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THE RELEVANCE OF INTEGRATED REPORTING IN INVESTMENT DECISION MAKING: A PROPOSED FRAMEWORK

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ABSTRACT

Research aim: Although Integrated Reporting (IR) has been widely adopted worldwide, literature on its usefulness in stock investment decision making is still scant and inconclusive. As such, this paper aims to articulate a conceptual framework to catechize the nexus between IR information, and stock investment decision making.
Design/ Methodology/ Approach: The extant literature on IR is critically reviewed to identify gaps in knowledge, and finally to propose a framework that can link the IR and investment decision making.
Research finding: This paper argues that IR information disclosed through six types of capital information (Financial, Human, Intellectual, Manufactured, Natural, and Social and Relational) can impact stock investment decision making both directly and indirectly. The indirect or mediation effect is performed by the reporting engendered firm's reputation as perceived by the investors.
Theoretical contribution/ Originality: Bearing stockholders' information needs, this paper broadens the demand-side IR literature by showing an otherwise overlooked interlinkage between IR information, and investment decision making.
Practitioner/ Policy implication: This paper offers new insights to investors, regulators, and researchers who had been arguing and searching for the usefulness of IR in the capital market.
Research limitation: Since IR is a growing field of research, future research might include different behavioural biases or personal values in the proposed investment decision making framework.
Keywords: Integrated Reporting (IR), Investment decision, Corporate reputation, Corporate reporting.
Type of article: Conceptual paper
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1. Introduction

Integrated Reporting (IR) is the most recent evolution of corporate reporting. IR emerged in 2010 to revolutionize the reporting paradigm on the auspices of the King's Code of Governance (Eccles & Saltzman, 2011). As an accounting initiative, IR accommodates financial with non-financial information, together with the organisation's pursued strategy, existing governance, past performance, and future prospects within the external environment setting. It also communicates to the stakeholders how the firms are performing in a connected way through the creation of values in the long, medium or short-term, thereby ensuring

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sustainability (Al-Htaybat & von Alberti-Alhtaybat, 2018). Among all, the shareholders are intended to be the principal and primary beneficiaries of IR information (IIRC, 2013). The IR contains six types of capital information (Financial, Human, Intellectual, Manufactured, Natural and Social and Relational) which are at its core (IIRC, 2013, 2021). Thus, a company produces and delivers more high-quality information under IR (Obeng, Ahmed, & Miglani, 2020).

Counterarguments, however, dictate that optimisms about IR is actually a 'rational myth' (Gibassier, Rodrigue, & Arjaliès, 2018). Yet, IR adoption is burgeoning worldwide on the back of this myth under the auspices of the International Integrated Reporting Council (IIRC) since the issuance of the Integrated Reporting Framework (IRF) in 2013 (Howitt, 2018; KPMG, 2017, 2020). While Brazil and Mexico are mulling over IR as a proxy for attracting foreign investments, Japan is rigorously observing IR as an effective tool of corporate-investor dialogue for sustainable growth (KPMG, 2017). In Malaysia, companies are encouraged to adopt IR through a changed corporate governance code. Though the countries like the USA, Japan, China, India, Singapore, Sri Lanka and others are adopting IR seriously, it is a mandatory practice only in South Africa (KPMG, 2020; Vitolla, Raimo, & De Nuccio, 2018). Still, this voluntary IR practice is significantly increasing over time in terms of countries as well as number of companies (KPMG, 2020).

Sustainability optimism besides the provision of better information could be another reason for this escalating IR practice. Many have argued the potential of IR as a sustainability ensuring tool (Adams, 2015; Kannenberg & Schreck, 2019) though opposite arguments are also present (Flower, 2015; Petcharat & Zaman, 2019). Howitt (2018) called for the immediate corporate practice of IR as a Sustainable Development Goals (SDG) implementing tool for a better world. The importance of IR as an SDG enabling tool was also noted in the discussions of the Rio+20 Summit, the World Economic Forum, the Organization for Economic Conference and Development (OECD) conferences as well as the G20 Russia Summit (Dragu, 2018). Perhaps, the regulatory authorities across countries are also optimistic by these optimisms as observed from their supports and approvals for IR in corporate governance codes and stock exchange guidance (Howitt, 2018).

In contrast to these burgeoning optimisms and acceptance, however, literature suggests that research is still meagre on IR usefulness, especially from the perspectives of stockholders' investment decision making (Dumay, Bernardi, Guthrie, & Demartini, 2016; McNally, Cerbone, & Maroun, 2017; Rinaldi, Unerman, & de Villiers, 2018; Veltri & Silvestri, 2020; Vitolla et al., 2018). Thus, it is imperative that some evidence to be explored from the stockholders who are the intended beneficiaries of IR (IIRC, 2013, 2021). It is, therefore, useful to identify the usefulness of IR by taking the perspectives of the financial capital providers. The findings generated would be able to fill the research gap. To do this, this study concentrates on the six types of capital information of an IR which are at its core. Indeed, to the best of the researchers' knowledge, no study has attempted to examine or conceptualize an investment decision framework that is guided by the six types of capital information disclosed in an IR, as per the IIRC framework. As a result, the current study conceptualizes a new framework of stock investment decision making that is driven by the six-capital information of the IR. This conceptualized framework suggests that IR information disclosed through these six types of capital information impact stock investment decision making both directly and indirectly. Corporate reputation performs the indirect or mediating role.

