

**INTEGRATED REPORTING AND SOCIAL PERFORMANCE IN EMERGING ECONOMIES:  
EVIDENCE FROM NIGERIAN LISTED CONSUMER GOODS FIRMS**

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<https://doi.org/10.57233/gujaf.v7i1.05>

**Abstract**

This study examines the impact of quality of integrated reporting on social performance of listed consumer goods manufacturing companies in Nigeria, during the year 2015-2024. Previous research in Nigeria and other emerging markets has primarily considered the financial and market impact of the integrated reporting, and there is little evidence to show whether reporting quality can be converted into real stakeholder-oriented investments. This paper fills this gap by connecting integrated reporting with monetary aspects of social performance such as employee training, employee welfare and corporate social responsibility spending. An index of integrated reporting quality was developed based on the content analysis of annual reports of firms to get panel data. The results show that an integrated reporting positively and significantly influences social performance, which implies that the higher the quality of reporting, the higher the social investment. Social performance is also boosted by profitability, though leverage and size of the firm do not have significant impacts. The findings suggest that integrated reporting has the potential to be a powerful tool of enhancing accountability and high achievable social outcomes in manufacturing companies in emerging markets.

**Keywords:** Transparency, employee welfare, emerging economies, governance mechanisms, accountability.

**1.0 Introduction**

The issue of social performance is now a burning issue of consumer goods manufacturing companies in Nigeria as they operate in labour intensive nature and are in close contact with the host communities. Social performance in this research paper is used to mean the tangible investments made by firms on the welfare of their stakeholders especially the staff training and development, the welfare and benefits of staff and the corporate social responsibility (CSR) spending. Although these investments are crucial, it is observed that, currently, social spending among consumer goods companies in Nigeria is not always consistent and sometimes does not reflect the corporate commitment (Newstyle, 2022; Udu et al., 2025). Also, previous research has shown that CSR reporting is more likely to have an impact on the investor perception without always converting into meaningful investment in human capital and community building (Ololade et al., 2025).

This disconnection points to questions of how much social performance is incorporated in corporate strategy. Integrated reporting (IR) has been developed as a tool to improve transparency and accountability as a linkage of strategy, governance, and stakeholder relationships to the long-term value creation (International Integrated Reporting Council, 2021; de Villiers et al., 2014). Focusing on integrated thinking and involvement of stakeholders, IR will likely make firms align the disclosures with the reality of social investments (Eccles and Krzus, 2018; Vitolla and others, 2020). Nevertheless, whereas the quality of disclosure and market performance has been demonstrated to be enhanced by IR in developed and emerging economies (Barth et al., 2017; Bernardi and Stark, 2018), little focus has been placed on whether it increases actual social spending, especially in the emerging markets such as Nigeria. In Nigeria, the existing literature has paid much attention to the connection between integrated reporting and the value of the firm, CSR disclosure and financial performance (Abiodun et al., 2025; Offiaeli et al., 2025).

Although these studies offer valuable information on reporting behaviors and market responses, they fail to determine whether integrated reporting quality has any quantifiable social performance consequences. This is a critical gap, particularly in the consumer goods manufacturing industry where investments relating to the stakeholders are the key determinant of sustainability in operations. This paper fills this gap by investigating the impact of the quality of integrated reporting on the social performance in terms of employee training and development expenditure, employee welfare and benefits cost, and corporate social responsibility expenditure among the listed consumer goods firms in Nigeria in the year 2015 to 2024. In particular, the research provides the response to the question: Does the quality of integrated reporting matter greatly in terms of monetary-based social performance of firms?

## **2.0 Literature Review**

The research is based on the Stakeholder Theory that a firm should be responsible to a broad category of stakeholders such as employees, host communities, consumers and regulators and not shareholders only (Freeman, 1984). In manufacturing organizations with a high degree of labor-intensive production, the expectations of the stakeholders are especially strong, with the operations of the company directly affecting the welfare of the employees, their skill formation, and well-being of the community. Social performance, which was measured in this paper by using employee training, welfare, and corporate social responsibility (CSR) spending is one of the main ways that firms can meet these requirements. Theoretical advances that precede this study indicate that an organization will perform better when stakeholders are managed effectively by building trust, cooperation and accessibility to essential resources (Harrison et al., 2010). In this regard, the idea of integrated reporting (IR) as developed within the framework of the International Integrated Reporting Council advocates transparency and integrated thinking because it focuses on the importance of human and social capital in creating value, thus encouraging companies to consider the interests of stakeholders in their strategic decision-making (de Villiers et al., 2014; Eccles & Krzus, 2018).

