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Stakeholders' trust in the global performance information of companies applying integrated reporting: pros and cons

Abstract: Integrated reporting (IR) is the latest form of corporate reporting that has radically changed the communication way with stakeholders by integrating financial and non-financial information into a single report. The main purpose of this paper is to evaluate stakeholders' trust in the global performance information provided by companies that have already adopted IR. The objectives of the paper are to establish the role of stakeholders in the context of IR adoption, assess the global performance of companies applying IR from the perspective of stakeholders and to identify possible causes that negatively affect stakeholders' trust in the performance information of companies applying IR. The results can be found in the conceptualization of seven econometric models in the form of indices that evaluate the credibility of stakeholders in the context of adopting IR from the perspective of evaluating the performance of these companies. These results are useful to stakeholders, companies that have adopted or will adopt IR because they provide an opportunity to assess the global performance of companies from a stakeholder perspective and involves the credibility of the information provided through an integrated report.

Keyword: integrated reporting, stakeholders, credibility, global performance.

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Încrederea părţilor interesate în informaţiile privind performanţa globală a companiilor care aplică raportarea integrată: argumente pro şi contra

Abstract: Raportarea integrată (RI) este cea mai recentă formă de raportare corporativă care a schimbat radical modul de comunicare cu părţile interesate prin integrarea informaţiilor financiare şi nefinanciare într-un singur raport. Scopul principal al acestei lucrări este de a evalua încrederea părţilor interesate în informaţiile privind performanţa globală furnizate de companiile care au adoptat deja RI. Obiectivele lucrării sunt de a stabili rolul părţilor interesate în contextul adoptării RI, de a evalua performanţa globală a companiilor care aplică RI din perspectiva părţilor interesate şi de a identifica posibilele cauze care afectează negativ încrederea părţilor interesate în informaţiile privind performanţa furnizate de companiile care aplică RI. Rezultatele se regăsesc în conceptualizarea a şapte modele econometrice sub forma unor indici care evaluează credibilitatea părţilor interesate în contextul adoptării RI din perspectiva evaluării performanţei acestor companii. Aceste rezultate sunt utile pentru părţile interesate, pentru companiile care au adoptat sau vor adopta RI, deoarece oferă posibilitatea de a evalua performanţa globală a companiilor din perspectiva părţilor interesate şi implică credibilitatea informaţiilor furnizate prin intermediul unui raport integrat.

Cuvinte-cheie: raportare integrată, părţi interesate, credibilitate, performanţă globală.

Introduction

Integrated Reporting (IR) is the latest form of corporate reporting that has radically changed the way of communication with stakeholders, integrating financial and non-financial information into a single report, bringing together aspects regarding an organisation's strategies on corporate governance and social, enviromental and financial performance in a way that reflects the value creation process of the firm on short, medium an long term (*Songini et al., 2022*). According to IIRC, integrated reporting represents a more consistent and efficient approach of corporate reporting with the aim of improving the quality of information given to providers of financial capital in order to enable a more efficient and fruitful allocation of capital (*IIRC, 2021*). Moreover, IR is the most appropriate tool for presenting the effects of the COVID-19 pandemic on an company's business due to its „flexible approach and its ability to provide a holistic view of business management" (*García-Sánchez et al., 2020*), highlighting the company's level of resilience in a context of crisis and

its ability to manage different risks in a turbulent economic environment. IR is therefore seen as an innovative corporate reporting tool anchored in the current economic context that changes the view of the company's performance if used appropriately (*Tanasă, 2020*) and moreover can counteract the effects of unforeseen situations such as the COVID-19 pandemic that affected business sustainability and the communication process with stakeholders.

The main *purpose of* the work is to assess the level of stakeholders' trust in the gloabal performance information provided by companies that have already adopted IR. In order to achieve this, we proposed there objectives as follows:

1. Establish the role of stakeholders in the context of IR adoption;
2. Assess the global performance of companies applying IR from the perspective of stakeholders;
3. Identify possible causes that negatively affect stakeholders' trust in the performance information of companies applying IR.

The results are translated into seven econometric linear regression models that allow the assessment of stakeholders' confidence in the performance information provided by the integrated reports. The research results are useful for stakeholders because they provide information on the level of trust for each category on global performance, fact that supports the decision-making process. The research results are also useful for companies as they can identify solutions to increase stakeholders' trust in the information provided through the IR which can contribute significantly to improving management performance.

The paper is structured in five sections where the next section presents a review of the literature on our topic. The third section describes the research methodology applied to achieve the main purpose of the paper and the fourth section presents the results of our research on stakeholders' trust. The conclusions of our research are presented in the last section, highlighting possible causes that negatively affect stakeholders' trust.