The remainder of this paper is followed by the methodology, the review of literature made on stock investment decision making and corporate reputation, and the theoretical framework. The core issue of this paper, which is a new framework on stock investment decision making, follows. This paper ends with the conclusion and implications of the study.

2. Extant literature, theoretical framework, and derived propositions

2.1. Corporate reporting and stock investment decision

The evolution of business forms had led to the separation of ownership from management, and this had given rise to the function of "stewardship", through the creation of the limited company. This stewardship of management is required for the purpose of performance, which must be communicated to owners (shareholders) so that the stewardship functions are legitimate, thereby minimizing agency problem. One of such communications is corporate reporting which is expected to fulfil the interest of the different groups of stakeholders (Eccles & Saltzman, 2011), particularly, owners or shareholders (Clarkson, 1995). The great recession and market crash of the 1930s had taught businesses the need to have such information, leading to the need for a rigorous financial reporting (Zeff, 2003). Consequently, the reported information became one of the prime movers used by investors for stock investment decision making.

As a part of wealth management, investment decisions refer to the task of allocating resources strategically so as to get returns associated with risks. Investment decision making in the stock market is actually very complex. Recognizing its importance, a plethora of investigations had been conducted to examine investment decision making in various contexts. Ball & Brown (1968) had noted the value relevance of reported information. That means, investment decision making is very much affected by the reports of financial and non-financial information. While financial information is disclosed quantitatively, non-financial information is disclosed qualitatively in corporate reports. Such information is the prerequisite for fundamental and technical analysis, or for other economic modelling used for making investment decisions.

The importance of reported information being used for stock investment decisions has not subsided much even today. In fact, reported accounting numbers have become the major catalyst in satisfying the information need of users or shareholders for investment decision making. However, Ball and Brown (1968) further argue that investors also use the information other than accounting or financial only. Nonetheless, though value relevant as corroborated by Ball & Brown (1968), accounting numbers are very prone to manipulations. This can be traced to high-profile corporate scandals like Waste Management, Enron, Tyco, WorldCom, American Insurance, Lehman Brothers, and others. This susceptibility had brought traditional corporate reporting under severe criticisms. It was argued that the prevailing accounting standards were incapable of communicating corporate information to the providers of capital (Healy & Palepu, 1993). More evidence can be inferred from past studies such as Ball (2013).

The evolving business environment of today has made traditional accounting reports to be inadequate as it is no longer effective for communicating corporate information. Investors have begun to demand for other information that goes beyond the financial aspect. Consequently, more non-financial matters were introduced into the reports through Corporate Social Responsibility (CSR) reporting, Triple Bottom Line (TBL) reporting, or sustainability reporting. Current sustainability reporting had originated from the CSR which witnessed a rigorous explosion in the 1980s, following the Exxon Valdez accident. The incident had provoked demands for the rigorous disclosures of environmental risks caused by corporate functioning (Rupley, Brown, & Marshall, 2017). Although such concepts had been in discussion since the 1950s, it was only between 2000 and 2010, that the concepts were merged for the purpose of achieving a common goal of a socially and environmentally sustainable stakeholder orientation (Dragu, 2019). Governance issues were subsequently absorbed into the sustainability orientation so as to create a stronger and comprehensive footing (Dragu, 2019). By accommodating the governance issues involved, sustainability reporting today also bears the nomenclature ESG (Environmental, Social, and Governance). It is evidenced that the information provided through these types of reporting is valued by the market, corroborating the investors' usage in stock investment decision (Bucaro, Jackson, & Lill, 2019; Dhaliwal, Li, Tsang, & Yang, 2011; Eccles, Kastrapeli, & Potter, 2018; Flöstrand & Ström, 2006; Ioannou & Serafeim, 2015; Solomon & Solomon, 2006; Sultana, Zulkifli, & Zainal, 2018).

