MIDLANDS STATE UNIVERSITY

FACULTY OF COMMERCE,

DEPARTMENT OF ACCOUNTING

EFFECT OF INTEGRATED REPORTING ON COMPANY PERFORMANCE:

EVIDENCE FROM SELECTED BANKING INSTITUTIONS LISTED ON THE

ZIMBABWE STOCK EXCHANGE

A RESEARCH DISSERTATION BY: BARBRA MAKASI

STUDENT NUMBER: R169596A

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By Barbra Makasi in partial fulfillment of the requirements for the degree of MASTERS OF COMMERCE IN ACCOUNTING

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I, Barbra Makasi, do hereby declare that this dissertation is my original work and has not been submitted to any other University for consideration. All cited material has been correctly acknowledged and credit has thus been dully accorded to the authors responsible.

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DEDICATION

This research is dedicated to my husband and children, Tariro, Tinaye and Tawananyasha for their love, support and encouragement.

ACKNOWLEDGEMENTS

This dissertation would not have been complete without the support of many people existing in my academic as well as social life. I will not singularly mention anyone by name; suffice to say your contributions are invaluable. Colleagues, I really appreciate. I also appreciate the expert guidance I received from my supervisor, Mr. Mazhindu, Sir, I truly appreciate. I also appreciate CBZ, ZB and NMB personnel for taking time to complete the seemingly long questionnaire even in the face of pressing work schedules and deadlines. A warm and hearty thank you to the MSU library staff for your assistance as I researched and looked for relevant literature throughout my academic journey with the University. Special mention goes to my husband for all the support. Indeed, you remained resolute in your support. May the Almighty continue to shower you with more blessings. Praise be to The Most High!

ABSTRACT

The purpose of this study was to assess the effect of Integrated Reporting on company performance in the banking sector in Zimbabwe with CBZ, ZB and NMB as the cases of study. While Integrated reporting is the way of reporting being adopted by many companies since its inception by the Integrated Reporting Council in 2011, the link between the its adoption and the improvement of the performance of banks that adopted it still remains a grey area. Indeed many studies have predominantly focused on the level of adoption and the quality of reports, with the majority emanating from developed countries creating a dearth gap in the literature that address the effect of Integrated Reporting on company performance. A survey research design was used in line with the objectives of the study which is largely quantitative. A structured questionnaire was used. The questionnaire was structured in such a way that it captured all the five hypotheses formulated. The five hypotheses were organized in sections which constituted parts of the questionnaire. The draft questionnaire was pilot tested to a group of 10 randomly selected CBZ, NMB and ZB staff personnel at various branches. The sample size was statistically determined based on the current population size of 1800 employees for the three banks. After cleaning the data, the analysis of data proceeded through the use of IBM SPSS. The extraction method used was Categorical Principal Component Analysis (CATPCA). Results extracted confirmed all the five hypotheses at 5% level of significance. Evidence provided confirmed that Integrated Reporting is critical in enhancing company performance. While this research provided exciting ground-breaking discoveries, many limitations existed. This included methodological and sample size limitations. Therefore further research can be conducted using a bigger sample size or conduct a similar study from a qualitative research perspective. Such a wider geographical delimitation may help understand the relationship between Integrated Reporting and the performance of banking institutions.

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CHAPTER 1: INTRODUCTION

1.0. Introduction

The need by investors to be fashioned not only with financial performance information of the organisation has led to the need for Integrated Reporting. According to Abeysekera (2013) the change in investor landscape from a typical investor whose only focus was on financial return, to investors with a broad focus on sustainable responsible performance, has not only demanded that organisations rethink their use of resources but also how the information should be reported to those concerned. It is now widely accepted that the traditional financial reporting no longer meets the needs of businesses and stakeholders. Organisations are now seeking to develop and maintain resilient and responsible reporting not just in the immediate future but also in the medium and long term. Financial statements draw on historical information and are therefore backward looking (ACCA (2017).This gap in reporting has created a need for Integrated Reporting.

The primary purpose of Integrated Reporting is to improve the quality of information available to providers of financial capital by communicating broader and more relevant information that can assist in effective capital allocation decisions (IIRC 2013).This chapter gives a background to the research problem. Chapter 2 provides a review of the literature which is in line with the study. An outline of the research design and research methodology is done in chapter 3. Chapter 4 details the analysis of collected data and the interpretation and conclusion is in chapter 5. The main objective of this research study is to evaluate the impact of Integrated Reporting on company performance with empirical evidence from selected Zimbabwean companies.

1.1 Background to the study

Integrated reporting builds upon existing reporting practices such as financial reporting, management commentary and sustainability reporting, and seeks to provide a concise communication about the significant financial and non-financial aspects contributing to an organisation's value creation Proksch (2015). The concept of integrated reporting has been undertaken by two separate bodies, the King Report on Governance for South Africa (King IV) (IRCSA, 2016). King IV recognises the need for company's oversight bodies to consider their value creation and preservation story within the context of the 6 capitals (as introduced in the Framework and the International Integrated Reporting Council in the U.K. (IIRC, 2011). Integrated reporting is a requirement of the Global Reporting Initiative's International Integrated Reporting Council (IIRC). Zimbabwe's own ZimCode therefore encourages organisations to be guided by its requirements. Although integrated reporting is a new global reporting concept which is still at its infancy in Zimbabwe, many Zimbabwean companies have engaged the concept since 2013 and have been publishing Annual Integrated Reports since then. Preparing an integrated report became mandatory starting 1 March 2010 for organisations listed on the Johannesburg Stock Exchange (Abeysekera 2013). According to Seraphim (2015) Integrated Reporting is being adopted by companies around the world but is still considered to be a practice in its early stages. Integrated Reporting creates a means of providing insights in connectivity and impact on the different themes in which businesses operates (Deloitte 2016).

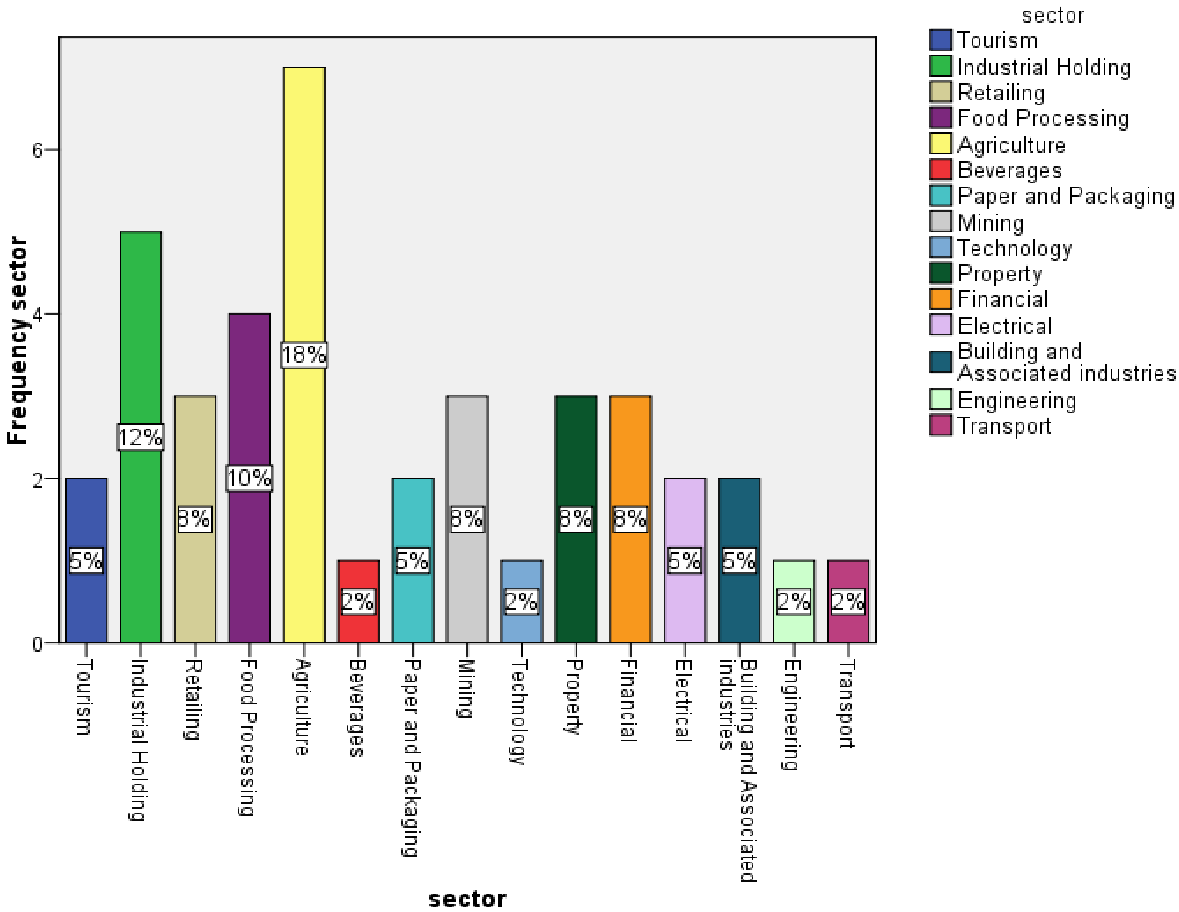
Ndamba (2014) posit that Integrated Reporting provides a balanced presentation of sustainability performance of a company including both negative and positive impacts. Furthermore KPMG (2011) views Integrated Reporting as a way of demonstrating how corporate strategy "fits" with the financial aspects so that capital market participants can fully understand how corporate strategy affects corporate performance and corporate value. Most companies in emerging economies have been faced with the challenge of engaging in Integrated Reporting since the old way of reporting which is mostly financial is unsustainable for business growth. One of the challenges according to Hubbard (2014) is in embedding the processes of formulating such a report to achieve a balanced view representing the essence of an organisation's interactions with the various capitals and providing meaningful forward-looking perspectives. In other words, the report should avoid both a "tick box" style and a "one-sided" marketing spin.

In Zimbabwe Integrated Reporting by organisations both public and private is far trailing behind. Observations have shown that more than 80% of average annual report content in Zimbabwe is largely financial information of which more than 70% is information on Notes to the Financial Statement including extracts about IFRS (Ndamba 2015). The ZimCode does not make it mandatory but encourages companies to follow the requirements of the (IIRC) when reporting. As a result most of the Corporate Annual Reports tend to be addressing shareholders and there is little information for other stakeholders, investors included. Not much is disclosed in such reports on KPIs (key performance indicators) such as environmental strategic objectives, integrated reporting, integrated thinking, social strategic objectives, sustainable capitalism, sustainability reporting, sustainable wealth-creation and sustainable business practices (Steyn 2014). Through Integrated Reporting SMES will enhance their reputation among stakeholders, build trust and improve employee loyalty and motivation mainly because integrated reporting provides the ideal basis for successful SMES to become a global engine of growth and recovery (CIMA 2015). According to the ZimCode secretariat (2017) in Zimbabwe to date there is a great number of companies that have implemented integrated reporting throughout their organisations. The author further posits that the journey is not the same for everyone, many companies have used the IIRC guidelines and some have been more successful than others. High-quality financial reporting – including non-financial information and integrated reporting is an important prerequisite for building and maintaining trust in the public sector in Zimbabwe as this will help ensure that limited taxpayer and donor funds are used economically, efficiently and effectively (ACCA 2017).

According to Ndamba (2015) good corporate reporting has potential for access to long term capital, enhances financial performance, builds reputation and helps to minimise corporate disclosure risks, it also helps build trust from stakeholders and investors. Ernst and Young (2013) further concurs that good corporate reporting helps companies identify opportunities for revenue growth and cost containment by considering good feedback on annual reports from stakeholders. Effective corporate reporting has potential for building brand name and competitive advantage and as such Global companies like Rio Tinto, BHP Billiton, Veolia Environment, Vancouver City Saving (Vancity), Novo Nordisk, Telefonica S.A, Vodacom and Safaricom Kenya have built their brand names based on their good reporting culture (Ndamba 2015). In a research carried out by CIMA on SMES that had adopted Integrated Reporting, William Hughes the managing director of Impahla Clothing a South African company points out that the lessons that they have learned and the benefits that they have are continuing to derive from an Integrated Reporting philosophy and are very relevant (CIMA 2015).

In a research on 40 companies listed on the ZSE from 15 sectors on analysis of content of the reports, Mawanza (2014) concluded that the majority of companies are moving towards more than just financial reporting. There is inclusion of environmental, social and governance issues in the reports. The only gap was in the report coverage and quality amongst each company (Mawanza 2014). The findings are illustrated in the diagram below:

Figure 1.1: Reporting trends for Zimbabwean companies.



Source: **Mawanza (2014)**

The diagram illustrates that the agricultural, industrial and food processing sectors have the highest frequency in reporting. The frequency of reporting for the retailing, mining, property and financial sectors similarly rests at 8%. The least sectors in reporting frequency are the tourism, electrical, building and paper and packaging at 5% followed by the engineering, transport, technology and beverages sector at 2%.

According to Dzomira (2015), recently the absence of transparency and disclosure was often regarded as one of the major causes of the recent corporate outrages and governance catastrophes (Enron, WorldCom and Tyco). Weak governance in banks has resulted in the collapse of banks during crises, as well as financial scandals involving the owner and management, which could have systemic impacts on the economy (Darmadi, 2011). The governance of the banks should be adequately transparent to its shareholders, depositors, other relevant stakeholders, and market participants (Basel committee 2010). Following the collapse of many Zimbabwean banks in 2003 and 2004 the then reserve bank governor Dr Gono, in an RBZ annual report (2007), mandated that with effect from the second half of 2007 and in line with the market discipline requirements of Basel II, banking institutions and asset management companies are required to make additional disclosures relating to the results of their latest on-site ratings as part of their published financial statements. He further pointed out that inflationary pressures coupled with indiscipline and imprudent behaviour in the balance sheet structures of financial institutions resulted in cash shortages. In addition in the wake of the financial crisis, banks have come under scrutiny for being exclusively profit focused and not serving a socially beneficial role in society therefore to address this perception banks may wish to more explicitly demonstrate their impact on society (IIRC 2016).

The unfaithful presentation of financial statements was noted as the major cause of the failure of most banking institutions. There is therefore need to encourage banks to engage in Integrated Reporting in order to show accountability to stakeholders in all aspects of the banks operations. The researcher in this research focused on the performance levels of companies that adopted Integrated Reporting during the period 2013 to 2016. The banking sector is the targeted sector for the research. The trends in the profitability of CBZ Holdings, Barclays bank, and ZB bank for the period 2013 to 2016 will be analysed.

1.2 Statement of the problem

Despite the growing body of literature acknowledging that Integrated Reporting is crucial for organisations; little research examines whether Integrated Reporting has an influence on performance in business organisations. According to Slack and Campbell (2016) there is a need to gain more evidence of the benefits of Integrated Reporting for the providers of financial capital and other user groups. This means that using a broader set of information on company performance analysis will enhance improved understanding of the performance of the organisation and its value creation strategy (PWC 2016). A study by KPMG on 80 Asian firms that applied Integrated Reporting concepts in their findings reveal that companies that disclose more than just information started outperforming their control group in mid-2010 (KPMG 2011). Gore and Blood (2011) view Integrated Reporting as a tool that allows companies to integrate all the relevant aspects of performance into one report enabling companies and investors to make better resource allocation decisions by seeing how the relevant performance factors contribute to sustainable long term value creation. A report by the IIRC and Black Sun that surveyed 66 organisations found that Integrated Reporting helps build stronger relationships and a better understanding with the providers of financial capital (IIRC 2014). According to Steyn (2014) South African companies are among the first in the world to be subject to compliance with Integrated Reporting requirements in terms of stock exchange listing requirements. This came as a result of the regulation by the Johannesburg Stock Exchange which made it mandatory for all listed companies to adopt Integrated Reporting. Research findings reveal among many other benefits that there is a remarkable improvement on organisational focus on integrating social and environmental strategic objectives into organisational planning process (Steyn 2014).

However despite the stated findings, Slack and Campbell (2016) suggest that, a focus of future empirical research should be to establish the market benefits of Integrated Reporting, as at present, there is limited empirical evidence of the capital market benefits of adopting Integrated Reporting. According to Ndamba (2015) many business leaders in Zimbabwe tend to struggle to appreciate how effective and good corporate reporting creates business value. As such, many companies in Zimbabwe have remained largely undervalued. If such benefits of value relevance were more clearly established then, not only would companies have greater incentive to adopt Integrated Reporting from a preparer perspective, it would also potentially be associated with a higher level of demand from a user perspective (Slack and Campbell 2016). It is against this background that this research will therefore concentrate on the effect of Integrated Reporting on company performance. An Integrated Report includes the following eight content elements; organisational overview and external environment, governance, business model, risks and opportunities, strategy and resource allocation, performance and outlook. For the purpose of this research, governance, external environment, business model, risks and opportunities and strategy are to be used as independent variables of integrated reporting.