Literature review

The term stakeholders was looked at from a different perspective by Freeman in 1984 in order to emphasize his proposed new approach to the existing ones, namely that shareholders are the sole responsibility of an company. Stakeholders are represented by „any individual or group that can affect or is affected by the objectives of the company" (*Freeman, et al., 2010*). The stakeholder theory developed over time by Freeman argues that if the relationships between the business and the stakeholders who can affect or are affected by it are adopted as a whole, then we will have a better chance of dealing more effectively with the three problems set out as follows: the problem of value creation and the ever-changing trade in the context of business globalisation; the problem of the connection between capitalism and ethics; and the problem of how managers should approach ensuring value creation and the connection between business and ethics (*Parmar et al., 2010*). In the current economic context, stakeholders have a very important role to play in ensuring business sustainability and for this reason companies have been looking for innovative solutions on how to report the effects of the COVID-19 pandemic on business entities.

In the literature review, we identified the role of stakeholders in the context of IR as follows: Gianfelici and others demonstrate that the field of activity to which an company belongs is more important than their nationality in the context of the analysis of 64 integrated company reports from the IIRC pilot program (*Gianfelici et al., 2018*). Based on the results, we conclude that the role of stakeholders in IR is to quantify the impact of companies' social and environmental responsibilities on economic performance. From a stakeholder theory perspective, Stubbs and Higgins demonstrated that there is more support for the adoption of integrated reporting on a voluntary basis, suggesting that IR will become a regulated reporting norm as companies adopt it in practice (*Stubbs & Higgins, 2018*). Furthermore, Rabaya and Saleh have shown that voluntary ESG disclosures through IR contribute to better stakeholder understanding of companies' sustainability practices. Stakeholders therefore have a role to play in helping to improve IR by increasing demands on companies' sustainability and reporting, either separately or through integrated reporting (*Rabaya & Saleh, 2022*).

Research by Vitolla's group highlights that the national cultural system significantly influences IR quality (*Vitolla et al., 2019*). Thus, countries with a cultural system that is closer to the people, having low uncertainty and collectivist and feminist in character, place more emphasis on sustainable development, ethics and good governance, which implicitly lead to higher quality of IR. In addition, stakeholder-driven cultures lead companies to provide high quality information on financial, social, environmental and governance issues in an integrated way. Same authors and Ciubotariu with co-authors have also shown that stakeholders' pressures have a significant and positive impact on increasing IR quality, implicitly on business sustainability (*Ciubotariu et al., 2021*). From the two studies, it appears that the role of stakeholders is to drive companies to focus on business sustainability and provide high quality of reported information. All this aspects, contribute to increasing stakeholders' trust in the information included in the integrated reports. Stakeholders also have a key role to play in the resilience of companies after the COVID-19 pandemic because informing them properly can make the difference between business failure or resilience. Thus, the results of Dyczkowska's and Ribeiro's groups show that IR is an optimal communication tool by producing a stakeholder-oriented report that responds to stakeholders' information needs in difficult conditions such as the health pandemic (*Dyczkowska et al., 2022*; *Ribeiro et al., 2022*). At the same time, IR is seen as a solution to implement the circular economy concept for a sustainable business model that contributes to value creation in the short, medium and long term (*Hassan et al., 2021*). *Thus, we have outlined the objective no. 1 of our research.*

Quantifying global performance or sustainability in the context of IR from a stakeholder theory perspective is a widely debated topic in the literature. For example, Mans-Kemp and Lugt found that IR enhances managerial effectiveness in the eyes of South African debt capital providers, while venture capital providers do not provide a clear signal of approval (*Mans-Kemp & Lugt, 2020*). Moreover, a high level of ESG performance is positively associated with a high quality of IR, which is closely related to stakeholders' expectations (*Cosmulese et al., 2019*; *Ciubotariu et al., 2021*; *Chouaibi et al., 2022*). The results of Shirabe and Nakano argue that IR could discourage short-term oriented behaviour of companies and promote long-term value creation, which is of interest to a wide range

of stakeholders (*Shirabe & Nakano, 2022*). The results of Lueg are also important because they show that integrated reports tend to be published by large organisations in controversial industries with above average performance and only those that fully implement IR show associations with performance, as opposed to organisations that partially comply with IR principles (*Lueg, 2022*).

