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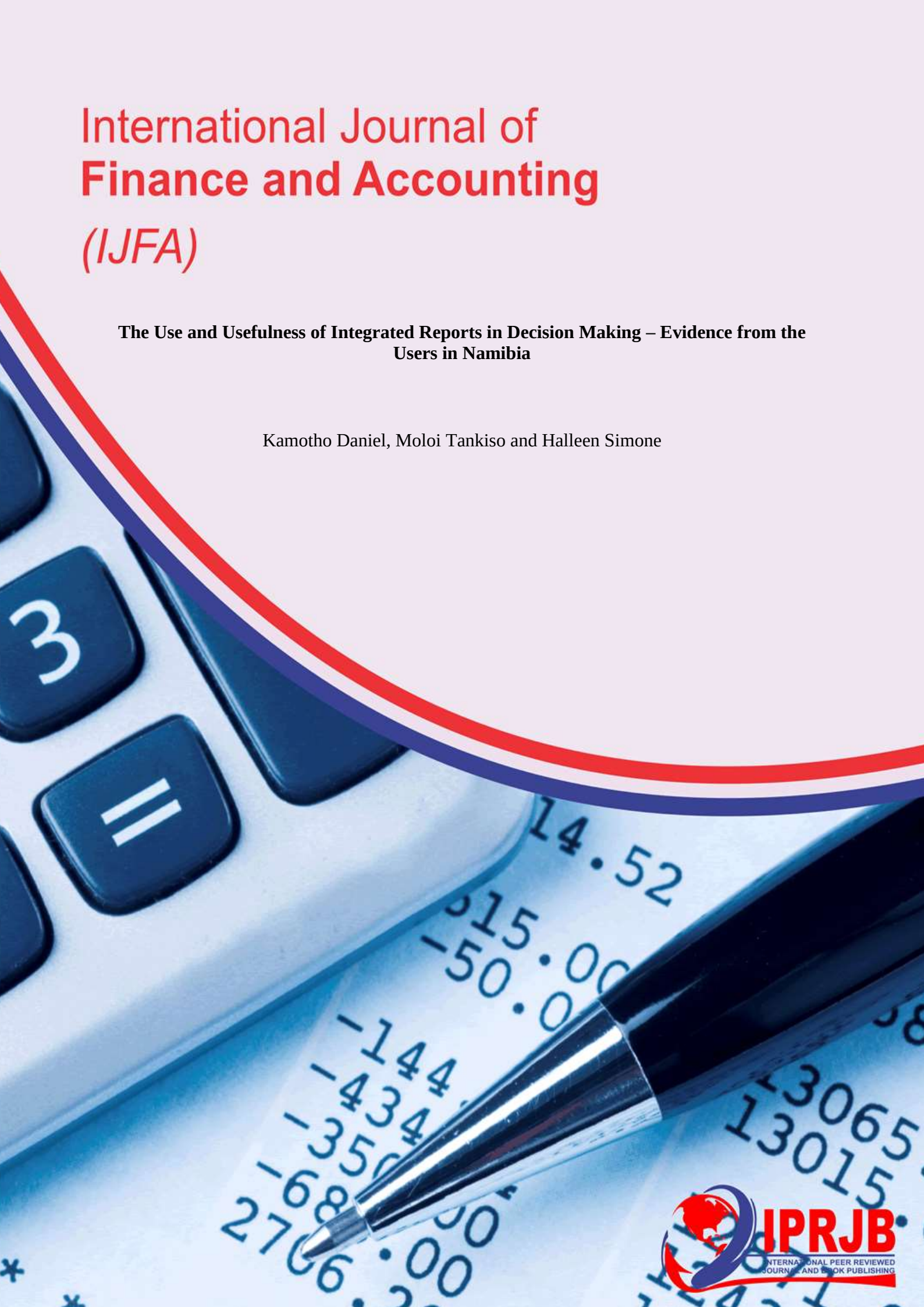

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The Use and Usefulness of Integrated Reports in Decision Making – Evidence from the Users in Namibia

Kamotho Daniel[*1] Moloi Tankiso[2] & Halleen Simone[3]

[1]Department of Accounting, Economics and Finance, Namibia University of Science and Technology, Windhoek, Namibia.

[2]School of Accounting, College of Business and Economics, University of Johannesburg, Johannesburg, South Africa

[3]School of Accounting, College of Business and Economics, University of Johannesburg, Johannesburg, South Africa

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Abstract

Purpose: The use and usefulness of integrated reports have in the recent time constituted a subject of debate in practice and academic with contradicting findings. However, integrated reports represent a development in corporate reporting necessitated by the growing demand by stakeholders to obtain balanced information about companies on which to make decisions. The aim of this paper is to investigate how users perceive the use and usefulness of Namibian listed companies' annual integrated reports (IRE) for decision-making. It also seeks to assess whether there are any significance differences in perceptions of the use and usefulness of IRE information among different user groups.

Methodology: Users of integrated reports were polled using a questionnaire survey method to collect primary data. The questionnaires were sent to representatives of stakeholders from NSX-listed companies as users. Descriptive statistics, such as one-way ANOVA, were used to evaluate the results.

