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The Effect of Integrated Reporting on the Stock Prices of Publicly Held Banks: An Application in Borsa Istanbul

Entegre Raporlamanın Halka Açık Bankaların Hisse Senedi Fiyatları Üzerine Etkisi: Borsa İstanbul'da Bir Uygulama

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ABSTRACT

Today, non-financial information is highly sought-after by stakeholders of businesses. Accordingly, the accounting science had started communicating non-financial information together with financial information to stakeholders of businesses with the emergence of integrated reporting. The phenomena of integrated reporting, which is expected to add value to businesses, is still rather new in Türkiye and the publicly held banks are among the pioneers of integrated reporting. In this paper, we utilized the Ordinary Least Squares (OLS) estimator to test the effect of preparing integrated reports and the effect of published integrated reports on the stock prices and earnings per share of publicly held banks in Türkiye. The results of our analyses showed that preparing integrated reports has a positive impact on the earnings per share of publicly held banks, but not on their stock prices. Moreover, we found that published integrated reports have a positive impact neither on the earnings per share nor on the stock prices of publicly held banks. In conclusion, our findings suggest that integrated reporting does add value to publicly held banks in Türkiye, but the financial literacy of stock market investors must increase.

KEYWORDS

Integrated Reporting, Banking Industry, Stock Prices, Earnings per Share, Borsa Istanbul (BIST)

ÖZ

Finansal olmayan bilgiler, günümüzde işletmelerin paydaşları tarafından yüksek talep görmektedir. Muhasebe bilimi, entegre raporlama aracılığıyla finansal olmayan bilgilerin, finansal bilgilerle birlikte işletmelerin paydaşlarına iletişimini sağlamaya başlamıştır. İşletmelere değer katması beklenen entegre raporlama olgusu Türkiye'de yeni gelişmektedir ve halka açık bankalar entegre raporlamanın öncüleri arasındadır. Bu çalışmada entegre rapor hazırlamanın ve yayımlanmış entegre raporların Türkiye'deki halka açık bankaların hisse senedi fiyatları ve hisse başı kazançları üzerindeki etkisi En Küçük Kareler (EKK) tahmincisi ile ampirik olarak araştırılmıştır. Araştırmanın bulguları, entegre rapor hazırlamanın; halka açık bankaların hisse başı kazançları üzerinde olumlu bir etkiye sahip olduğunu, ancak hisse senedi fiyatları üzerinde olumlu bir etkiye sahip olmadığını göstermektedir. Diğer yandan çalışmada, yayımlanmış entegre raporların halka açık bankaların hisse senedi fiyatları ve hisse başı kazançları üzerinde olumlu bir etkisinin olmadığı belirlenmiştir. Sonuç olarak, araştırma bulgularına göre; entegre raporlama Türkiye'deki halka açık bankalara sınırlı da olsa değer katmaktadır, ancak borsa yatırımcılarının finansal okuryazarlığının artması gerekmektedir.

ANAHTAR KELİMELER

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INTRODUCTION

The aim of this study was to empirically analyze the effect of integrated reporting, which is anticipated to enhance value for firms, on the stock prices and earnings per share of publicly held banks in Türkiye. The effect of integrated reporting was examined in two phases in the study. Firstly, the impact of preparing integrated reports was examined; and secondly, the impact of published integrated reports was examined. We focused on the publicly held banks in Türkiye, because they are among the pioneers in the field of integrated reporting in Türkiye where the integrated reporting is rather newly being adopted. In the investigation, the Ordinary Least Squares (OLS) estimator was utilized.

Following the Introduction section, the study was structured into the Literature Review, Methodology, Results, and Conclusion sections. In the Literature Review section; firstly, the growing importance of accounting and the recent developments in the field were addressed; then, corporate governance, sustainability, and integrated reporting were addressed respectively in their own separate sub-sections; and finally, the hypotheses of the research were presented in a separate sub-section. The econometric models used in the investigation were detailed in the Methodology section, while the results of the empirical study were presented in the Results section. Finally, the research findings and their implications were discussed in the Conclusion section.

1. LITERATURE REVIEW

The measurements that are mentioned in the famous “You can't manage what you can't measure.” fact quoted from Peter F. Drucker, who is thought to be the inventor of modern management (Drucker School of Management, 2024), are known to become possible through accounting science. With the help of reports that are meticulously prepared and published by accountants who are practitioners of accounting science which is known to be the language of business (Wharton Executive Education, 2024); managers of businesses are able to make effective management decisions and stakeholders of businesses are able to get valuable information about businesses (Ebert & Griffin, 2020). As managerial decisions are increasingly getting more complicated and communicating with stakeholders is increasingly becoming more important for businesses, the significance of accounting science is inevitably and steadily increasing each passing day.

