

The Adoption of Integrated Reporting in Lebanon (An Exploratory Study)

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Abstract

This research seeks to explore the potential adoption of integrated reporting (IR) in Lebanon and highlight the stakeholders' need for a more comprehensive reporting tool. For this purpose, the characteristics of Roger's diffusion of innovation (DOI) theory (2003) were used to investigate the factors that will motivate or hinder the adoption of IR in Lebanon.

The methodology of this study was based on the sequential exploratory mixed method. In which the research started first with a qualitative study using the theme extracted from DOI theory based on a study by Samy & Robertson (2019), to formulate interview questions that asked five knowledgeable auditors in IR through semi-structured interviews, the interviews were analyzed by thematic analysis. From the result of the qualitative study, the research developed the research hypotheses, and the instrument tool for quantitative data collection was created. In the quantitative phase, the questionnaire was distributed to 290 participants experts in the accounting and finance field. Based on the Integrated of two phases, this study revealed that the relative advantage of innovation IR has a positive advantage on the adoption of IR, and incompatibility hurts the adoption of IR, whereas the complexity of innovation (IR) hurts the adoption of IR according to Samy & Robertson (2019) and the first phase of this study (qualitative phase), while the quantitative phase found that no relationship between themes of complexity that are emerged from the semi-structured interview and adoption of IR.

Keywords: Adoption, Integrated Reporting (IR), DOI Theory, Sustainability Reporting, Non-Financial Information, Comprehensive Information.

List of Abbreviations: DOI: Diffusion of Innovations, IR: Integrated Reporting, IRCSA: Integrated Reporting Committee of South Africa.

1. Introduction

1.1. Background of the Study:

The annual reports of companies are a major means of disclosing the results of their business and financial position during the financial period, as it is known that all users, whether they are internal or external, are highly dependent on these reports when they make diverse decisions and build future expectations regarding the future of companies and their results. These reports are affected by technological and technical development and the economic situation (Azungah,2018). Companies have been relying on traditional financial reports containing financial information, which, according to the International Accounting Standards Board (IASB), aims to provide information about the financial position and changes in the organization's financial position (IASB, 2001). In light of the series of collapses and bankruptcies that giant companies and financial institutions have been subjected to, the accusations and criticisms of the accounting and auditing profession intensified, and the public, society, and stakeholders questioned the appropriateness and credibility of annual financial reports as a basis for making decisions about the organization, based largely on information that does not enable Providing a comprehensive and honest reflection of the organization's performance and its ability to create and sustain value (IRCSA,2011). Hence, IR was the solution that provided a clear and more comprehensive picture of the company (Jensen & Berg, 2012). IR is one of the effective tools in achieving the institutions' strategic goals and thus creating value for them by providing a holistic view of financial and non-financial information, which helps to make decisions systematically and properly, and then achieve the interests of shareholders (Ioana & Adriana, 2014). IR is also considered one of the best ways to evaluate an organization's financial and non-financial performance, enhance transparency and clarity of information, and communicate with stakeholders. The companies' commitment to IR increases the effectiveness of information disclosure, how institutions manage their strategy, and the effectiveness of governance and performance of these institutions in line with the external environment this contributes to creating value for it in the short, medium, and short term (Lodhia, 2015; Beck et al., 2017). Furthermore, IR is used to show the result of the institution's work through a clear, concise,

and integrated account of all the work it undertakes, whether it has a positive or negative impact. (Lodhia, 2015; Beck et al., 2017).

1.2. Motivation for the Study:

Scientific importance: The topic of IR is one of the modern topics that are dealt with in accounting thought. Few Arab studies have dealt with this issue, whereas in Lebanon two studies dealt with this topic. Despite the increase in foreign studies on IR, they lack the practical aspect. Most of the studies focused on the theoretical aspects due to the novelty of the topic.

Practical importance : Explaining the benefits of IR and its possibility in addressing the problems related to preparing financial reports may motivate companies in Lebanon to adopt these reports within their accounting systems. Moreover, IR provides an opportunity to improve transparency, strategic planning, and decision-making for companies, which leads to enhancing the financial and non-financial performance of the companies that create value in the short, medium, and long term (Eccles & Krzus, 2010).

1.3. Scope of the Study:

Field of Study: In this study, the opinion of the auditors in Lebanon will be examined and analyzed in the study's first phase (qualitative) to explore the factors affecting the adoption of the integrated report (IR). In the second phase of the study, the opinions of accountants and financiers will be taken to evaluate hypotheses to confirm the results of the qualitative study.

Business category under study: In the qualitative study, the major and international audit firms in Lebanon will be selected as the business category under study. In the quantitative study, the private sector companies in Lebanon will be the most appropriate for this study. These private sector companies will be varied according to business categories: insurance, retail, manufacturing, health care, and construction. Communications, technology, services, media, hospitality, tourism, and others.