On the other hand, the lack of a system of integrated performance measurement indicators to help stakeholders better understand performance has attracted a number of criticisms of the IIRC framework such as favouring providers of financial capital, thus not meeting the information needs of all categories of stakeholders (*Flower, 2015*; *Katsikas et al., 2017*), or ambiguous explanations and valuations of non-financial capital leading to complexities in providing IR mechanisms and providing little incentive for sustainable behaviour by companies (*Brown & Dillard, 2014*; *Cheng et al., 2014*). All these criticisms have contributed to a decline in the credibility of IR and hence stakeholders' trust in the global performance information provided by integrated reporting. *Based on this information, we have established the objectives 2 and 3 of our paper.*

Research methodology

To assess the global performance of companies applying IR from a stakeholder perspective, we constructed 50 economic entities listed on international stock exchanges in different industries. The period of analysis was five years, namely from 2015-2019. Companies were selected based on their adoption of IIRC-compliant IR principles in 2019 as the baseline year, either in the form of an integrated report or a GRI-compliant sustainability report together with the annual report. Other criteria for inclusion in the sample were: included companies are only part of the Europe region; full availability of data for the analysed period of 2015-2019. Exclusion criteria were as follows: companies that at the time of data collection did not have published reports for 2019; companies in the banking or insurance sector; companies that are not publicly listed as well as those that published integrated reports in a language other than English. The application of the company selection criteria resulted in 50 of the 185 companies present and verified on the IIRC website under the „IR Reporters" and „Leading Practices" sections. The areas of activity covered by the selected companies are 10, as follows: Utilities, Industry, Consumer Goods, Extractive, Telecommunications, Technology, Services, Transport, Health, Construction and Materials.

The data that was collected from the published reports of the sample companies were initially processed using MS Excel 2016. Subsequently, seven econometric linear regression models were developed for each stakeholder category using Gretl version 2019a. The stakeholder categories selected in our research include, but are not limited to: potential investors (INV), customers and suppliers (C/S), financial creditors (FIN CRED), shareholders (SHARE), state authorities (ST AUT), employees (EMPL) and managers (MANAG) according to stakeholder theory. Table 1 shows all seven selected stakeholder categories together with the dependent and independent variables (ticked with✓) included in the developed econometric model (*Table 1*).

The results are embodied in the seven econometric models based on financial indicators presented in table 1 and developed through the GRETL statistical software version 2019a with the

aim of determining the level of stakeholders' trust in global performance in the context of IR adoption.

Results and discussions

The issue of stakeholders' trust in the information provided through IR is presented in the literature from several perspectives refering at aspects such as overall company performance, external assurance of integrated reporting or the principle of information connectivity. Our research addresses stakeholder theory in the context of assessing the global performance of companies that have adopted IR. Thus, the empirical research was based on the following categories of stakeholders: potential investors (INV), customers and suppliers (C/S), financial creditors (FIN CRED), shareholders (SHARE), state authorities (ST AUT), employees (EMPL) and managers (MANAG). For each category we developed a linear regression econometric model based on financial indicators reflecting the degree of stakeholders' trust (ST) in the global performance information of companies that have adopted IR, presented in the second table (*Table 2*).

In the case of *potential investors*, the correlation analysis shows that the variables EBIT and EBITDA, in relation to stock market value have a significant level of correlation for EBITDA and less for EBIT, which shows that they pay more attention to the EBITDA indicator. From table 3 on the statistical significance tests of the model it can be seen that the p-value tends to 0 (<0.0001) which means that the data are homogeneous and highly statistically significant. There were no excluded variables and the whole sample allowed correlations to be made in order to attract new investors (*Table 3*).

Statistical representativeness is given by the R-squared coefficient which has a significance of 67% for the proposed model which gives the model a relevant statistical significance. Thus, from the point of view of potential investors, the degree of trust in the global performance information presented through the integrated reports satisfies their needs in a percentage less than 70%, on a variation of the indicator defined as independent variable in the closed range 0-2.

Breusch-Pagan test for heteroskedasticity - Null hypothesis: heteroskedasticity is not present Statistical test: LM = 133,347 with p-value = P(Hi square(2) > 133.347) = 1.10694e-029	Test for normality of residues - Null hypothesis: the error is normally distributed Statistical test: Hi square(2) = 134,784 with p-value = 5.39428e-030

The histogram distribution (*Figure 1*) reflects the fact that the average stock market value in dynamics tends to stabilize at the maximum point of the Gaussian interval with representation at the point 0 of the graph and an asymmetry towards the downward side of the indicator which highlights its instability. The test of heteroskedasticity and the test of normality of the residuals confirm the rejection of the null hypothesis (in the null hypothesis the error is normally distributed), for Hi square(2) > 133 and p-value tends 0.

The correlation analysis of the second econometric model shows that the liquidity variables in relation to leverage have a significantly higher level of correlation than net profit, however the most semi significant correlation is with turnover. This shows that in the analysis of an company's financial situation, *customers and suppliers* place emphasis on liquidity and leverage. From the correlation table 4 it can be seen that the p-value of turnover is less than 0.0001 which means that the data have are homogeneous (in relation to this regression variable). As in the case of potential investors, no data were excluded from the sample here either.