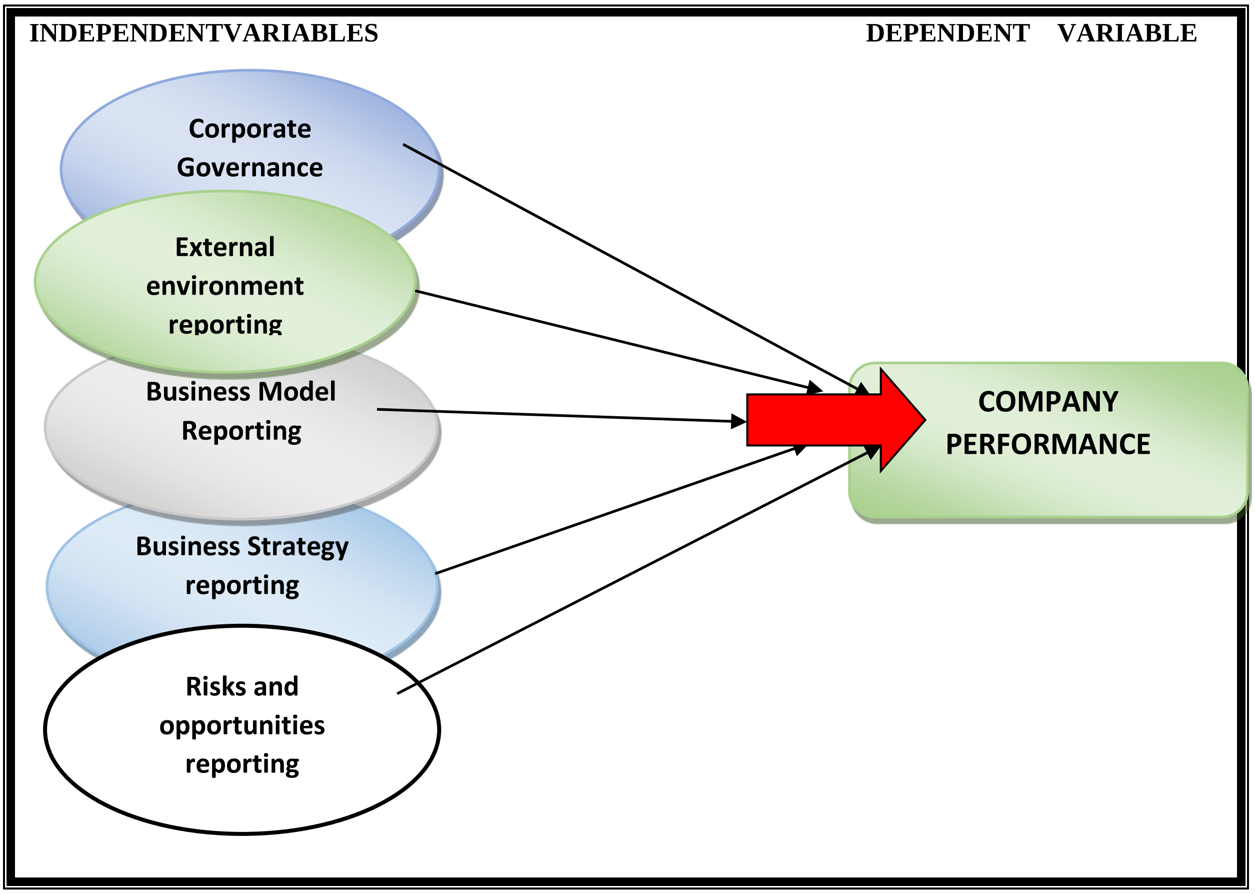
1.3. Main Topic

This study aims to investigate the effect of Integrated Reporting on company performance drawing evidence from selected Zimbabwean companies in the banking sector listed on the Zimbabwe Stock Exchange.

1.4. Conceptual Framework

The stakeholder theory by Freeman (1983) has been adopted by the researcher as a basis of formulating or developing a conceptual framework. It outlines how management can satisfy the interests of stakeholders in business. The stewardship theory by Donaldson (1991) and the agency theory by Mintick (1970) were also reviewed for the purpose of this study. The existing literature then helped identify determinants of integrated reporting that will be tested to evaluate how they impact on company performance. The researcher developed the conceptual framework as outlined in the diagram below. The chosen independent variables of Integrated Reporting for the purpose of this research are corporate governance, external environment, business model, risks and opportunities and business strategy reporting. The dependant variable is company performance which is measured by profitability. Based on the literature obtained from reviewing the above theories, the research is now conceptualized as follows:

Figure 1.2: Conceptual framework: Integrated Reporting



Source: **Primary: Researcher's own conceptualization**

The above conceptual framework forms the basis of my studies. Research objectives and subsequent hypothesis were formulated with guidance from this framework. However mediating variable such as economic policies, economic climate, governance policies and political climate may also impact on company performance.

1.5 Sub research questions

-The research questions below have been crafted around the above stated objectives of the research:

-To what extent does corporate governance reporting result in improved company performance?

-To what extent can external environment reporting result in improved company performance?

-What are the effects of business model reporting on company performance?

What are the effects of business strategy reporting on company performance?

-To what extent does risks and opportunities reporting result in improved company performance?

1.6 Research objectives

The following objectives were formulated in line with the research topic:

- ✓ To assess the effect of corporate governance reporting results on company performance.
- ✓ To establish the extent to which external environment reporting results in improved company performance.
- ✓ To evaluate the effect of business model reporting results on improved company performance.
- ✓ To evaluate the impact of business strategy reporting results on improved company performance.
- ✓ To establish the extent to which risks and opportunities reporting results in improved company performance.

1.7. Hypotheses

A hypothesis is a claim assumed to be true. However, all hypotheses in research must be tested to ascertain their truthfulness. This demands using statistical techniques to do so. Accordingly five hypotheses were formulated as shown in the theoretical framework, herewith outlined below:

H1: There is a positive relationship between corporate governance reporting and improved company performance.

HO: There is a negative relationship between corporate governance and improved company performance

H2: There is a positive relationship between external environmental reporting and improved company performance.

HO: There is a negative relationship between external environment reporting and improved company performance

H3: There is a positive relationship between business model reporting and improved company performance.

HO: There is a negative relationship between business model reporting and improved company performance

H4: There is a positive relationship between business strategy reporting and improved company performance.

HO: There is a negative relationship between business strategy reporting and improved company performance.

H5: There is a positive relationship between risk and opportunities reporting and improved company performance.

HO: There is a negative relationship between risk and opportunities reporting and improved company performance

1.8 Significance of the study

The findings of the study may have significant benefits to various stakeholders in the economy. Some of the key stakeholders and the related benefits which are expected out of the results of this study are highlighted as follows**:**

To Midlands State University

This study will contribute to literature for use by other scholars.

To the Banking Sector

Consideration of the research findings will be of importance to the banking sector.

To the Researcher

The research project is carried out in partial fulfilment of the requirements of the Master's Degree in Accounting studies. In addition the research project helps in sharpening the researcher's skills in conducting researches which is a professional and personal study.

1.8. Limitations

Sample size

Confining the research to Harare bank employees meant a small sample was used and that had a tendency to generalise the research outcomes as other management views were not captured. The researcher made use Annual reports which incorporate the performance of all banking sectors.

Study Design

There was limited access of getting to the general management population and the procedures to access senior management affected the final outcome of the findings that were obtained. The researcher increased the sample size of banking personnel to improve the quality of results.

1.9. Assumptions

It is the researcher's assumption for the purpose of this research study that all information collected from participants was given honestly and accurately.

The researcher assumed that the respondents would be willing to give accurate and truthful information.

The study assumed that the sample which was used was the true representation of the population. This was important to ensure that results would be reflecting the true picture of the entire population.

The economic environment was assumed to have remained constant during the period of the research study.

Policies governing the IFRS, IIRC and ZimCode were assumed to have remained constant during the research study period.

1.10 Delimitations

The research study was conducted in Harare; however there were no compromises on the research outcome as data pertaining to the selected companies for the period 2013 to 2016 financial years was obtained from published annual Integrated Reports.

1.11 Definition of terms and abbreviations

1.11.1 Terms

Integrated Reporting: Is reporting that demonstrates how an organisation's strategy, Governance, business model and external environment prospects lead to value creation in the short, medium and long term.

Sustainability Reporting*:* reporting that publish an organizations social, environmental and economic impact of its everyday activities.

Corporate Performance*:* Is a measurement of a company's outcome basing on Key Performance Indicators such as overheads, operational costs and return on investment.

Integrated Thinking*:* Is a more holistic analysis and assessment of how a business can grow.

Value creation: The performance of a company that leads to increase in its worth.

1.11.2. Abbreviations

IR: Integrated Reporting

IIRC: International Integrated Reporting Council

ESG: Environmental, social and governance

ZSE: Zimbabwe Stock Exchange

JSE: Johannesburg Stock Exchange

ZimCode: Zimbabwe Code of Corporate Governance

IFRS: International Financial Reporting Standards

KPIs: Key Performance Indicators

1.12 Chapter summary

This chapter looked at the background of integrated reporting and corporate perception on adopting it, as well as how it impacts on company performance. Objectives of the research, research questions and hypothesis were made clear and precise. The limitations faced out by the researcher were spelt out and how they were overcome. Delimitations of the study were made clear as well as ethical considerations. The next section which is chapter 2 is an analysis of the existing literature related to Integrated Reporting and its effect on company performance.

CHAPTER 2: LITERATURE REVIEW

2.0 Introduction

This section reviews major theories, arguments, concepts elements and approaches by other researchers, authors and authorities in relation to Integrated Reporting as it relates to company performance. It will also connect and compare these arguments and approaches with the concerns of the research objectives, the research questions and the central hypothesis. Gaps in literature on the subject of the impact of integrated reporting on company performance will also be identified.

2.1 Theoretical Literature Review

2.1.1 Integrated Reporting

The IIRC (2011) defines Integrated Reporting as a way of bringing together the material information about an organisation's strategy, governance, performance and prospects in a way that reflects the commercial, social and environmental context within which it operates. CMA (2015) further posit that Integrated Reporting is a process which builds up the linkages between an organisation's strategy, governance and financial performance and the social, environmental and economic context within which it operates. Hertgers (2015) views Integrated Reporting as having a combined emphasis on conciseness, strategic focus and future orientation, the connectivity of information and the capitals and their interdependencies. According to IRCSA (2014) Integrated Reporting is a report that tells the organisation's value creation story in a clear, concise and understandable way that is, it is a portal by which the organisation communicates a holistic view of its current position, where it's going, and how it intends to get there. Thus Integrated Reporting is more than just financial reporting.

Some authors define Integrated Reporting mainly emphasising on the view that Integrated Reporting is an integration of reports. De Villiers (2014), perceive Integrated Reporting as the Integration of social, environmental financial and governance information which was previously reported in isolation. According to Hoque (2017) Integrated Reporting is a consolidated report or a single document in which a company can synthesize all reporting concerns and performance indicators for stakeholders, Eccles and Cruz (2010) defines an Integrated Report as a “single report” that combines the financial and narrative information found in the company’s annual report with the non-financial information such as social, environmental and governance issues. The content of an Integrated Report therefore dictates a significant shift in emphasis towards the reporting of an altered and expanded set of organisational dimensions of performance, including an emphasis on dimensions of performance relating to economic, environmental and social governance aspects, risks and opportunities (KPMG 2010). IRCSA (2014) views Integrated Reporting differently as a report that tells the organisation’s value creation story in a clear concise and understandable way, thus acting as a portal by which organisations communicate in a holistic view of its current position , where it’s going and how it intends to get there. The diversity in the authors’ definition of Integrated Reporting can be summed up in the diagram below which illustrates the main components of Integrated Reporting.

Figure 2.1: Integrated reporting components

Source: Adapted from IIRC (2013)

The above diagram illustrates the constituent parts which feed into an Integrated Report which are, financial reporting and other reporting elements such as strategy, governance, performance, environmental and social, whose purpose is to illustrate the organisation’s creation of value over time.

2.1.2 Origins of Integrated Reporting

According to Serafim (2014) Integrated Reporting is a relatively new phenomenon in the world of corporate reporting that has gained significant momentum in the last ten years. Owen (2013) asserts that collaboration between The Accounting for Sustainability Forum (A4S) and the GRI with the support of the United Nations Environmental Programme resulted in the formation of a new body known as the IIRC formally announced in 2010. This new body published a framework for Integrated Reporting and the Integrated Report in January 2011 with the aim of creating a globally accepted framework for a process that results in communication by an organisation about value creation over time (IIRC 2011). The ambition of the IIRC, stated in the press release, was "to create a globally accepted framework for accounting for sustainability (Proksch 2015). The IIRC was dominated by accountancy professionals, prepares and regulators who made up more than half of its members (Flower 2015). A Danish Pharmaceutical company Novo Nordisk was a pioneer of Integrated Reporting (De Villers 2014).

In Africa the JSE set the precedence in its internationally pioneering decision to require all listed companies to produce an Integrated Report or to explain why they are not doing so as mandated in the King Code of Governance for South Africa of 2009 (GIM 2012). The IRCSA was drafted for the sole purpose of providing organisations with practical suggestions on preparing an Integrated Report (IRCSA 2014). South Africa therefore provides an environment within which Integrated Reporting may be viewed in practice for the first time (ACCA 2012). Table 2.1 below shows the trends in the evolution of Integrated Reporting since 2010 to present.

Owen (2013) however argues that Integrated Reporting is not an entirely new approach since in the 1970s The Corporate Report was published by the UK Accounting Standards Steering Committee. The purpose of the corporate report was to emphasize the need for a 'user' perspective rather than the 'shareholder' or 'financial' stewardship perspective that emerged as a traditional agency model for limited companies (Owen 2013). This perception by Owen has led to some scholars such as Ndamba et al (2014) to fail to differentiate between an Integrated Report and a corporate report thus resulting in the use of the two terms interchangeably.

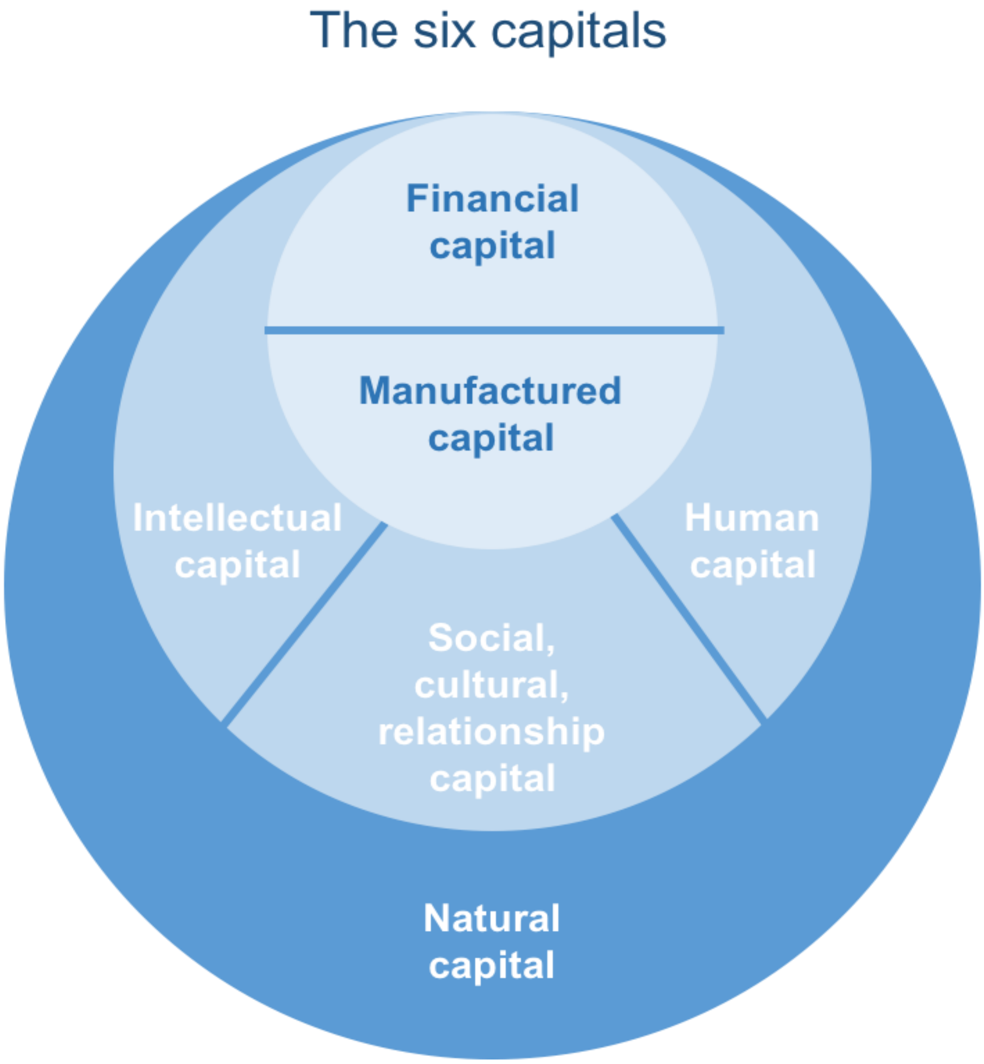
2.1.3 Fundamental concepts of Integrated Reporting

2.1.3.1The Capitals

The IIRC introduces capitals which an organization can discuss in the Integrated Report. According to Hertgers (2015), the capitals are the resources and relationships used and affected by an organization. They are stocks of value that are increased, decreased or transformed through the activities and outputs of the organization. The capitals are categorized as financial, manufactured, intellectual, human, social and relationship, and natural capital (IIRC 2013). Organizations are not required to adopt these categories, but they can be used as a guideline to ensure no capital that it uses or affects is overlooked (IIRC 2013). In support Ernest and Young (2013) posit that some types of capitals are more important than others. The term “capitals” refer broadly to any store of value that an organization can use in the production of goods or services. The capitals are sometimes also referred to as “resources and relationships” (IIRC 2013). Together, these capitals are the basis of an organization’s value creation and they are not entirely independent. The IIRC further elaborates that, the exact nature of their interaction is a function of organizational focus and beliefs and whilst most organizations rely on all capitals to an extent, some dependencies will be relatively minor or so indirect that they are immaterial for reporting purposes. A research by the Black Sun (2014) on companies listed on the stock exchange revealed that one of the companies has found the six capitals concept in the International Integrated Reporting Framework to be a powerful tool for broadening internal thinking about performance. In the same research 87% of companies believe that providers of financial capital better understand the organisations strategy.