Findings: The study examines the perceived usefulness of Integrated Reporting (IRE) components such as SPLOCI, SFP, and ER, finding their usefulness statistically significant for decision-making. The One-way ANOVA results indicate no significant differences in users' perceptions of IRE's usefulness, encouraging preparers to disclose necessary information confidently. However, two-way ANOVA reveals significant differences in decision usefulness attributes, suggesting certain IRE components are more useful. Consequently, Namibian companies may voluntarily disclose these components to meet stewardship obligations. .

Unique Contribution to Theory, Practice and Policy: The results show that users of IRE produced by publicly traded companies in Namibia find it useful. Furthermore, it demonstrates that various user groups' views of the use and usefulness of IRE does not vary significantly. Regulators and standard setters tasked with implementing accounting principles/standards relevant to integrated reporting should be interested in the findings outlined in this paper. As a result, the findings could be beneficial to regulatory bodies in Namibia (e.g., the Public Accountants and Auditors Board) in improving the disclosure practices of listed companies in Namibia (e.g., on a voluntary basis) and increasing capital market transparency.

Keywords: *Integrated Reports, Use and Usefulness, Disclosure, Perception, Decision making, Corporate Reporting, Reporting, Namibia*

INTRODUCTION

Integrated reports like other corporate reports are prepared to meet the informational needs of users (Dandago & Hassan, 2013). These informational needs increased beyond the traditional financial information particularly after the collapse of large organisations like Enron's and World-com that signalled the financial crises of 2008 (Zicari, 2014) demanding that companies provide more sustainability information beyond the traditional financial reporting. As a result, more and more companies developed sustainability reports in the forms of CSR that were mainly separate from the financial reports (Ernst & Young, 2014). These reports provided information that was different but complimentary to the financial information intended to meet the growing demand from users on which they could rely to determine the sustainability of companies (Ernst & Young, 2014; Zicari, 2014).

As a result, Baumgartner (2014) argues that users are confronted with many reports some of which contradict each other and, therefore, there is need to develop one report that could meet the desired varied informational needs of users in one report commonly referred to as the integrated reports. These reports, integrated reports, have promoted how companies understand sustainability and provided a medium on which companies can demonstrate accountability and promote transparency (Higgins & Coffey, 2016). Reports serve to provide information to readers on which they make economic decisions (Cohen et al., 2015; Krzus, 2011; Van Der Lugt & Adams, 2018). However, debates rages as to whether any single report can meet the varied informational needs of users (Zicari, 2014; Flower, 2015; Baboukardos & Rimmel, 2016) and further whether that or those reports are used for decision making by users (Velte & Stawinoga, 2017; Ahmed Haji & Anifowose, 2016).

Despite these advances, there is no substantive proof in literature that IRE helps equity investors make better decisions. Further research into users' views and perceptions of the decision usefulness of integrated reporting is needed. According to Van Zijl, Maroun and Wöstmann (2017); Atkins and Maroun,(2014). This is in response to various contradicting studies on the use and usefulness of integrated reports (Hacking & Guthrie, 2008; Eccles & Krzus, 2010; Dennis, Connole & Kraut, 2015; Nazari, Herremans & Warsame, 2015; Flower, 2015).

Potter and Soderstrom (2014) argues that despite the fact that businesses have integrated reports little is known of the extent to which stakeholder's make use of the reports to direct their decision-making. Rowbottom and Locke (2016) also recommend further research into "capital providers' use and perceived usefulness of integrated reports." Although applauding the IIRC's "efforts to create a framework for revealing value creation", Adams (2015) posed the question, "Will investors read, approve, and question management on certain long-term value creation disclosures?. The aim of this study is to fill the gap with empirical analysis and provide evidence as to how useful integrated reports generated in Namibia are to users. The study also aims to look at the different perspectives in regard to various user categories of integrated reports.

This research is deemed necessary based on the above objectives because it will aid Namibian companies in identifying informational needs, particularly in relation to integrated reporting, which users find useful. Then, in order to improve accountability and satisfy the information needs of their users, these organizations should consider sharing the information they consider valuable in the future. This research also contributes to expanding existing understanding in the integrated reporting literature by integrating the Namibian context. Furthermore, the aim of

this study on the usefulness of integrated reports as viewed by Namibian users is to fill a gap in the literature while also encouraging future studies in this field in Namibia and other emerging African countries. The paper is organized as follows: the next section contains a description of integrated reporting as well as a list of the qualitative characteristics that makes information to be useful. After that, there is a literature review. The formulation of theories, study process, and results are then discussed. Finally, there is a conclusion to the study.

Problem Statement

The use and usefulness of integrated reports (IRE) have been a topic of debate in both practice and academia, with conflicting findings. Despite the growing demand from stakeholders for balanced information to make informed decisions, there is limited understanding of how users perceive the usefulness of IREs, particularly in the context of Namibian listed companies. Eccles & Krzus (2010) provides a comprehensive overview of integrated reporting and its benefits for sustainable business strategies while IIRC (2013) framework outlines the principles and concepts underpinning integrated reporting, which can be useful for understanding the theoretical background. This study aims to address this gap by investigating user perceptions of the use and usefulness of IREs for decision-making.