1.4. Research questions: The research questions and objectives were initially formulated based on a review of the literature, and then further modified through qualitative findings that aimed to explore new variables, themes, and patterns.

The main research question is: How likely is integrated reporting (IR) to be adopted in Lebanon, and what are the potential challenges to such adoption?

The research problem can be reformulated in the following questions:

- 1) What value does IR add to an organization's performance that can be motivating for adoption?
- 2) What are the other motivations for adopting IR by companies in Lebanon?
- 3) To what extent do the challenges related to the implementation of IR hinder its adoption by companies in Lebanon?
- 4) To what extent do stakeholders need comprehensive information such as that included in IR? (Based on qualitative findings).

1.5. Aim of research and objectives: The research aims to explore the motives of adopting IR by companies in Lebanon and assess the challenges in the implementation of IR, which may be an obstacle to their adoption. Thus, the research objective of this study will be as follows:

- 1) To explore the reasons for the adoption of IR by companies in Lebanon.
- 2) To explore the value added to companies' performance by adopting IR.
- 3) To evaluate the impact of challenges of adopting IR by companies in Lebanon.
- 4) To assess the need to disclose more information provided by the IR (based on qualitative findings).

2. Literature Review

2.1. The Emergence of IR:

Denmark's Novozymes, which works in the field of enzymes, microorganisms, pressurized, herbal, and pharmaceuticals, was the first to issue an IR in 2002. It was then joined by Novo Nordisk in 2004, which is also a Danish diabetes care company. In 2008, Natura (a Brazilian cosmetics and perfume company), Philips (a Dutch lighting company), and United Technologies (a US company) issued IR, and the following year the American Energy Company and PepsiCo joined them. These companies adopted the IR before they were included in accounting thought or the establishment of a committee to prepare integrated reporting (Eccles & Saltzman, 2011). The idea of IR emerged in 1994 when John Elkington introduced the concept of a TBL reporting on their economic, environmental, and social performance (Dumay et al., 2016). In 2002 "King II" of South Africa suggested further integration of sustainability into reporting with a focus on risk management, while in 2009, according to "King III", South Africa was the first country that

prepare integrated reports for companies that were listed in the financial market in a mandatory way, where IR gained more attention from legislators and investors several countries, and their application became a field of study to identify the benefits and disadvantages of the application. In 2010, the International Integrated Reporting Committee was established by the Sustainability Accountability Committee, the Global Reporting Initiative (GRI), and the International Federation of Accountants. In 2011 the committee held a series of meetings around the world to introduce a program for the development of the IR, and the name changed the Committee to the International Integrated Reporting Council (IIRC), and in 2012 the draft of IR was created (Gupta, 2013).

Finally, in 2013, the council published the Integrated Reporting Framework, which contains the Guidelines and principles for IR (Busco et al., 2013). The Council has implemented IR so far voluntarily and it is not mandatory (IIRC, 2013).

2.2. Benefits of IR: According to the study conducted by Vitolla & Raimo (2018), IR achieves several benefits, including:

- **Global Accountability:** Accountability is one of the most important benefits accruing from preparing the integrated report, as it holds the company accountable in front the society, which urges the company to improve its performance towards the external, which leads to its reduction of negative external factors and the improvement of natural capital, in addition to making reports as practice based on efficiency and resource allocation, which contributes to the establishment of a sustainable society.
- **Reducing the Information gap:** The integrated report helps bridge the gap between the information that is disclosed in the current reports and the information that investors need to assess the value of the business.
- **Determining the Strengths and Weaknesses of the Organization's Performance:** IR enables stakeholders to know the opportunities, threats, or risks facing the company, which will benefit it in increasing its ability to expand in the future and provide a clear vision of the company's performance aspects by providing an integrated and honest picture of the achievements and challenges it faces in the short and long term. Which helps increase competitiveness and utilization of available opportunities.

➤ **Encouraging a Culture of Innovation:** The integrated report enhances the culture of innovation by introducing a new style of disclosure and integrated thinking.

➤ **Improving the internal culture:**

The integrated report increases the operational level of the employees, and this results in a cultural environment of participation, cooperation, and communication among them, which leads to improving the performance of employees and thus the performance of the company.

In addition to the mentioned benefits, the IR is a tool for evaluating organizations' strategies as it provides information on expected results, contributes to obtaining external funding, improves management quality, and enhances dialogue between different departments (IIRC,2013).

It must be noted that these benefits have not been decided or emphasized, as more adoption of the IR in various countries will help to identify them in a proven way.