Even though value relevant, these forms of reporting have been found to be inadequate and complex for investors. The reason is because apart from being overlapped in certain issues (Dragu, 2019), all these reporting were reported in a discreet and disconnected fashion. This scattered and disintegrated nature of several cases of reporting was perceived to be less relevant for the decision-makers because it had lesser real impact on the market (Eccles & Krzus, 2010). The sustainability reporting has also been under criticisms, on the grounds of substantiality, quality, accountability, or even relevant information for stockholders (Cho, Michelon, Patten, & Roberts, 2015; Stubbs & Higgins, 2018). This was further endorsed by Burritt & Schaltegger (2010) who mentioned that existing sustainability reporting needs improvement in terms of its link with decision making. Conventional standard-based reporting has been less than adequate for communicating values generated through social investments due to its form, format as well as time (Adams, Potter, Singh, & York, 2016). IR is deemed as the panacea in this backdrop, as a means of providing better and more relevant information to stockholders due to its contents of the six capital types at its core (Adams, 2015; IIRC, 2013). The IR is an accounting initiative that provides information that focuses mainly on the stockholders for their decision making (IIRC, 2013; 2021).

It has been argued that IR helps stakeholders in assessing a company's long-term value creation process with more precision (Vitolla et al., 2020). In this regard, it can fulfil the objectives of both sustainability and financial reporting (Kannenberg & Schreck, 2019). Companies can fulfil the needs of the ESG concerned investors effectively and efficiently by using IR (Vitolla et al., 2018). This accounting tool might be able to offer more and better information to stakeholders for their decision making. Obeng et al., (2020), for instance, found that IR adoption had a positive effect on the quality of the accounting information. However, research is still meagre to provide a conclusive assertion about IR usefulness, especially in capital market context. Many studies had attempted to examine various aspects of IR on market, but results had been positive, negative, or even, no impact (e.g.,Abhayawansa, Elijido-Ten, & Dumay, 2019; Baboukardos & Rimmel, 2016; Barth, Cahan, Chen, & Venter, 2017; Bernardi & Stark, 2018; Caglio, Melloni, & Perego, 2020; Hsiao & Kelly, 2018; Lee & Yeo, 2016; Marcia, Maroun, & Callaghan, 2015; Martinez, 2015; Rupley et al., 2017; Salvi, Vitolla, Raimo, Rubino, & Petruzzella, 2020; Slack & Tsalavoutas, 2018a; Wahl, Charifzadeh, & Diefenbach, 2020; Zhou, Simnett, & Green, 2017). Interestingly, investigations looking into the six types of capital information, the core element of an IR, are almost non-existent.

2.2. Corporate reporting, corporate reputation and investment decision

Most theoretical and empirical arguments recognize the catalytic role of corporate reporting in influencing the minds of stakeholders favourably, with regards to their perceptions of an organization (see Money, Saraeva, Stephen, & Hillenbrand (2017)), in particular, corporate reputation. With its origin set in economics, marketing, and organizational studies (Veh, Gobel, & Vogel, 2018), corporate reputation has been widely researched in other fields of studies (Money et al., 2017). Fombrun (1996) regarded corporate reputation as "a perceptual representation of a company's past actions, and future prospects which describe the firm's overall appeal to all its key constituents when compared with other leading rivals" (Walker, 2010, p.368). Ultimately, varying groups of stakeholders tend to perceive an organization's reputation differently (Ali, Lynch, Melewar, & Jin, 2015). This necessitates resolving the antecedents of corporate reputation by looking at various stakeholders' perspectives rudimental (Ali et al., 2015). Specifically, examination of reporting-reputation link from stockholders' perspectives is really scarce.

Several researchers have investigated the connection between traditional corporate reporting and corporate reputation. For example, Helm (2007) shows that the stockholders form firm's reputation based on disclosed corporate information. This was supported by Landgraf & Riahi-belkaoui (2003) who documented a positive relationship between reporting and reputation. One of the seminal works on reporting-reputation linkage was conducted by Fombrun & Shanley (1990) who proved that disclosed economic as well as non-economic information produced corporate reputation through the signalling effect. In the same vein, IR might also be a reputation enhancing reporting mechanism. Because, as a new reporting mechanism it discloses both financial and non-financial information in a combined form. Albeit, information about the six types of capital is the main focus of an IR.

Many studies also attested this signalling modus operandi of reporting-reputation nexus which, in turn, invited stakeholders to transact with firms

(Bagwell, 1992; Riahi-belkaoui & Pavlikt, 1991). That means, the shareholders transact with a firm based on its reputation. Needless to say, investing in a firm's stock is the most significant transaction by an existing or potential stockholder with that firm. However, empirical results on capital market reaction to reputation has been inconclusive. For example, Srivastava, McInish, Wood, & Capraro (1997) found a positive impact of reputation on market beta whereas Gök & Özkaya (2011) documented a negative relationship. Indeed, this reputation-stock investment decision link is still unexplored in IR context. Thus, this study conceptualizes that reporting driven firm reputation may mediate the link between IR information and stock investment decision making due to signalling modus operandi of reporting-reputation nexus.