The R-squared coefficient presented in table 4 shows a high statistical representativeness which indicates that the confidence of C/S can be accounted for 87.7% by the proposed linear regression equation, on a variation of the indicator defined as independent variable in the closed range -0.5-1.5 (*Table 4*).

Breusch-Pagan test for heteroskedasticity - Null hypothesis: heteroskedasticity is not present Statistical test: LM = 72.8123 with p-value = P(Hi square(4) > 72.8123) = 5.78022e-015	Test for normality of residues - Null hypothesis: the error is normally distributed Statistical test: Hi square(2) = 326.66 with p-value = 1.16607e-071

The histogram distribution of the indebtedness ratio presented in figure 2 with the regression variables shows a homogeneous distribution of the model with accumulation on the slope of the Gaussian curve increasing towards the maximum point assimilated to the sample median (*Figure 2*). We also note a uniform trend for a standard deviation of 0.99 points for the whole analysed sample of 200 units. The homogeneity of the evolution of the indicators is thus demonstrated and for the studied phenomenon, the relationship between the dependent and independent variables shows that the liquidity indicators are more significant than the others.

The *financial creditors* take more into account in their decisions the ROA, NP and TE values when analysing goodwill (*Table 2*). Statistical representativeness is given by the R-squared coefficient (*Table 5*) which has a significance of 71% for the proposed model which gives the model a high statistical significance.

From the point of view of financial creditors, the trust expressed in the global performance information is less than 75% on a change in the indicator defined as an independent variable in the closed range 0.5-2. Therefore, company managers pay more attention to financial creditors than to the commercial segment (customers/suppliers) in the context of ensuring business sustainability, which may affect the perception of this category of stakeholders.

Breusch-Pagan test for heteroskedasticity - Null hypothesis: heteroskedasticity is not present Statistical test: LM = 213,554 with p-value = P(Hi square(5) > 213.554) = 3.56928e-044	Test for normality of residues - Null hypothesis: the error is normally distributed Statistical test: Hi square(2) = 151,996 with p-value = 9.87145e-034

The histogram distribution shown in figure 3 demonstrates that the mean of goodwill in dynamics tends to stabilize at the maximum point of the Gaussian interval with the representation being at the point 0 of the graph and an upward sloping accumulation (*Table 3*).

From table 2, the econometric model related to *shareholders* shows that the independent variable net profit in relation to DPS has a significant level of correlation, followed by ROA and ROE, the other variables being at a lower level (*Table 2*). This shows us that shareholders emphasize net profit in the dividend payout decision making process. At the same time, it is observed that the p-value is <0.0001 which means that the data are homogeneous and with high statistical significance (*Table 6*).

The R-squared coefficient shows statistical representativeness which has a significance of 76% for the proposed model, reflecting a high degree of shareholders' trust in the global performance of companies applying IR, over a variation of the indicator in the closed range 0-2.5.

Breusch-Pagan test for heteroskedasticity -
Null hypothesis: heteroskedasticity is not present
Statistical test: LM = 218.773
with p-value = P(Hi square(3) > 218.773) = 4.78728e-041

Test for normality of residues -
Null hypothesis: the error is normally distributed
Statistical test: Hi square(2) = 1518.65
with p-value = 0

From figure 4 it can be seen that the data are concentrated in the Gaussian maximum point, but there is an asymmetry with accumulation on the decreasing slope of the Gaussian curve and with a standard deviation of 0.99 which shows us that dividends were granted above the sample mean and there is a relatively homogeneous distribution (*Table 4*). The performed heteroskedasticity test rejects the null hypothesis and maintains the alternative hypothesis, confirming that in the null hypothesis heteroskedasticity is not present, for Hi-squared (3) > 218.7 and p-value tends 0.

From the perspective of the *state authorities*, there is a greater focus on long-term debt than on other indicators (*Table 2*). In addition, the table below shows that the p-value is in the range 0-0.8, which means that the data are relatively homogeneous and with medium to high statistical significance. There were no excluded variables and the whole sample allowed correlations in the interest of the state authorities.

The R-squared coefficient indicates a high statistical significance of 97.5% for the model developed using Gretl software. Therefore, IR satisfies the requirements of the state authorities in a percentage of more than 95% which shows us a desire for increased compliance of companies with legal regulations with the aim of providing qualitative information through a single report. The histogram from figure 5 shows us that the data distribution is homogeneous with accumulation on the increasing slope of the Gaussian curve near the point of maximum 0 (*Figure 5*).