Among the leading current developments in accounting science is the emergence of the non-financial reports which are future oriented and prepared with a long term perspective. Moreover, the importance of evaluating the financial information and reports together with the non-financial information and reports is emphasized strongly. Corporate governance and sustainability related information particularly stands out among the non-financial information and reports (Bourgoin, 2024; Sayar, 2016; Sayar & Tokdemir, 2018). Today, it is of great importance that businesses carry out their activities in accordance with the corporate governance and sustainability principles.

1.1. Corporate Governance

Corporate governance, with its four pillars of Fairness, Transparency, Accountability and Responsibility, had started to rapidly being adopted globally after the accounting scandals of the early 2000s such as the scandals of Enron, WorldCom, Tyco and Adelphia (Alp & Kılıç, 2014; Kadioğlu, 2021). Aforementioned accounting scandals occur when the accounting science, which forms the basis of managerial decisions as a result of the “*You can't manage what you can't measure.*” fact, is exploited by moving away from accounting ethics. Frauds in the measurements and misleading usage of the language of business, inevitably causes management problems (Sayar, 2024). Corporate governance is developed and continue to be developed to create a “good governance” model to prevent the occurrence of these management problems (Brealey et al., 2020). The Organisation for Economic Co-operation and Development (OECD) states that “*Good corporate governance helps to build an environment of trust, transparency and accountability necessary for fostering long-term investment, financial stability and business integrity, thereby supporting stronger growth and more inclusive societies.*” (OECD, 2024).

Communicating with stakeholders and transparency are among the most emphasized subjects of corporate governance (Ayuso et al., 2014; Deetz, 2007; Ho et al., 2008; Rensburg & De Beer, 2011). Businesses communicate with their stakeholders through the reports they publish (Simga-Mugan & Hosal-Akman, 2012; Sultanoğlu, 2020). Moreover, businesses are transparent to the extent of the quantity and the quality of the financial and non-financial reports they publish. Therefore, communicating with stakeholders is relatively more related to the pillar of Transparency than the other pillars of corporate governance and the financial and non-financial reports are at the core of both communicating with stakeholders and transparency (Sayar et al., 2010; Tümer & Sayar, 2023).

1.2. Sustainability

Sustainability, which is in full harmony with corporate governance, is literally of vital importance for our world and our future, and because of this, it is a separate field on its own and specifically emphasized by the global accounting community (Lodhia & Sharma, 2019; Sayar & Özdemir, 2022; Schaltegger et al., 2006). The term “sustainability” was first defined by the United Nations (UN) Brundtland Commission in 1987 as “meeting the needs of the present without compromising the ability of future generations to meet their own needs”. Through UN, world leaders determined 17 Sustainable Development Goals (SDGs) in 2015 to be achieved by 2030 and are working hard in this direction (UN, 2024).

Businesses naturally have a great responsibility in achieving the SDGs. This great responsibility, which requires measurements about businesses and active usage of the language of business, shows once again the increasing importance of the accounting science and the accounting profession. Reporting and audit are of critical importance in achieving the SDGs and candidates to take on an even more central role. Potential incentives and aid to businesses or sanctions on them can only be fair and effective with a systematic reporting and independent audit. It is understood that the discourse of “Accountants are going to save the world!” that were brought up by international accounting/financial reporting authorities in a recent past (Sayar, 2017; Wammes, 2016) remains valid today.

1.3. Integrated Reporting

Integrated reporting is presenting the financial and non-financial information as a single report in an integrated way (Sayar & Tokdemir, 2018). International Financial Reporting Standards (IFRS) Foundation describes the integrated report as: “Founded on integrated thinking, an integrated report communicates how an organisation’s strategy, governance, performance and prospects, in the context of its external environment, create, preserve or erode value in the short, medium and long term.” (IFRS Foundation, 2024).

Presenting the financial information, which shows the past performance of businesses, together with the non-financial information, which shows the future oriented goals of businesses, is highly important. Some of the declines in financial performance indicators may be explained by the non-financial information. Investments and expenses of businesses that are related to their long term goals in line with the corporate governance and sustainability principles, may have caused a decline in financial performance indicators in the short and medium term. In such a situation, the declines in financial performance indicators should be evaluated as necessary and temporary. In addition, if businesses do not have long term goals in line with the corporate governance and sustainability principles, the increases in financial performance indicators should be approached with suspicion. Moreover, one of the most important features of the non-financial information and the non-financial reports is their long term perspective. As a matter of fact, all activities in the short and medium term should be directed towards actualizing the long term goals. Otherwise, the activities in the short and medium term, even if they are lucrative, would be a waste of business resources (Sayar, 2024).