2.3. Theoretical Framework

Appropriate theoretical engagement is needed in any kind of study so as to develop a better understanding of the relationships among the variables (Adedeji, Ong, & Rahman, 2020). Similarly, the stakeholder theory, and the signalling theory have been used to conceptualize the framework of this paper. Stakeholders can be any individual or group of individuals who either affect or are affected by an organization's activities in achieving its objectives (Freeman, 1984). The stakeholder theory is pertinent to the analysis of the investment decision making based on IR information. This is because investors are stakeholders who respond to the information communicated by listed companies (Karim & Taqi, 2013). Donaldson & Preston (1995) are of the view that the stakeholder theory drives managers towards acknowledging the heterogeneous needs of the stakeholders, thus they respond accordingly towards upholding the legitimacy of their function. Stieb (2009) argues that the stakeholder theory emphasizes on the decision-making power, and benefits the capital providers or stockholders. This is inevitable since the main concern of the management of any listed company is to employ and exercise those considerations that will benefit shareholders (Donaldson & Preston, 1995).

Among all, one major purpose of the stakeholder theory is to communicate to stockholders how the organization is operating (Brenner & Cochran, 1991). This is because shareholders are the legitimate audience of the management (Philips, 2003). Shareholders are the main group of stockholders because they support the financial and legitimate shareholding of the company shares (Shleifer & Vishny, 1997). Due to shareholder democracy, the shareholders of a company can exercise their rights and demands in corporate decisions (Crane, Matten, & Moon, 2004). In response, companies need to disclose diverse corporate information, based on which, shareholders make their investment decisions (Alniacik, Alniacik, & Genc, 2011; van der Laan Smith, Adhikari, & Tondkar, 2005; van der Laan Smith, Adhikari, Tondkar, & Andrews, 2010).

The investors judge the different reported information through their cognition and sense-making. To them, this disclosed information is nothing but a signal about corporate affairs. Spence (1973), in his classical piece on the signalling theory, described how the achieved academic degrees signalled the quality of potential employees. The receivers decode these signals, and then come to a conclusion about the underlying substance of these signals. Thus, from the disclosed information in a corporate report (e.g., IR), the stockholders form a perception (corporate reputation) about the company (Fombrun & Shanley (1990) which in turn, influences the investors decision to purchase the stocks of the company. Zhang & Wiersema (2009) endorsed this view by showing the power of financial statements in luring potential investors since it discloses the hidden quality of a firm. Based on this, we argue that the stockholders make their investment decisions based on corporate reputation, which is actually the signal decoded from the demanded IR information.

2.4. Integrated reporting and stock investment decision making: A proposed framework

2.4.1. IR information and stock investment decision making

Integrated reporting is the result of the limitations and criticisms offered by traditional reporting and it offers better information to all in making decisions, primarily to the stockholders (Jensen & Berg, 2012; Lozano & Huisingh, 2011; Reimsbach, Hahn, & Gürtürk, 2017). The incorporation of both financial and non-financial information within a single statement helps stockholders to make their investment decisions better. This information conveys messages about the values created by an organization over time. An IR consists of eight content elements which comprehensively illustrate how an organization is able to create value on its fundamental concepts. Albeit, the six capitals are the fundamental concepts around which other issues move. Since changes of the stock of value of the capital types are the value creations of an entity, the IIRC (2013, 2021) hopes that the IR information provided through these capital types, can be useful for financial capital providers as well as others.

It is a fact that no organization can run without any form of capital. As per the definition and classification of the IIRC (2013, 2021) and Doni, Larsen, Bianchi Martini, & Corvino (2019), financial capital information of an entity comprises information about cash, debt, equity and grant. Human capital information includes information about competencies, capabilities, experience and motivations of the human force of an organization. An organization's information about intellectual property, knowledge, systems and procedures and protocols is categorized under the intellectual capital type. Natural capital type categorizes information about natural resources such as air, land, water, biodiversity, forests, minerals and ecosystem health that are affected by the operation of an organization. Manufactured capital information includes the information about the tangible assets owned by a company along with the public infrastructure (roads, bridges etc.) used by the company. Finally, social and relational capital discloses information about the interactions of the organization with people both within and outside of the organization. This information includes shared norms and values, key relationships, brand and reputations.

From the definition and the classification of capitals just stated, it can easily be inferred that these six capitals are actually the inputs which get processed through the business activities; they ultimately emerge as outputs. If the organization is able to create more outputs than inputs, then values are produced since capitals are conceptualized as the stocks of value. It can further be inferred that the six types of capital encompass almost all the information at the very core of an organization. Thus, they convey the most important insights about the operation and value creation of an organization (IIRC, 2013, 2021). In fact, value reporting is the fundamental of IR (Dragu, 2018). It is for promoting greater transparency on the longer-term perspective of an organization in relation to its risks and strategies (Al-Htaybat & von Alberti-Alhtaybat, 2018). And, this value is reflected and communicated through the disclosure of six types of capital information noted in an IR (IIRC, 2013, 2021).