Breusch-Pagan test for heteroskedasticity - Null hypothesis: heteroskedasticity is not present Statistical test: LM = 163.481 with p-value = P(Hi square(5) > 163.481) = 1.79285e-033	Test for normality of residues - Null hypothesis: the error is normally distributed Statistical test: Hi square(2) = 74.3307 with p-value = 7.23246e-017

In the case of the econometric model related to *employees*, we observe that the variables turnover, gross profit and short-term liabilities in relation to labour productivity have a significant level of correlation for turnover and less for the other two indicators (*Table 2*). Thus, from the point of view of employees, their confidence is in percentage higher than 99% on a variation of the indicator defined as independent variable in the closed range 0.75-1.25 which shows

At the same time, from the correlation table 8, we observe that p-value <0.0001 which means that the data are homogeneous and statistically significant (*Table 8*). The whole sample allowed correlations to be performed in the interest of employees and there were no excluded variables.

Breusch-Pagan test for heteroskedasticity - Null hypothesis: heteroskedasticity is not present Statistical test: LM = 51.7497 with p-value = P(Hi square(3) > 51.7497) = 3.38648e-011	Test for normality of residues - Null hypothesis: the error is normally distributed Statistical test: Hi square(2) = 236,556 with p-value = 4.29142e-052

The histogram of the dependent variable – WP shows a homogeneous data distribution with accumulation on the increasing slope of the Gaussian curve near the point of maximum 0 (*Figure 6*).

Finally, *managers*' perceived trust in the global performance of companies is 73% and they pay more attention to the EBIT indicator, which shows that managers focus on operational activity (*Table 2*; *Table 9*).

From the histogram representation of the dependent variable in figure 7, we observe that the median tends to 0, which means that there is a constant evolution of the median with a standard deviation of 0.99 and accumulation on the increasing slope of the Gauss curve near the point of maximum assimilated to the sample mean for GW (*Figure 7*).

Breusch-Pagan test for heteroskedasticity - Null hypothesis: heteroskedasticity is not present Statistical test: LM = 42,2008 with p-value = P(Hi square(6) > 42.2008) = 1.67831e-007	Test for normality of residues - Null hypothesis: the error is normally distributed Statistical test: Hi square(2) = 1096.19 with p-value = 9.24716e-239

Thus, the highest values of the seven econometric models are found for employees and government, reflecting a very high degree of trust in the global performance information provided by companies applying IR. This may be due to existing legal regulations in these areas. A high degree

of trust is observed in the category of customers and suppliers with a value of around 88%. This also includes shareholders, managers and financial creditors with values between 70-80%. The lowest level of trust is found in the case of potential investors with a value of less than 70% which we can say that is a surprise because the IIRC flexible framework has been criticised for favouring providers of financial capital. However, we observe that potential investors have the lowest level of trust in the information provided by the integrated reports, which demonstrates that the IR has not achieved its goal of providing a holistic picture that allows investors to allocate capital more efficiently and fruitfully. At the same time, it highlights some vulnerabilities due to the existence of stock market value volatility that may more easily influence the level of trust of potential investors.

On the other hand, the risks associated with voluntary disclosure of information may affect stakeholders' trust in IR from an global performance perspective. For example, Stacchezzini with the colleagues demonstrate that managers use techniques through which they provide limited information about sustainability management and also avoid providing sustainability information when their social and environmental performance is poor (*Stacchezzini et al., 2016*). In contrast, Lakshan's group shows that these risks lead managers to use certain strategies designed to provide more conservative forward-looking information that could undermine the usefulness of integrated reporting (*Lakshan et al., 2021*). Therefore, the way in which information on overall company performance is provided is very important for ensuring the credibility of IR.

Conclusions

Although the role of IR is to provide a more complete and clear picture of the companies' performance, we note that in terms of perception of global performance, stakeholders show a different degree of trust. We can say that one of the reasons for the different degree of trust perceived by stakeholders could be a low economic performance which is covered or which suffers from the desire of managers to increase or strengthen their performance related to the social and environmental pillar, in order to ensure a positive image among stakeholders. Therefore, a defining role is played by managers on how IR is implemented in companies' activity. They can influence the trust of other stakeholders through the quantity or quality of information provided in the context of IR. Other causes that can affect stakeholders' trust can be: oscillating dividend policies that do not meet shareholders' expectations in terms of dividend distributions; managers are not interested in increasing stakeholders' trust more than current regulations require; risks associated with voluntary disclosure of information; tendency to provide longer and less understandable integrated reports that will alienate stakeholders; lack of integrated performance indicators showing overall company performance, especially regarding the effects of non-financial (environmental and social) elements on financial ones.