However Adams (2013) argues that organisations depend on all the capitals not just the financial capital for their success. He further elaborates that there are questions about the boundaries between the capitals as there are overlaps for example between social and relationship capital, human capital and intellectual capital. Bonner (2012) emphasize that each of the capitals interact and interconnect with one another and consequently are the fundamental resources that organisations rely upon to function and deliver their products and services. The capitals represent stores from which value is released when the capitals are combined, transformed and leveraged through an organization’s business activities and interactions in order to produce outputs and outcomes that represent value creation or value destruction for stakeholders depending on their interests and perspectives (Ernst and Young 2013). The integration of the six capitals can be summarised in the diagram below:

Figure 2.2: The Six Capitals



Source: IIRC The Six Capitals (2011)

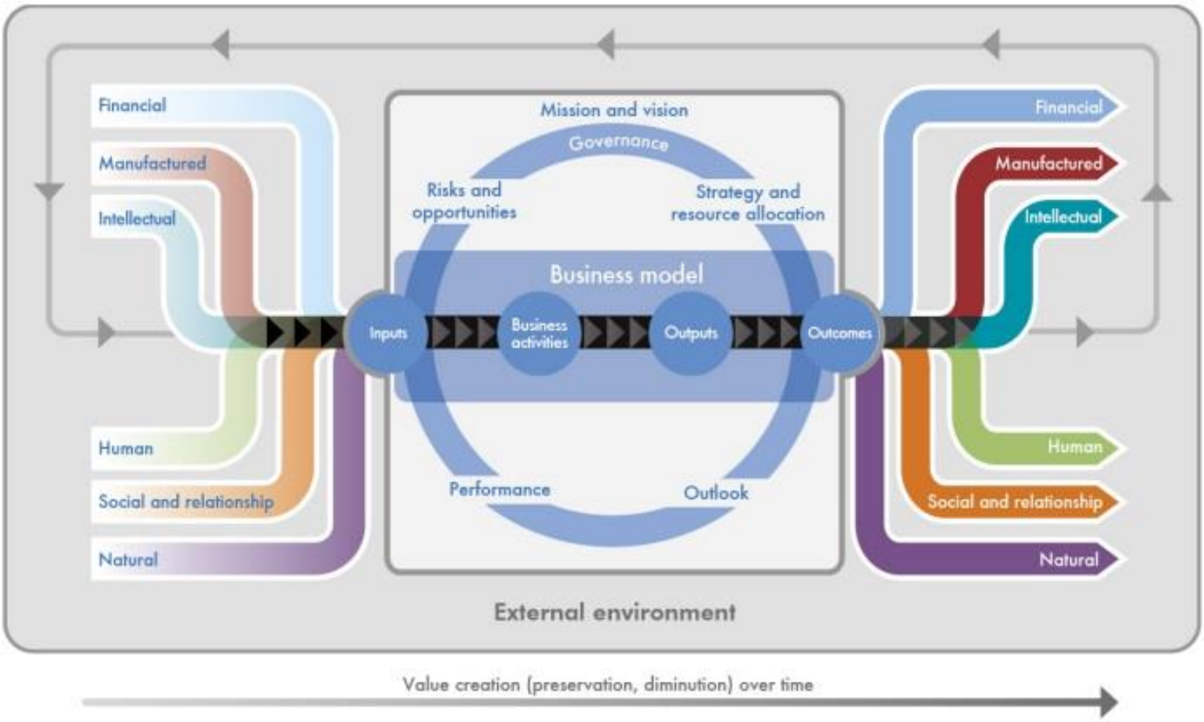
According to Hertgers (2013) most organizations already included some explanations regarding their financial, natural, and social and relationship capitals, often in stand-alone reports. However, the other three capitals, i.e. manufactured, intellectual and human, are to a lesser extent, or even not at all, covered (Hertgers 2013). The use of the capitals in fact is based on a comply-or-explain principle, reporting entities are expected to address all six or explain why one or more has not been included (Soyka, 2013).

2.1.3.2 Value Creation

According to Poignant and Stensio (2014) the primary purpose of an integrated report is *"*to explain to providers of financial capital how an organization creates value over time". Hertgers (2015) states that an Integrated Report benefits all stakeholders who are interested in the ability of the organisation to create value over time. According to Ernst and Young (2013) value is created through an organization's business model, which takes inputs from the capitals and transforms them through business activities and interactions to produce outputs and outcomes that, over the short, medium and long term, create or destroy value for the organization, its stakeholders, society and the environment. Topazio (2014) views value as not being created within the traditional boundaries of a company but suggests that the value creation process crosses organisational and geographical boundaries through connecting numerous value drives many of which are intangible.

Value is broadened along two dimensions, one is the interactions with and changes to the capitals and the other is the dimension of time (Soyka, 2013). In a research carried out by the Black Sun that surveyed 66 South African companies, 95% of organizations that have published an integrated report see a benefit in the area of value creation. The value created by the organisation depends on the business model adopted by the organisation. The organization uses its inputs, which are the capitals, in their business activities for their products and services to create outputs. Figure 3 below illustrates how value is created by an organisation over time.

Figure 2.3: The Value Creation Process



Source: **IIRC**

The IIRC outlines that at the core of the organisation is its business model which draws on various capitals as inputs and its business activities converts them into outputs. The value creation model above visualizes how the six capitals which are, financial, manufactured, intellectual, human, social and relationship and natural capitals are inputs to the production process of an organisation. There is therefore a direct correlation between the capitals and value created. The organisation uses these inputs in their business activities for their products and services thus to create outputs and these activities and outputs effect the capitals, that is, they lead to the outcomes (Hertgers 2015). The value creation process is not static, therefore regular review of each component and its interactions with other components and a focus on the organisation's outlook lead to revision and refinement to improve all the components (IIRC 2013)

2.1.4 Content elements of Integrated Reporting

The IIRC describes eight content elements of an integrated report that are fundamentally linked to each other and are not mutually exclusive, these are: organizational overview and external environment, governance, business model, risk and opportunities, strategy and resource allocation, performance, outlook, and basis of presentation (IIRC, 2013). The content elements govern the overall content of an integrated report. They guide organisations to report in the context of the elements. The content elements as outlined in the IIRC are:

- Organizational overview and external environment
- Governance
- Business model
- Risks and opportunities
- Strategy and resource allocation
- Performance
- Outlook
- Basis of preparation and presentation

Organisations are expected to report on the above content elements with the guidance of a question on each content element that gives direction of reporting. For the purpose of this research the researcher will limit the research to five content elements which were used to formulate the research hypothesis. These five content elements are the chosen variables of Integrated Reporting. The target content elements and the questions that guide reporting organisations are as outlined below.

2.1.4.1 Organisational overview and external environment

The role of the organization and the circumstances under which it operates (IIRC 2013).

Under this element the integrated report should cover the organisations mission and vision, its culture, ethics, ownership and operating structure. Employee information, competitive landscape and customer base should also be included. The organisation's external factors such as legal, environmental and political which affect the company directly or indirectly are included under the external environment reporting (IIRC 2013).

2.1.4.2 Governance

The organization's governance structure and its ability to support value creation in the short, medium and long term (IIRC 2013).

The organisation reports on how the following matters are linked to its ability to create value: the organisation's leadership structure, processes used to make decisions, directors actions in monitoring the strategic direction of the organization. The organisation's culture, ethics and values are reported on including its relationship with key stakeholders (IIRC 2013).

2.1.4.3 Business model

An outline of the organization’s business model (IIRC 2013).

The Integrated Report should describe the business model element in relation to the organisation’s inputs, business activities, outputs and outcomes. Other key elements of the business model such as strategy, risks and opportunities and KPI’S should also be covered (IIRC 2013).

2.1.4.4 Risks and Opportunities

The specific risks and opportunities that affect the organization’s ability to create value over the short, medium and long term and the organization’s ability to deal with them (IIRC 2013).

An Integrated Report should report on the key risks and opportunities that are specific to the organization, including those that relate to the organization’s effects on, and the continued availability, quality and affordability of, relevant capitals in the short, medium and long term. This can include identifying: The specific source of risks and opportunities, which can be internal, external or, commonly a mix of the two. External sources include those stemming from the external environment (IIRC 2013).

2.1.4.5 Strategy and Resource allocation

However Bray and Chapman (2012) merged two of the content elements outlined by the IIRC to come up with the six content elements using the five guiding principles to enable capital providers and other key stakeholders to make decisions about the business’s value and stewardship. It is important to note that whilst the content elements provide a good overall structure, there is no need to assemble the report in a linear fashion (Bray and Chapman 2012). The IIRC (2013) concurs that the Content Elements are fundamentally linked to each other and are not mutually exclusive that is the order of the Content Elements is not the only way they could be sequenced; accordingly, the Content Elements are not intended to serve as a standard structure for an integrated report with information about them appearing in a set sequence or as isolated standalone sections.

2.2. Organisational Performance

Lebas and Euske (2002) define performance as doing today what will lead to measured value outcomes tomorrow. Rauch, Unger and Rosenbusch (2007) indicated that performance of an organisation can be viewed from several different perspectives, and various aspects can jointly be considered to define organizational performance. Raunch, Unger and Rosenbusch (2007) further highlighted that assessing a firm's performance and its measurement is difficult, because performance refers to several organizational outcomes, which include both subjective and objective elements. Rauf (2007) asserts that most managers are likely to act on their subjective opinions with regard to a competitor's performance. Bagchi (2010) stated that, the concept of organizational performance is based upon the idea that an organization is the voluntary association of productive assets, including human, physical and capital resources, for the purpose of achieving a shared purpose. Bagchi (2010) further asserts that the concept of performance covers both what has been achieved and how it has been achieved. The importance of strategic performance measurement has grown substantially over the last few decades. The reinvention and results oriented management movements advocated for increased performance measurement for greater accountability and improved organizational efficiency (Salkic 2014).

2.3 Key performance indicators

Parmenter (2007) defines Key Performance Indicators as a set of measures focusing on those aspects of organisational performance that are the most critical for the current and future success of the organization. KPI's tell management what to do to increase performance dramatically. Their characteristics include non-financial measures; they are measured frequently and are acted on by the Chief Executive Officer (CEO) and senior management team, and need the understanding of the measure and corrective action required by all staff. They also tie responsibly to the individual or team, have significant impact and have positive impact. Cheng, Chou and Cheng (2011) highlighted that to understand the organisation's performance, organizations pay attention to appropriate performance evaluation indicators and implement evaluation and assessment systems for designing enterprise management strategies and operational management. Iveta (2012) indicated that performance can be measured in a number of different ways.

2.4 The Balanced Score Card

According to Wood (2008) the balanced score card is a performance evaluation technique which bridges the strengths of traditional financial measures of past performance with the benefits of measuring factors that impact upon or drive future performance. MacBryde, et al (2012) pointed out that at its outset the balanced score card was primarily tasked with providing senior management visibility of key performance indicators that would provide improved understanding of the effectiveness of the business and to identify areas of poor performance which could be prioritised as part of the change program. Schneider and Viera (2010) posit that the balanced score card was originally developed as a performance measurement system that provides a comprehensive framework to translate an organization's strategic objectives into a coherent set of performance measures. Given this knowledge about the balanced score card, this inquiry on the correlation between Integrated Reporting and company performance is pursued from an informed point of view. According to Dermol (2012) there are some important objective indicators one can use to measure financial performance of a company. Return on Equity (ROE) measures a company's profitability by revealing how much profit a company generates with the money shareholders have invested. Return on Assets (ROA) is an indicator of how profitable a company is relative to its total assets and it also gives an idea of how efficient management is at using company's assets to generate earnings.

On the basis of DuPont model, we can assume that there is a positive influence of company's productivity on its performance as well because productivity, ceteris paribus influences ROE (Igliar & Hoevar, 1997). Gorenak and Pagon (2006) noted that VAE is also an important objective measure of company performance, because nowadays, the difference between successful and unsuccessful companies is not only a matter of their products, services or technology, but also of some other factors lying behind them. In contrast to profit, this is defined as positive difference between revenues and expenses, defined as an increase in market value and is a consequence of higher quality. Besides, company performance can be evaluated either on the basis of objectively measured data or on the basis of subjective perceptions of managers or some external experts (Venkatraman & Ramanujam1987), and also by the means of making comparison with similar companies, or comparisons within special specific time intervals. This study is based on corporate financial performance. The variable that has been used to measure company performance is company profitability that is profit after tax for the selected companies from the year 2014 to 2016.

2.5 Monitoring Performance

It is important to know why companies have to monitor and evaluate their performance. According to Pearce and Robinson (2000), the focus of monitoring and evaluation is to improve performance of organizations by establishing a clear link between past, present and future interventions and results. They further indicated that monitoring and evaluation can help an organisation to extract from past and on-going activities, relevant information that can subsequently be used as the basis for programmatic fine tuning, reorientation and proper planning. Without monitoring and evaluation organisations will not be able to evaluate their performance. Bryson and Alston (2005) defined monitoring and evaluation as a continuous function aimed primarily at informing the management and stakeholders of an on-going intervention with early indications of progress or lack thereof, in achievement of results. Falshaw et al (2006) further highlighted that management usually make decisions based on the feedback it received from the indicators to improve performance. Carland and Carland (2003) asserted that feedback provides information and knowledge, which the management can use to assess the overall progress towards results or confirm the achievement of results. This feedback may consist of findings, conclusions, recommendations and lessons from experience. Strategic planning will never succeed if the monitoring and evaluation tools are weak, hence the essence of this literature in the current study.

2.6 Empirical Literature Review

2.6.1 The Relationship between Integrated Reporting and company Performance

Eccles and Churet (2014) explored the relationship between Integrated Reporting and financial performance using Return on Investment Capital as the measure of financial performance. They argued that using ROIC was a good indicator of financial performance since it captured both profitability and capital efficiency. Their sample consisted of 2011 and 2012 Integrated Reports of companies used in the RobecoSam's research on 2000 companies worldwide. Their findings were that there was no conclusive evidence that Integrated Reporting practices are correlated with companies achieving a higher ROIC over the 10 year period. This study initially was generalized on all companies without categorizing companies by sector. However the research was repeated by analysing the results by sector and their findings were that there was a positive relationship between Integrated Reporting and financial performance in the Healthcare and Information Technology sector. In the Healthcare sector 111 companies were analysed and findings were that for companies that that engaged Integrated Reporting, there was a ROIC average percentage of 18,4% in two years as compared to 13,4 % ROIC for companies which did not engage in Integrated Reporting. The conclusion was that there was an increase in the performance measure for companies that engaged in Integrated Reporting. In the technology sector the conclusion was that companies that had engaged in Integrated Reporting had an average ROIC of 15,2% for the 2 year period of study whilst those companies that did not engage Integrated Reporting had an average ROIC OF 13,3% for the same period. The conclusion was that there was an increase in company performance for companies that engaged in Integrated Reporting.

The Black Sun (2014) carried out a research to seek evidence of trends in benefits on business performance as a result of adopting Integrated Reporting. The study had a sample of 66 companies. Questionnaires were administered to 37 of the respondents and the remaining 29 were interviewed by telephone. Findings were that 97% of the respondents agreed that value creation was a benefit they experienced in from Integrated Reporting. The conclusion was that there is a positive relationship between Integrated Reporting and company performance.

Zhou et al (2016) carried out a research on the effect of integrated reporting on company performance basing his research on the market benefits of Integrated Reporting. The findings were that there was a reduction in cost of capital for companies that engaged in Integrated Reporting. Therefore the conclusion was that there is a positive relationship between Integrated Reporting and company performance. Other findings were that reporting on company's corporate strategy, business model and future orientation information allows analysts to predict future earnings for the organisation

However in a study carried out by Serafim and Eccles (2014) on an Anglo American company in the Platinum Industry on the published Integrated Reports of 2011 and 2012 the findings were that there was a decline in the financial performance of the company. On further analysis it was found that the company was not reporting the optimal amount of information as per the Integrated Reporting guidelines. Serafim and Eccles therefore concluded that significant variability in the type of information reported across firms or by a firm over time is an impediment to both the information and the transformation function of corporate reporting. Although the majority of studies have reported a positive relationship between Integrated Reporting and company performance, several studies found no relationship, and a few reported a negative relationship the main reason being failure by such organisations to follow proper guidelines of Integrated Reporting.

2.6.2 The effect of Business Model reporting on company performance

Zolt and Amit (2008) posit that business models can play a central role in explaining firm performance. According to Markides and Charitou (2004) the business model represents a potential source of competitive advantage. Afuah and Tucci (2001) propose the business model as a unifying construct for explaining competitive advantage and firm performance. Zolt and Amit (2008) carried out a research on the implications of the business model on performance in entrepreneurial firms. They found that business models that emphasised on the differentiation or cost leadership strategies have a positive impact on the firm's performance. In a similar research IBM in interviewing 765 companies worldwide found that firms that were out performers put twice as much emphasis on business model innovation as underperformers.

2.6.3. The effect of governance reporting on company performance

Haat and Mahenthiran (2008) carried out a research to examine the effect of good corporate governance practices on corporate transparency and performance of Malaysian listed companies. The findings were that corporate governance factors have a strong predicting power on the company's performance.

2.7 Theoretical Framework

The researcher adopted the Stewardship Theory, the Agency Theory and the Stakeholder theory from which the conceptual framework was developed.

2.7.1 Stewardship Theory

According to Magnaghi and Aprile (2014) In the light of the guidelines of the framework developed by the IIRC and the objectives proposed, the theory that best fits with the Integrated Reporting would seem to be Stewardship Theory, in its modern sense. The theory unveils that there is a close relationship between the success of the company and the satisfaction of the shareholders, thus, tasking the management to aim at maximising the performance of the company as a whole regardless of the objectives of owners. Stewardship Theory defines situations in which managers are not motivated by individual goals, but rather are stewards whose motives are aligned with the objectives of their principals (Davis, Schoorman & Donaldson, 1997). Such a theory would have an impact on the activity of reporting and it would seem that it can best meet the increased need for accountability in recent decades and therefore would justify a type of Integrated Reporting (Magnaghi and Aprile 2014).

The implications of the Modern Stewardship Theory are based on an alliance of principles including a commitment to the company, the inclusion of shared interests, the long term focus and the synergies realized for creating long term value. In this theory there is the existence of a dynamic balance between the interests of the parties recognizing that not every decision qualifies for all parties in the same way and in the long term, is a relationship of interdependence among stakeholders (Magnaghi and Aprile 2014). The Morden Stewardship Theory justifies the development of Integrated Reporting in that the Integrated Report displays an organisation’s stewardship not only of financial capital but also of other ‘capitals’ (manufactured, human, intellectual, natural and social) , their interdependence and how they contribute to success.

2.7.2 Agency Theory

The Agency Theory suggests that the shareholders and the stakeholders are known as the ‘principal’ and the company management and the directors are known as the ‘agents’. Under the narrowest of perspectives the principal objective of a company has traditionally been to maximise profits and thereby add to the wealth of its shareholders and the degree to which the pursuit of profit and wealth dominates depends upon the society's view of ‘agency theory’

(ACCA 2017). The theoretical approach to corporate governance can be derived from the agency theory (Jensen & Meckling 1976; Eisenhardt 1989), which highlights the possibility of conflicts of interest between the management of the firm and the shareholders of the firm when these positions are separated (Tariq & Abbas 2013). Furthermore, the agency theory has also been developed to include all stakeholders in the stakeholder agency theory (Hill & Jones 1992). All stakeholders such as the suppliers, the society and customers are interested in the knowledge that the company is being driven in their interest. The Agency Theory therefore suggests the implementation of a system with internal and external control mechanisms that direct and control the company (Tariq & Abbas 2013). It is the duty of the board of directors of a company to ensure that the interests of management align with that of the stakeholders.