2.3. Value Creation of IR: There is no universally agreed upon standard definition of value creation and how to create it, IIRC left the development of the definition of value creation for private and public institutions. Each organization expresses value creation through the interests and needs of its main stakeholders provided that this interpretation reflects value creation, preservation, or erosion (IIRC,2013). The definition according to the IIRC (2013), is " the value created, preserved, or eroded by an organization over time manifests itself in increases, decreases, or transformations of the capital caused by the organization's business activities and outputs". According to IIRC (2013), value creation has two related aspects which are: The organization itself, which impacts financial returns for the furnishers of "financial capital", and the others (stakeholders & society as a whole). The organization should prepare the IR in a way that conveys to the intended users the information about the value that has been "created, preserved, or destroyed", in addition to showing how the business model affects value (whether it led to its creation, preservation, or destruction), taking into account the principle of being concise because this reporting needs extensive information and assessments, so for the sake of being concise, the organization focuses on information about the value knowing that the standards and metrics around creating enterprise value have not yet been established.

2.4. Challenges of Implementation of IR: The literature discussed several challenges that may be an obstacle to organizations' adoption of the integrated report. This section will present three challenges to the adoption of the integrated report.

IR framework: King (2016) points out that preparing a high-quality IR is a challenge. IR is a complex process that involves a series of activities and is not just an outcome in the form of an integrated report. It is not easy to prepare a report that includes comprehensive qualitative and quantitative information, and this needs a guiding framework that includes how to prepare the integrated report mentioning the criteria that must be followed for its preparation (McNally et al.,2017). Therefore, the first challenge facing the preparation of the IR that may prevent companies from adopting it is ambiguity and the difficulty of understanding a framework IR applied by IIRC, as its principles are not clear and there are no standards for preparing the integrated report, and also the difficulty lies in the diversity and quality of information that leads to the difficulty of estimating and measuring inputs, outputs, and results. Especially since there are no standards related to the presentation of the integrated report and in addition to the absence of mandatory confirmation of information, the IR framework needs to be modified in a way that facilitates the preparation of integrated reports (Dumay et al., 2017).

Expertise and Skills for Preparers: Preparing IR requires the executive management to have expertise and skills to prepare this type of report, as it needs the executive management to have the skill of integrated thinking.

and the skills to allocate resources in a way that ensures sustainability, thus the senior management should qualify the employees to prepare such reports (McNally et al.,2017).

The internal processes: The organization's adoption of the IR in its accounting system, requires changes in the accounting and management system together, as the procedures for preparing IR differ from the procedures for preparing the traditional annual reports, which leads to the need for new and innovative methods that adapt to the diverse and different information systems coherently to give a comprehensive picture of the performance of the company. This matter constitutes a challenge in the face of adoption because of the cost required to change the information systems, in addition to the time it will take to achieve this (Dumay et al., 2017).

3. Theoretical Framework

3.1. DOI Theory: This theory is based on communicating innovation among society, innovation is anything that is seen by members of society as new, this innovation may be a new practice or even an idea or something unknown (Rogers, 2003). In the context of accounting, innovation is the adoption of new accounting procedures for the organization that it did not have before.

The process of deciding on adopting IR is similar to the process of deciding whether to adopt a new product or not (Ramanna & Sletten, 2009). Therefore, the introduction of IR as a unique and new idea within the accounting practice can be considered an innovation. In this study, the research adopts DOI theory to explore the extent to which IR can be adopted in Lebanese companies, the opportunities IR will provide, and the value that can be added by IR to the earnings and performance of Lebanese companies.

3.2. Characteristics of DOI Rogers theory:

Rogers (2003) demonstrated characteristics of the diffusion of innovation that influence the decision of adoption and they are:

Relative Advantage: refers to the degree of benefit that the innovation carries compared to what preceded it. The higher the benefit rate, the higher the innovation adoption rate (Rogers, 2003).

Compatibility: expresses the degree of compatibility of innovation with beliefs, customs, traditions, and previous experiences. The higher the Comparability rate, the higher the innovation adoption rate (Rogers, 2003).

Complexity: indicates the degree of difficulty in understanding and using the innovation. The relationship is inverse, the higher the complexity, the lower the innovation adoption rate (Rogers, 2003).

Trialability: points to the degree of possibility of partially experimenting with innovation. The possibility of experimenting with innovation reduces doubts about the benefits of the innovation (Rogers, 2003).

Observability: expresses the extent to which the results of adopting innovation can be noticed by others. The higher the observability, the higher the adoption rate (Rogers, 2003).

3.3. DOI Rogers Theory and Relation IR Literature: The overall aim of this research is to examine the motives for adopting IR and the challenges that face the adoption process by companies in Lebanon. Based on the overall aim, the main and 3 sub research questions were developed:

The main research question is:

How likely is integrated reporting (IR) to be adopted in Lebanon, and what are the potential challenges to such adoption?

The research problem can be reformulated in the following questions:

- 1) What value does IR add to an organization's performance that can be motivating for adoption? (IIRC.2013)
- 2) What are the other motivations for adopting IR by companies in Lebanon? (Vitolla &Raimo,2018)
- 3) To what extent do the challenges related to the implementation of IR hinder its adoption by companies in Lebanon? (Dumay et al.,2017).