The results of our research demonstrate that the different degree of stakeholders' trust perceived from the perspective of global performance information significantly influences the credibility of the information provided by IR. Therefore, in order to ensure a continuity of its role in the communication process of companies with different categories of stakeholders, the regulators of IR have to concentrate their efforts on optimising and updating its content structure and

disclosure requirements accoring to current needs, so that the relation with the stakeholders is optimised through an increase in transparency and quality of the information provided in the integrated reports, boosting this way its creditibility and utility in the business environment.

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Appendix

Table 1. Variables included in the linear regression econometric models

No.	*Independent variable*		*EBIT*	*EBITDA*	*GS*	*GL*	*IL*	*TU*	*GP*	*NP*	*TE*	*ROA*	*ROE*	*LTD*	*STD*	*CA*
	Stakeholder	Dependent variable														
1	INV	SMV	✓	✓												
2	C/S	INDB				✓	✓	✓		✓						
3	FIN CRED	GW							✓	✓	✓	✓	✓			
4	SHARE	DPS								✓		✓	✓			
5	ST AUT	NCF			✓			✓	✓	✓				✓		
6	EMPL	WP						✓	✓						✓	
7	MANAG	GW	✓						✓				✓			✓

Where,

SMV - The stock market value;
INDB - The degree of indebtedness;
GW - Goodwill;
DPS - Dividend per share;
NCF - The net cash-flow;
WP - Work productivity;
EBIT - Earnings before interest and taxes;
EBITDA - Earnings before interest, taxes, depreciation and amortization;
GS - General solvency;
GL - General Liquidity;
IL - Immediate liquidity;
TU - Turnover;
GP - Gross profit;
NP - Net profit;
TE - Total expenses;
ROA - Return on assets;
ROE - Return on equity;
LTD - Long-term debt;
STD - Short-term debt;

Table 2. Stakeholders' trust in the global performance information of companies applying IR

Stakeholder category	The linear regression equation of the model	Results on ST in global performance information of IR
INV	^SMV = + 0.732*EBITDA + 0.312*EBIT (0,0859) (0,0599) n = 200, R-squared = 0.669 *(standard errors in parentheses)	ST_{INV} < 70% ➢ MEDIUM
C/S	^INDB = + 0.263*GL + 0.271*IL + 0.435*TU + 0.0252*NP (0,636) (0,620) (0,0802) (0,0241) n = 200, R-squared = 0.877	$ST_{C/S}$ < 90% ➢ HIGH
FIN CRED	^GW = + 0.0889*GP + 1.24*NP + 1.02*TE - 4.14*ROE + 2.83*ROA (0,0574) (0,344) (0,0769) (3,49) (3,44) n = 200, R-squared = 0.713	$ST_{FINCRED}$ < 75% ➢ HIGH
SHARE	DPS = + 1.64*NP - 7.07*ROE + 6.17*ROA (0,408) (4,17) (4,13) n = 200, R-squared = 0.768	ST_{SHARE} < 80% ➢ HIGH
ST AUT	^NCF = + 0.534*GS + 0.0620*TU - 0.00274*GP + 0.00849*NP + 0.411*LTD (0,0502) (0,0444) (0,0126) (0,0129) (0,0230) n = 200, R-squared = 0.976	ST_{STAUT} < 100% ➢ VERY HIGH
EMPL	^WP = + 0.919*TU + 0.0233*GP + 0.0281*STD (0,0194) (0,00573) (0,0179) n = 200, R-squared = 0.991	ST_{EMPL} < 100% ➢ VERY HIGH
MANAG	^GW = + 0.0326*EBIT - 0.0168*GB - 0.0504*ROE + 0.504*CA + 0.575*STD (0,0566) (0,0654) (0,0564) (0,209) (0,182) n = 200, R-squared = 0.734	ST_{MANAG} < 75% ➢ HIGH

Source: authors' own processing through GRETL software

Table 3. Model – OLS, using observations 1-200. Dependent variable: SMV

	Coefficient	Std. Error	t-ratio	p-value	
EBITDA	0,732275	0,0858778	8,527	<0,0001	***
EBIT	0,311911	0,0599091	5,206	<0,0001	***

Mean dependent var	1,270838	S.D. dependent var	1,012236
Sum of squares of residuals	174,4331	Standard error of the regression	0,938603
Uncentered R-squared	0,668948	Centered R-squared	0,144515
F(2, 198)	200,0469	P-value(F)	2,95e-48
Log-likelihood	-270,1101	Akaike criterion	544,2202
Schwarz criterion	550,8168	Hannan-Quinn	546,8897