Research Gap

While integrated reporting has been recognized as a significant development in corporate reporting, there is a lack of empirical evidence on its perceived usefulness among different user groups, especially in developing countries like Namibia. Previous studies, such as Haji & Anifowose (2016); Jensen & Berg (2012) and Adams (2015), have primarily focused on more developed markets, leaving a gap in understanding the relevance and impact of IREs in less developed capital markets. However, Haji & Anifowose (2016) examines the practice of integrated reporting in South Africa, which can offer insights into similar contexts in Namibia.

Aims of the Study

i. Investigate User Perceptions: To explore how users perceive the use and usefulness of annual integrated reports of Namibian listed companies for decision-making.
ii. Assess Differences among User Groups: To determine if there are significant differences in perceptions of the use and usefulness of IRE information among different user groups.
iii. Provide Insights for Regulators and Standard Setters: To offer practical implications for regulators and standard setters in Namibia to improve disclosure practices and enhance capital market transparency.

LITERATURE REVIEW

Theoretically, accounting reporting should be explained by the accounting theory. However, researchers in accounting theory generally agrees that no single theory can best explain the basis of accounting principles and models (Coetsee, 2010; Inanga & Schneider, 2005; Davis, Menon & Morgan, 1982; Watts & Zimmerman, 1979). Consequently, IRR would have to be explained using several theories building on assumptions usually taken for granted but which exert influence in real world practises (Davis, Menon & Morgan, 1982). This can best be illustrated by the way the IIRC was formed to address current global challenges of climate change and global warming facing companies challenges (Adair, 2013; IIRC, 2013c, 2013b; Ernst&Young, 2014a; Kılıç and Kuzey, 2018). These challenges demanded companies to be more transparent and accountable to demonstrate their sustainability (IFC, no date; Burritt and

Schaltegger, 2010; Baumgartner, 2014).

The issuance of the IIRC integrated reporting framework was therefore aimed at integrating the various informational reports for various purposes into one report that could provide all the desired information by users in one report (Mertins, Kohl and Orth, 2012). The results are that integrated reports become too bulky as companies combined various reports such as employee report, financial report, CSR, and others. As a result, several researchers argued that the primary objective of the IIRC to provide a concise report on which stakeholder could rely for all their informational needs faces serious challenges (Adams, 2015; Flower, 2015; Dumay *et al.*, 2016, 2017b) and consequently the usefulness of integrated reports remain limited. Contrary to that school of thought, other researcher's finds evidence that suggest some extent to which organisations have benefited from integrated reporting (Al-Htaybat & von Alberti-Alhtaybat, 2018; Alzarouni et al., 2011; Asif et al., 2013; Baumgartner, 2014; Kamala, 2014; Slack & Tsalavoutas, 2018; Kamotho, Moloi & Halleen, 2022).

There is, however, the general concession among practitioners and academics that integrated reporting framework offers a model that could provide a value creation information of a company over time that is more balanced as it combines financial with sustainability information making it more decision useful for stakeholders (IIRC, 2013; International Integrated Reporting, 2011; Cheng *et al.*, 2014). As result, the framework has received widespread support from regulators, governments and a wide cross section of stakeholders (Humphrey, O'Dwyer & Unerman, 2017). This is mainly because integrated reports provide more decision information in a linked manner beyond the traditional financial report and the stand-alone corporate reports like sustainability, corporate social responsibility, and others.

From the Agency's theory point of view, the owners of an organization are more likely to expect more responsibility from the executives, who have more experience and awareness about the company. This is because management is most inclined to expose the details that they deem to be beneficial to them. Shareholders will then request assurance services for the details revealed (de Villiers & Van Staden, 2010) to enable them depend on the information for decision making.

Perego et al. (2016) analysed the view of corporate report preparers from a sense-making viewpoint and found that despite the progress achieved on IRR, the IRR area is still not well known by users due to various challenges. Similarly, Chaidali and Jones (2017) and Flower (2015) found a lack of confidence in the IIRC and its system because of the questionable nature of the structure and composition of its Council. According to Flower (2015), the IRE preparers expressed reservations as to the real benefits of IR, primarily due to the lack of widely accepted and consistent guidelines in the IIRC process, which culminated in high preparation costs, varying contents, different duration of the reports, different formats and presentation of the reports. These attributes make IRE not useful for decision making for majority of the report users.

Business reporting characteristics e.g. how companies prepares their report has a bearing on the usefulness. Stubbs and Higgins (2014) reviewed the mechanism of institutionalization of IRR through formal interviews and found that early adoption organizations had to change their business policies, organizational culture, and management processes in order to reconcile themselves with the values of IRR process in order to improve the application of IRR in their companies. In addition, Beck, Dumay and Frost (2017) conclude that businesses are driven by a crisis of trust of consumer faith to implement IRR. In doing so, they tend to justify their

actions and to legitimize their operations to society as a whole. Similarly, Lodhia (2015) investigated the introduction of IRR in an Australian customer-owned bank and concluded that businesses need ethical management. These researchers agree that IRE have the potential to provide the required information to various stakeholders that would enable them to make economic decisions.