To answer the research questions, the model of Robertson & Samy (2019). DOI theory is used to understand the basic properties of IR adoption probability (Ramanna & Sletten, 2009). This section highlights the study of Robertson & Samy (2019) Which used the DOI of Rogers (2003) as a theoretical fundamental for investigating the factors that may help or hinder the adoption of IR by interviewing 17 senior accountants with experience with integrated reporting from various categories industry in the UK.

The findings show the themes of each character of the DOI theory of Rogers (2003) and how they influence the adoption of IR as below show.

Table 1: Variables and their Themes

Variables	Themes for each variable	References
Relative Advantage (Independent variable)	<ul style="list-style-type: none">• Economic Benefits• added value to the organization's performance.• External Pressures• Internal Aspirations	(Robertson & Samy,2019)
Incompatibility (Independent variable)	<ul style="list-style-type: none">• Incompatibility of values and norms• Incompatibility of existing practices	(Robertson & Samy,2019)
Complexity (Independent variable)	<ul style="list-style-type: none">• Lack of guidance on IR	(Robertson & Samy,2019)

IR adoption

(Dependent variable)

- Organizational unreadiness

- Encourage the adoption of IR (Robertson & Samy,2019)

Source: based on Robertson & Samy (2019).

The themes of Table 1 were used to formulate the interview questions that will be asked of the largest auditing firms in Lebanon that are familiar with IR and its benefits. It must be noted that the research hypotheses were not developed before the qualitative study because the study of Robertson and Samy (2019 & 2015) is the only study that used DOI theory within the IR, the themes that are extracted from it are not enough to form the items of the questionnaire, therefore qualitative study aims to understand the meanings that interviewees give to the variables that are found in theory and to explore the new variables and themes. Hence after identifying themes, patterns, and new variables, the hypotheses will be developed to assess and evaluate through a quantitative phase. The following are the interview questions of the qualitative study sample.

Interview Questions:

Part A: About the interviewee:

- 1) Describe your role in your department.
- 2) Describe your experience with integrated reporting (IR).

Part B: Descriptive questions about IR:

- 1) How popular is the concept of IR among employees in Lebanon?
- 2) How can you describe the rate of adoption of IR by companies in Lebanon?
- 3) What are the characteristics (such as size) of companies to adopt IR?

Part C: About the factors affecting the adoption of integrated reporting in Lebanon:

Relative Advantage:

- 1) What are the economic benefits of the adoption of IR?
- 2) What value does IR add to companies' performance?
- 3) What are the external Pressures that motivate the adoption of IR?
- 4) What are the internal Aspirations that motivate the adoption of IR?

Incompatibility:

- 1) Do you think that the values and norms of companies in Lebanon are incompatible with the adoption of IR?
- 2) Do you think that the existing practices of companies in Lebanon are incompatible with the adoption of IR?

Complexity:

- 1) Do you think there is a lack of guidance to put IR into practice?
- 2) Do you think the companies in Lebanon are unreadiness to adopt IR?

Part D: About the adoption of IR:

Do you encourage the companies in Lebanon to adopt IR?

Part E: open question:

Do you want to add something I did not mention?

4. Research Methodology

This paper used the sequential exploratory mixed method that consists of two phases qualitative and quantitative. The first phase used thematic analysis to interpret and analyze the semi-structured interview, while the second phase used multiple linear regression and ANOVA one-way to test the research hypotheses. The sequential exploratory mixed method is used if it is a novel topic or if the themes derived from the theory are not sufficient to explain the phenomenon in this case there is a need to explore more variables, themes, and patterns to add to the adopted model.

5. Summary of qualitative study and hypotheses development:

From the interpretation of the five interviews, the research summarizes the following points:

- ❖ Our qualitative study agreed with the study by Robertson & Samy (2019) that what might drive companies to adopt the IR is either to achieve the economic benefits provided by its implementation, to add value to the company's performance, or to respond to external pressures or to achieve internal aspirations and all these factors It has a positive impact on the adoption of the IR.
- ❖ Companies with their systems, culture, accounting processes, and experiences at the first stage of adoption are incompatible with the IR application, and may negatively affect the adoption of the IR and this was agreed with the study by Robertson & Samy (2019)

- ❖ What was indicated by the study conducted by Robertson & Samy (2019) regarding the complexity of the adoption of IR was confirmed by the finding of our qualitative study that considered a lack of guidance on IR and lack of organizational readiness to be a challenge and an obstacle for companies to adopt IR.
- ❖ Our qualitative study added a factor that was not mentioned in the DOI theory nor the Robertson & Samy (2019) study based on the DOI theory, which is the “Need” factor. Interviewees considered that the adoption of any innovation arises from need. They highlighted that there is a need for IR because it includes comprehensive information from financial and non-financial information, information about the organization's performance, and information about the operating context.

❖ Variables:

Variables to be studied in the quantitative phase are:

Independent variables:

- Need
- Relative advantage
- Incompatibility
- Complexity

Dependent variable: Adoption of IR.