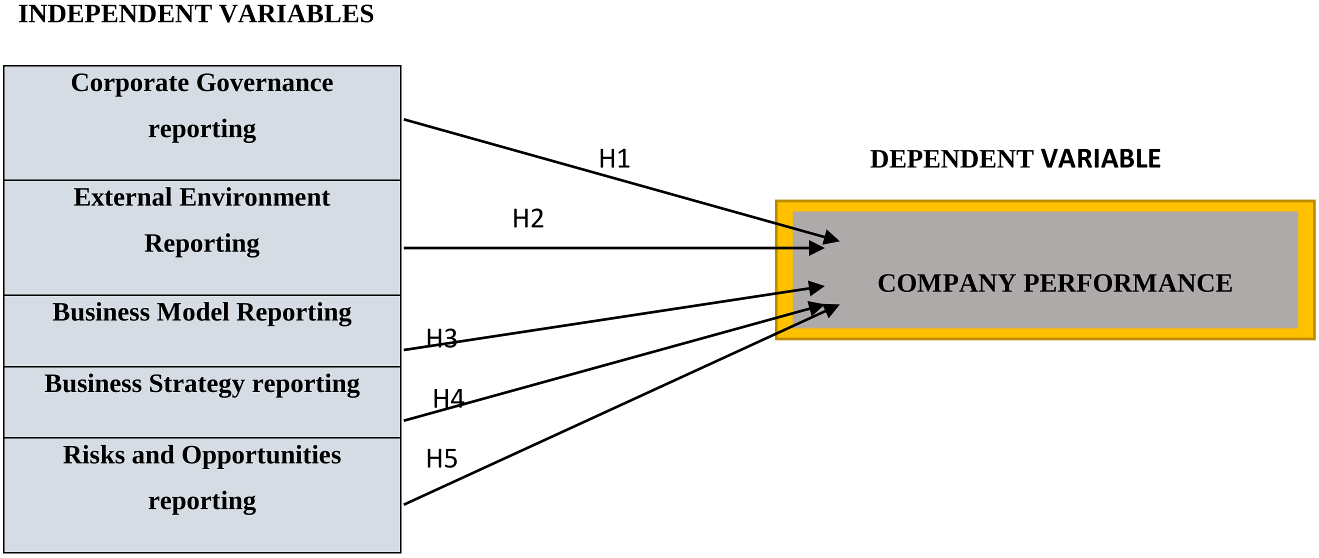
2.7.3. Stakeholder theory

According to Freeman (2004) stakeholders as those groups who are vital to the survival and success of the corporation. According to Fontaine et al (2006) the stakeholder theory suggest that the managers should on the one hand manage the corporation for the benefit of its stakeholders in order to ensure their rights and the participation in decision making and on the other hand the management must act as the stockholder's agent to ensure the survival of the firm to safeguard the long term stakes of each group. A guiding principle of the integrated report, according to the IIRC, is that of stakeholder responsiveness and inclusiveness, which determines that the integrated report should provide insights into the organisation's relationships with its key stakeholders and indicate how and to what extent the organisation understands, takes into account, and responds to their needs (IIRC 2011).

2.8. Conceptual Framework

The conceptual framework was created on the strength of reviewed past literature, which suggests that reporting on each of the constructs of Integrated Reporting such as governance, business model, risks and opportunities, strategy and resource allocation, strategic focus and future orientation influence company performance. The Stewardship Theory, Agency Theory and the Stakeholder Theory were used to come up with the conceptual framework.

Figure 2.4: The Conceptual Framework



(Source: Primary: Researcher's own conceptualization)

The Integrated Reporting variables such as business model, governance and risk and opportunities reporting were used to represent Integrated Reporting on the conceptual framework. The measure of performance for the purpose of this research is company profitability. A more detailed analysis of the suggested conceptual framework shows that there is a positive relationship between Integrated Reporting and company performance in the following aspects:

2.8.1 Corporate Governance Reporting

Corporate governance is set of rules that define the relationship between stakeholders, management, and board of directors of a company and influence how that company is operating and at its most basic level, corporate governance deals with issues that result from the separation of ownership and control and it goes beyond simply establishing a clear relationship between shareholders and managers (OECD 2014). According to Black Sun (2014) corporate governance is of paramount importance to a company and is almost as important as its primary business plan. The author further posits that a corporation without a system of corporate governance is often regarded as a body without a soul or conscience. In the wake of the financial crisis governance reporting is a real opportunity to build the confidence of investors and other stakeholders and therefore company value, it's not just about confidence in the financial statements, it is about confidence in the company in general and it's about showing how the company's business model, strategy and objectives, risk, performance and reward are governed (Patterson 2010).

2.8.2 External Environment Reporting

Gupta (2009) posit that the external environment of an organisation comprises of all the entities that exist outside its boundary but have significant influence on its growth and survival. The author further outlines that an organisation has little or no control of its environment but needs to constantly monitor and adapt to these external changes. The definition of the external environment can be simplified in the diagram below:

Figure 2.5: The External Environment

Source: **Adapted from (Gupta 2009)**

The above diagram illustrate how the various element external to the business (such as raw material, customer preference and technology) influence the operations of the organisation

According to Machuki and Aosa (2014) changes in the external environment in which organizations operate can either bring forth opportunities and/or threats, therefore, a thorough understanding of the implications of these changes is important for strategic decision making. The authors further posit that, the way a particular organization initiates its strategic behaviour in response to these effects is likely to have performance implications.

2.8.3 Business Model Reporting

The business model is a pivotal component of Integrated Reporting (IR). An increasing number of organizations are recognizing this and finding innovative ways to integrate the business model into their reporting and disclosure (Gould 2014). The IIRC (2013) defines the organization's business model as is its system of transforming inputs, through its business activities, into outputs and outcomes that aim to fulfil the organization's strategic purposes and create value over the short, medium and long term. The business model reporting illustrates how the organisation draws inputs into the business (the six capitals) which are converted to products and services, these then lead to outcomes which impact on company performance**.** The description of the business model should also provide shareholders with a high level understanding of how the entity is structured, the markets in which it operates, and how the entity engages with those markets to improve the performance of the company (PWC 2014). The authors concur that reporting on the company's business model has a positive relationship to company performance.

2.8.4 Business Strategy reporting

According to Marsanall and Ricart (2009), strategy refers to refers to the choice of business model through which the firm will compete in the market place. Strategy formulation should describe the process and tools earmarked for the creation of value for shareholders and other stakeholders, specifically customers, employees, suppliers and society as a whole (Ernst and Young 2013). James (2013) posit that an Integrated Report should provide insight into the organisation's strategy and how it relates to the organisation's ability to create value in the short ,medium and long term and to its use of and effects on the capitals. The author further suggests that strategic reporting should show where the organisation wants to go and how it intends to get there. Preparing a strategic report could help companies look beyond current year earnings and provide a broader picture of shareholder value creation in their annual reports (Hawsons 2013).

2.8.5 Risks and Opportunity Reporting

An integrated report should answer the question , what are the specific risks and opportunities that affect the organisation's ability to create value over the short , medium and long term, and how is the organisation dealing with them (IIRC 2013) A risk is understood as the danger that events or actions prevent the group or one of its divisions from achieving its targets and an opportunity is understood as the possibility to surpass the planned targets as a result of events, developments or actions (Daimler 2017). According to Merck (2016) within the company, opportunity management is an integral component of internal decision-making processes such as short- and medium-term operational planning and intra-year business plans.

2.9 Gap analysis

Although Integrated Reporting is a new phenomenon, a number of researches have been carried out pertaining to its impact on the performance of companies. Baron (2014) assessed the impact of the content elements of Integrated Reporting on company performance. The research focused on companies that adopted IR worldwide. A research was conducted by PWC (2014) focusing on how business model reporting and risks reporting content elements impacted on the performance of the company. The KPI's selected by the researchers' to represent company performance varied, for instance, in their research (Churret and Eccles 2014) used ROIC (Return on Invested Capital) to measure performance. Suttipun (2017) carried out a research on the effect of Integrated Reporting on performance of banks in Thailand, assessing the impact of all the content elements of IR. However the performance measurement used was the Tobin's Q. In Zimbabwe Jere et al (2014) and Ndamba (2015) focused on the content elements of the Integrated Report in their researches. The focus of this research is streamlined to focus on the effect of Integrated Reporting on the performance of banking institutions in Zimbabwe. No previous research has been conducted on the same topic before in Zimbabwe. The KPI used to measure performance in this research is profitability. This research results from the collapse of banks due to failure to disclose content elements such as governance, strategic and risk issues.

2.10. Chapter Summary

This chapter initially reviewed literature on definitions of Integrated Reporting and company performance. Concepts and elements of Integrated Reporting were also looked at and a brief visit to recent researches on how Integrated Reporting impacts on company performance was done under empirical literature review. Origins and importance of Integrated Reporting together are among other areas which were reviewed together with the Key Performance Indicators. Chapter 3 will concentrate on the methodology applied in the research.

CHAPTER 3: RESEARCH METHODOLOGY

3.0 Introduction

This chapter gives an insight into the methodology that was used in the research study on the effect of Integrated Reporting on company performance. The chapter also provides an overview of the research design, the target population, sampling methods and sampling techniques, data collection, data analysis and the presentation tools that were used in the study. Validity, reliability and ethical matters are also provided for in this chapter with a summary of the chapter at the end.

3.1 Research Design

A research design gives a guideline on the research constructs. However, having considered the research study topic the researcher employed the casual research design. The research design helped to determine the relationship that exists between the independent variable (Integrated Reporting) and the dependant variable (company performance). It therefore became the most appropriate design for the research study. The study was closely guided by the five hypotheses formulated in chapter 1 of the study. The study was carried out in a population within the banking personnel of the selected banks listed on the Zimbabwe stock exchange.

3.1 Research Paradigm

Paradigms play an important role in the mixed methods literature for reasons outlined above. The term has been adapted from Kuhn (1962, 1970) but as Morgan (2007) points out it has been given at least four different meanings in this literature. These have been identified as a world view; an epistemological stance; as shared beliefs among a community of researchers and as model examples of research. The four commonly agreed worldviews are then post positivism, constructivism, transformative and pragmatism. Of these only the transformative and pragmatism worldviews are seen to be compatible with mixed methods research. Positivism and its successor post positivism are closely identified with quantitative research and constructivism with qualitative research, making neither particularly suitable for mixed methods research. The positivism paradigm was used to structure the research and to show

how all the major parts of the research project worked together in trying to address the central research questions.

3.2 Research Approach

Quantitative research approach was used in carrying out this study. The researcher came up with the research problem and formulated the hypothesis in Chapter 1, literature was then reviewed in Chapter 2 and Chapter 3 then concentrated on data analysis. The researcher followed literature by Williams (2011) who posits that quantitative research creates meaning through objectivity uncovered in the collected data and can be used in response to relational questions of variables within the research. The same author suggested that quantitative research begins with a problem statement and involves the formation of a hypothesis, a literature review, and a quantitative data analysis.

3.3 Population

The study used a questionnaire that was completed by a sample of 317 participants drawn from personnel of three banks listed on the Zimbabwe stock exchange. This sample size determination was arrived at based on the Krejcie and Morgan (1970) model. Krejcie and Morgan (1970) came up with a table that simplifies the process of determining the required sample size for known population. According to Reserve Bank of Zimbabwe (2017) statistics there are 923 CBZ employees, 631 ZB employees and 346 NMB employees hence the required sample size of 317 participants were used. An analysis of the annual reports for the three banks for the period 2014, 2015 and 2016 from the banks' websites was carried out to investigate the extent of disclosures. Information was obtained from the websites because they are the most often used way of communication with stakeholders. Banks that that had not published at least two reports were excluded. The selected banks have adopted Integrated Reporting either fully or partially. Out of a total of 19 banks in Zimbabwe 5 are listed on the Zimbabwe Stock Exchange. It is from the 5 that 3 banks were selected mainly because they have adopted Integrated Reporting.

3.4 Sampling methods and sampling techniques

A sample is a subsection of the total population that was used in place of the actual population. The researcher employed simple random sampling technique as the sampling method because it affords every member of the population an equal opportunity to be selected. Probability and non-sampling techniques are the sampling techniques that can be used. Probability sampling technique has many commonly used types which are cluster sampling, simple random sampling and stratified sampling. A basis which is common ground for the entire population allows each of its elements a recognisable chance for selection.

3.4.1 Sample size and sampling frame

Table 3.1: The Researcher's sampling frame

Bank	**Total number of employees**	**Sample size by % representation**
CBZ	923	154
ZB	631	105
NMB	346	58
TOTAL	**1900**	
SAMPLE SIZE		**317**

The size of the sample has a serious significance on the achieved results of the study. The sample size was arrived at using recommendations from Krejcie and Morgan (1970) as well as using proportional representation from the sampled banks.

Table 3.2: Krejcie and Morgan's Model

Table 3.1

Table for Determining Sample Size of a Known Population

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	346
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	354
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	40	170	118	400	196	1300	297	7000	364
50	44	180	123	420	201	1400	302	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	10000	370
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	226	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	50000	381
90	73	260	155	700	248	2400	331	75000	382
95	76	270	159	750	254	2600	335	1000000	384

Note: N is Population Size; S is Sample Size *Source: Krejcie & Morgan, 1970*

3.5 Data Collection

Primary data and secondary data were the two data sources that were used in this study. Primary data was largely used and secondary data was used to a lesser extent. The research needed a fresh and clear explanation and description which the researcher could not achieve through minimal secondary data. Primary data was sourced from selected banks' personnel through questionnaires as the research instrument. Secondary data sources such as extant literature which were relevant to the topic being observed were also used to answer the research question.

3.5.1 Data Collection Instruments

Questionnaire

A structured questionnaire was used as the data collection instrument as seen in Appendix A. The structuring of the questionnaire enabled the capture of all the five elements of the independent variable (Integrated Reporting). Parts of the questionnaire are made up of the sections formulated with the use of five elements that represent the independent variable. The questionnaire was specifically prepared with the purpose and objective of the study in mind and a five point Likert scale was used. The questionnaire was made up of a set of questions which formed the basis of the study and it was structured around research objectives of the study and the questions were systematically organized. There are many ways in which questionnaires can be distributed. These vary from telephony to individual distribution; however internet plays a pivotal role in administering the questionnaires in this era of technological advancement. Respondents may answer to all questions as humbly requested by the researcher, but they are not obliged to do like that. The researcher administered the questionnaires in person. To ensure validity and reliability, the pre-coded questionnaire was pilot tested before taking it to the field.

3.6 Pilot Testing

A small number of participants from the bank employees were used to pilot test the questionnaire. Pilot testing is a pre-trial of the questionnaire that is used to measure its suitability and identify flawed questions or areas that may need attention and correction before the full survey is carried out. Pilot testing in turn allowed a smooth flow of the actual survey when it got underway as necessary corrections were already made to capture all the necessary views accordingly. Corrections were also done to questions that were deemed ambiguous and confusing by the participants.

3.7 Data collection methods

For this study, surveys were conducted using questionnaires which were administered to banking personnel. Surveys were used to collect data from personnel and this helped the researcher to come up with quantitative primary data which was complimented by secondary data. Quantitative primary data was collected by way of surveys using a questionnaire which was woven around the research questions. Data was collected in form of primary and secondary data. Survey research through the use structured questionnaires helped the researcher to collect quantitative data. Data triangulation was also used to assist the researcher to not only collect more comprehensive relevant information but also to cross-check their consistency to enhance the robustness of findings.

3.8 Data analysis and presentation procedures

3.8.1 Data Analysis

The completed questionnaires were examined to ensure that they were completed as per the instructions that had been given to the respondents. Questionnaires used had been pre-coded and the responses were entered on a Likert scale. Quantitative data collected under each research hypothesis was entered in SPSS and analysed separately to provide answers to the original research questions. Inferences were drawn from raw data through data analysis. Data entered SPSS was then analysed before it could be presented. The researcher also applied statistics for analysing quantitative data which had been collected. Quantitative data was also analysed through descriptive and inferential analysis. Descriptive analysis involved summarising data by describing, and aggregating data and presenting association between constructs. Mean, deviation and variance are examples of methods which were used in descriptive analysis, whereas, inferential analysis involved statistical testing of hypothesis, regression analysis and estimation using data mining techniques. The purpose of all analysis was to summarize data so that it could be easily understood and so that it could provide the answers to the original research questions.

3.8.2 Data presentation technique

Analysed data was presented in descriptive narrations, graphs, tables, screen plots and pie charts. Most of the information gathered was first presented in tabular form before it could be analysed and drawn into a graph or pie chart. This was done to make it easy to work with the information. Every table or graph used in this study is self-explanatory, i.e. it is understandable without the need to read the text that refers to it. Frequency distributions of numerical variables were displayed in tables, histograms, and charts.

3.9 Validity and reliability

3.9.1 Validity

Face validity was used to evaluate questionnaires in terms of readability, feasibility, layout and style, and clarity and wording. Validity is concerned with the extent to which an instrument measures what it is intended to measure (Saunders et al 2012). Content validity was used to specify the domain of content that was relevant to this study Lastly, construct validity was used to examine empirically the inter-relationship among items and to identify clusters of items that share sufficient variation to justify the existence as a factor or construct to be measured by the instrument. The overall validity of the study was guaranteed through carefully planning the sampling process and critiquing each of the constructs to ensure that they indeed measured what they intended to measure.

3.9.2 Reliability

The test-retest reliability method was used to ensure stability, thus it ensured same results were obtained. The split-half reliability method was also used to measure internal consistency, thus to ensure all the subparts of the instrument measured the same characteristic. The researcher also made use of the inter-rater reliability method to ensure equivalence. The authors also noted that reliability test can be used as a measure that signals the consistency and stability of the instruments used in the survey when repeated measurements are made. According to Tavakol and Dennick (2011), reliability is concerned with the ability of an instrument to measure consistently.The researcher pilot tested the instrument and made corrections before the questionnaire was finally administered for the survey. Cronbach's Alpha method was used to test for questionnaire reliability. During data analysis, the researcher performed reliability testing for each hypothesis to ensure that all the five sections met the recommended Cronbach Alpha index of 0.7 and above.