Previous studies have also looked at the views of owners and prospective buyers. Via an exploratory analysis, Atkins *et al.* (2015), finds that IR is engulfed by several obstacles that restrict the usefulness of IRE and those obstacles undermine the development of an integrated thinking process. Their research, based on interviews with SA Investment Group experts on SA's annual integrated reports, concluded that despite some deficiencies relative to the traditional annual reports, Integrated reports are regarded more favourably by users of the reports. On the other hand, De Villiers and Hsiao (2017) found evidence from 16 Taiwanese investment analysts that investors rely more on private knowledge than on voluntary disclosures of sustainability like those in IRE for decision making. They concluded that Taiwanese investors were unsure about the ability of IRE to provide important decision-making information for investment and that investors had limited knowledge regarding the IIRC framework and its ability to generate the required decision useful information.

Slack and Tsalavoutas (2018) finds similar findings from the restricted usefulness of IRE in an analysis between portfolio managers and stock analysts. These results are further verified by Abhayawansa, Elijido-Ten and Duma (2018), who finds that IR is of marginal importance and usefulness to sell-side analysts due to the limited knowledge and differences in the companies reporting characteristics.

Higgins, Stubbs and Milne (2018) found support for voluntary approaches to non-financial reporting by examining the views of other stakeholders by researching the expectations of non-financial information users in Australia for regulatory or voluntary approaches to IR. They concluded that IR was likely to become the reporting standard over time. They also find that Investors are in support of mandatory IR because they feel that it will increase the standard of transparency through more meaningful disclosures. Furthermore, (Adhariani & de Villiers, (2019) finds evidence of perception from US accounting students that sustainability reporting is more beneficial to large than smaller businesses and advocated the reporting of various performance metrics to mitigate these factors. Adhariani and de Villiers, (2019) concludes that IR implementation would increase the consistency of reporting by offering detailed useful knowledge that is useful for long-term decision-making purposes.

In a similar study in Indonesia and the emerging market, Dumay et al. (2017) concluded that IR adoption remained poor due to factors such as inadequate legislation, inadequate internal process and doubts about the benefits of value creation and integrated thought that constitute significant barriers to IRR growth. This challenges have limited the extent to which the users of the reports use them for decision making (Robertson & Samy, 2015).

Measurement of Decision Usefulness of Integrated Reports

To measure the decision usefulness perception, the data collection instrument was designed based on the literature review of decision useful financial information developed from the conceptual framework for financial reporting. Consequently, the questionnaires had five parts as follows.

Part A- Biological information- user type and NSX affiliated companies. Part B – Informational

needs of users – the purpose of this part was to measure the extent to which IRE meets the informational needs of its stakeholders. This part was used to measure the perceived stakeholder's relevance or extent to which the IRE meets the informational needs of its users. These users' needs generally relate to accountability and decision-making purposes. Part C – was structured to capture the quality perception of decision useful information using the qualitative characteristics of the conceptual structure for financial reporting.

According to the Conceptual Framework for Financial Reporting 2018, decision useful information has the following qualitative characteristics: relevance, faithful representation, understandability, timeliness, comparability, and verifiability. While achieving and balancing these qualities is not always easy, they are critical in ensuring that integrated information is reported with sufficient quality to be useful for both transparency and decision-making. As a result, the consistency of integrated information is crucial in assessing its usefulness. Consequently, processes are required to ensure that this level of quality is maintained. Part D – measured the extent to which users were satisfied with the IRE. In so doing it measured the reporting characteristics of the company's (how company respond to their informational needs) while Part E sought to ascertain the desired sections of the IRE. Users desire for certain report signify their importance and use in decision making. These attributes attempt to measure the IRE component or parts of the reports that are more desired than others.

As a result of the above, four measures (attributes) of usefulness were extracted. These are.

i. Integrated reporting characteristics
ii. Integrated reporting stakeholder's relevance
iii. Integrated reporting quality satisfaction
iv. Integrated reporting component importance

The questionnaires were captured through IBM SSPS version 27 and an exploratory factor analysis extracted as per table 1 below.