❖ Modification of Research Questions and Objective:

The main research question will not be modified, but the sub-research questions and objectives will be modified by adding to it.

The main research question:

How likely is integrated reporting (IR) to be adopted in Lebanon, and what are the potential challenges to such adoption? (Based on a literature review).

The sub-research questions:

- 1) What value does IR add to an organization's performance that can be motivating for adoption? (Formulated from literature review).
- 2) What are the other motivations for adopting IR by companies in Lebanon? (Formulated from literature review).

- 3) To what extent do the challenges related to the implementation of IR hinder its adoption by companies in Lebanon? (Formulated from literature review).
- 4) **To what extent do stakeholders need comprehensive information such as that included in IR? (Formulated from finding of qualitative).**

The research objective:

- 1) To explore the reasons for the adoption of IR by companies in Lebanon.
- 2) To explore the value added to companies' performance by adopting IR.
- 3) To evaluate the impact of challenges of adopting IR by companies in Lebanese.
- 4) **To assess the need to disclose more information provided by the IR. (was added based on qualitative findings).**

❖ Develop Hypotheses:

The following are the four hypotheses for the impact of four main independent variables (Need, relative advantage, Incompatibility, and complexity).

- **H1:** There is a statistically significant impact of Need on the adoption of IR.
- **H2:** There is a statistically significant impact of the Relative- advantage of IR on the adoption of IR.
- **H3:** There is a statistically significant impact of Incompatibility on the adoption of IR.
- **H4:** There is a statistically significant impact of Complexity on the adoption of IR.

The following figure refers to the conceptual framework of the research.

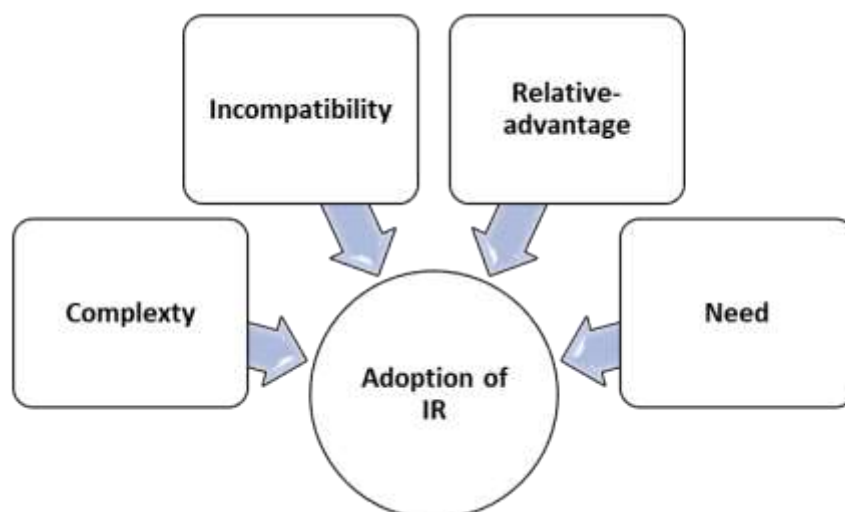


Figure 1: Propose a conceptual framework (based on interview results &DOI model of Robertson & Samy, 2019).

Some participants saw that the size of the company plays a role in the adoption decision, so the research formed a hypothesis to confirm this as follows:

H5: There is a statistically significant relationship between the size of the company and the adoption of IR. This hypothesis alone will be evaluated through a model that differs from the model that measures the four main hypotheses. The following table contains the themes and sub-themes that will be used in the questionnaire.

Conclusion of the qualitative study: Conclusion: The qualitative findings were consistent with the study of Robertson & Samy, adding a new variable, themes, and sub-themes from the qualitative study made Robertson & Samy's (2019) model more comprehensive which assisted in developing the research hypotheses and drew the items from the study of Robertson & Samy's (2019) and the qualitative results to form the questionnaire to test the hypotheses.

6. Results of Quantitative Study

This study presents the quantitative analysis of the questionnaires that were conducted on 290 accountants and financiers who have experience in preparing reports in Lebanon and processing them in the SPSS program so that the first four hypotheses were tested by the multiple linear regression, while the fifth hypothesis that is related to demographic and general information of questionnaire will be tested by ANOVA one-way.

6.1 Multiple Linear Regression:

In this section, the following hypotheses will be tested by multiple linear regression.

- H1: There is a statistically significant impact of need on the adoption of IR.
- H2: There is a statistically significant impact of the relative- advantage of IR on the adoption of IR.
- H3: There is a statistically significant impact of incompatibility on the adoption of IR.
- H4: There is a statistically significant impact of complexity on the adoption of IR.