However, very little information is available about the impact of six capital information of IR on stock investment decision making or capital market context. In an archival study, Salvi et al., (2020), finds that intellectual capital information of IR is negatively associated with firm's cost of capital. Even though the market impact of other aspects (e.g., quality or level of disclosures) of IR had been examined by a few, results have been inconclusive. While some found its positive impact on the market (Baboukardos & Rimmel, 2016; Barth et al., 2017; Bernardi & Stark, 2018; Caglio et al., 2020; Lee & Yeo, 2016; Pavlopoulos, Magnis, & Iatridis, 2019; Vena, Sciascia, & Cortesi, 2020; Zhou et al., 2017), others found negative impact, or no relationship at all (Cortesi & Vena, 2019; Landau, Rochell, Klein, & Zwergel, 2020; Marcia et al., 2015; Martinez, 2015b; Wahl, Charifzadeh, & Diefenbach, 2020b). Hsiao & Kelly (2017) found that investors might use IR information in investment decision making but they are not fully aware of it. On the contrary, Abhayawansa et al. (2018) opine the irrelevance of IR information for the sell-side analysts' investment decision making. It appears that the equity analysts and fund managers had perceived IR to be a reporting fad, hence it was not embedded into their mainstream investment decisions (Slack & Tsalavoutas, 2018). Further to that, IR information might be used by stakeholders as a piece of additional information only (Rensburg & Botha, 2014). In sum, studies looking at the impact of IR in capital market context had been inconclusive (Reimsbach et al., 2017).

Despite these inconclusive stock market findings of IR information, studies showed that a company's business activities, communicated through various reports, can affect the well-being of various affected parties or stakeholders (Alniacik et al., 2011). Corporate reports are, in fact, the outcome of stakeholders' demands because the main concern of any listed company is to employ and exercise those considerations that would benefit shareholders (Adedeji et al., 2020; Donaldson & Preston, 1995). In the same vein, IR is also the outcome of stakeholders' demand. Furthermore, stockholders are "the legitimate object of managerial attention" (Philips, 2003), as noted also by Clarkson (1995). Hence, they are informed of by the management about the operation of the organization (Brenner & Cochran, 1991). Obviously, corporate reports such as IR are the prime way of doing this. Prior studies have documented that this demanded reported information, both financial and non-financial, influence stockholders' investment decisions (Alniacik et al., 2011; Ball & Brown, 1968; Belkaoui, 1980; Chan & Milne, 1999; Lawrence, 2013; Reimsbach et al., 2017; van der Laan Smith, Adhikari, Tondkar, & Andrews, 2010). Linked to this, there had been some fragmental evidence showing that accounting information significantly influenced investment decisions (Coram, Mock, & Monroe, 2011; Eccles et al., 2018; Solomon & Solomon, 2006). It appears that every investor would use the annual report information, whether directly or indirectly (Gniewosz, 1990). It is thus inferred that the disclosed information in any corporate report such as IR is relevant in investment decision making. Similarly, it is expected that being the core element of an IR, the information content of six capital of an IR would be the driving factors for stock investment decisions.

The impact of different types of capital has been well recognized in other fields of inquiry. Xavier-Oliveira, Laplume, & Pathak (2015), for example, noted how financial capital could influence entrepreneurs in their entry decisions. Doong, Fung, & Wu (2011) documented that firm value was affected by financial capital. Additionally, EPS, dividend yields, cash flow patterns, or share price yields are also significant parameters in making an investment decision (Gniewosz, 1990; Hsiao & Kelly, 2017). Going beyond that, Doong et al., (2011) proved that both human capital and social capital have a significant impact on a firm's market value. Similarly, Gniewosz (1990) found that manufactured capitals, such as fixed assets information was one of the significant information used for making stock investment decisions. Lau, Too, & Looi (2019) then revealed that Malaysian preparers and users valued intellectual capital information when making their decisions. The decision usefulness of intellectual capital was further corroborated by Loulou-Baklouti & Triki (2018) who examined the Tunisian context. Besides that, other information that is related to natural or environmental capital, were also valued by the capital market, both in the short- and long-run (Koehler, 2006). Based on this, Barker (2019) argued that corporate natural capital accounting is thus, crucial for satisfying the informational needs of stockholders in existing market structures. As a result of these arguments, it is thus proposed that:

Proposition 1(P1): The IR information provided through the six different capital types will have a positive direct effect on investors' stock investment decisions.