Adding to this view, Legitimacy Theory states that firms practice social disclosure and investment to conform to the expectations of the society and uphold their social licenses to operate (Suchman, 1995; Deegan, 2002). In newly developed economies like Nigeria, where

regulators and other stakeholders are in the process of creating new regulatory pressures and scrutinizing the company, IR may be used both as a transparency-enhancing tool and a legitimacy-enhancing tool. Connecting governance, strategy, and non-financial performance, IR is likely to promote not just symbolic but substantive investments in employee growth, welfare, and community involvement. These theoretical arguments are used to inform the empirical model of the study, whereby the quality of integrated reporting is supposed to affect the social performance, whilst firm-specific factors including profitability, leverage and size of a firm are controlled because they affect the ability and motivation of firms to fulfill the expectations of stakeholders. To this end, the study hypothesizes that the quality of integrated reporting has a strong impact on the social performance of the listed consumer goods firms in Nigeria.

### **Conceptual Review**

The term social performance as used in banking industry is the ability of a bank to deal with and show positive results to the relevant stakeholders especially the employees and host communities based on responsible labour practices, human capital development, employee welfare, and engagement with the community. It is also an indicator of the degree to which firms invest in employee training and development, welfare and benefits, workplace well-being, and corporate social responsibility (CSR) initiatives, which improve the welfare of the stakeholders and contribute to sustainable development (Aguinis & Glavas, 2019; Jamali, & Karam, 2018). Better human capital and social legitimacy are linked to a better level of social performance in the banking industry, as service quality and trust rely on the human capital and social legitimacy of the organisation (Jamali et al., 2020). Though measuring social performance is also an inherently difficult task because of the heterogeneity at the firm level, objective monetary measures of social performance, including training and development expenditure, employee welfare/benefits cost, and CSR expenditure, are routinely applied to operationalise social performance and deliver observable proxies of investments by banks into the development of human capital and community involvement (Aguinis & Glavas, 2019; Eccles et al, 2020).

### **Integrated Reporting**

IR has become a new style of corporate reporting whereby financial and non-financial information are merged together to form a single narrative in order to provide an explanation of how firms generate value in the long term. IIRC defines IR as a practice that leads to disclosure, most obviously in the form of a periodic IR, that concerns value creation over the long-term and emphasizes the involvement of multiple capitals financial, manufactured, intellectual, human, social and relationship and natural in corporate disclosure (IIRC, 2021). IR changes the reporting practice where siloed financial and sustainability reporting becomes a more integrated approach where the emphasis is on strategy, governance, performance (including environmental and social) and outlook (Adams & Simnett, 2011).

According to research, IR may enhance transparency and accountability, promote integrated thinking among management, and boost the knowledge of the stakeholders regarding the contribution of non-financial components on the long-term viability of the firms, including human capital and the relationships among stakeholders (de Villiers, 2020; Haji & Anifowose, 2016). Although IR is increasingly adopted and is becoming more popular, empirical evidence

about its effect is still inconclusive, particularly on non-financial effects. A large part of the literature has addressed the influence of IR quality on the overall quality of corporate disclosure and financial performance (Serafeim, 2015; Cheng et al., 2014), whereas less research has identified individual dimensions of sustainability performance including social performance. The connection between the adoption of IR and substantive social performance, such as employee welfare, training investment and CSR engagement, remains to be comprehensively investigated in emerging markets where reporting infrastructure and regulatory pressures are not as pronounced as in developed markets (Ioannou & Serafeim, 2017; Nwoye et al, 2022). This is the cause of this gap to justify empirical measurement of whether IR is indeed resulting into performance improvement of social performance and not just disclosure. In that regard, the hypothesis of our study can be formulated as follows:

H<sub>01</sub>: Integrated reporting has no significant effect on the social performance of listed consumer good firms in Nigeria.