Table 2: Model summary

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std the error of the Estimate	Durbin-Watson
1	.820 ^a	.673	.668	.43080	1.843

a. Predictors: (Constant), Complexity, Need., Incompatibility, Relative- advantage

b. Dependent Variable: Adoption of IR

Table 3: Analysis of variance for the model

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	108.762	4	27.191	146.511	<.001 ^b
	Residual	52.892	285	.186		
	Total	161.654	289			

a. Dependent Variable: Adoption of IR

b. Predictors: (Constant), Complexity, Need., Incompatibility, Relative- advantage

Table 4: Multiple linear regression

Coefficients								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.009	.254		3.970	<.001		
	Need	.194	.063	.225	3.060	.002	.212	4.722
	Relative- advantage	.483	.064	.548	7.587	<.001	.220	4.537
	Incompatibility	-.146	.051	-.145	-2.868	.004	.450	2.221
	Complexity	.057	.060	.043	.944	.346	.556	1.797

a. Dependent Variable: Adoption of IR

According to Table 2, R square is equal to 0.673, which means that 67.3% of the variation in the dependent variable (adoption of IR) is explained by the independent variables (Need, relative advantage, incompatibility, complexity), while 32.7% is explained by other factors.

It also shows that the value of Durbin-Watson is 1.843 which lies between 1.5 and 2.5, indicating that there is no autocorrelation in the data.

Table 3 shows that the p-value is equal to 0.000 which is less than the level of significance (0.05) indicating that the model is statistically significant.

According to Table 4, the VIF values for all variables are less than 10. And tolerance values are greater than 0.2 indicating that there is no multicollinearity in the data.

The table also demonstrates that the p-values for (Need, relative advantage, and incompatibility) are less than 0.05, indicating that hypotheses 1, 2, and 3 are accepted, whereas the p-value for (complexity) is greater than 0.05, indicating that hypothesis 4 is rejected; consequently, the following conclusions can be drawn:

- A one-unit increase in the Need for IR results in a 0.194 increase in IR adoption.
- A one-unit increase in the relative advantage of IR results in a 0.483 increase in IR adoption.
- A one-unit increase in incompatibility with IR results in a 0.146 decrease in IR adoption.

Model equation:

$$\text{Adoption of IR} = 1.009 + 0.194 (\text{Need}) + 0.483 (\text{Relative advantage}) - 0.146 (\text{Incompatibility})$$

6.2 ANOVA One Way:

Use a one-way ANOVA when you have collected data about one categorical independent variable and one quantitative dependent variable.

The size of the company is a categorical variable that has three levels (small-medium-large).

Size of the company It is from the demographic information of the questionnaire, in this section, the research aims to assess the relationship between size and the adoption of IR.

Independent variable: Size of company

Dependent variable: Adoption of IR.

Hypotheses:

H5: There is a statistically significant relationship between the size of the company and the adoption of IR.

Table 5: one -way ANOVA for hypothesis 5

Variable	Adoption of IR (Mean)		F test	P-value
Size of the company	Small	2.218	225.683	0.000
	Medium	3.701		
	Large	3.916		

Table (5) presents the results of a one-way ANOVA (analysis of variance) test for the fifth hypothesis comparing the mean adoption of IR across three groups defined by the size of the company: small, medium, and large.

The F test value of 225.683 suggests that there is a significant difference in the mean adoption of IR between the groups. The P-value of 0.000 is less than 0.05, indicating that the difference is statistically significant at the 0.05 level.

The table also shows the mean adoption of IR for each group, 2.218 for small companies, 3.701 for medium companies, and 3.916 for large companies. This suggests that the large companies had the highest mean adoption of IR among the groups. Therefore, the H5 is accepted.

Summary of Quantitative Study:

The research summarizes the findings of the quantitative study in the following points:

- 1) There is a high agreement that there is a “Need” to include financial and non-financial information, information on the organization's performance, and information on the operating context in the annual reporting.
- 2) There is high agreement that the implementation of IR will offer economic benefits for the companies.
- 3) There is high agreement that the implementation of IR will enhance the performance of the organization.
- 4) There is a high agreement that external pressures and internal aspirations will motivate the company to adopt IR.
- 5) There is a high agreement that the norms and values of the company are incompatible with the adoption of IR and a medium agreement that the existing practices of the company are incompatible with the adoption of IR.
- 6) The correlation coefficient between all themes of "Need" and the adoption of IR indicates that there is a strong positive correlation.
- 7) The correlation coefficient between all themes of "Relative advantage" and the adoption of IR indicates that there is a strong positive correlation.
- 8) The correlation coefficient indicates that the incompatibility of values and norms has a moderate negative correlation with the adoption of integrated IR. The correlation coefficient

of incompatibility of the existing practices has a weak negative correlation with the adoption of IR.

9) There is no relationship between the complexity and adoption of IR, but regarding correlation coefficient shows that organizational unreadiness and adoption of IR have a weak negative correlation with the adoption of integrated reports.

10) There is a positive relationship between the size of the company and the adoption of IR.

