeria?
- H₀₃:** Intellectual capital has no significant effect on price-earnings ratio of listed industrial goods firms in Nigeria?

METHODOLOGY

This research design adopted for the study was ex-post facto research design. The population of the study comprised 13 industrial goods firms listed on the Nigerian Exchange Group. Purposive sampling technique was employed to select a sample size of 12. This was purposively adopted with availability of data as threshold for selection. The data for the independent variables were extracted from financial reports using content analysis methods and compiled using. The study utilized standardized ordinary least squares regression to analyze the cause-effect linkage between the dependent variable and the independent variables, as well as to test the formulated hypotheses. The decision rule was based on 5% level of significance. Accept null hypothesis (H₀) if probability value (i.e. P-value or Sig.) is greater than or equals to (\geq) stated 5% level of significance (α); otherwise, reject and accept alternate hypothesis (H₁), if p-value or sig. calculated is less than 5% level of significance.

The model for this study was adopted from the study of Adegbe et al. (2019) but modified to suit the study as follows;

$$PE_R_{it} = \beta_0 + \beta_1 FINCAP_{it} + \beta_2 HUMCAP_{it} + \beta_3 INTELCAP_{it} + \mu_{it}$$

Where:

- PE_R = Price to earnings ratio (Dependent variable)
- FINCAP = Financial capital
- HUMCAP = Human capital
- INTELCAP = Intellectual capital
- β_0 = Constant
- β_1 - β_3 = Slope Coefficient
- μ = Stochastic disturbance
- i = i^{th} firm
- t = time period

Table 3.1 Operationalization of variables

Concept	Proxy	Measurement	Source	Apriori Exp.
Integrated Reporting <i>(Independent variable)</i>	Financial capital	Measured using disclosure index	Oyong <i>et al.</i> (2022)	+
	Human capital	The Human Capital Disclosure Index using employee training and development, diversity and inclusion, employee engagement as indicators	Akpan <i>et al.</i> (2022)	+
	Intellectual capital	The Intellectual Capital Disclosure Index using research and development (R&D), innovation, intellectual property, and knowledge management as indicators	Cooray <i>et al.</i> (2020)	+
Share price performance <i>(Dependent variable)</i>	Price to earnings ratio	Market Price per Share / (Net Income / Total Number of Outstanding Shares)	Cooray <i>et al.</i> (2020)	

Source: Author's compilation (2024)

DATA ANALYSIS AND DISCUSSION OF FINDINGS

Data analysis

Descriptive statistics

Table 1: Descriptive statistics output

	PE_R	FINCAP	HUMCAP	INTELCAP
Mean	3.380983	0.830400	0.700450	0.717767
Median	5.581504	0.857000	0.692000	0.714000
Maximum	166.4627	1.000000	0.923000	0.857000
Minimum	-139.0578	0.643000	0.462000	0.571000
Std. Dev.	33.00059	0.123269	0.160425	0.104409
Skewness	0.274134	-0.098753	0.098277	-0.089852
Kurtosis	15.02869	1.722967	1.628667	1.641744
Jarque-Bera	724.9496	8.349106	9.595944	9.385758
Probability	0.000000	0.015382	0.008246	0.009160
Sum	405.7179	99.64800	84.05400	86.13200
Sum Sq. Dev.	129595.6	1.808247	3.062590	1.297249
Observations	120	120	120	120

Source: Researcher's computation (2024) using Eviews 10.0

From table 4.1 presented, the average price to earnings ratio (PE_R) between 2014 and 2023 was 3.38 times the earnings per share, lowest was -139.06 times, highest was 166.46 times, and standard deviation was 33; which shows high degree of variability between the P/E ratios of the firms in the Nigerian industrial goods sector. For financial capital disclosure (FINCAP), minimum was 0.643 (9 of 14 items) while maximum was 1.000 (all 14 items) and average was 0.830 (about 12 items). For human capital disclosure (HUMCAP), average disclosure score was 0.700 (9 of 13 items) while minimum and maximum were 0.462 (6 items) and 0.923 (12 items) respectively. Intellectual capital (INTELCAP) had mean value of 0.718 (10 of 14 items); lowest and highest were 0.571 (8 items) and 0.857 (12). These statistics show a high level of disclosure in the sector because average scores for each disclosure were all above 0.5 or 50%. Standard deviation for the disclosure scores were 0.123, 0.160 and 0.104 respectively, which show that the disclosure practices are similar and not so different from firm to firm. The Jarque-Bera statistics also confirmed the non-normality of all variables under study.

Correlation analysis

Table 2: Spearman rank correlation matrix

	PE_R	FINCAP	HUMCAP	INTELCAP
PE_R	1.000000			
FINCAP	0.115451	1.000000		
HUMCAP	0.163848	0.126044	1.000000	
INTELCAP	0.194064	0.028910	0.106993	1.000000

Source: Researcher's computation (2024) using Eviews 10.0

The correlation analysis showed that all independent variables (FINCAP, HUMCAP, INTELCAP) have coefficients of 0.12, 0.16 and 0.19 respectively, indicating weak positive correlations with dependent variable (PE_R). The correlation matrix also confirmed absence of multicollinearity as all correlation coefficients were less than 0.80.