### **Empirical Review**

By using Structural Topic Modelling (STM), Podayan and Charumathi (2025) explore the patterns of social capital disclosure in the integrated reports of 100 Indian companies from 2018-2022 and reveal the hidden themes. The result proved that educational and online projects are associated with community support and crisis management, but women leadership and human rights are connected with the development of skills and protection.

Samuel et al (2023) considers the connection between IR implementation and resultant effect on financial performance. The research aims at creating a foundation on the basis influencing the adoption of IR or its non-adoption. The research is a conceptual paper that employed library research and reviewing of literature on the previous empirical studies to draw conclusion and based on the literature reviewed it was noted that link exists between IR and performance.

Mokabane and Du Toit, (2022) identify whether organisations viewed to deliver better-quality IR have improved performance or the value of IR enhances organisational legitimacy and controlling the impressions of the stakeholders. Using firms registered on the Johannesburg Stock Exchange (JSE) between 2011 and 2020. The research paper explains the relationship between quality of IR and the different financial performance indicators through multinomial logistic regression. The result did not show any direct effect of IR on performance.

Cooray et al. (2020) conducted research in Sri Lanka to determine the nexus of IR and firm value based on a disclosure checklist on 117 companies. A content analysis was performed followed by evaluation of two regression models. The research concluded that there is a growing trend in the international IR framework on corporate reports that incorporate the content elements but has not had an enormous influence on the value. The article by Islam (2020) explored the effect of IR on performance of the firms in Bangladesh using 20 businesses that quoted on the Dhaka Interaction and pooled OLS regression to interpret the collected data. Findings demonstrated a noteworthy and favourable association between IR and performance.

Adegbe et al (2019) assessed how the IR practices impacted on corporate disclosure and transparency in manufacturing businesses. The research design used was survey research. The

study population was 54 firms in Nigeria as of 2018 and the big 4 accountings that amount to 58. A validated questionnaire was employed to obtain data. Descriptive and inferential statistics of ordered logistic regression were used in the analysis of data. The research study found out that IR practices together had a substantial impact on corporate disclosure and transparency.

The article by Matemane and Wentzel (2019) discussed the question of effect of IR on performance. There was secondary data conducted between 2010 and 2014. The study was a longitudinal and mixed-method study (qualitative and quantitative). The study employed Feasible Generalized Least Square (FGLS). The findings demonstrate that IR and EPS are positively correlated.

### 3.0 Methodology

The study follows ex post facto research design, which is suitable since the variables of interest integrated reporting quality and social performance are historical and cannot be altered by the researcher. The design allows the analysis of the cause-and-effect relationships based on already existing data at the firm level, which is why it can be applied to analyze whether the fluctuations in the quality of integrated reporting depend on the alterations in the social performance of firms and over time. The research is on the manufacturing companies of listed consumer goods on the Nigerian Exchange Group.

A purposive sampling method was used where 15 firms of the 21 firms in the industry were selected. The selection criteria were as follows (i) listed continuously at the exchange over the study period (2015-2024), (ii) publicity of complete and consistent annual reports of all years, and (iii) availability of adequate information needed to create the integrated reporting and social performance indices. To maintain consistency and reliability of data, the firms that failed to meet these criteria were filtered out. Although purposive sampling can be a source of selection bias, this type is justified by the fact that this method is essential because of the balanced panel data and completeness of the disclosures needed to conduct content analysis. This study period (2015-2024) is chosen due to the increasing use and spread of integrated reporting practices around the world and in Nigeria after the publication and the rise of awareness of the International Integrated Reporting Council framework. This timeframe also reflects more recent changes in corporate reporting practice and has a long enough time-series to explore the association between integrated reporting and social performance.