2.4.2. IR information and Corporate reputation

Stated earlier, the reported information in a corporate report like IR is actually a signal to the stakeholders or stockholders. It is because the management and the stockholders are in different footings in terms of access to corporate information. The stockholders have to rely on the information (signal) delivered by the management to take their decision. Prior studies have attested this signalling influence of corporate reporting in forming corporate reputation (see Money et al., 2017). However, it appears that very little is known about the reporting-reputation nexus on stockholders. Indeed, Ali et al., (2015) believe that the reporting-reputation nexus is still a lucrative area of research due to differences in stakeholders' characteristics. Moreover, IR is also a very new addition in the corporate diaspora. It is thus worthwhile to examine how IR may stimulate firm reputation, through the lenses of the stockholders. As mentioned earlier, IR communicates information about the value creation process of an entity. And, this value creation of an organization is created only by the mobilization of six types of capital. That means, when a company delivers information about value creation, it simply delivers the information of these six capitals. Interestingly, an organization's value creation through diverse managerial functions is judged by the stakeholders in perceiving an organization as good or bad (Riahi-belkaoui & Pavlikt, 1991). Therefore, it is expected that the information (signal) communicated through the six types of capital in an IR will be judged by the stakeholders in forming the perception about the company.

In this lens, many have argued about the explanatory power of IR in forming corporate reputation. For example, Steyn (2014) and Stubbs & Higgins (2014) advocated the power of IR in enhancing reputations. Vitolla et al., (2020) recently argued that IR is an effective way of enhancing firm image. This is because reporting tends to signal the worthiness of an organization, and ultimately displaying higher corporate reputation (Odriozola & Baraibar-diez, 2017). In addition to this, consistent and timely informative disclosures can lead a firm to be viewed more highly, hence higher corporate reputation ranking (Landgraf & Riahi-belkaoui, 2003). In fact, though the motivation for IR adoption is blurred, some observe that IR is practiced so as to enhance firm reputation, thereby mitigating institutional pressures (Higgins, Stubbs, & Love, 2014; Steyn, 2014). These literary works are therefore, sufficient evidence showing that the six types of capital information of the IR may enhance firm reputation, as perceived by stockholders. Hence, it is proposed that:

Proposition 2(P2): The IR information provided through the six different capital types will have a positive effect on corporate reputation.

2.4.3. Corporate reputation and stock investment decision making

It is well documented that reporting drives investors to perceive a company either positively, or negatively (Riahi-belkaoui & Pavlikt, 1991). Consequently, the positive perception in the form of firm reputation becomes embedded in the stakeholders' behaviour with the respective organization (Rindova, Williamson, Petkova, & Sever, 2005). That means, the investment behaviour of existing or potential stockholders might be driven by this positive perception or reputation. This happens due to the signalling process of reported information as witnessed from prior literature. Although this process could be beneficial to the firms, however, prior literature supporting this in stock market context is still inconclusive. For example, Srivastava et al., (1997) disclosed the favourable influence of firm reputation on market beta. It was noted that earnings forecasted by security analysts were influenced by firm reputation (Cordeiro & Sambharya, 1997). Firm reputation can also protect the loss of stocks' market value in the market (Sánchez, Sotorrío, & Díez, 2012). It can also affect the number of applications made for initial public offerings (IPO) (Krishnan, Ivanov, Masulis, & Singh, 2011; Nahata, 2008).

In contrast, Larkin, Bernardi, & Bosco (2012) found that firm reputation had an insignificant effect on the equity market value. Jacobs, Singhal, & Subramanian (2010) noted some inconsistent pattern of the capital market's reaction to firm reputation due to the firm's environmental feats. Rose & Thomsen (2004) indicated that firm reputation had a neutral or no impact on equity market value whereas Gök & Özkaya (2011) uncovered a negative relationship between the two. It appears that this outcome could be attributed to the diversity of the stakeholders who had diverse preferences in terms of firm or corporate actions and outcomes (Gök & Özkaya, 2011).

Despite these mixed findings, the impact of firm reputation on the stock investment decision of potential or existing investors cannot be ignored. As numerous studies, for example, Armitage & Marston (2008), Barber, Heath, & Odean (2003), Black, Carnes, & Richardson (2000), Brammer, Brooks, & Pavelin (2004) and Gardberg (2017) had certified the importance of firm reputation. Moreover, the investing public, to most extent, tend to assume that firm reputation could be used for making investment decisions although academics hold a differing view (Brammer et al., 2004). As a result, it is proposed that:

Proposition 3(P3): Corporate reputation impacts investors' stock investment decision making positively.

2.4.4. The mediating role of corporate reputation

Much research has looked into the cause and effects of corporate reputation although findings had been inconclusive (Ali et al., 2015). It appears that one of the major antecedents of corporate reputation is the different types of corporate reporting disclosed (Fombrun & Shanley, 1990; Javed et al., 2019; Pérez-Cornejo et al., 2020; Riahi-belkaoui & Pavlikt, 1991). That means, information disclosed in a corporate report catalyses corporate reputation. This was also emphasized by Charles Fombrun (2012) who stated that corporate endeavours and other communicative tools are two major drivers of corporate reputation. As the most recent form of corporate communication, IR has become the new sensation that discloses information about value creation of an entity. Albeit, information about the six types of capital is the information about value creation. Such kinds of corporate information are judged by the stakeholders when forming perceptions about a company (Riahi-belkaoui & Pavlikt, 1991). Positive perceptions would ultimately be translated into favourable reputations which lead an investor to transact with the firm concerned (Rindova et al., 2005). That means, reporting drives reputation of a firm and the investors go for further transactions with the firm based on this reputation. Hence, it can be inferred that the investors, existing or potential, make stock investment decision based on the firm reputation. Here comes the consequential or intervening role of corporate reputation.