Table 3 Regression output

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	7.879213	1.921674	4.848477	0.0000
FINCAP	6.827514	1.772821	3.460787	0.0008
HUMCAP	2.729075	1.234332	2.210974	0.0291
INTELCAP	6.821980	1.521671	4.483215	0.0000
R-squared	0.474742	Mean dependent var		3.380983
Adjusted R-squared	0.461158	S.D. dependent var		33.00059
S.E. of regression	1.437775	Akaike info criterion		3.590034
Sum squared resid	229.4589	Schwarz criterion		3.662039
Log likelihood	-201.6319	Hannan-Quinn criter.		3.619257
Durbin-Watson stat	1.668940			
F-statistic	14.92281			
Prob(F-statistic)	0.000000			

Source: Researcher's computation (2024) using Eviews 10.0

From the output, the model equation is given as:

$$PER = 7.879213 + 6.827514FINCAP + 2.729075HUMCAP + 6.821980INTELCAP + \mu$$

The regression output presented above shows an F-statistic of 14.92 with p-value of 0.0000 indicating that overall, the regression model is fit for statistical inference and also that overall, the relationship between integrated reporting and share price performance is statistically significant. The R-squared value of 0.47

means that 47% of the variations in share price performance of industrial goods companies in Nigeria can be explained by integrated reporting. However, the unexplained part is captured in the error term.

Test of hypotheses

H₀₁: Financial capital has no significant effect on price-earnings ratio of listed industrial goods firms in Nigeria

From the regression output presented in table 3, financial capital (FINCAP) had coefficient and p-value of 6.827514 and 0.0008 respectively. Evidently, the p-value is less than 0.05 (5% significance level), and on this note, the null hypothesis was rejected. This implies that financial capital has a significant effect on price-earnings ratio of listed industrial goods firms in Nigeria.

H₀₂: Human capital has no significant effect on price-earnings ratio of listed industrial goods firms in Nigeria

Similarly, human capital (HUMCAP) has a significant effect on price-earnings ratio of listed industrial goods firms in Nigeria, implying rejection of null hypothesis. This was so because the p-value; 0.0291 was less than 0.05 with a corresponding coefficient of 2.729075.

H₀₃: Intellectual capital has no significant effect on price-earnings ratio of listed industrial goods firms in Nigeria

The regression output showed that intellectual capital (INTELCAP) has a coefficient and p-value of 6.821980 and 0.0000 respectively. This warranted the rejection of the null hypothesis, meaning that intellectual capital has a significant effect on price-earnings ratio of listed industrial goods firms in Nigeria.

DISCUSSION OF FINDINGS

This paper assessed the effect of integrated reporting on share price performance of listed industrial goods firms in Nigeria, using panel regression analysis. With respect to the decomposed variable, from the results, financial capital with coefficient (p-value); 6.827514(0.0008) has a significant positive effect on price-earnings ratio of these firms. This suggests a relationship in the same direction, implying that a disclosure score increase in financial capital would lead to increase in price-earnings ratio up to 6.83 times. This is in line with John et al. (2024) who stressed that effective financial capital management is linked to improved financial performance and increased shareholder value; and Oyong *et al.* (2022) who reported a positive relationship between integrated reporting and financial performance in Nigerian finance companies. This finding is however, contrary to that of Bijlmakers (2018) which showed that integrated reporting has no significant effects on firm value.

For human capital, we got coefficient (p-value) of 2.729075(0.0291); signifying that human capital has significant positive effect on price-earnings ratio of listed industrial goods firms in Nigeria. This implies a movement in the same direction too. It estimates that for every unit increase in human capital, price-earnings ratio increases about 2.73 times. In the literature, we have corresponding findings too, like that of Akpan *et al.* (2022) which suggested that human capital disclosure significantly improves firm value in Nigerian manufacturing firms.

For intellectual capital, the case was the same (significant positive effect) with coefficient(p-value) of 6.821980(0.0000). This implies that; for every unit increase in disclosure score of intellectual capital, price-earnings ratio increases by about 6.82 times. This finding is in line with Vitolla *et al.* (2019) who opined that effective management of intellectual capital enhances an organization's reputation, attractiveness to investors, and financial performance. From the three findings discussed, it is safe to say that overall, integrated reporting has significant positive effect on share price performance of listed industrial goods firms in Nigeria. While reviewing the literature, it was found that a possible explanation for this is the fact that; by disclosing information on financial capital, human capital, and intellectual capital, firms demonstrate their ability to manage resources effectively, mitigate risks, and create value for

stakeholders. This transparency in turn, can lead to improved investor confidence, increased market value, and better access to capital.

5.0 CONCLUSION AND RECOMMENTATIONS

This paper examined the effect of integrated reporting on share price performance of listed industrial goods firms in Nigeria, utilizing panel least squares regression analysis. Due to the empirical findings from the analysis, it was safe to conclude that integrated reporting has a significant (positive) effect on share price performance of listed industrial goods firms in Nigeria. In line with the study's findings, firms should enhance their financial capital reporting by providing clear and transparent disclosures, as this positively affects the price-earnings ratio. Improved financial reporting will boost investor confidence and increase market valuation. Also, companies should invest in workforce development and ensure detailed reporting of human capital initiatives in their annual reports, as better human capital disclosure leads to a higher price-earnings ratio. Finally, firms must focus on innovation, research, and intellectual property development, and accurately report these in their integrated reports.

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