7. Integrated Results of Qualitative and Quantitative Study:

- The quantitative phase showed that there is a “Need” for companies in Lebanon to disclosure tools containing comprehensive financial and non-financial information, and this was supported by qualitative findings.
- The quantitative phase also confirmed that Economic benefits, value added to the Organization’s Performance, external pressures, and Internal Aspirations of Relative advantage are motivations for the adoption of IR and this is supported by Robertson & Samy (2019) and qualitative findings.
- The quantitative phase verified that the value and norms are incompatible with IR more than with the company's existing processes, and this was supported by Robertson & Samy (2019) and qualitative findings.
- The quantitative results showed there is no significant relationship between "Complexity" and the adoption of IR.
- While the result of a qualitative study mentioned that complexity divided into lack of guidance on IR and organizational unreadiness may hinder the adoption of IR by the companies, this is supported by Robertson & Samy (2019).
- The quantitative study showed that the characteristics of adopters such as the size of the company affect the decision to the adoption of IR, this is supported by qualitative findings.

8. Conclusion, Limitations, and Recommendations:

8.1. Conclusion:

Our study contributed to the theoretical development of the DOI theory within the IR study, through the factor that was added to the theoretical Characteristic of DOI theory by Roger (2003) which is the “Need”, as it was not previously mentioned in the studies. Our study confirmed that the need has an impact on the adoption of innovation.

Our study also found that the challenges mentioned in the previous studies are not sufficient to confirm that they impede adoption. Perhaps other underlying factors hinder this adoption, and this needs multiple studies in this field.

This section will answer each research question through the literature and the integrated results of the two phases (qualitative and quantitative). Before starting to answer the research questions, some of the general points about the result of the whole study will be mentioned:

- Lack of awareness of the concept of IR in Lebanon among auditors, employees, and top management.
- The implementation of IR in Lebanon is limited to some major or international companies.
- The adoption of IR in Lebanon is in its initial stage.
- Companies in Lebanon, according to the study sample, are interested in social and environmental issues, but they do not disclose them in their reports.

Answering the Research Question of the Study:

RQ1: What value does IR add to an organization's performance that can be motivating for adoption?

This study revealed that the implementation of IR will improve the financial performance of the company in terms of increasing sales, revenue, share price, and profits, and it will also improve the non-financial performance of the company, such as enhancing employees' skills and performance and enhancing customer loyalty. As mentioned by the study of Samy & Robertson (2015) The IR shows the interdependence and interaction between the company's resources and economic, social, and environmental changes, which gives a clear and coherent picture of value creation in the short and long-term that helps organizations to follow a well-thought-out strategy and implementation plans and a broader view by the enterprise and to identify defect points within the organization and this would lead to improving the financial performance of the organization and non-financial.

RQ2: What are the other motivations for adopting IR by companies in Lebanon?

This study concluded that the economic benefits that may be provided by the implementation of the IR are the most important factors that may drive companies in Lebanon to adopt it. In which the implementation of IR will achieve the following economic benefits:

- IR provides a holistic picture by linking all information about the business model, goals, strategies, and key performance indicators of the company which enables decision-makers to effectively make their decisions.
- IR helps to achieve cost efficiency by improving the resources of allocations.
- IR helps to manage risks by linking information to compare and reveal the reasons.
- IR gives the company high credibility and a good reputation, which leads to enhancing its relations with stakeholders and thus improving its position in the market.

In addition to economic benefits motivation, external pressures of the companies can motivate them to adopt IR. The most external pressures that the study found are:

- Attracting new investors by providing them with comprehensive information about the company's performance, strategies, risks it faces, strategies for managing these risks, and the impact of the company's activity on society.
- Compete with other companies that have implemented IR.
- Meeting stakeholders' expectations through financial and non-financial information about the company's strategy and performance generates value over time and improves the company's performance, thereby meeting their expectations.
- Gaining credibility and a good reputation from the community, because IR includes transparency of information that shows the positive and negative impact of the company's activity, which leads to an increase in the company's credibility, in addition to social activities that enhance the company's reputation.

The internal aspirations of the company play an important role in motivating the adoption of integrated reporting, especially the company's aspiration to enhance strategic planning.

This study pointed out the following internal aspirations:

- IR helps to improve strategy planning by making the company more aware of the main initiatives and priorities, and also it will help it to know where it is heading and what it wants to achieve from the goals in the small and long term.
- IR creates integrated thinking among the employees which improves their skills and performance.

- IR creates a climate of coordination and communication among employees, as each department works in coordination with the other departments, which enhances communication and teamwork.
- IR leads to improving the systems and processes of the company that help create value in the short and long term so that its systems become flexible with innovation, providing work efficiency and high productivity.
- Stakeholder engagement is one of the most important internal aspirations that are achieved with the adoption of the IR. This was confirmed by Samy & Robertson (2019), who mentioned that all themes of relative advantage have a positive impact on the adoption of IR.

RQ3: To what extent do the challenges related to the implementation of IR hinder its adoption by companies in Lebanon?