Table 1: Exploratory Factor Analysis

Factor	Factor loading
Integrated reporting characteristics (Cronbach's Alpha = 0.869)	
Be interactive	0.592
Demonstrate top management commitment to integrated performance	0.393
Include organisational structure that deal with integrated matters	0.726
Use multiple languages, videos, maps, and descriptions to improve readability	0.710
Enhance accessibility of information using navigation tools	0.817
Demonstrate how integrated matters are integrated into business processes	0.720
Indicate if the integrated management systems have been assured	0.801
Indicate whether or not integrated systems are subject to internal auditing	0.495
Integrated reports are generated in real time.	0.545
Integrated reporting stakeholder's relevance (Cronbach's Alpha = 0.847)	
Determine and fix the needs and issues of key stakeholders.	0.790
Identify and explain the most important issues (significant aspects)	0.800
Make sure the information is precise and correct.	0.812
Include a third-party assurance statement.	0.559
Significant outputs/impacts should be quantified and monetized	0.675
Quantitative outputs/impacts should be compared to best practices/industry norms.	0.575
Getting a quick overview (quick reading of headings, subject phrase, and main idea)	0.503
Printed annual reports (Integrated Annual reports)	0.569
Integrated reporting quality satisfaction (Cronbach's Alpha = 0.878)	
Understandable	0.676
Timely	0.723
Verifiable	0.658
Reliability	0.623
Understandability	0.665
Timeliness	0.760
Conciseness	0.738
Integrated reporting component importance (Cronbach's Alpha = 0.808)	
Companies' websites PDF format of sustainability reports	0.638
Statement of financial position (Balance sheet)	0.438
Statement of profit and Loss (Income statement)	0.522
A cash balance statement	0.811
Integrated Report	0.618
Corporate Governance Report	0.580
Employee Report	0.639
Report on Community Involvement	0.480
Environmental Report	0.349

Table 1 above shows the elements measuring each aspect of decision useful was indeed measuring the same aspect of the reports. The Cronbach's Alpha >0.800 for the four aspects are all considered good statistical measures for decision usefulness.

Hypotheses Development

Section 2 looked at research on the use and usefulness of IRE on decision making. Despite the fact that these studies did not lead to the advancement of any theories, they found IRE information to be valuable for users of those reports in making decisions. Furthermore, the results of these studies revealed that users' perceptions of IRE information varied depending on whether it was financial or non-financial information. There have been no previous studies that looked at differences in the perceived usefulness of IRE information among different user groups or categories since all of these studies concentrated on a single user group.

The stakeholder's theory can be used to explain the perceived usefulness of IRE information, as well as explanations of the various attributes of IRE decision usefulness and differences in perceptions among different categories of users, despite the lack of clear supporting theories/hypotheses in previous studies on the usefulness of IRE information. According to the stakeholder theory, all stakeholders (i.e., various user groups) have the right to be informed about the company's performance and results of operations, including comprehensive disclosures on the annual IRE.

Stakeholders should be able to see evidence that companies are meeting their stakeholder responsibilities based on the information they receive. As a result, stakeholders should find this information helpful, including IRE for decision making. However, since the stakeholders vary, their priorities and informational requirements do as well. As a result, different attributes of IRE that make it useful for decision making will be perceived as useful to different users to varying degrees. The following hypothesis are proposed based on the preceding discussion:

$H1_0$. Different category of Users of IRE perceives it to be equally useful for decision making. (i.e., there is no difference in the rating by various users of various usefulness component of the report) $\mu_1 = \mu_2 = \mu_3 = \mu_4 = \mu_5 = \mu_6$

Where $\mu 1$= mean of user group 1 – academics, $\mu 2$=mean of user group 2 - Investors, $\mu 3$mean of user group 3- External auditors, $\mu 4$=mean of user group 4- employees of NSX listed companies, $\mu 5$=mean of user group 5- Regulators and $\mu 6$=mean of user group 6- Customers/suppliers

$H1_1$. Different category of Users of IRE perceives it NOT to be equally useful for decision making. (i.e., there is a difference in the rating by various users of various usefulness component of the report)

$H2_0$. IRE decision usefulness attributes do not influence the rating on decision usefulness of integrated reports (i.e., there is no difference in the rating of various usefulness attributes of IRE)

$H2_1$. IRE decision usefulness attributes influence rating on decision usefulness of integrated reports differently (i.e., there is a difference in the rating of various usefulness attributes of decision usefulness of IRE)

METHODOLOGY

Sampling

We used a structured questionnaire survey which was distributed to users of integrated reports of the selected/sampled companies i.e., customers, employees, regulators, suppliers, external auditors, academics, investors, and other stakeholders who are reported as audience of those reports.

Sample and Data Collection

A convenience sample of 24 companies representing all the various sectors was selected from a total of 43 listed companies as of 31st December 2019. Based on the selected companies, a sample of five stakeholders from each company was selected to give their views through a self-administered questionnaire. These stakeholders were companies mentioned or shown on the integrated reports. A convenience sampling technique was used that ensures the following sample size for each of the chosen 24 companies.

- Three external users – the group comprised regulators of the industry, external auditors, customers, suppliers, shareholders, investors, and loan providers.
- Two internal users – the group comprised of accounting and finance staff, managers, internal auditors, sustainability managers and staff in marketing and PR departments.
- An additional 10 questionnaires were distributed to academics in the Accounting and Economic department currently active in research activities.

The companies were then phoned by the data collection assistant for request to participate in the study and for proposed persons and their contact from the companies. A second phone call was made to the proposed participants to explain the purpose of the study and to seek their personal approval to participate in the survey. In some instances, alternative person was suggested, or the completion of the questionnaire was delegated to other staff within the proposed departments which were mainly the accounting and finance departments. The questionnaire survey was then either emailed to them or delivered to their place of work in hard copy. A total of 130 questionnaire were distributed to identify individuals who had consent on phone to seek their consent. The data collection assistant will then follow up with hard copies of the completed survey to monitor progress and boost response rates.