Table 4. Model – OLS, using observations 1-200. Dependent variable: INDB

	Coefficient	Std. Error	t-ratio	p-value	
GL	0,263283	0,636293	0,4138	0,6795	
IL	0,271349	0,620028	0,4376	0,6621	
TU	0,435011	0,0802091	5,423	<0,0001	***
NP	0,0251610	0,0240818	1,045	0,2974	

Mean dependent var	1,057655	S.D. dependent var	0,357245
Sum of squares of residuals	30,63668	Standard error of the regression	0,395360
Uncentered R-squared	0,877022	Centered R-squared	-0,206306
F(4, 196)	349,4463	P-value(F)	5,52e-88
Log-likelihood	-96,17577	Akaike criterion	200,3515
Schwarz criterion	213,5448	Hannan-Quinn	205,6907

Table 5. Model – OLS, using observations 1-200. Dependent variable: GW

	Coefficient	Std. Error	t-ratio	p-value	
GP	0,0889026	0,0573777	1,549	0,1229	
NP	1,23970	0,343930	3,605	0,0004	***
TE	1,01528	0,0769495	13,19	<0,0001	***
ROE	-4,14418	3,49085	-1,187	0,2366	
ROA	2,83213	3,44378	0,8224	0,4119	

Mean dependent var	1,195814	S.D. dependent var	0,743622
Sum of squares of residuals	113,6388	Standard error of the regression	0,763389
Uncentered R-squared	0,713059	Centered R-squared	-0,032688
F(5, 195)	96,91660	P-value(F)	6,10e-51
Log-likelihood	-227,2585	Akaike criterion	464,5169
Schwarz criterion	481,0085	Hannan-Quinn	471,1908

Table 6. Model – Quantile estimates using observations 1-200. Dependent variable: DPS

	Coefficient	Std. Error	t-ratio	p-value	
Pn	1,64378	0,408349	4,025	<0,0001	***
ROE	-7,06792	4,16905	-1,695	0,0916	*
ROA	6,16849	4,13228	1,493	0,1371	

Median depend. var	1,040833	S.D. dependent var	1,656521
Sum absolute resid	138,8710	Sum squared residues	621,5477
Uncentered R-squared	0,768948	Centered R-squared	0,164715
F(2, 188)	210,0589	P-value(F)	3,97e-66
Log-likelihood	-265,6750	Akaike criterion	537,3501
Schwarz criterion	547,2450	Hannan-Quinn	541,3544

Table 7. Model 30: OLS, using observations 1-200. Dependent variable: NCF

	Coefficient	Std. Error	t-ratio	p-value	
GS	0,533819	0,0502278	10,63	<0,0001	***
TU	0,0620391	0,0443648	1,398	0,1636	
GP	-0,00274456	0,0126498	-0,2170	0,8285	
NP	0,00849359	0,0128911	0,6589	0,5108	
LTD	0,411004	0,0230433	17,84	<0,0001	***

Mean dependent var	1,074242	S.D. dependent var	0,228675
Sum of squares of residuals	5,814032	Standard error of the regression	0,172672
Uncentered R-squared	0,975896	Centered R-squared	0,441291
F(5, 195)	1578,983	P-value(F)	1,3e-155
Log-likelihood	70,01660	Akaike criterion	-130,0332
Schwarz criterion	-113,5416	Hannan-Quinn	-123,3593

Table 8. Model – OLS, using observations 1-200. Dependent variable: WP

	Coefficient	Std. Error	t-ratio	p-value	
TU	0,919065	0,0193772	47,43	<0,0001	***
GP	0,0232543	0,00573159	4,057	<0,0001	***
STD	0,0281300	0,0179002	1,571	0,1177	

Mean dependent var	1,025270	S.D. dependent var	0,246209
Sum of squares of residuals	1,913307	Standard error of the regression	0,098551
Uncentered R-squared	0,991393	Centered R-squared	0,841392
F(3, 197)	7563,857	P-value(F)	4,3e-203
Log-likelihood	181,1607	Akaike criterion	-356,3215
Schwarz criterion	-346,4265	Hannan-Quinn	-352,3171

Table 9: Model – OLS, using observations 1-200. Dependent variable: GW

	Coefficient	Std. Error	t-ratio	p-value	
EBIT	0,0325835	0,0565874	0,5758	0,5654	
GP	-0,0168132	0,0653958	-0,2571	0,7974	
ROE	-0,0503938	0,0564136	-0,8933	0,3728	
CA	0,504051	0,209464	2,406	0,0170	**
STD	0,575390	0,181613	3,168	0,0018	***

Mean dependent var	1,195814	S.D. dependent var	0,743622
Sum of squares of residuals	105,4655	Standard error of the regression	0,737317
Uncentered R-squared	0,733697	Centered R-squared	0,041587
F(6, 194)	89,08229	P-value(F)	4,80e-53
Log-likelihood	-219,7944	Akaike criterion	451,5887
Schwarz criterion	471,3786	Hannan-Quinn	459,5974