The sampled firms audited annual reports was the source of the secondary data. The measurement of integrated reporting quality (IR) is in the form of a disclosure index which is determined by the principles and content elements of the International Integrated Reporting Council framework which includes the organizational overview, governance, strategy and resource allocation, performance, stakeholder relationship and outlook. Every item is rated under a three-point scale: 0 = not disclosed, 1 = partially disclosed, and 2 = fully disclosed, which is aligned with previous studies in content analysis (de Villiers et al., 2014; Vitolla et al., 2020). To minimize subjectivity, a thorough coding guide was created and the criteria of scoring each item was well outlined. Besides this, inter-coder reliability was also taken care of by using independent coding and cross-validation, where differences were resolved by consensus. The overall IR index is calculated as:  $IR_{it} = \frac{\sum \text{Disclosure Scores}}{\text{Maximum Possible Scores}} \times 100$

This approach ensures comparability across firms and time while maintaining consistency with the IIRC framework.

**Social Performance Index**

In this study, the social performance indicators are scaled by the total revenue to reflect the strength of social investment with reference to the operating activity of the firms. Revenue indicates the economic output and the level of operation of the firm where normalization of social expenditures by revenue indicates the ratio of the income generated by core operations of the business that is reinvested in training and welfare of employees and corporate social responsibility. This method is in line with other research literature that considers social investments as operating-related costs that are most appropriately measured in terms of the income-generating capacity of firms, as opposed to their asset base (Waddock & Graves, 1997; Margolis & Walsh, 2003). Also, revenue-based scaling makes comparisons between firms and over time more effective, especially in consumer goods industry where turnover can vary significantly among firms. It gives an idea of the efficiency of firms to convert economic activity into stakeholder-oriented results. The weakness of revenue measures to fluctuations in the short term is alleviated by applying panel data methods, which can control both the heterogeneity of the firm and changes in time, which guarantee the soundness of the findings (Aguinis & Glavas, 2019).

**Control Variables**

The model has leverage (LEV), return on assets (ROA) and firm size (FS) as control variables grounded on theoretical and empirical grounds. Leverage has been added because highly leveraged companies can be under increased scrutiny by creditors, which can have an effect on discretionary spending on social activities. Profitability (ROA) is a measure of how there is a financial slack, and thus, firms can invest in activities that are related to the stakeholders. Firm size involves visibility and pressure on the firms as large firms are more vulnerable to the society and are thus more prone to making social investments (Harrison et al., 2010; Waddock & Graves, 1997).

**Table: 1**  
*Integrated Reporting Index (IRI) and Social Performance Measurement for Firms*

<b>Dimension</b>	<b>Operational Definition</b>	<b>Measurement</b>	<b>Empirical Source</b>
Organizational Overview & Business Model	The extent to which the firm describes its business model, objectives and value creation process	0 = none, 1 = limited or partial, 2 = complete description.	IIRC (2021); de Villiers et al. (2014)
Governance Oversight	The extent to which the firm’s governance structures oversee IR and sustainability	0 = No disclosure; 1 = Partial disclosure (CSR officer, sustainability unit); 2 = Board-level sustainability/IR committee and clear oversight mechanisms.	Hummel & Schlick (2016); Barth et al. (2017)

Strategy & Resource Allocation	practices. Evidence that strategy integrates social and financial objectives, including resource allocation for value creation.	0 = No strategy disclosed; 1 = Partial linkage of resources to strategy; 2 = Explicit strategy linking resources, social performance, and value creation.	de Villiers et al. (2014); Zhou et al. (2017)
Performance (Financial & Non-Financial)	Reporting of company results on financial, social, and environmental levels	No performance reporting; 1 = Partially (financial or social); 2 = Both financial and social reporting with KPIs, baselines, targets and trends.	IIRC (2021); Lock & Seele (2017)
Stakeholder Relationships	The process of stakeholder engagement disclosed by the firm and feedback response	0 = No engagement reported; 1 = Limited engagement reported; 2 = Documented engagement with feedback and outcomes.	Morsing & Schultz (2006); Manetti (2011)
Future Outlook / Risk & Opportunities	The extent to which the firm reports on forward-looking risks,	0 = None; 1 = Partial description; 2 = Complete discussion with quantified or qualitative forward-looking information.	IIRC (2021); Barth et al. (2017)
IR index		$= \frac{\text{Sum of dimension scores}}{\text{Maximum possible score}} \times 100$	
Human capital development	<b>Social Performance</b> professional development.	$\frac{\text{Training \& Development expenses}}{\text{Total Revenue}}$	Becker & Huselid (1998); Aguinis & Glavas (2019)
Employee Welfare / Benefits Cost	Welfare & benefit cost	$\frac{\text{Welfare cost}}{\text{Total Revenue}}$	Edmans (2011); Flammer (2015)
Corporate Social Responsibility Expenditure	Spending on community and social initiatives beyond compliance.	$\frac{\text{CSR expenses}}{\text{Total Revenue}}$	Jo & Harjoto (2011); Servaes & Tamayo (2013)