The following was a sample of the companies:

Table 2: Sampling Frame

Sector Name	Number of companies	Sampled companies
Integrated Services	12	6
Mining	7	4
Banks	4	2
Real Estate	3	2
Insurance	4	3
Manufacturing, Oil and Gas	4	2
General Retailers/Industrial, Food and Support Services	9	5
Tot	**43**	**24**

A total of 113 completed questionnaires were received signifying a response rate of 87%. This is significantly very high compared to questionnaires response rate on studies which averages 20%. The high response rate is attributed to the selective process of participant, the long period of data collection from June – October 2020 and the remuneration of the data collection assistant partially hinged on completed questionnaires.

Data Gathering

The required data was collected from IRE users through a questionnaire survey. The questionnaire was divided into five parts, each focusing on a different aspect of the research.

All questions were closed ended, with the exception of one on suggested improvements as perceived by the users, using a five-point Likert scale ranging from 1 (not at all useful) to 5 (extremely useful).

Pilot Testing of Questionnaire

The questionnaires were pilot tested before being distributed to ensure that they were straightforward, not ambiguous, and easy to understand by the respondents. A total of ten academics from the departments of accounting, economics, and finance at the Namibia University of Science and Technology (NUST) were asked to complete the questionnaire and critically review it, as well as discuss any areas where the instrument could be improved or modified to make it more useful. The time taken was recorded because the researcher was present during the completion of the questionnaire. As a result, several modifications were made.

The revised questionnaire was then resubmitted to five senior NUST academics for approval. At NUST, a second pilot study was conducted with third-year accounting students. The responses from the students showed that the questionnaire was clear, concise, and understandable and therefore, adequate in terms of achieving the study objectives. The pilot study completed questionnaires were not used as data for the study.

Discussion

Background Information on the Survey

The study is based on the Namibian listed companies and seeks to investigate the decision usefulness perceptions of integrated reports produced by various user categories. These companies are mandated to produce annual integrated reports by the listing rules making the availability of the information public. Further these companies contribute a major part of the GDP of the Namibian economy.

Validity and Reliability Tests

As shown in Table 2, the completed (actual) questionnaires were also subjected to a reliability test of internal consistency and a validity check.

Table 3: Reliability and Validity

Quality Attribute	CR	AVE	MSV	Max R(H)	IRC	IRSR	IRQS	IRCI
IRC	0.876	0.506	0.135	0.892	0.711			
IRSR	0.863	0.514	0.141	0.871	0.367**	0.717		
IRQS	0.878	0.512	0.117	0.897	0.336*	0.343**	0.715	
IRCI	0.77	0.528	0.141	0.781	0.223†	0.375**	0.325*	0.727

These findings suggest that the tests can be relied on to arrive at reliable conclusions.

Respondents' Background

The respondents were categorised into six user groups as follows

Table 4: Users Category

User Category	No of Respondents
Academics	6
Investors	11
External auditors	11
Employees	40
Regulators	16
Customers/suppliers	14
Total	**98**

RESULTS AND DISCUSSION

The data was analysed, and parametric tests were performed for normality. The result is that the data was found to be normal; thus, However, descriptive statistics must be completed before continuing with these studies.

The following is a detailed discussion of people's perceptions of the utility of IRE data.

Descriptive Statistics for User Categories

The descriptive statistics extracted from IBM SSPS Ver 27 for the ratings by user category are as per Table 5 below.

Table 5: Descriptive Analysis (Users)

Response					
User Category	**N**	**Mean**	**Std. Deviation**	**95% Confidence Interval for Mean**	
				Lower Bound	**Upper Bound**
Academics	6	3.407	.4801	2.9036	3.9111
Investors	11	3.449	.7505	2.9453	3.9536
External auditors	11	3.525	.6481	3.0898	3.9606
Employees	40	3.626	.5135	3.4621	3.7906
Regulators	16	3.743	.43644	3.5104	3.9756
Customers/suppliers	14	3.643	.6754	3.2528	4.0328
Total	**98**	**3.603**	**.5650**	**3.4898**	**3.7164**

From Table 5 above, the observed mean IRE information rating (i.e., overall) is 3.603 on a five-point Likert scale (ranging from 1 not satisfied at all to 5- very satisfied), suggesting that users of integrated reports felt the information disclosed in annual integrated reports of publicly traded companies in Namibia was useful for their decision-making purposes. From the table, it would appear that the means are about the same ranging from 3.407 for academics on the lower end to 3.743 for regulators.

One-way ANOVA

To test if the means of decision usefulness rating by various categories of users are different at

0.05 significance level, one way ANOVA analysis was extracted as per Table 6 below.

Table 6: ANOVA- Overall

Response					
	Sum of Squares	**df**	**Mean Square**	**F**	**Sig.**
Between Groups	.479	5	.096	.238	.945
Within Groups	155.223	386	.402		
Total	**155.702**	**391**			

From Table 6 above, both the F statistics (0.238) and P statistics (0.945) are greater than 0.05. These results show that there are no significant differences in the ratings of decision usefulness by different users at the 5% significance level. In other words, there is no evidence to suggest that different groups of users perceive the usefulness of integrated report differently. Hence, $H1_0$ cannot be rejected.