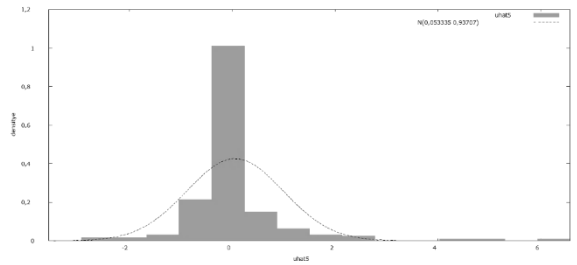

Figure 1: Histogram distribution of the dependent variable – stock market value. Source: Gretl version 2019a

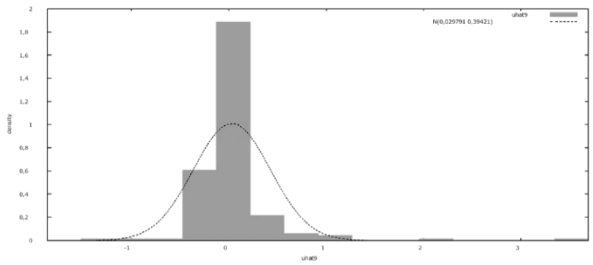

Figure 2. Histogram distribution of the dependent variable – Degree of indebtedness. Source: Gretl version 2019a

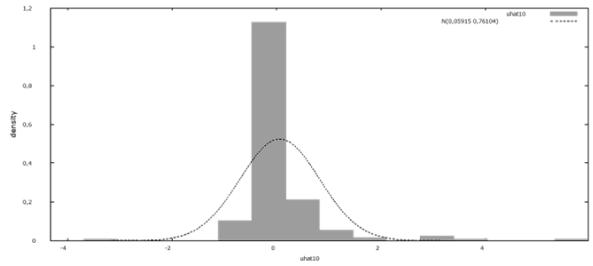

Figure 3. Histogram distribution of the dependent variable – goodwill. Source: Gretl version 2019a

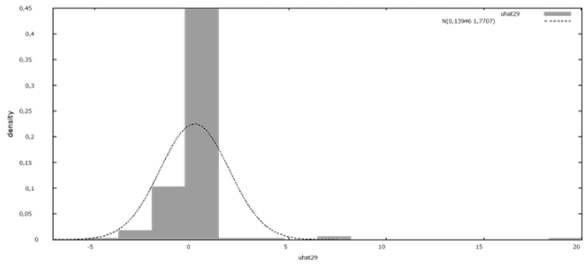

Figure 4. Histogram distribution of the dependent variable – dividend per share. Source: Gretl version 2019a

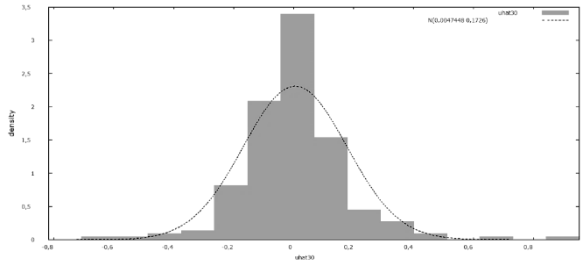

Figure 5. Histogram distribution of the dependent variable – net cash-flow. Source: Gretl version 2019a

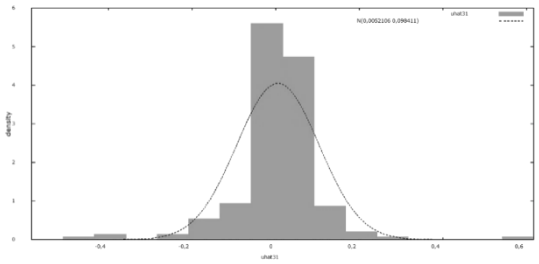

Figure 6. Histogram distribution of the dependent variable – work productivity. Source: Gretl version 2019a

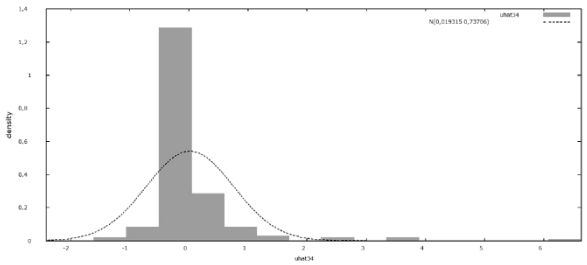

Figure 7. Histogram distribution of the dependent variable – goodwill. Source: Gretl version 2019a