SP index		$\frac{\text{Training} + \text{Welfare} + \text{CSR expenses}}{3}$	Eccles et al, 2014; Jo & Harjoto (2011);
	Control Variables		
Leverage		$\frac{\text{Total Debt}}{\text{Total Equity}}$	Elmerraji et al. (2025)
Return on Asset		$\frac{\text{Net Income}}{\text{Total Asset}}$	Alhassan et al. (2021)
Size		Logarithm of Total Asset	Paul et al. (2019)

Source: Author’s Compilation 2025.

**Model Specification**

The model for the study is stated explicitly as:

$$SP_{it} = \beta_0 + \beta_1 IR_{it} + \beta_2 LEV_{it} + \beta_3 ROA_{it} + \beta_4 FS_{it} + \varepsilon_t$$

Where:

SP = Social performance

IR= Integrated Reporting

LEV= Leverage

ROA = Return on Asset

FS = Firm size

$\beta_0$ , = Constant Term

$\beta_1$ = Coefficient of the explanatory variables

Subscript i= Firms

Subscript t = Years

$\varepsilon_{it}$  = Error term (firm-time specific)

A fixed effects estimator is employed to control for unobserved firm-specific heterogeneity that may influence both integrated reporting and social performance.

**4.0 Result and Discussion**

**Table 2**

*Descriptive Statistics*

	SP	IR	LEV	ROA	FS
<b>Mean</b>	0.011	0.820	0.640	0.025	6.877
<b>Median</b>	0.021	0.889	0.659	0.028	6.830
<b>Maximum</b>	0.305	1.000	2.068	0.540	7.450
<b>Minimum</b>	0.000	0.667	0.153	-0.580	5.710
<b>Std. Dev.</b>	0.036	0.120	0.257	0.132	0.367
<b>Skewness</b>	5.116	-0.316	1.191	-0.320	-0.621
<b>Kurtosis</b>	3.410	1.553	4.297	5.143	2.929
<b>Jarque-Bera</b>	72.450	15.575	21.850	28.445	9.669
<b>JB P-value</b>	0.110	0.071	0.000	0.090	0.000
<b>Observations</b>	150	150	150	150	150

Source: Author’s Computation, 2026.

### Descriptive Statistics

The descriptive statistics indicate that the mean social performance (SP) of the sampled firms is 0.11, which implies that the intensity of social investment is quite low in the sampled firms. The value of SP being a composite index of scaled spending on employee training, welfare, and corporate social responsibility, the value indicates an average level of these spendings in relation to the activity of firms instead of being a true percentage of overall resources. The average score of integrated reporting (IR) is high (0.820) which implies that the majority of firms have a fairly high degree of reporting quality. The mean leverage (LEV) value of 0.640 demonstrates that the company heavily depends on debt financing, whereas the mean value of the return on assets (ROA) of 0.025 shows that the company is not very profitable over the period of the research. The size of the firms (FS) has a mean of 6.877 indicating that the sampled firms are medium sized.