3.11. Delimitation of study

3.11.1 Geographical Delimitation

Thi reasearch was conducted in Harare. Although the selected banks have other employees nationwide, customers outside Harare did not participate in the research due to inadequate resources at the disposal of the researcher. However, this did not negatively affect the research findings because the banks' major stakeholders are located in Harare.

3.11.2 Data Period Delimitation

Data collection was confined to the period from 15 August to 15 September 2017. This period was prudently chosen because it allowed for informative feedback.

3.11.3 Theoretical/ Literature Delimitation

The researcher only reviewed literature to do with the dependent and independent variables of the study, thus Integrated Reporting and company performance.

3.11.4 Study participants Delimitation

Bank employees from the three banks were the only participants in this research since the study was based on the case of CBZ, ZB and NMB.

3.12. Ethical considerations

- The researcher had to seek permission from the relevant authorities before conducting the research. Only clear official channels to get research information were used in this study.
- The researcher ensured privacy and confidentiality of participants. This was achieved by not requesting personal identification of participants.
- There was no exploitation of the researcher and participant relationship.
- The researcher did not interfere with or undermine normal organisational processes, practices and procedures.
- Individuals participated willingly and only with their informed consent.
- The researcher informed the participants of what was going to be done with the information they provided.
- At the end of the report the researcher included references as an acknowledgement of other peoples work used during the research.

3.13. Chapter summary

This chapter explained the methodology which was used for the study. A case study design was used and secondary and primary data were collected. The population for the study was given as 1800 and the researcher adopted a statistical method suggested by Krejcie and Morgan (1970) for coming up with a sample of 317 however a total of 333 questionnaires were distributed after factoring a 5% non-response allowance hoping that eventually, effective response will amount to 317 as recommended by literature (Krejcie and Morgan, 1970). Justifications for ways which were taken to ensure validity were given. Other methods of data analysis were highlighted. Chapter 4 would look at analysis of data and presentation.

CHAPTER 4: DATA ANALYSIS, INTERPRETATION AND DISCUSSION OF FINDINGS

4.0. Introduction

Chapter 4 summarizes the research findings and discuss these findings in line with the research objectives of the study. The chapter incorporates general and cross tabulation analysis through tables, frequency distributions, pie charts, bar graphs and diagrams in presenting the findings. The main method used to extract data in this case is the Categorical Principal Component Analysis. It demanded categorizing data by its impact on the dependent variable. In this chapter, the aim was to provide answers to the research question while at the same time proving or rejection the hypotheses formulated in chapter 1 of the study.

4.1. Response rate

Generally, the response was high due to a number of factors including persistent follow-up with all the participating employees. While the initial target for the sample was 317, this was not achieved as planned. A total of 333 questionnaires were distributed after factoring a 5% non-response allowance hoping that eventually, effective response will amount to 317 as recommended by literature (Krejcie & Morgan, 1970). However, upon reaching the cutoff date for the submission of completed questionnaires from participants, only 200 questionnaires were returned. This gave a response rate of 60%. A thorough analysis of the completed questionnaires revealed several inconsistences and in some cases incomplete answers. This led the researcher to discard over 120 questionnaires considered as unusable with the majority of respondents only answering only one question. Consequently, only 80 questionnaires were eventually used for further data and presentation of results upon which this study is based on.

4.2. Reliability test

Before using the questionnaire data for regression analysis, items are processed under the reliability and validity analysis. Reliability of the constructs is measured through Cronbach's alpha, a widely used coefficient of internal consistency, proposed by Cronbach (1951). Theoretical value of alpha lies between 0 and 1, and higher values are preferable. Validity of items is ensured by factor analysis; these computed factors are called principal components.

Items were entered for this analysis using SPSS, and at first step two key measures were calculated:

The reliability index of the instrument is shown on Tables 4.1 and 4.2 below:

Table 4.1: Case Processing Summary

Case Processing Summary

		N	%
Cases	Valid	80	100.0
	Excluded[a]	0	.0
	Total	80	100.0

a. Listwise deletion based on all variables in the procedure.

Table 4.2: Reliability Statistics

Reliability Statistics

Cronbach's Alpha	N of Items
.943	28

Table 4.1 and 4.2 above show the case processing summary and the reliability statistics for the entire instrument. I high reliability index of 0. 943 was obtained. Large values for the measure indicate that a factor analysis of the variables is a good idea. This indicates that the questionnaire was highly reliable and therefore the results of this study can be trusted.

4.3. Test for Sample adequacy.

Kaiser-Myer-Olkin (KMO) and Bartlett statistics are measures which help test for sample adequacy. Testing for sample adequacy is a precondition for further inferential data analysis. An inadequate sample provides unreliable data. Using results from this study, Table 4.3 below shows the results.

Table 4.3: KMO and Bartlett Test

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.890
Bartlett's Test of Sphericity	Approx. Chi-Square	54.591
	Df	15
	Sig.	.000

Table 4.3 above shows that the sample used was highly reliable with a KMO measure of 0,890 and a significance value of $p<0.001$ which is way below 0.05. KMO measure of sampling adequacy is an index for comparing the magnitudes of the observed correlation coefficients to the magnitudes of the partial correlation coefficients. As a result, based on these results, it was considered appropriate to conduct further tests using factor analysis.

4.4. Gender of respondents

The gender of respondents was also checked for record purposes and the gathered descriptive statistics indicated that there were more women (66.3%) than men (33.8%). This demographic statistics shows that the majority of the employees who participated in the study were females. However, it could be further be confirmed whether this statistic show the distribution of the three sampled banks' employee demographics customers by gender or mere sampling coincidence. Table 4.4 and Figure 4.5 below show the gender composition of the respondents.

Table 4.4: Gender of respondents

Gender of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	27	33.8	33.8	33.8
	Female	53	66.3	66.3	100.0
	Total	80	100.0	100.0	

Figure 4.1: Bar graph for gender of respondents

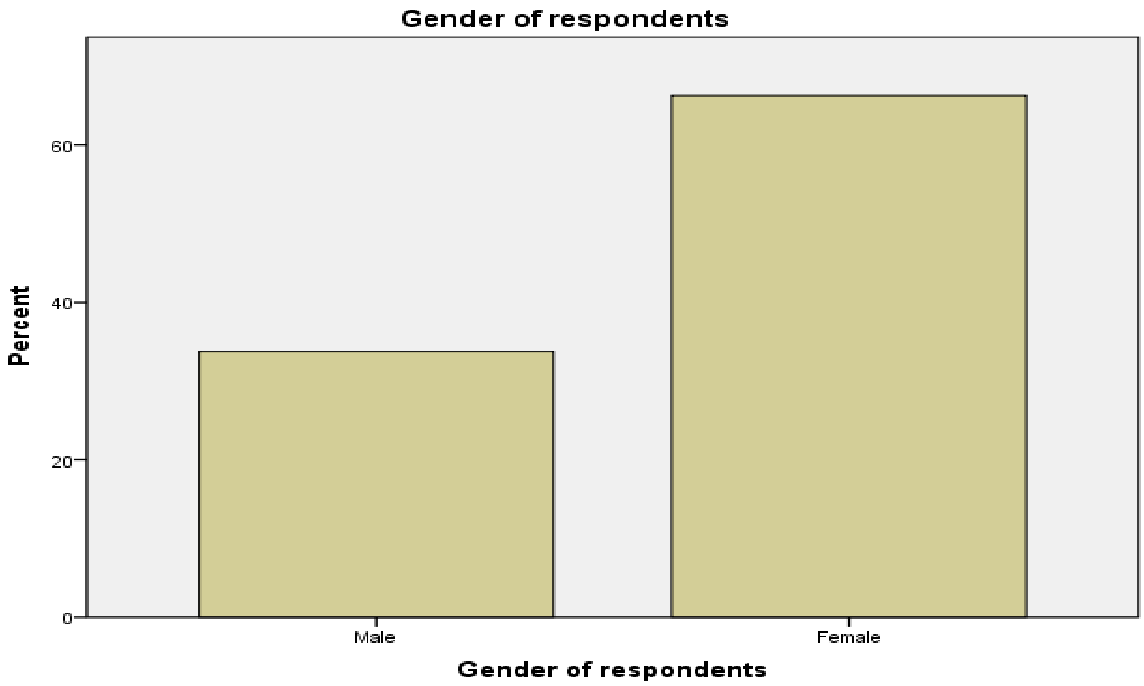


Figure 4.1. above further clarify the distribution of the sample by gender. It clearly shows a large representation from the female population than from males. Since the sampling process was done randomly without any bias towards gender, it could be assumed that more female work in the sampled banks than males. However, since the research problem could not be influenced by gender in any way, it was thus assumed that the results remain despite the above noted skewed gender relationship.

4.5. Designation of the respondents

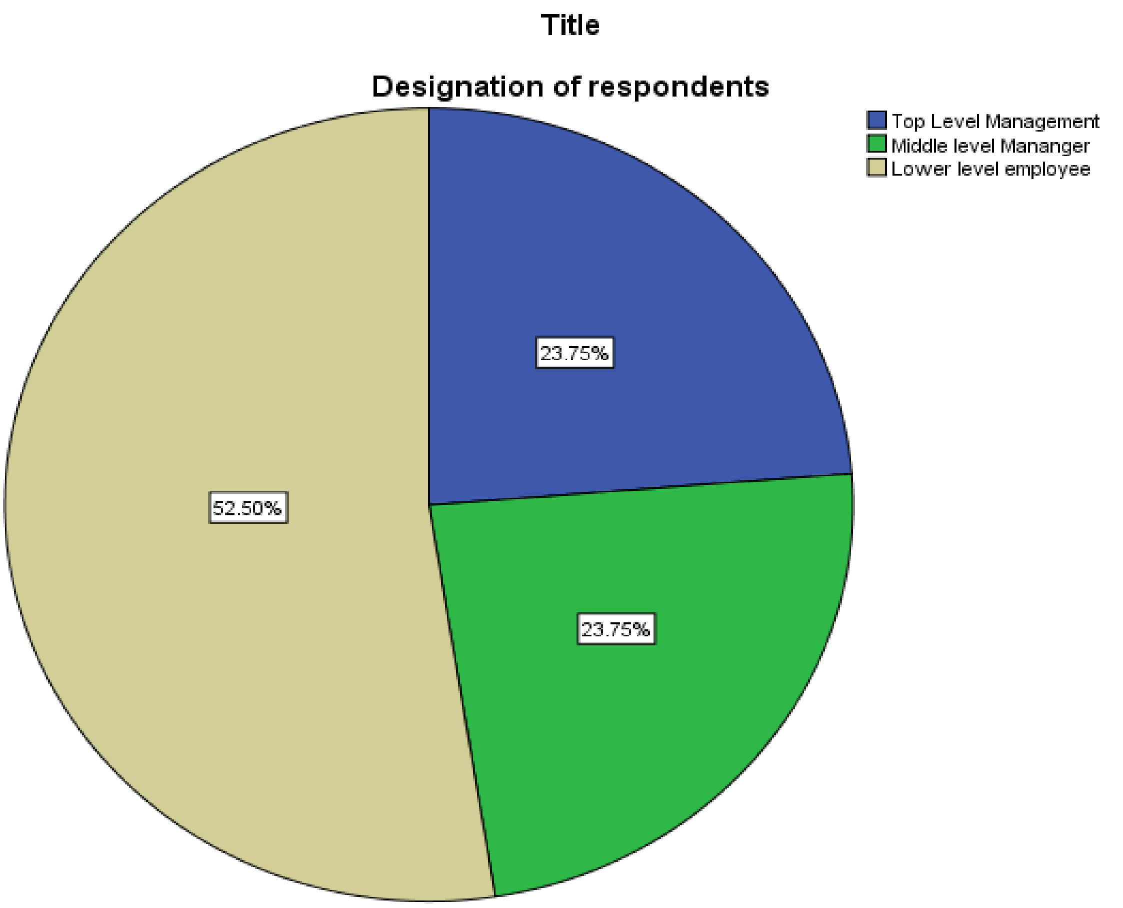
One of the demographic questions required respondents to indicate their designations within the three sampled banks. Table 4.5 below and Figure 4.2 show that 23.8% of the sampled participants were in top level management positions. A similar percentage distribution was also recorded for the middle level managers who recorded a 23.8 % representation. The largest number of participants came from lower level employees who constituted 52.5%. This implies that over half of the population working in the financial services are in lower level management positions.

Table 4.5: Designation of respondents

Designation of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Top Level Management	19	23.8	23.8	23.8
	Middle level Manager	19	23.8	23.8	47.5
	Lower level employee	42	52.5	52.5	100.0
	Total	80	100.0	100.0	

Figure 4.2: Designation of respondents



The bar graph in Figure 4.2 above further clarifies the distribution of the sampling unites by designation. It clearly shows a large representation from the lower level employees. Since the sampling process was done randomly without any bias towards designation, it can be assumed that most financial institutions are not top heavy. This observation is further ratified by the low percentage of 23.8% representing top level management. However, since the research problem would not be influenced by designation in any way, it was thus assumed that the results remain reliable despite the above noted skewed relationship by designation.

4.6. Age of respondents

The researcher also analysed the age of respondents. Though this analysis was not addressing any particular hypothesis, an analysis of age composition was considered critical before further analysis of the data was done. Table 4.6 and Figure 4.3 below show the age distribution of the respondents.

Table 4.6: Age of respondents

Age of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less than 25	52	65.0	65.0	65.0
	25-30	17	21.3	21.3	86.3
	30-40	3	3.8	3.8	90.0
	40-50	4	5.0	5.0	95.0
	Above 50	4	5.0	5.0	100.0
	Total	80	100.0	100.0	

Figure 4.3: Age of respondents

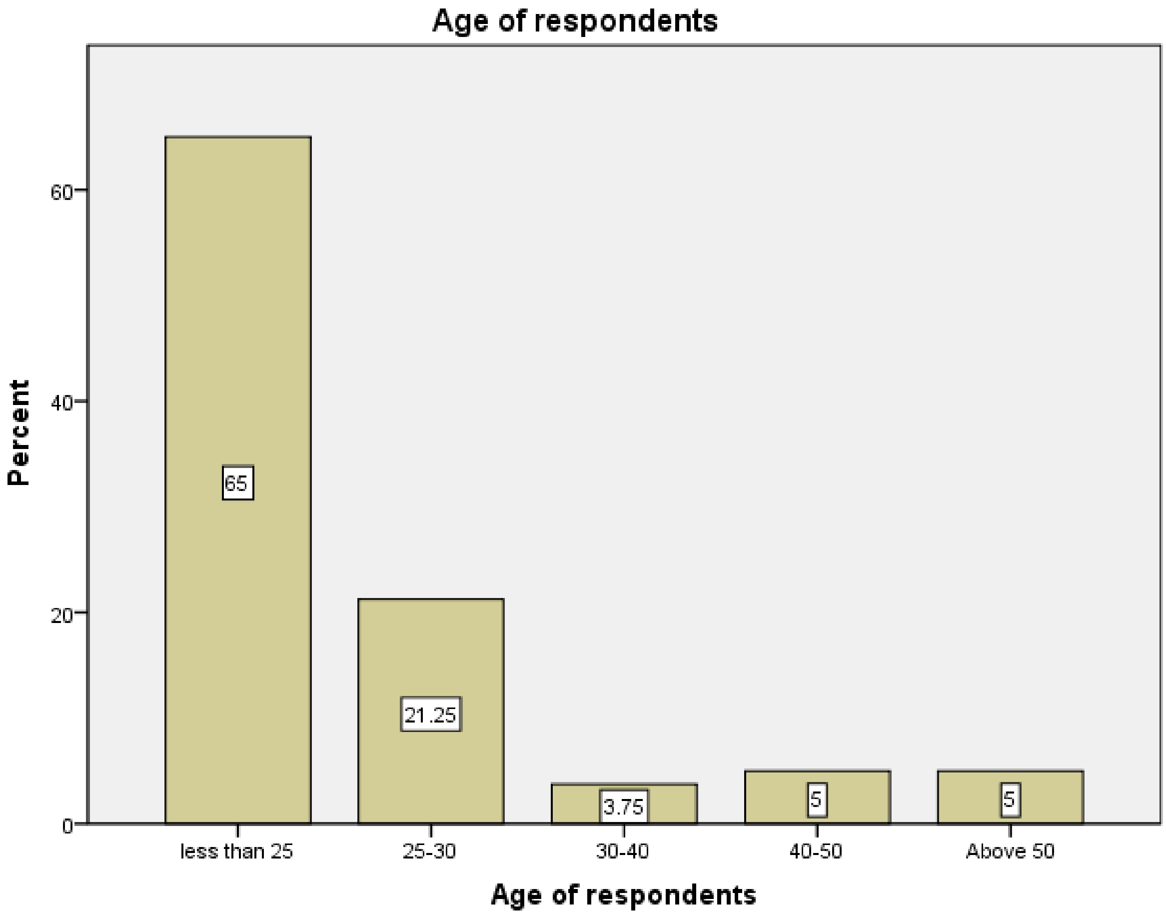


Table 4.6 and Figure 4.3 above clearly show that over 65% of the respondents were employees under the age of 25 years. This piece of information is vital as it shows that most of the people in management positions are young. In addition, the information also shows that Integrated Reporting is popular with relatively young employees as opposed to old ones (above 50 years) who constituted a mere 5%. 21.25% of the respondents were in the 25-30 age group. Combined with the below 25 age group, they constitute a total of over 86.7% of the employees from the three banks who participated in this study. This implies that most of the employees working in banks are fairly young; potentially occupying positions in middle and lower levels.

4.7. Analysis of data by hypothesis

The study formulated five hypotheses upon which this study is based.

4.7.1. Testing of Hypothesis 1

The first hypothesis was stated as follows:

H1: There is a positive relationship between corporate governance reporting and improved company performance.

HO: There is a negative relationship between corporate governance and improved company performance.

Accordingly, a factor analysis was conducted using IBM SPSS and results are as shown below. The extraction method used was Categorical Principal Component analysis. Factor analysis is a technique that is used to reduce a large number of variables into fewer numbers of factors. This technique extracts maximum common variance from all variables and puts them into a common score. As an index of all variables, we can use this score for further analysis. This method assumes several assumptions including that there is linear relationship, there is no multicollinearity. It includes relevant variables into analysis, and there is true correlation between variables and factors. Several methods are available, but principal component analysis is most commonly used.