The study of Samy & Robertson (2019), and the qualitative and quantitative studies, confirmed that complexity and incompatibility constitute obstacles to the adoption of IR. As for the quantitative study, it agreed with them that there is an incompatibility in values, norms, and existing practices with the adoption of IR, noting, that values and norms constitute an obstacle to adoption more than the challenges posed by current practices in the face of this adoption. Also, the results of the quantitative study do not agree with the literature and the result of the qualitative study regarding complexity because it did not find that there is a significant relationship between complexity and the adoption of IR. For this reason, the challenges were divided into two parts, a part agreed upon and a part under debate to shed light on future studies to examine the impact of these challenges on the adoption of IR.

Both qualitative and quantitative studies in addition to the literature consider the following values, norms, and existing practices incompatible with the adoption of IR in Lebanon:

- Lack of support from top management.
- Culture discourages integrated thinking.
- Lack of cultural environment and social considerations.
- Structure doesn't promote coordination and communication.
- Lack of competency in preparing annual reporting
- The existing information system is not proper.
- Inflexibility of the accounting process.

On the other hand, these complexities regarding the quantitative study do not pose a challenge to the adoption of the integrated report:

- Lack of IR standards.
- Difficulties in understanding the IR framework.
- Lack of determining the materiality of IR.
- Lack of specialist consultants in IR.
- The difficulty of changing the existing work process.
- The time required to change the existing processes and practices.
- The high cost of implementation
- The fear of change.
- The lack of staff awareness of IR
- The lack of collaboration between departments
- The lack of responsibilities of top management regarding the adoption of IR
- The lack of expertise and skill needed to implement the IR.

Since the adoption of the IR is not widely spread despite its benefits, this means that there may be other factors that impede the adoption of the IR other than those mentioned in the previous studies and the qualitative study of this research.

This study also found that the size of the company affects the adoption of the IR, the results of the two phases consider, that the probability of adopting the IR is greater for companies of large size, and this is confirmed by the One-way ANOVA model that used to assess the relationship between the size of the company and the adoption of IR.

RQ4: To what extent do stakeholders need comprehensive information such as that included in IR?

This question was formed after analyzing the result of the qualitative study as it was not discussed in previous studies that used the DOI theory in the study of IR.

It was answered through the quantitative study, where the importance of the need for comprehensive information was emphasized through a high agreement among the participants that there is a need for

- Disclosure of financial, environmental, social, and governance information in annual reports.

- represent information about a company's financial and non-financial performance in annual reports.
- Information about the company's impacts on financial, social, and environmental issues, makes companies accountable for solving actions that contradict the principle of sustainability.
- Include in the annual report the risks and opportunities of the current activities of the organization, which gives a clear picture of the company to the stakeholders with whom it deals.

After answering the research questions, we can conclude that there is a high potential to adopt integrated reporting in Lebanon.

8.2. Research limitation:

IR is a new concept in terms of accounting practices and studies, as it is under study from several aspects in different countries. In Lebanon, there are only two studies for the same research on IR. The study of Robertson and Samy (2019 & 2015) is the only study that uses DOI theory within the IR study, which leads to the need for many empirical studies to confirm the findings. Also, there is difficulty in identifying the sample in the two phases of the study due to the lack of awareness and knowledge of this concept in the Lebanese context. In addition, it is not known exactly how many companies apply the IR system in Lebanon, perhaps because the largest percentage in Lebanon still relies heavily on financial reports. Therefore, the questionnaire questions were designed to target samplers, regardless of their knowledge of IR, to obtain more accuracy.

8.3. Recommendations and Future Perspectives:

- **Recommendations:** In light of the results of the study, the following points are recommended:
- Companies should start paying attention to financial and non-financial information in preparation for adopting IR.
- Companies should work to ensure the annual reporting contains comprehensive information that facilitates the accuracy of sound decision-making by investors and decision-makers.
- Top management should be held responsible for the need to include more in the company's reports more information to help to make decisions systematically.

- The company's senior management and the board of directors should spread awareness of the concept of IR, its benefits, and its importance in improving the company's financial and non-financial performance.
- The need for top management to participate in seminars related to accounting practices to stay aware of everything new.
- Need to enable employees in the accounting department to prepare annual reports for the company.
- The top management should spread the culture of integrated thinking among its employees.
- Top management should encourage communication and coordination between the company's departments.
- Should develop university approaches with new practices in accounting majors.
- **Future Perspectives:** some topics are proposed related to IR to be studied in the future:
 - Examining the benefits and challenges of implementing IR in countries that implement it on a wide range to ascertain the factors affecting the adoption of IR.
 - Studying the challenges of auditing this type of report and the difficulties that auditors may face by giving their opinion on the validity of comprehensive reports on financial and non-financial information.
 - Studying the possibility of applying IR in government sectors and the extent of this application's impact on addressing corruption.

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Doi: <https://doi.org/10.52133/ijrsp.v5.52.6>