Literature noting the consequences of corporate reputation is also very rich, in relation to market reaction, access to finance, and firm performance (Adhikary, Kutsuna, & Xu, 2019; Devine & Halpern, 2001; Lee & Roh, 2012; Manuel, Fuente, & Puente, 2003; Roberts & Dowling, 1997, 2002; Sánchez et al., 2012). However, the impact of corporate reputation on market reaction or stock investment decision making needs further substantiation due to inconclusive evidence (e.g., Armitage & Marston, 2008; Black et al., 2000; Brammer et al., 2004; Brooks, Highhouse, Russell, & Mohr, 2003; Caruana, Cohen, & Krentler, 2006; Ewing, Caruana, & Rinson Loy, 1999; Gardberg, 2017; Gök & Özkaya, 2011; Gotsi & Wilson, 2001; Pérez-Cornejo et al., 2020; Puncheva, 2008; Rose & Thomsen, 2004). Lee & Roh (2012) also made some inconclusive findings of firm reputation on firm performance, in terms of the firm's book and market value of the stocks. Likewise, as mentioned earlier, the stock market impact of different aspects of IR other than six capital types is also inconclusive. Moreover, the IR→ Corporate reputation → Investment decision making path is yet to be explored. Such an evidence gap has further convinced us to conceptualize the mediating role of corporate reputation in the process of stock investment decision making.

This mediating role of corporate reputation is further leveraged by the signalling theory. Focusing on the information asymmetry, Spence (2002;1973) showed how the signalling process takes place. Through the signal of achieved higher education of job applicants, prospective employers can differentiate between low-quality and high-quality prospective employees. This means that, "Signalling theory is useful for describing behaviour when two parties (individuals or organizations) have access to different information" (Connelly, Certo, Ireland, & Reutzel, 2011, p.1). In light of this theory, Zhang & Wiersema (2009) found that CEOs used an organization's financial statements to signal the latent quality of the firm's potential in attracting investors. Likewise, the reported information in an IR is expected to be treated by the investors as a signal about the firm's worthiness when making investment decisions. On the back of signalling theory, empirical evidence is also present to attest the mediating role of corporate reputation. For example, Naveed, Ali, Iqbal, & Sohail (2020) examined the mediating role of corporate reputation in investment decision making context driven by financial and non-financial information. Baumgartner, Ernst, & Fischer (2020) found that corporate reputation mediates the different behavioural intentions of stakeholders who were driven by corporate disclosures. Pham & Tran (2020) confirmed that corporate reputation intervenes CSR disclosures and company performance. Firm reputation also mediates the link between corporate culture and firm performance (Flatt & Kowalczyk, 2006).

Echoing this theoretical and empirical backdrop, some studies (Eccles & Armbrester, 2011; Ioana & Adriana, 2014) have argued that IR information enhances firm or corporate reputation by legitimizing firm's activities and minimizing firm's reputation risks. Other literature (Gomez-trujillo, Velez-ocampo, & Gonzalez-perez, 2019; Javed et al., 2019; Pérez-Cornejo et al., 2020; Pham & Tran, 2020; Rothenhoefer, 2018) also note that the voluntary disclosure or reporting leads to high corporate reputation. Consequentially, this corporate reputation impacts investors' investment decisions (Adhikary et al., 2019; Baumgartner et al., 2020; Fasaei, Tempelaar, & Jansen, 2017; Helm, 2007). Based on this, it is argued that value creating IR information of six types of capital can originate firm reputation, and so stockholders are likely to be influenced by this when making stock investment decisions. Against this backdrop, the current paper conceptualizes that corporate reputation has a mediating role, and it is through this that some evidence on IR usefulness in stock market context can be extracted. Hence, it is proposed that:

Proposition 4(P4): IR information disclosed through the six types of capital will exert impact on investors' stock investment decision through the mediating role of corporate reputation.

On these propositional backings, the conceptual framework of this paper stands as follow.