The values of the standard deviation show that SP (0.036) and FS (0.367) have low variability, which implies the relative consistency in the social performance and the size of firms in the sample and across the time. Conversely, there are more variations in IR (0.120), LEV (0.257) and ROA (0.132) and this implies that reporting quality, capital structure, and profitability differ across firms. Although the values of skewness and kurtosis indicate that some of the data are not normally distributed, especially SP and LEV, such values are not unusual when it comes to firm-level panel data. The results of Jarque-Braun test show that all variables might not necessarily follow the normality assumption. This, however, does not nullify the analysis as panel regression methods tend to be robust to non-normality, particularly when the sample size is large.

**Table 3**  
**Correlation Matrix**

	SP	IR	LEV	ROA	FS
SP	1.000				
IR	0.041	1.000			
LEV	-0.053	0.108	1.000		
ROA	0.522	-0.061	-0.445	1.000	
FS	-0.008	0.105	0.120	-0.097	1.000

**Source:** Author's Computation, 2026.

### Correlation Analysis

The outcome of the correlation analysis demonstrates that there is the weak positive relationship between integrated reporting (IR) and social performance (SP) (0.041), that is, as IR quality increases, the slightly better the social performance of the firm; the strength of the association is insignificant. LEV is also found to have a very low positive correlation with SP (0.053) indicating that high leveraged firms do not necessarily have systematic differences in their investment in social performance. ROA on the other hand demonstrates a moderate positive relationship with SP (0.522), which implies that more profitable consumer goods companies are more likely to invest in employee training, welfare, and CSR initiatives. Firm size (FS) has a

negligible correlation with SP (-0.008) and it means that scale does not significantly predict differences in social performance across the sampled firms.

In general, the correlation table indicates that the profitability is the most important variable that has a bivariate relationship with social performance, whereas integrated reporting, leverage, and firm size have no economic significance in their linear relationships with SP. Significantly, these correlations are weak with the independent variables, which implies that multicollinearity will not be a significant problem in the multivariate regression analysis. This justifies the appropriateness of the next step of panel regression to observe the causal impact of IR on SP with the adjustment of leverage, profitability, and firm size.

**Table 4**  
**Variance Inflation Factor**

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
IR	0.000426	49.24886	1.0207
LEV	0.000115	9.181770	1.2651
ROA	0.000427	1.297044	1.2504
FS	4.55E-05	363.6017	1.0258

**Source:** Author's Computation, 2026.

**Variance Inflation Factor**

The results provided by the VIF is as displayed in table 4. In particular, the VIF of integrated reporting (IR) is 1.0207, leverage (LEV) stands at 1.2651, the ratio of assets received is 1.2504, and the size of the firm (FS) is 1.0258. These values are significantly lower than the standardized values of 10, meaning that the dependent explanatory variables do not have a strong correlation with each other. The fact that the values of VIF are small indicates that all the independent variables will supply distinct explanatory power to the changes in social performance (SP) and that the coefficient estimates of the regression equations are not likely to be compromised by collinearity among regressors. As a result, the regression findings can be viewed with a high degree of certainty and the effect of integrated reporting on social performance is not confounded by high levels of linearity between the effects and leverage, profitability and firm size.

**Table 5**  
**Breusch Pagan & Hausman Tests**

	Chi-Sq. Statistic	Prob.
Redundant Fixed Test	2.7017	0.0016
Hausman Test	8.0161	0.0010

**Source:** Author's Computation, 2026.

The Breusch Pagan Lagrange Multiplier (LM) test of redundant fixed effects gives a chi-square value of 2.7017 and p-value of 0.0016 which is not significant at the 1% significance level. This implies that it is not the case that pooled OLS is suitable to the data and that there are unobserved firm-specific effects. This therefore necessitates a panel estimator that takes into consideration individual heterogeneity. The chi-square test in the Hausman test is 8.0161 with a p-val. of 0.0010. This finding is in opposition to the null hypothesis that the random effects estimator is consistent and efficient, which means that the unobservable firm-specific effects are correlated

with the regressors. Thus, to investigate the impact IR on SP, the fixed effects (FE) model should be used. Collectively, the outcomes of Breusch Pagan LM and Hausman tests support the application of fixed effect panel regression model on the further analysis. The FE estimator also adjusts time-invariant firm specific attributes like organisational culture, technology of production and managerial orientation which could have a joint effect on integrated reporting practices and social performance and thus gives more valid and unbiased coefficient estimates.