Table 4.7: Total Variance Explained for H1

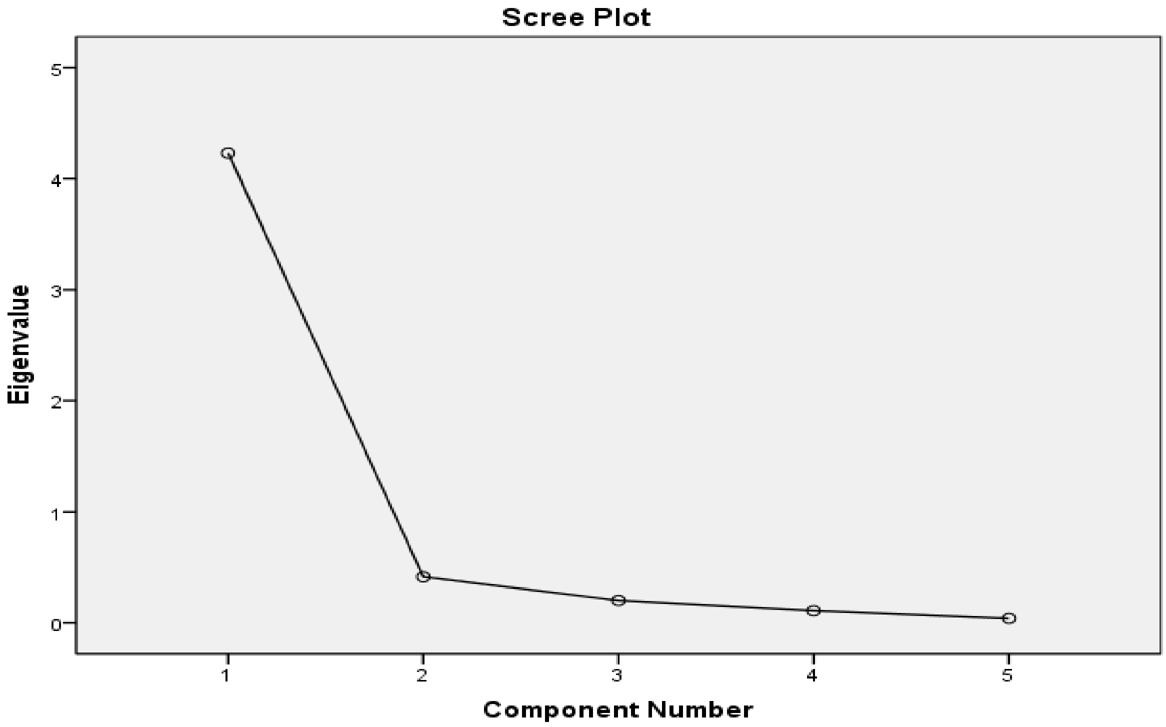
Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.231	84.625	84.625	4.231	84.625	84.625
2	.415	8.301	92.926			
3	.203	4.061	96.987			
4	.110	2.204	99.191			
5	.040	.809	100.000			

Extraction Method: Principal Component Analysis.

Table 4.7 above shows 1 critical component extracted out the data which measure the relationship between corporate governance reporting and its effect on improved company performance. The single component had a total contribution to the variation explained of 84.6%. As shown on Table 4.7 above, 5 measurement items (questions) were used to assess the relationship between corporate governance reporting and its effect on improved company performance. Based on these results, the statement “Corporate governance reporting leads to improved company performance” was highly rated as it contributed to 0.978 towards the values extracted from component 1. This implies that company performance is highly related with good corporate governance reporting standards. These results are further ratified by the component matrix in Table 4.8 below.

Figure 4.4: Scree Plot for H1



Evidence of the above results are further collaborated by the scree plot on Figure 4.4 above. It shows that while five components were extracted; only component had the biggest contribution in explaining the variance between the constructs. This component had Eigen value above 1. All other factors had values below 1 and thus had limited effect which collectively amounted to 14.4% as opposed to 84.6% recorded by component 1 alone.

Table 4.8: Component Matrix for H1

Component Matrix[a]

	Component
	1
Corporate governance reporting leads to improved company performance	.978
Easy engagements with stakeholders is facilitated by governance reporting	.889
Corporate governance reporting results in improved transparency	.964
Stakeholders have a better understanding of the organisation through governance reporting	.929
Governance reporting lure investors	.831

Extraction Method: Principal Component Analysis.

Table 4.9: Correlation Matrix for H1

Correlations

		CG/CP1	CG/CP2	CG/CP3	CG/CP4	CG/CP5
CG/CP1	Pearson Correlation	1	.882**	.951**	.890**	.763**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	80	80	80	80	80
CG/CP2	Pearson Correlation	.882**	1	.832**	.765**	.600**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	80	80	80	80	80
CG/CP3	Pearson Correlation	.951**	.832**	1	.879**	.756**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	80	80	80	80	80
CG/CP4	Pearson Correlation	.890**	.765**	.879**	1	.729**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	80	80	80	80	80
CG/CP5	Pearson Correlation	.763**	.600**	.756**	.729**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	80	80	80	80	80

An assessment of the correlation of the measurement items was also conducted. All correlation coefficients were positive at 0.01 level of significance. For example, results from the correlation Matrix (Table 4.9) above shows that the statement "corporate governance reporting leads to improved company performance" is strongly positively correlated with the statement "corporate governance reporting results in improved transparency". From this one can deduce that improved transparency and company performance are all results of good corporate governance reporting standards.

Based on these results, hypothesis 1 was thus accepted and concluded that there is a positive relationship between corporate governance reporting and improved company performance. According to Black Sun (2014) corporate governance is of paramount importance to a company and is almost as important as its primary business plan. The author further posits that a corporation without a system of corporate governance is often regarded as a body without a soul or conscience. In the wake of the financial crisis governance reporting is a real opportunity to build the confidence of investors and other stakeholders and therefore company value, it's not just about confidence in the financial statements, it is about confidence in the company in general and it's about showing how the company's business model, strategy and objectives, risk, performance and reward are governed (Patterson 2010).

4.7.2: Testing of Hypothesis 2

The second hypothesis of the study intended to test the relationship between external environmental reporting and improved company performance. It was thus stated as follows:

H2: There is a positive relationship between external environmental reporting and improved company performance.

HO: There is a negative relationship between external environment reporting and improved company performance.

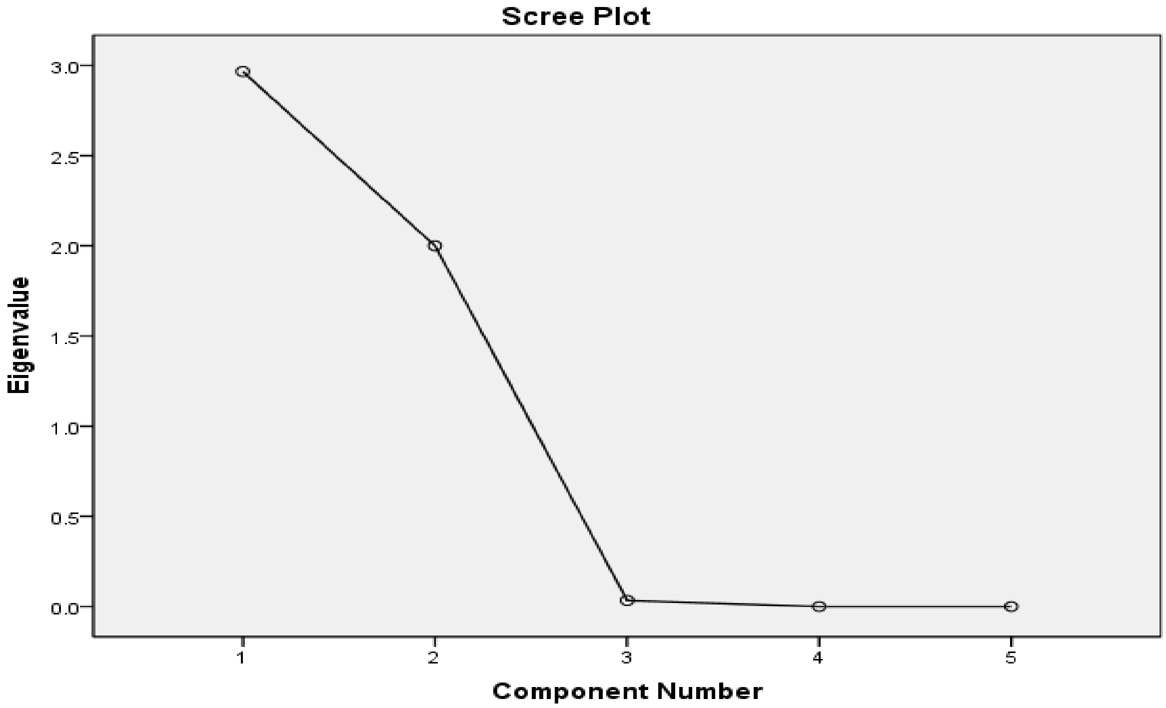
Table 4.10 below shows that 2 critical components extracted out the data which measure the relationship between external environmental reporting and its effect on improved company performance had significant contributions in explaining the hypothesized relationships. The two components had a total contribution to the variation explained of 99.3%. This significant contribution shows how respondents valued the measurement items as they explained the relationship between external environmental reporting and its effect on improved company performance. As shown on Table 4.10 below, 5 measurement items (questions) were used to assess the relationship between external environmental reporting and its effect on improved company performance.

Table 4.10: Total Variance explained for H 2

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.966	59.314	59.314	2.966	59.314	59.314
2	2.000	39.992	99.306	2.000	39.992	99.306
3	.035	.694	100.000			
4	1.313E-16	2.627E-15	100.000			
5	-6.404E-19	-1.281E-17	100.000			

Figure 4.5: Scree Plot for H2



Evidence of the above results are further collaborated by the scree plot on Figure 4.5 above. It shows that while five components were extracted, only two component had the biggest contribution in explaining the variance between the constructs. These components had Eigen values above 1. All other factors had values below 1 and thus had limited effect which collectively amounted to 0.7% as opposed to 99.3% recorded by the two components.

Table 4.11: Component Matrix for H2

Component Matrix[a]

	Component	
	1	2
External environment reporting leads to improved company performance	.997	-.024
Improved Corporate Social Responsibility results from reporting on the company's external environment	.997	-.024
Improved corporate social responsibility lead to government exemptions	.029	1.000
Companies that report on their external environment strive to improve their conduct with other organisations	.988	-.010
Positive external environment reporting leads to increased customer base	.029	1.000

Extraction Method: Principal Component Analysis.

a. 2 components extracted.

The component matrix on Table 4.11 above further clarify these results by showing the two measurements which made up component 1 and 2. Based on these results, the statements, "External environment reporting leads to improved company performance" and "Improved Corporate Social Responsibility results from reporting on the company's external environment" were highly rated as they each contributed 0.997 towards the values extracted from component 1. This implies external environment reporting is closely related with improved corporate social responsibility as both lead improved company performance. These results are further ratified by the scree plot on Figure 4.5 above.

Table 4.12: Correlation Matrix-H2

Correlations

		EE/CP1	EE/CP2	EE/CP3	EE/CP4	EE/CP5
EE/CP1	Pearson Correlation	1	1.000**	.005	.974**	.005
	Sig. (2-tailed)		.000	.967	.000	.967
	N	80	80	80	80	80
EE/CP2	Pearson Correlation	1.000**	1	.005	.974**	.005
	Sig. (2-tailed)	.000		.967	.000	.967
	N	80	80	80	80	80
EE/CP3	Pearson Correlation	.005	.005	1	.019	1.000**
	Sig. (2-tailed)	.967	.967		.868	.000
	N	80	80	80	80	80
EE/CP4	Pearson Correlation	.974**	.974**	.019	1	.019
	Sig. (2-tailed)	.000	.000	.868		.868
	N	80	80	80	80	80
EE/CP5	Pearson Correlation	.005	.005	1.000**	.019	1
	Sig. (2-tailed)	.967	.967	.000	.868	
	N	80	80	80	80	80

**. Correlation is significant at the 0.01 level (2-tailed).

An assessment of the correlation of the measurement items was also conducted. All correlation coefficients were positive at 0.01 level of significance. For example, results in from Table 4.12 above shows that the statement "Improved Corporate Social Responsibility results from reporting on the company's external environment" is strongly positively correlated with the statement "Companies that report on their external environment strive to improve their conduct with other organisations", with a correlation coefficient of 0.974. From this one can deduce that improved organizational performance can be achieved through good external reporting standards. This also calls for the consideration of the plight of external stakeholders through engaging in CSR activities.

Based on these results, hypothesis 2 was thus accepted and concluded that there is a positive relationship between external environmental reporting and improved company performance. Gupta (2009) posit that the external environment of an organisation comprises of all the entities that exist outside its boundary but have significant influence on its growth and survival. The author further outlines that an organisation has little or no control of its environment but needs to constantly monitor and adapt to these external changes. According to Machuki and Aosa (2014) changes in the external environment in which organizations operate can either bring forth opportunities and/or threats, therefore, a thorough understanding of the implications of these changes is important for strategic decision making. The authors further posit that, the way a particular organization initiates its strategic behaviour in response to these effects is likely to have performance implications.

4.7.3: Testing of Hypothesis 3

The third hypothesis of the study intended to test the relationship between business model reporting and improved company performance. It was thus stated as follows:

H3: There is a positive relationship between business model reporting and improved company performance.

HO: There is a negative relationship between business model reporting and improved company performance.

Table 4.13 below shows that 2 critical components extracted out the data which measure the relationship between business model reporting and its effect on improved company performance had significant contributions in explaining the hypothesized relationships. The two components had a total contribution to the variation explained of 99.316%. This significant contribution shows how respondents valued the measurement items as they explained the relationship between business model reporting and its effect on improved company performance. As shown on Table 4.10 below, 5 measurement items (questions) were used to assess the relationship between business model reporting and its effect on improved company performance.

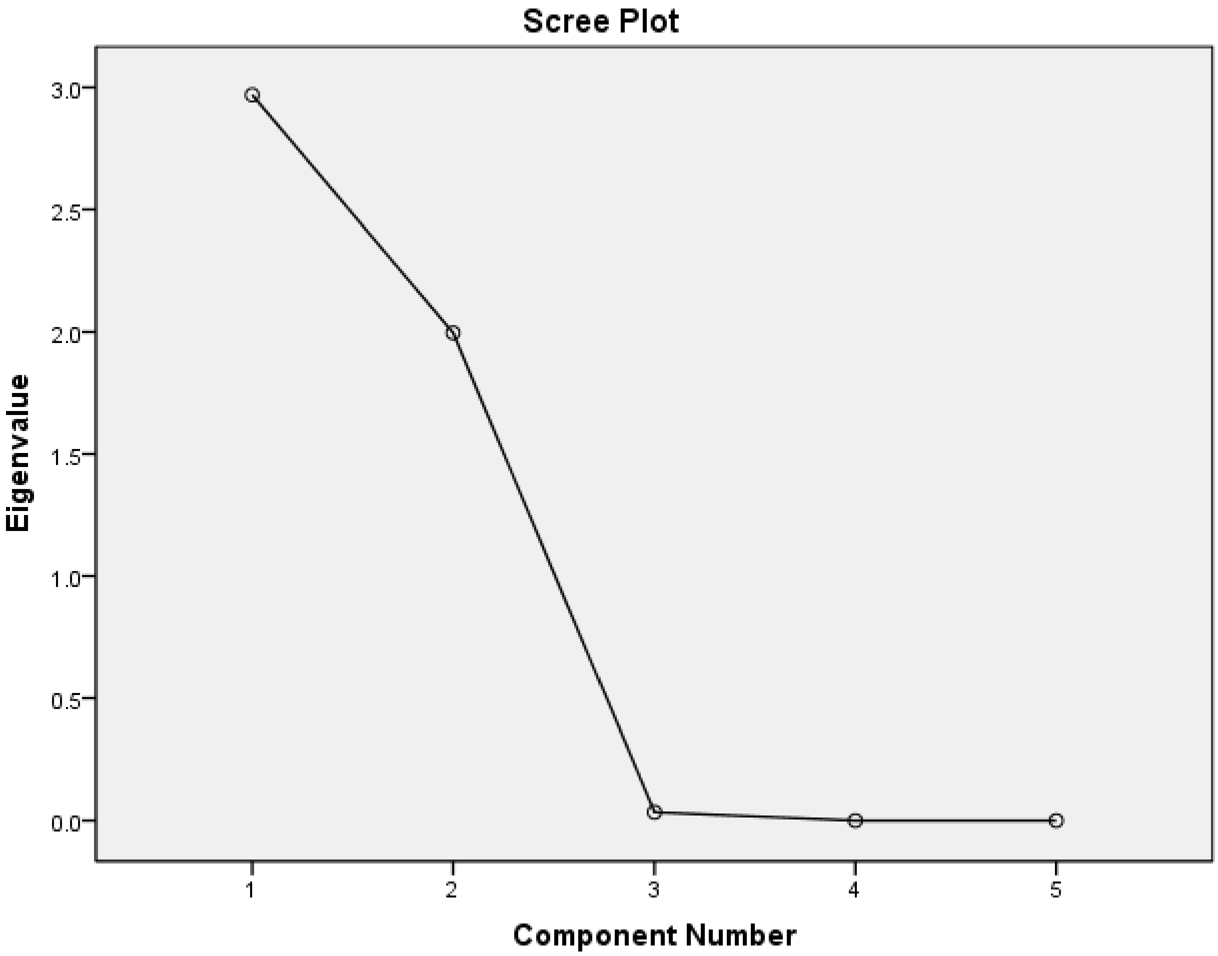
Table 4.13: Total Variance Explained- H3

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.969	59.384	59.384	2.969	59.384	59.384
2	1.997	39.932	99.316	1.997	39.932	99.316
3	.034	.684	100.000			
4	1.649E-16	3.298E-15	100.000			
5	-1.419E-16	-2.839E-15	100.000			

Extraction Method: Principal Component Analysis.

Figure 4.6: Scree Plot for H3



Evidence of the above results are further collaborated by the scree plot on Figure 4.6 above. It shows that while five components were extracted, only two component had the biggest contribution in explaining the variance between the constructs. These components had Eigen values above 1. All other factors had values below 1 and thus had limited effect which collectively amounted to 0.7% as opposed to 99.316% recorded by the two components.