Descriptive Statistics for Decision Usefulness Attributes

The descriptive statistics extracted from IBM SSPS Ver 27 for the influence on rating by the decision usefulness attributes as per Table 7 below.

Table 7: Descriptive Statistics (Attributes)

Dependent Variable: Response				
User Category	**Quality attribute**	**Mean**	**Std. Deviation**	**N**
Academics	Reporting characteristics	3.4083	.47989	6
	Stakeholder's relevance	4.2100	.39095	6
	Quality satisfaction	3.0950	.53279	6
	Component importance	3.8150	.33477	6
	Total	**3.6321**	**.59458**	**24**
Investors	Characteristics	3.4482	.74908	11
	Stakeholder's relevance	4.0364	.81440	11
	Quality satisfaction	3.6882	.54521	11
	Component importance	3.9100	.63317	11
	Total	**3.7707**	**.70602**	**44**
External auditors	Reporting characteristics	3.5264	.64774	11
	Stakeholder's relevance	4.1900	.54730	11
	Quality satisfaction	3.4945	.46436	11
	Component importance	3.6136	.53664	11
	Total	**3.7061**	**.60511**	**44**
Employees	Reporting characteristics	3.6263	.51371	40
	Stakeholder's relevance	3.9480	.53369	40
	Quality satisfaction	3.5105	.65643	40
	Component importance	3.8975	.71803	40
	Total	**3.7456**	**.63273**	**160**
Regulators	Reporting characteristics	3.7431	.43747	16
	Stakeholder's relevance	3.7881	.58520	16
	Quality satisfaction	3.6256	.44627	16
	Component importance	3.8469	.46617	16
	Total	**3.7509**	**.48266**	**64**
Customers/suppliers	Reporting characteristics	3.6429	.67663	14
	Stakeholder's relevance	3.9386	.74706	14
	Quality satisfaction	3.6007	.98527	14
	Component importance	3.9457	.57550	14
	Total	**3.7820**	**.75777**	**56**

From the Table 7 above, it would appear from the observed means as if the decision useful attributes influence the rating of usefulness. For example, the academics rated quality satisfaction at an average of 3.0950, reporting characteristics at 3.4083, component importance at 3.8150 while stakeholder relevance was rated at 4.2100.

Two-way ANOVA

To test if the decision usefulness attributes influence the ratings, a two-way ANOVA was extracted as per Table 8.

Table 8 - Tests of Between-Subjects Effects

Dependent Variable: Response

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Model	5505.403a	9	611.711	1644.195	.000
User Category	.479	5	.096	.257	.936
Decision Usefulness Attribute	12.731	3	4.244	11.406	.000
Error	142.493	383	.372		
Total	5647.896	392			

a. R Squared = .975 (Adjusted R Squared = .974)

From Table 8 above, we obtain the following results:

The first hypothesis is further confirmed with a P value of 0.936 which is greater than 0.05 at 5% significance level. This confirms further than the rating of decision usefulness by users is the same irrespective of the user category type.

The model fit statistics P value is 0.000 which is significant at 5% significant level implying that the model is good and can be relied upon in estimation. In addition, the P value of 0.000 for the decision useful attributes is significant at 5% significance level. This mean that the decision usefulness attributes influence rating differently.

Two-way ANOVA Multiple Comparison

A two-way ANOVA multiple comparisons was run to determine which of the decision usefulness attributes influences the ratings differently. The results are as per Table 9 below.

Table 10: Multiple Comparisons

Dependent Variable: Response						
Tukey HSD						
(I) Quality attribute	**(J) Quality attribute**	**Mean Difference (I-J)**	**Std. Error**	**Sig.**	**95% Confidence Interval**	
					Lower Bound	**Upper Bound**
Reporting characteristics	Stakeholder's relevance	-.3705*	.08714	.000	-.5954	-.1457
	Quality satisfaction	.0683	.08714	.862	-.1566	.2931
	Component importance	-.2574*	.08714	.017	-.4823	-.0326
Stakeholder's relevance	Reporting characteristics	.3705*	.08714	.000	.1457	.5954
	Quality satisfaction	.4388*	.08714	.000	.2139	.6636
	Component importance	.1131	.08714	.565	-.1118	.3379
Quality satisfaction	Reporting characteristics	-.0683	.08714	.862	-.2931	.1566
	Stakeholder's relevance	-.4388*	.08714	.000	-.6636	-.2139
	Component importance	-.3257*	.08714	.001	-.5506	-.1009
Component importance	Reporting characteristics	.2574*	.08714	.017	.0326	.4823
	Stakeholder's relevance	-.1131	.08714	.565	-.3379	.1118
	Quality satisfaction	.3257*	.08714	.001	.1009	.5506
Based on observed means. The error term is Mean Square (Error) = .372.						
*. The mean difference is significant at the 0.05 level.						