**Table 6**  
**Regression Analysis**

Variable	Pooled		Fixed Effect		Random Effect	
	Coeff	T-stat	Coeff	T-stat	Coeff	T-stst
<b>C</b>	-0.030	-0.632	-0.088	-0.577	-0.035	-0.497
<b>IR</b>	0.016	0.765	1.190	4.234**	0.016	2.673**
<b>LEV</b>	0.030	2.803**	-0.005	-0.271	0.017	1.249
<b>ROA</b>	0.168	8.113**	0.123	4.983**	0.148	6.839**
<b>FS</b>	0.002	0.305	0.013	0.617	0.004	0.405
<b>Adjusted R<sup>2</sup></b>	0.2967		0.4689		0.2952	
<b>F Stat</b>	16.718		16.427		14.034	
<b>F-Stat p-val.</b>	0.000		0.000		0.000	
<b>Durbin</b>	1.506		1.597		1.578	
<b>Watson</b>						

**Source:** Author's Computation, 2026.

The model has been statistically significant and has a good explanatory power due to the fixed effects panel regression outcome. The joint significance of the regressors in the explanation of variations in social performance (SP) can be affirmed by the fact that the F-statistic of 16.427 is significant. The adjusted R<sup>2</sup> of 0.4689 indicates that IR and the control variables taken (leverage, return on assets, and firm size) can explain about 46.9 percent of the systematic change in the social performance of firms. This is deemed to be a strong level of explanatory powers in firm-level panel data where the emerging markets are involved. DW of 1.597 is such that there is no severe case of autocorrelation in the model and, hence, the estimated coefficients are valid.

Regarding the influence of the key explanatory variable, the social performance is affected positively and significantly by the integrated reporting (IR) ( $t = 4.234$ ;  $p < 0.05$ ). This also means that the better the quality and the integrated reporting is, the more an investment toward the employee training and development, employee welfare and benefits, as well as corporate social responsibility among sampled industry. The result confirms the claim that integrated reporting is not a symbolic disclosure but it is linked to substantive organisational behaviour through the rise in social investments.

Of the control variables, it is only ROA ( $t = 4.983$ ;  $p < 0.05$ ), that is significant, which shows that more profitable companies have a better opportunity to invest the resources in employee development, welfare programmes, and community investments. LEV and FS, in contrast, do not appear to be influence social performance and thus suggest that it is the financing structure and scale in isolation that does not determine social investment when the fixed effects of firms and

profitability are accounted. This supports the meaning that profitability grants the financial buffer needed by companies to transform the integrated reporting engagements to actual social spending. In general, the outcome indicate that integrated reporting is important to enhancing the social performance in the consumer goods manufacturing industry in Nigeria, regardless of profitability, leverage, and the size of the firm and regardless of unobservable firm-specific heterogeneity. This gives supportive empirical evidence of the opinion that integrated reporting may serve as an internal control and responsibility tool which aligns the corporate disclosure with the actual results of the social investment.

### **Discussion of Findings**

This research was aimed at investigating whether IR is relevant to the SP of sampled industry with SP representing the expenditure of money by the firm in employee training and development, welfare and benefits, and CSR. The findings of the fixed-effects regression give evidence to the fact that the impact of integrated reporting on social performance is positive and statistically significant. In line with this, the null hypothesis that the effect of integrated reporting on social performance is not significant, is rejected. The result of this study suggests that IR is linked to increased real social investments of consumer goods manufacturing companies in Nigeria, which implies that IR goes beyond a mere symbolic disclosure to affect the organisational practice that is substantive.

Economically, the IR has a positive impact on SP, which suggests that also companies that invest more in the development of higher quality IR invest more money in their human resources, employee welfare and the community life. The relationship is economically significant within the Nigerian manufacturing, where labour intensity, workplace safety and community relations are the focus of the operation sustainability and corporate legitimacy. Promoting transparency in the areas of strategy, governance, relationships with stakeholders, and non-financial performance, integrated reporting seems to reinforce the internal accountability processes, which subsequently facilitates the actual social investments. The fact that profitability (ROA) has an encouraging and significant contribution to social performance supports the economic rationale that financially healthier firms have more slack resources to realize reporting commitments into social expenditures, even after the influence of LEV and FS is held constant.