Table 4.14: Component Matrix- H3

Component Matrix[a]

	Component	
	1	2
Business model reporting leads to improved company performance	.986	-.073
Stakeholders understand how the organisation creates value through business model reporting	.079	.997
There is increased potential to by the organisation to lure long term investors	.996	-.042
Providers of financial capital have greater confidence in the long term viability of the business model	.079	.997
Investors have a clearer picture of how the six capitals are transformed to create value for the business	.996	-.042

Extraction Method: Principal Component Analysis.

a. 2 components extracted.

The component matrix on Table 4.14 above further clarify these results by showing the two measurements which made up component 1 and 2. Based on these results, the statements, "Business model reporting leads to improved company performance" and "There is increased potential to by the organisation to lure long term investors" were highly rated as they each contributing 0.986 and 0.996 respectively towards the values extracted from component 1. This implies business model reporting leads to increased potential of the organization to lure investors and thus resulting in improved company performance. These results are further ratified by the scree plot on Figure 4.6 above.

Table 4.15: Correlation Matrix- H3

Correlations

		BM/CP1	BM/CP2	BM/CP3	BM/CP4	BM/CP5
BM/CP1	Pearson Correlation	1	.005	.974**	.005	.974**
	Sig. (2-tailed)		.967	.000	.967	.000
	N	80	80	80	80	80
BM/CP2	Pearson Correlation	.005	1	.036	1.000**	.036
	Sig. (2-tailed)	.967		.752	.000	.752
	N	80	80	80	80	80
BM/CP3	Pearson Correlation	.974**	.036	1	.036	1.000**
	Sig. (2-tailed)	.000	.752		.752	.000
	N	80	80	80	80	80
BM/CP4	Pearson Correlation	.005	1.000**	.036	1	.036
	Sig. (2-tailed)	.967	.000	.752		.752
	N	80	80	80	80	80
BM/CP5	Pearson Correlation	.974**	.036	1.000**	.036	1
	Sig. (2-tailed)	.000	.752	.000	.752	
	N	80	80	80	80	80

Table 4.15 above shows the correlation matrix of the various items which measured the effect of business model reporting on company performance. An assessment of the correlation of the measurement items was thus conducted. All correlation coefficients were positive at 0.01 level of significance. For example, results in from Table 4.15 above shows that the statement "Business model reporting leads to improved company performance" is strongly positively correlated with the statement "There is increased potential to by the organisation to lure long term investors", with a correlation coefficient of 0.974. From this one can deduce that improved business model reporting, more investors can find reason to invest in a company thus resulting improved company performance. Based on these results, hypothesis 3 was thus accepted and concluded that there is a positive relationship between business model reporting and improved company performance.

According to Marsanall and Ricart (2009), strategy refers to refers to the choice of business model through which the firm will compete in the market place. Strategy formulation should describe the process and tools earmarked for the creation of value for shareholders and other stakeholders, specifically customers, employees, suppliers and society as a whole (Ernst and Young 2013). James (2013) posit that an Integrated Report should provide insight into the organisation's strategy and how it relates to the organisation's ability to create value in the short ,medium and long term and to its use of and effects on the capitals. The author further suggests that strategic reporting should show where the organisation wants to go and how it intends to get there. Preparing a strategic report could help companies look beyond current year earnings and provide a broader picture of shareholder value creation in their annual reports (Hawsons 2013).

4.7.4: Testing of Hypothesis 4

The fourth hypothesis of the study intended to test the relationship between business strategy reporting and improved company performance. It was thus stated as follows:

H4: There is a positive relationship between business strategy reporting and improved company performance.

HO: There is a negative relationship between business strategy reporting and improved company performance.

Table 4.16 below shows that 2 critical components extracted out the data which measure the relationship between business strategy reporting and its effect on company performance had significant contributions in explaining the hypothesized relationship. The two components had a total contribution to the variation explained of 99.475%. This significant contribution shows how respondents valued the measurement items as they explained the relationship between business strategy reporting and its effect on company performance. As shown on Table 4.16 below, 5 measurement items (questions) were used to assess the relationship between business strategy reporting and its effect on company performance.

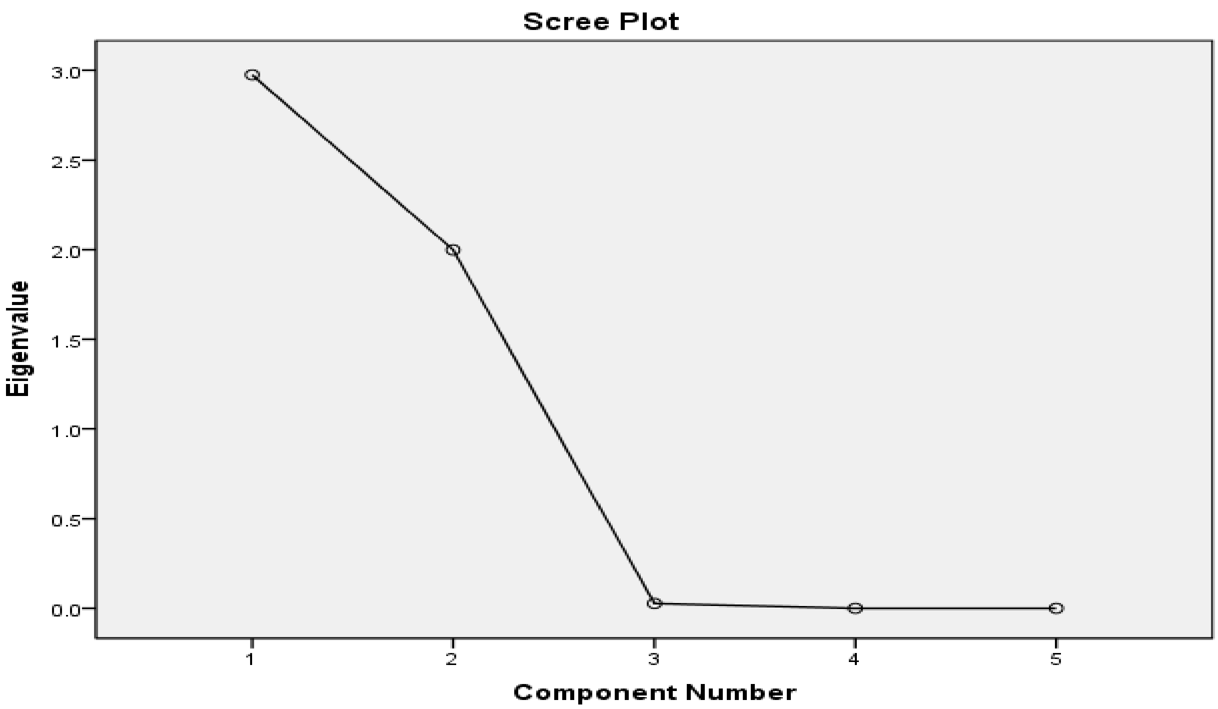
Table 4.16: Total Variance Explained.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.975	59.497	59.497	2.975	59.497	59.497
2	1.999	39.978	99.475	1.999	39.978	99.475
3	.026	.525	100.000			
4	8.034E-17	1.607E-15	100.000			
5	-6.719E-17	-1.344E-15	100.000			

Extraction Method: Principal Component Analysis.

Figure 4.7: Scree Plot for H4



Evidence of the above results are further collaborated by the scree plot on Figure 4.7 above. It shows that while five components were extracted, only two components had the biggest contribution in explaining the variance between the constructs. These components had Eigen values above 1. All other factors had values below 1 and thus had limited effect which collectively amounted to 0.525% as opposed to 99.475% recorded by the two components.

Table 4.17: Component Matrix for H4

Component Matrix[a]

	Component	
	1	2
Business strategy reporting leads to improved company performance	.990	-.038
There is collaboration between the board executive and management in executing goals and targets	.043	.999
Providers of financial capital better understand the organisation's strategy.	.998	-.024
Investors have greater confidence in the long term viability of the organisation	.043	.999
Business strategy reporting leads to increased long term investment	.998	-.024

Extraction Method: Principal Component Analysis.

a. 2 components extracted.

The component matrix on Table 4.17 above further clarify these results by showing the two measurements which made up component 1 and 2. Based on these results, the statements, "Business strategy reporting leads to increased long term investment" and "Providers of financial capital better understand the organisation's strategy" were highly rated as they each contributing 0.998 towards the values extracted from component 1. This implies that when a company crafts a good business reporting strategy, investors will have a better understanding of how the company operates and thus want to invest more leading to improved company performance. These results are further ratified by the scree plot on Figure 4.7 above.

Table 4.18: Correlation Matrix for H4

Correlations

		BS/CP1	BS/CP2	BS/CP3	BS/CP4	BS/CP5
BS/CP1	Pearson Correlation	1	.005	.980**	.005	.980**
	Sig. (2-tailed)		.967	.000	.967	.000
	N	80	80	80	80	80
BS/CP2	Pearson Correlation	.005	1	.019	1.000**	.019
	Sig. (2-tailed)	.967		.868	.000	.868
	N	80	80	80	80	80
BS/CP3	Pearson Correlation	.980**	.019	1	.019	1.000**
	Sig. (2-tailed)	.000	.868		.868	.000
	N	80	80	80	80	80
BS/CP4	Pearson Correlation	.005	1.000**	.019	1	.019
	Sig. (2-tailed)	.967	.000	.868		.868
	N	80	80	80	80	80
BS/CP5	Pearson Correlation	.980**	.019	1.000**	.019	1
	Sig. (2-tailed)	.000	.868	.000	.868	
	N	80	80	80	80	80

**. Correlation is significant at the 0.01 level (2-tailed).

Table 4.18 above shows the correlation matrix of the various items which measured the effect of business strategy reporting and improved company performance. An assessment of the correlation of the measurement items was thus conducted. All correlation coefficients were positive at 0.01 level of significance. For example, results in from Table 4.15 above shows that the statement “Business strategy reporting leads to improved company performance” is strongly positively correlated with the statement “Providers of financial capital better understand the organisation’s strategy”, with a correlation coefficient of 0.980. Furthermore, the statement “Business strategy reporting leads to improved company performance” is strongly positively related with “Business strategy reporting leads to increased long term investment”. From these result, one can conclude that improved business strategy reporting leads to more and more investors being interested in investing their money into such a company. As a result, the overall performance of the company will be improved.

Based on these results, hypothesis 4 was thus accepted and concluded that there is a positive relationship between business strategy reporting and company performance. Evidence from extant literature support these findings. For example, Zolt and Amit (2008) posit that business models can play a central role in explaining firm performance. According to Markides and Charitou (2004) the business model represents a potential source of competitive advantage. Afuah and Tucci (2001) propose the business model as a unifying construct for explaining competitive advantage and firm performance. Zolt and Amit (2008) carried out a research on the implications of the business model on performance in entrepreneurial firms. They found that business models that emphasised on the differentiation or cost leadership strategies have a positive impact on the firm's performance. In a similar research IBM in interviewing 765 companies worldwide found that firms that were out performers put twice as much emphasis on business model innovation as underperformers.

4.5.5: Testing of Hypothesis 5

The fifth hypothesis of the study intended to test the relationship between risk and opportunities reporting and improved company performance. It was thus stated as follows:

H5: There is a positive relationship between risk and opportunities reporting and improved company performance.

HO: There is a negative relationship between risk and opportunities reporting and improved company performance.

Table 4.19 below shows that 2 critical components extracted out the data which measure the relationship between risk and opportunities reporting and its effect on company performance had significant contributions in explaining the hypothesized relationship. The two components had a total contribution to the variation explained of 99.6%. This significant contribution shows how respondents valued the measurement items as they explained the relationship between risk and opportunities reporting and its effect on company performance. As shown on Table 4.19 below, 5 measurement items (questions) were used to assess the relationship between risk and opportunities reporting and its effect on company performance.

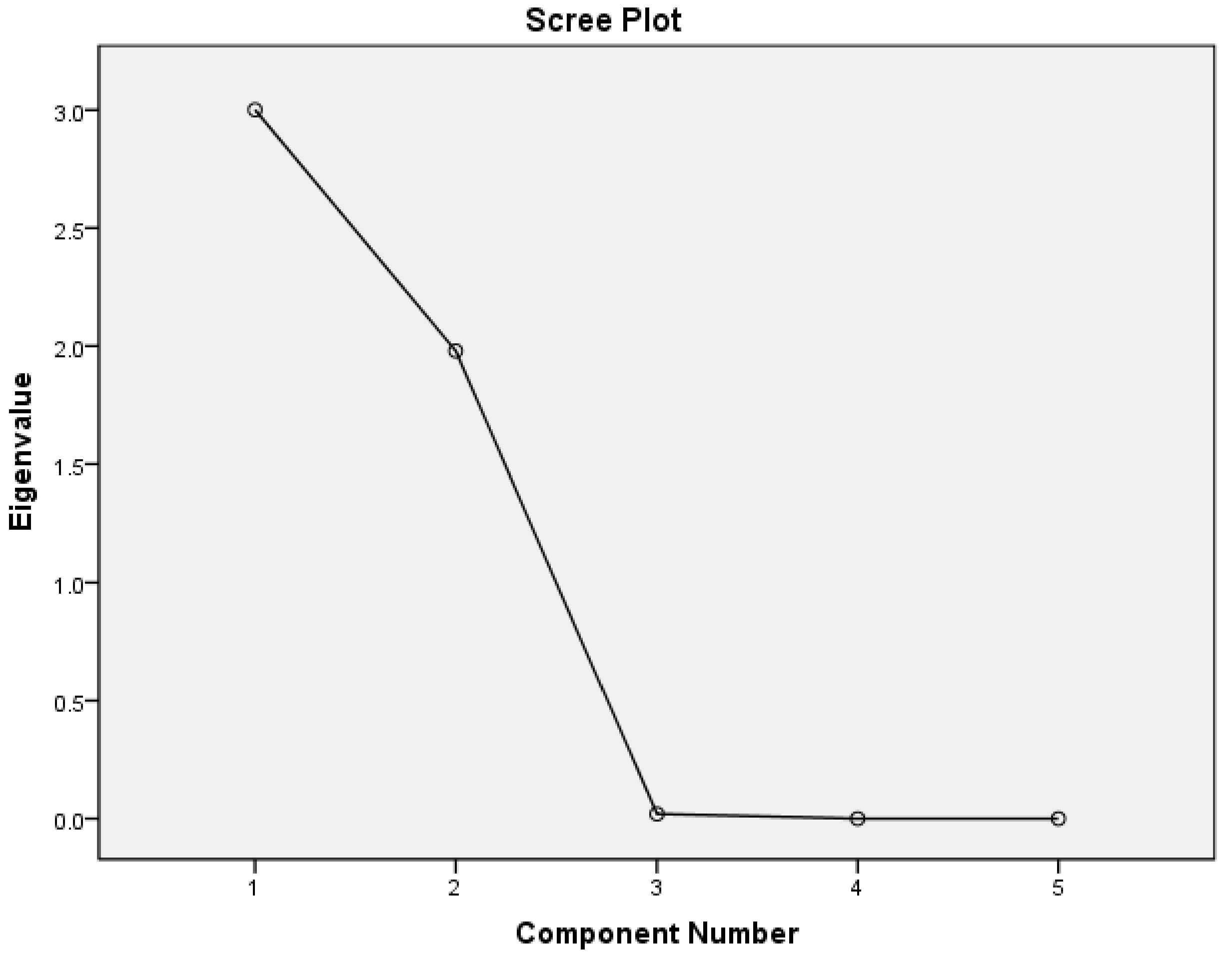
Table 4.19: Total Variance Explained for H5

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.001	60.018	60.018	3.001	60.018	60.018
2	1.979	39.588	99.606	1.979	39.588	99.606
3	.020	.394	100.000			
4	2.250E-16	4.499E-15	100.000			
5	-2.399E-17	-4.798E-16	100.000			

Extraction Method: Principal Component Analysis.

Figure 4.8: Scree plot for H5



Evidence of the above results are further collaborated by the scree plot on Figure 4.8 above. It shows that while five components were extracted, only two component had the biggest contribution in explaining the variance between the constructs. These components had Eigen values above 1. All other factors had values below 1 and thus had limited effect which collectively amounted to 0.4% as opposed to 99.6% recorded by the two components.

Table 4.20: Component Matrix for H5

Component Matrix[a]

	Component	
	1	2
Risks and opportunities reporting leads to improved corporate performance	1.000	-.023
Integrated thinking is motivated by risks and opportunities reporting	.042	.994
It allows for improved understanding of business risks and opportunities by stakeholders	1.000	-.023
Reporting of opportunities results in engagement of strategies by management to utilise the opportunities	.027	.995
Reporting of risks results in strategic actions by management	1.000	-.023

Extraction Method: Principal Component Analysis.

a. 2 components extracted.

The component matrix on Table 4.20 above further clarify these results by showing the two measurements which made up component 1 and 2. Based on these results, the statements, "Risks and opportunities reporting leads to improved corporate performance" and "It allows for improved understanding of business risks and opportunities by stakeholders" were highly rated as they each contributing 1.000 towards the values extracted from component 1. This is a significant score and shows that all other factors have little effect in explaining the relation between risk and opportunities reporting and its ability to lead to improved company performance. This implies that when a company crafts a good business risk reporting strategy, it allows for improved understanding of business risks and opportunities by stakeholders thus investors will have a better understanding of how the company operates. Consequently, this leads to improved company performance. These results are further ratified by the scree plot on Figure 4.8 above.

Table 4.21: Correlation Matrix for H5

Correlations

		RO/CP1	RO/CP2	RO/CP3	RO/CP4	RO/CP5
RO/CP1	Pearson Correlation	1	.019	1.000**	.005	1.000**
	Sig. (2-tailed)		.868	.000	.967	.000
	N	80	80	80	80	80
RO/CP2	Pearson Correlation	.019	1	.019	.980**	.019
	Sig. (2-tailed)	.868		.868	.000	.868
	N	80	80	80	80	80
RO/CP3	Pearson Correlation	1.000**	.019	1	.005	1.000**
	Sig. (2-tailed)	.000	.868		.967	.000
	N	80	80	80	80	80
RO/CP4	Pearson Correlation	.005	.980**	.005	1	.005
	Sig. (2-tailed)	.967	.000	.967		.967
	N	80	80	80	80	80
RO/CP5	Pearson Correlation	1.000**	.019	1.000**	.005	1
	Sig. (2-tailed)	.000	.868	.000	.967	
	N	80	80	80	80	80

**. Correlation is significant at the 0.01 level (2-tailed).

Table 4.21 above shows the correlation matrix of the various items which measured the effect of risks and opportunities reporting on corporate performance. An assessment of the correlation of the measurement items was thus conducted. All correlation coefficients were positive at 0.01 level of significance. For example, results from Table 4.21 above show that the statement “Risks and opportunities reporting leads to improved corporate performance” is perfectly positively correlated with the statement “It allows for improved understanding of business risks and opportunities by stakeholders”, with a correlation coefficient of 1.000. From these result, one can conclude that improved risks and opportunities reporting leads to improved understanding of business risks and opportunities by stakeholders thus driving them to wanting to invest more in the company. As a result, the overall performance of the company will be improved.