From Table 9, the results indicate that the influence of reporting characteristics is significantly different with stakeholder's relevance (P value .000) and component importance (P value = 0.017) at 5% significance level. This result suggests that reporting characteristics influences rating differently from both stakeholder's relevance and component importance. However, there is no difference in the rating influence with quality satisfaction (P value = 0.862) which is higher than 0.05

Further, the analysis shows that stakeholder's relevance and component importance have no difference in the influence of ratings (P value = 0.565) implying that the two attributes influence on ratings of IRE on decision usefulness are the same. Hence, we have two sets of separate ratings with the ratings for stakeholder's relevance and component importance rated higher than those of reporting characteristics and quality satisfactions.

The results provide sufficient proof to reject hypothesis H20 and therefore accept the alternative H21 implying that the decision usefulness attributes influence the IRE decision usefulness ratings differently.

Final thoughts and Conclusion

The study explores the use and usefulness of Integrated Reporting (IRE) from the perspectives of various user groups, including academics, regulators, external auditors, internal employees of NSX-listed firms, investors, and customers/suppliers. It examines whether there are significant differences in user views on the decision usefulness attributes of IRE.

Key findings from the analysis of 98 questionnaires include:

- General Usefulness: All user groups find IRE equally useful for decision-making.
- Decision Usefulness Attributes: Different attributes influence the usefulness rating differently. Reporting characteristics and quality satisfaction are rated less favorably compared to stakeholder relevance and component importance.
- Component Usefulness: The Cashflows report is perceived as the most useful, followed by

the Employee report. The Environmental report is the least desired, contradicting previous findings that emphasized the demand for environmental and sustainability reports over traditional financial reports like cashflows.

The study investigates the perceptions of Integrated Reporting (IRE) usefulness, focusing on specific components like SPLOCI (Statement of Profit or Loss and Other Comprehensive Income), SFP (Statement of Financial Position), and ER (Environmental Report). Key findings include:

- Statistical Significance: The usefulness of SPLOCI, SFP, and ER is statistically significant for decision-making purposes.
- Regulatory Focus: Namibian regulatory authorities should enhance transparency and accountability among listed companies, prioritizing SFP information due to its perceived importance.
- User Perceptions: One-way ANOVA results show no significant differences in users' perceptions of IRE's usefulness, suggesting preparers can confidently disclose necessary IRE information, leading to high-quality disclosures.
- Decision Usefulness Attributes: Two-way ANOVA reveals significant differences in the ratings of decision usefulness attributes, indicating that certain IRE components are perceived as more useful.
- Voluntary Disclosure: Listed companies in Namibia may voluntarily disclose useful IRE components to fulfill stewardship obligations.

These findings can guide regulators on which IRE disclosures should be mandatory, pending further research.

The current paper can be considered one of the first, if not the first, research papers in Namibia in the field of integrated reporting, and hence it contributes to the academic literature and policies as follows:

Contributions to Theory

- Expanding Knowledge: This study enriches the limited research on integrated reporting in developing countries, particularly Namibia, by providing empirical evidence on user perceptions.
- User Perception Analysis: It enhances theoretical understanding of stakeholder engagement and information asymmetry by examining how different user groups perceive the usefulness of integrated reports.

Contributions to Practice

- Enhanced Decision-Making: The findings show that integrated reports are valuable for decision-making across various user groups, encouraging companies to adopt and improve their reporting practices.
- Benchmarking for Companies: Namibian companies can use these insights to align their reporting practices with user expectations, leading to better communication and transparency.

Contributions to Policy

- Regulatory Insights: The study offers valuable information for regulators and standard setters in Namibia, aiding in the enhancement of disclosure practices and market

transparency.

- Guidance for Future Regulations: The evidence supports the development of guidelines and standards for integrated reporting, potentially leading to mandatory reporting requirements

The study, however, have drawbacks. The paper examines the perceived usefulness of IRE from the perspective of an affluent class of users (primarily accountants) who are associated with the reporting entities. In addition, only one research method was used in this study (i.e., questionnaires survey). While this methodology is sufficient to achieve the study's objectives, using a variety of other approaches would enhance the findings and reduce the risk of bias. As a result, it is hoped that future studies will be expanded to address the study's limitations and thereby adding greater value to the field in the following suggested area:

Future Studies

- Diverse User Groups - Investigate the perceived usefulness of integrated reports (IRE) from a broader range of user groups, including investors, regulators, and non-accounting professionals.
- Mixed-Methods Approach: - Employ a mixed-methods approach, combining quantitative surveys with qualitative interviews or focus groups.
- Longitudinal Studies - Conduct longitudinal studies to examine how perceptions of IRE usefulness evolve over time.
- Comparative Studies - Compare the perceptions of IRE usefulness between companies in Namibia and those in other developing countries.
- Impact on Decision-Making - Investigate the actual impact of IRE on decision-making processes, rather than just perceived usefulness.
- Sector-Specific Analysis - Analyze the usefulness of IRE in specific sectors, such as finance, manufacturing, or services.
- Regulatory Influence - Examine the role of regulatory frameworks in shaping the use and usefulness of IRE.

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