In theory, the results are aligned with the stakeholder and legitimacy theories. In the stakeholder theory, integrated reporting augments the orientation of firm to employees and host communities by incorporating stakeholder relations and social performance in corporate reporting and strategic reporting. Such alignment motivates managers to invest on training, welfare, and CSR so as to achieve the expectations of the stakeholders and maintain value creation in the long-run (Freeman et al., 2010; Harrison et al., 2010). Moreover, legitimacy theory is rather explanatory: within the context of the social and institutional pressures, manufacturing firms can employ integrated reporting as the legitimacy-seeking instrument which, besides signaling the compliance with the societal expectations, stimulates the substantial actions that enhance social performance to ensure organisational legitimacy (Suchman, 1995; Deegan, 2002). The fact that a fixed-effects estimator is used also adds to the theoretical inference demonstrating that the apparent relationship is not caused by some unobserved, time-invariant firm specifics, including organisational culture or historic CSR orientation.

The positive relationship between IR and SP is empirically agreeable with the previous international data that uphold the notion that improved quality of IR is linked to the enhancement of non-financial performance and organisational outcomes. According to the document by Barth et al. (2017), the internal decision-making and performance of companies that provide higher-quality IR are better, which suggests that internal managerial behaviour is affected by IR instead of enhanced disclosure. Accordingly, Vitolla et al. (2020) show that stakeholder-centered governance and sustainability practices are closer when IR quality is stronger. Even though these papers concentrate on wider performance and quality of governance, the current research builds on this evidence by showing that IR quality is linked with real monetary investments in social performance among the Nigerian consumer goods companies. This puts the IR literature further than the quality of disclosure and capital market performance into the operational social investments in an emerging economy setting.

The results are however to some extent contradictory with the previous researches which describe integrated reporting as a symbolic or reputation tool with few actual impacts on the operational practices. Cho et al. (2012) and Michelon et al. (2015) believe that sustainability and integrated disclosures at times can be easy to manage impressions, instead of making any meaningful alterations to the social and environmental performance. Although these studies are mostly founded on the developed market contexts and wider sustainability reporting, their criticism is that quality of disclosure may not necessarily lead to actual performance improvement. The positive and substantial connection between IR and SP in this research is against this symbolic-only perspective in the Nigerian consumer goods manufacturing environment and thus, it means that integrated reporting could be linked with tangible social investments in the business when the companies are strongly pressured by the stakeholders and legitimacy pressure of the labor-intensive sectors.

## **5.0 Conclusion and Recommendation**

This study examined how integrated reporting affected the social performance of Nigerian listed consumer goods companies and found that the firms' social performance is favorably and quantitatively profoundly affected by the quality of their IR. The findings reveal that only integrated reporting is linked with substantive social investments as opposed to insignificant disclosed, and profitability also enhances the ability of firms to translate reporting commitments into some actual social returns.

### **Recommendation**

The quality and comprehensiveness of the integrated reports made by the firms in the consumer goods manufacturing industry should be enhanced by incorporating the social performance indicators into the strategic planning, governance oversight, and performance evaluation. The board and senior management must institutionalize the thinking that is integrated in such a way that the disclosures on stakeholder relationship and human capital development is accompanied by quantifiable budgetary commitment to training, welfare, and community investment. The quality of integrated reporting should be better guided and monitored by regulators and the Nigerian Exchange Group to help more listed companies to make similar and reliable disclosures.

### Suggestions for future research.

Further research might go to other manufacturing sub-sectors or do cross country comparisons to determine how well the results can be generalized in other institutional settings. Environmental performance indicators with social performance may also be included in the study to explore the sustainability implications of IR on a broader level. Moreover, alternative research designs including difference-in-differences around events of IR adoption or qualitative case study may offer more information about the causal processes by which integrated reporting changes the social investment decisions made by firms.

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