With support of the strength of these results, hypothesis 5 was thus accepted and concluded that there is a positive relationship between risk and opportunities reporting and company performance. Reviewed literature from chapter 2 of this study supports these findings. It is noted that an integrated report should answer the question , what are the specific risks and opportunities that affect the organisation’s ability to create value over the short , medium and long term, and how is the organisation dealing with them (IIRC 2013).

A risk is understood as the danger that events or actions prevent the group or one of its divisions from achieving its targets and an opportunity is understood as the possibility to surpass the planned targets as a result of events, developments or actions (Daimler 2017). According to Merck (2016) within the company, opportunity management is an integral component of internal decision-making processes such as short- and medium-term operational planning and intra-year business plans.

4.8. Chapter Summary

The purpose of Chapter 4 of this study was to summarize the research findings and discuss these findings in line with the research objectives of the study. The chapter incorporated general data reduction techniques and cross tabulations. More importantly, analysis through tables, frequency distributions, pie charts, bar graphs and diagrams was dominant in presenting the findings. The main method used to extract data in this case is the Categorical Principal Component Analysis. The purpose of this study was to assess the effect of Integrated Reporting on company performance in the banking sector in Zimbabwe with CBZ, ZB and NMB as the cases of study. While Integrated reporting is the way of reporting being adopted by many companies since its inception by the Integrated Reporting Council in 2011, the link between the its adoption and the improvement of the performance of companies had remained a grey area until this research. In this chapter, the aim was to provide answers to the research question while at the same time proving or rejecting the hypotheses formulated in chapter 1 of the study. The next chapter, chapter 5 summarizes and concludes the research.

CHAPTER 5: SUMMARY, CONCLUSIONS AND RECOMENDATIONS

5.0. Summary

The purpose of this study was to assess the effect of Integrated Reporting on company performance in the banking sector in Zimbabwe with CBZ, ZB and NMB as the cases of study. While Integrated reporting is the way of reporting being adopted by many companies since its inception by the Integrated Reporting Council in 2011, the link between the its adoption and the improvement of the performance of banks that adopted it still remains a grey area. Indeed many studies have predominantly focused on the level of adoption and the quality of reports, with the majority emanating from developed countries creating a dearth gap in the literature that address the effect of Integrated Reporting on company performance. A survey research design was used in line with the objectives of the study which is largely quantitative. A structured questionnaire was used. The questionnaire was structured in such a way that it captured all the five hypotheses formulated. The five hypotheses were organized in sections which constituted parts of the questionnaire. The draft questionnaire was pilot tested to a group of 10 randomly selected CBZ, NMB and ZB personnel at various branches. The sample size was statistically determined based on the current population size of 1800 employees for the three banks. After cleaning the data, the analysis of data proceeded through the use of IBM SPSS. The extraction method used was Categorical Principal Component Analysis (CATPCA). Results extracted confirmed all the five hypotheses at 5% level of significance. Evidence provided confirmed that Integrated Reporting is critical in enhancing company performance. While this research provided exciting ground-breaking discoveries, many limitations existed. This included methodological and sample size limitations. Therefore further research can be conducted using a bigger sample size or conduct a similar study from a qualitative research perspective. Such a wider geographical delimitation may help understand the relationship between Integrated Reporting and the performance of banking institutions.

5.1. Conclusions

The main objective of the study was to assess the effect of Integrated Reporting (IR) on company performance drawing evidence from selected Zimbabwean companies in the banking sector listed on the Zimbabwe Stock Exchange. The study sought to accomplish five objectives namely:

- ✓ To assess the effect of corporate governance reporting results on company performance.
- ✓ To establish the extent to which external environment reporting results in improved company performance.
- ✓ To evaluate the effect of business model reporting results on improved company performance.
- ✓ To evaluate the impact of business strategy reporting results on improved company performance.
- ✓ To establish the extent to which risks and opportunities reporting results in improved company performance.

Accordingly, five hypotheses were formulated in line with the above stated objectives. The following conclusions are now drawn with respect to each of the objectives.

Objective 1: To assess the effect of corporate governance reporting results on company performance.

The first objective was to assess the effect of corporate governance reporting results on company performance. Evidence from the results of the study showed that that improved transparency and company performance are all results of good corporate governance reporting standards which lead to improved company performance. According to Black Sun (2014) corporate governance is of paramount importance to a company and is almost as important as its primary business plan. The author further posits that a corporation without a system of corporate governance is often regarded as a body without a soul or conscience. In the wake of the financial crisis governance reporting is a real opportunity to build the confidence of investors and other stakeholders and therefore company value, it's not just about confidence in the financial statements, it is about confidence in the company in general and it's about showing how the company's business model, strategy and objectives, risk, performance and reward are governed (Patterson 2010). Therefore the study concludes that corporate governance reporting has a direct effect on company performance.

Objective 2: To establish the extent to which external environment reporting results in improved company performance.

The second objective of the study was to establish the extent to which external environment reporting results in improved company performance. Results obtained in chapter 4 of the study showed that external environment reporting results in improved company performance. These results are valid at 95% level of confidence; leaving a 5% margin of error. Conclusions relating to this objective and the subsequent hypothesized relationship is further corroborated by Gupta (2009) who posit that the external environment of an organisation comprises of all the entities that exist outside its boundary but have significant influence on its growth and survival. The author further outlines that an organisation has little or no control of its environment but needs to constantly monitor and adapt to these external changes. According to Machuki and Aosa (2014) changes in the external environment in which organizations operate can either bring forth opportunities and/or threats, therefore, a thorough understanding of the implications of these changes is important for strategic decision making. The authors further posit that, the way a particular organization initiates its strategic behaviour in response to these effects is likely to have performance implications. It is thus concluded that an effective IR should embrace elements from the external environment in order to improve company performance.

Objective 3: To evaluate the effect of business model reporting results on improved company performance.

The third objective of the study was to evaluate the effect of business model reporting results on improved company performance**.** Results in from Table 4.15 above shows that the statement “Business model reporting leads to improved company performance” is strongly positively correlated with the statement “There is increased potential to by the organisation to lure long term investors”, with a correlation coefficient of 0.974. From this one can deduce that through improved business model reporting, more investors can find reason to invest in a company thus resulting improved company performance. According to Marsanall and Ricart (2009), strategy refers to refers to the choice of business model through which the firm will compete in the market place. Strategy formulation should describe the process and tools earmarked for the creation of value for shareholders and other stakeholders, specifically customers, employees, suppliers and society as a whole (Ernst and Young 2013). James (2013) posit that an Integrated Report should provide insight into the organisation’s strategy and how it relates to the organisation’s ability to create value in the short ,medium and long term and to its use of and effects on the capitals. The author further suggests that strategic reporting should show where the organisation wants to go and how it intends to get there.

Objective 4: To evaluate the impact of business strategy reporting results on improved company performance.

In this study it was hypothesized that positive relationships exist between business strategy reporting results and improved company performance. An assessment of the correlation of the measurement items was thus conducted. All correlation coefficients were positive at 0.01 level of significance. The study thus concludes that improved business strategy reporting leads to more and more investors being interested in investing their money into such a company. As a result, the overall performance of the company will be improved. Evidence from extant literature support these findings. For example, Zolt and Amit (2008) posit that business models can play a central role in explaining firm performance. According to Markides and Charitou (2004) the business model represents a potential source of competitive advantage. Afuah and Tucci (2001) propose the business model as a unifying construct for explaining competitive advantage and firm performance. Zolt and Amit (2008) carried out a research on the implications of the business model on performance in entrepreneurial firms.

Objective 5: To establish the extent to which risks and opportunities reporting results in improved company performance.

The study concludes that when a company crafts a good business risk reporting strategy, it allows for improved understanding of business risks and opportunities by stakeholders thus investors will have a better understanding of how the company operates. Consequently, this leads to improved company performance.

Reviewed literature from chapter 2 of this study supports these findings. It is noted that an integrated report should answer the question , what are the specific risks and opportunities that affect the organisation's ability to create value over the short , medium and long term, and how is the organisation dealing with them (IIRC 2013). A risk is understood as the danger that events or actions prevent the group or one of its divisions from achieving its targets and an opportunity is understood as the possibility to surpass the planned targets as a result of events, developments or actions (Daimler 2017). According to Merck (2016) within the company, opportunity management is an integral component of internal decision-making processes such as short- and medium-term operational planning and intra-year business plans.

5.2: Recommendations

Based on the findings of this study, the following are the key managerial recommendations:

a) Corporate governance reporting

Corporate governance reporting is a real opportunity to build the confidence of investors and other stakeholders and therefore company value. It's not just about confidence in the financial statements. It is about confidence in the company in general. And it's about showing how the company's business model, strategy and objectives, risk, performance and reward are governed. Company executives are therefore urged to embrace IR for the growth and prosperity of their firms.

b) External environment reporting

Changes in the external environment in which organizations operate can either bring forth opportunities and/or threats, therefore, a thorough understanding of the implications of these changes is important for strategic decision making. The authors further posit that, the way a particular organization initiates its strategic behaviour in response to these effects is likely to have performance implications. It is thus concluded that an effective IR should embrace elements from the external environment in order to improve company performance.

c) Business Model Reporting

Integrated Report should provide insight into the organisation’s strategy and how it relates to the organisation’s ability to create value in the short, medium and long term and to its use of and effects on the capitals. Through improved business model reporting, more investors can find reason to invest in a company thus resulting improved company performance. According to Marsanall and Ricart (2009), strategy refers to refers to the choice of business model through which the firm will compete in the market place. Strategy formulation should describe the process and tools earmarked for the creation of value for shareholders and other stakeholders, specifically customers, employees, suppliers and society as a whole (Ernst and Young 2013).

d) Business Strategy reporting

Improved business strategy reporting leads to more and more investors being interested in investing their money into such a company. As a result, the overall performance of the company will be improved. Most companies in emerging economies have been faced with the challenge of engaging in Integrated Reporting since the old way of reporting which is mostly financial is unsustainable for business growth. One of the challenges according to Hubbard (2014) is in embedding the processes of formulating such a report to achieve a balanced view representing the essence of an organisation's interactions with the various capitals and providing meaningful forward-looking perspectives. In other words, the report should avoid both a "tick box" style and a "one-sided" marketing spin. Therefore, management is recommended to embrace IR for improved business strategy reporting which yields better company performance.

e) Risks and opportunities reporting

It is noted that an integrated report should answer the question, what are the specific risks and opportunities that affect the organisation's ability to create value over the short, medium and long term, and how is the organisation dealing with them. It is thus recommended that since improved understanding of business risks and opportunities by stakeholders results in investors having a better understanding of how the company operates, management must embrace IR, particularly in the case of Zimbabwean companies in order to attract more investors. Consequently, this leads to improved company performance.

5.3: Research Limitations

Despite the successful completion of the study and being able to close the indented knowledge gaps, the research had several limitations some of which are highlighted below:

Sample size:
The number of the units of used in the study were perceived to be not large enough due to the methodology used. The sampled employees were provided by three banks. This was mainly driven by the absence of banks who have fully adopted the IR as an accounting reporting standard. As a result, some robust statistical analysis could not be done. However, the

researcher overcame this limitation through carefully selecting study participants using a probability sampling technique. Consequently, this enabled the researcher to assess associations between variables and testing of relationships.

***Lack of prior research studies on the topic*.**

The citation of research studies forms the basis of any literature review and helps lay a foundation for understanding the research problem you are investigating. In this study, access to published data on the knowledge management activities undertaken by the company was so difficult. The researcher had to seek for authority to gain access to some of the information which would otherwise not have been readily available for use in the study. This negotiated access was sought and important information relevant to this study was eventually obtained.

5.4: Areas for further study

While this study helped in expanding the knowledge on the effect of Integrated Reporting on company performance in the banking sector in Zimbabwe with CBZ, ZB and NMB as the cases of study, many limitations existed and these justify further studies to be conducted. For example, future studies may widen the scope of the research to include a much bigger sample size and possible conduct an industry-wide study. The study recommends that since age and gender was a critical factor as evidenced by the skewed statistics of the sampled employees, perhaps more research can be conducted to ascertain the link between Integrated Reporting on company performance with gender and age being mediating factors.

Finally, future studies may need to focus on longitudinal studies whose thrust is on understanding behavioural changes with time in the usage IR and its effect on company performance. Such a research will help shed more light on the effect temporal variables on company performance upon the acceptance of IR as an accounting and reporting standard.

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APPENDIX A: QUESTIONNAIRE

My name **is Barbra Makasi**, a Master of Commerce Degree in Accounting student with the Midlands State University. I am conducting a study **entitled "The effect of Integrated Reporting on Company Performance: Evidence from selected Banking Institutions listed on the Zimbabwe Stock Exchange".** This is in partial fulfilment of the Master's Degree requirements as required by the University. **STRICT CONFIDENTIALITY** shall be observed and please kindly note that all gathered information shall be used solely for the purpose of this study only.

GENERAL INSTRUCTIONS

1. Please kindly attempt all questions by ticking your appropriate answer/opinion.
2. For any extra views or information please feel free to write on the space provided at the end of the questionnaire.

1. SECTION A: DEMOGRAPHIC INFORMATION

What is your position in the organisation?

Board Member ☐
Executive Director ☐
Middle Management ☐
Supervisory
Other Grade

2. Gender (*please tick where appropriate*)

Male ☐ Female ☐

3. Age (*please tick where appropriate*)

Less than 25 years ☐
Between 25 and 30 years ☐
Between 30 and 40 years ☐
Between 40 and 50 years ☐
Above 50 years ☐

SECTION B: CORPORATE GOVERNANCE REPORTING AND COMPANY PERFORMANCE

4.Corporate Governance Reporting plays a pivotal role in determining company performance in the banking industry. Do you agree? Indicate your response against each of the following questions on a scale of 1-5 as highlighted below:

1= Strongly agree; 2= Agree; 3=Neither agree nor disagree; 4=Disagree; 5= Strongly Disagree

		1	2	3	4	5
CG/CP1	Corporate governance reporting leads to improved company performance					
CG/CP2	Easy engagements with stakeholders is facilitated by governance reporting					
CG/CP3	Corporate governance reporting results in improved transparency					
CG/CP4	Stakeholders have a better understanding of the organisation through governance reporting					
CG/CP5	Governance reporting lure investors					

SECTION C: EXTERNAL ENVIRONMENT REPORTING AND COMPANY PERFORMANCE

5. External environment reporting influences the performance of the banking institutions. Do you agree? Indicate your response against each of the following questions on a scale of 1-5 as highlighted below**:**

1= strongly agree; 2= Agree; 3= Neither agree nor disagree; 4= Disagree; 5= Strongly disagree

		1	2	3	4	5
EE/CP1	External environment reporting leads to improved company performance					
EE/CP2	Improved Corporate Social Responsibility results from reporting on the company's external environment					
EE/CP3	Improved corporate social responsibility lead to government exemptions					
EE/CP4	Companies that report on their external environment strive to improve their conduct with other organisations					
EE/CP5	Positive external environment reporting leads to increased customer base					

SECTION D: BUSINESS MODEL REPORTING AND COMPANY PERFORMANCE

7. Business model reporting has an effect on the performance of banking institutions. Do you agree? Indicate your response against each of the following questions on a scale of 1-5 as highlighted below:

1= strongly agree; 2= Agree; 3= Neither agree nor disagree; 4= Disagree; 5= Strongly disagree

		1	**2**	**3**	**4**	**5**
BM/CP1	Business model reporting leads to improved company performance					
BM/CP2	Stakeholders understand how the organisation creates value through business model reporting					
BM/CP3	There is increased potential to by the organisation to lure long term investors					
BM/CP4	Providers of financial capital have greater confidence in the long term viability of the business model					
BM/CP5P	Investors have a clearer picture of how the six capitals are transformed to create value for the business					

SECTION E: BUSINESS STRATEGY REPORTING AND COMPANY PERFORMANCE

8. Business Strategy Reporting affects the performance of banking institutions. Do you agree? Indicate your response against each of the following questions on a scale of 1-5 as highlighted below:

1= strongly agree; 2= Agree; 3=Neither agree nor disagree; 4= Disagree; 5= Strongly disagree

		1	**2**	**3**	**4**	**5**
BS/CP1	Business strategy reporting leads to improved company performance					
BS/CP2	There is collaboration between the board executive and management in executing goals and targets					
BS/CP3	Providers of financial capital better understand the organisation's strategy.					
BS/CP4	Investors have greater confidence in the long term viability of the organisation					
BS/CP5	Business strategy reporting leads to increased long term investment					

SECTION F: RISKS AND OPPORTNITIES REPORTING ON COMPANY PERFORMANCE

9. Risks and opportunity reporting plays a pivotal role in determining the performance of banking institutions. Do you agree? Indicate your response against each of the following questions on a scale of 1-5 as highlighted below;

1 = Strongly agree; 2= Agree; 3=Neither agree nor disagree; 4 = Disagree; 5 = Strongly disagree

		1	**2**	**3**	**4**	**5**
RO/CP1	Risks and opportunities reporting leads to improved corporate performance					
RO/CP2	Integrated thinking is motivated by risks and opportunities reporting					
RO/CP3	It allows for improved understanding of business risks and opportunities by stakeholders					
RO/CP4	Reporting of opportunities results in engagement of strategies by management to utilise the opportunities					
RO/CP5	Reporting of risks results in strategic actions by management					

10. Any other comments/ contributions

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Your participation in this survey is greatly appreciated. Thank you.

APPENDIX B: PERMISSION LETTERS TO CARRY OUT RESEARCH

APPENDIX 3: PLAGIARISM REPORT