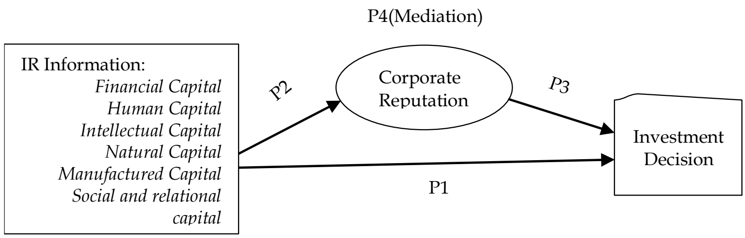

Figure 1. The proposed conceptual framework

3. Methodology

The conceptualised framework in this paper is the result of the systematic and critical review of relevant literature on IR. A review is important for identifying the research gaps, thereby leading to the proposal of a potential research theme (Mio, Panfilo, & Blundo, 2020; Tranfield, Denyer, & Smart, 2003). Following Tranfield et al. (2003), the critical review engages manual filtering exercises that seek to safeguard transparency for all review results. For this purpose, academic publications were searched through the Web of Science, Scopus and Google scholar because they are widely used academic databases and search engines (Veltri & Silvestri, 2020; Vitolla, Raimo, Rubino, & Garzoni, 2020). The search period ranged from 2011 (being the very first year of IR journey) to 2020. All types of publications related to IR in the area of accounting, business, and management were explored. This led to various publications which include articles, conference papers, and book chapters. The keywords used for the search were: IIRC, Integrated Reporting, Integrated Report (s), and IR, within titles, abstracts, or concerned databases. The scope of the search was restricted to full-text English-written publications that were available online only. Consequently, 439 publications emerged, with at least one publication found in the different databases. Screening of publications was done by matching the titles in order to avoid overlapping articles. Once this issue was addressed, the total number of publications remained as 331, of which 59 were market level studies that examined the impact of IR. For the purpose of conceptualizing the framework, all the 331 papers were reviewed critically. Special rigour was given to the market level studies while relevant literature on investment decision making and corporate reputation were likewise reviewed.

4. Implications and Conclusion

Since IR is 'not a trivial movement', it is worthy of research (Milne & Gray, 2013). In fact, research on IR carries huge significance as is evident from the rising number of studies focusing on its dimensions (Abhayawansa et al., 2018). Against this backdrop, the present paper conceptualizes an investment decision-making framework that is driven by the six types of capital information of IR. The focus of this framework is directed towards the shareholders who can use it to make their investment decisions precisely. The framework was conceptualized based on a critical review of literature on IR, where it is found that the investigation of these six types of capital information of IR in investment decision making is almost non-existent. Arguments from corporate reputation literature were used to complement the framework. In this way, the study attempts to fill the theoretical gaps of the 'demand-side' IR research as noted by Rinaldi et al., (2018).

The first proposition of the framework states the positive impact of IR information on stock investment decision. Thus, it leverages the credibility of IR. This proposition epitomizes the market relevance of IR as well as its effectiveness in the value communication process. Furthermore, breaking down the proposition for different types of capital, this model reveals the relative importance an investor places on each type of capital information. Additionally, the second, third and fourth propositions are also significantly influential as they signify the potential of IR information in creating a good image of the firm, in investors' minds. This, in turn, mediates the investment decision making of stockholders, based on their understanding of the IR information released. On reputation research, one of the three fundamental questions raised by MacLeod (1967, p.67) was, "What is a company's reputation based on?" From the stockholders' perspective, these propositions address the said question. Moreover, in recognizing the rational-irrational controversy of decision making due to human perceptions and emotions, making an attempt to determine the predictors of corporate reputation warrants more attention (Money et al., 2017). Further to this, the mediating role of firm reputation between corporate reporting, and investment decision making also ensures that IR is not a reporting fad or trend; it is really substantial rather than ceremonial. It substantiates its worthiness by rejecting the stigma of a legitimacy tool.

From the practical perspective, the framework signals the adoption of IR. Non-adopting firms can go for voluntary adoption. As the custodian of owners' resources, managers are expected to be rational in administering those resources so as to maximize wealth in both the short and long term. Shifting to a new mechanism takes a toll on the resources, and IR is no exception. Here lies the significance of exploring and gaining a thorough understanding of IR adoption by corporations. Undoubtedly, the understanding and use of communication mechanisms by the stockholders deserve sublime interest as shareholders are the supplier of the 'lifeblood' of the business. The IIRC (2013, 2021) has recognized this fact, and claimed that stockholders would be the main beneficiary of IR information. On the other hand, regulators can pursue promulgating it mandatorily. Ultimately, the capital market will see a major change in reporting, and this may ensure more long-term investments in the future (Knauer & Serafeim, 2014). Based on this, the current study serves to be one of the very few pioneering studies in proving how investors give due attention to IR.

This framework is contextually universal; it also holds true for any classes of investors, whether individual, institutional, local or foreign. This framework will enrich more market level studies. We propose a single but very influential mediator in the model. The future research endeavour may include other meditating or moderating variables of interests like different types of behavioural biases or personal values in the investment decision making process. Nonetheless, IR research is still in a growing phase, whether qualitative, conceptual, or commentary. However, with the qualitative exploration, further quantitative empirical efforts are still required as "quantitative experiments can help to better understand the mechanisms of what makes communication credible" (Jauernig & Valentinov, 2019, p.18). In this regard, the construction of this framework is sure to act as a solid base for future quantitative studies.

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