Integrated reporting is expected to add value to businesses and there are several empirical studies in the literature that investigates the impact of integrated reporting in different settings globally. For example, Sayar and Tokdemir (2018) states that integrated reporting has a statistically significant and positive association with both the stock prices and earnings per share of firms in the Johannesburg Stock Exchange. Furthermore, Gal and Akisik (2020) found that integrated reporting has a positive impact on the market value of firms in the context of United States (US) and Canada. Moreover, Utami and Wahyuni (2018) states that integrated reporting positively affects the value of firms in Indonesia Stock Exchange. Farther, Nakajima and Inaba (2022) found that the stock market investors in Japan react positively to integrated reports published by firms.

1.4. Purpose and Hypotheses

Today, there is only a small number of integrated reports that were published by firms in Türkiye and the publicly held banks are among the pioneers of integrated reporting in Türkiye (Integrated Reporting Türkiye, 2024; Tümer & Sayar, 2023). In this context, we aimed to statistically investigate the supposition that integrated reporting adds value to the publicly held banks in Türkiye. Firstly, it is expected that preparing integrated reports would help publicly held banks to continue their activities in accordance with the corporate governance and sustainability principles all year long. This way, publicly held banks could have a more institutional structure and their activities could be more efficient and thus the value created by publicly held banks could increase. Therefore, the hypotheses below were formulated:

H1: Preparing integrated reports adds value to publicly held banks and therefore has a positive impact on the stock prices of publicly held banks.

H2: Preparing integrated reports adds value to publicly held banks and therefore has a positive impact on the earnings per share of publicly held banks.

Secondly, it is expected that stock market investors take significant account of the published integrated reports when investing in bank stocks. According to this assumption, investor demand for the publicly held banks that published an integrated report would rise and this would add value to the publicly held banks. Hence, the following hypotheses were formulated:

H3: Published integrated reports add value to publicly held banks and therefore have a positive impact on the stock prices of publicly held banks.

H4: Published integrated reports add value to publicly held banks and therefore have a positive impact on the earnings per share of publicly held banks.

2. METHODOLOGY

In the analyses, we used data of the publicly held banks in Türkiye. The company names of the publicly held banks in Türkiye and their abbreviations as used in the study are shown in Table 1.

Table 1. The Company Names of the Publicly Held Banks in Türkiye and Their Abbreviations as Used in the Study

The Company Names of the Publicly Held Banks in Türkiye	Their Abbreviations as Used in the Study
Akbank T.A.Ş.	Akbank
Albaraka Türk Katılım Bankası A.Ş.	Albaraka
ICBC Turkey Bank A.Ş.	ICBC
Şekerbank T.A.Ş.	Sekerbank
Türkiye Garanti Bankası A.Ş.	Garanti
Türkiye Halk Bankası A.Ş.	Halkbank
Türkiye İş Bankası A.Ş.	Is Bankasi
Türkiye Sınai Kalkınma Bankası A.Ş.	Sinai Kalkinma
Türkiye Vakıflar Bankası T.A.O.	Vakifbank
Yapı ve Kredi Bankası A.Ş.	Yapi Kredi

We analyzed the impact of integrated reporting on the stock prices of publicly held banks by utilizing the OLS estimator which is often preferred in econometrics to estimate the impact of independent variables on a dependent variable (Wooldridge, 2013). The variables of the research models are presented in Table 2.

Table 2. The Variables of the Research Models

Variable	Symbol	Calculation
Return on Equity	ROE	Net Income / Equity
Net Interest Margin	NIM	Net Interest Income / Total Assets
Earnings Per Share	EPS	Net Income / Outstanding Shares
Stock Price	SP	
Integrated Reporting	IR	

Integrated Reporting (IR) is an independent variable which is a dummy variable that was created depending on whether the publicly held banks published an integrated report or not. The values of the dummy variable for the integrated reports of the publicly held banks in Türkiye are shown in Table 3.

Table 3. The Values of the Dummy Variable for the Integrated Reports of the Publicly Held Banks in Türkiye

BANKS	2022	2021	2020	2019	2018	2017	2016
Akbank	1	1	1	0	0	0	0
Albaraka	1	0	0	0	0	0	0
ICBC	0	0	0	0	0	0	0
Sekerbank	1	1	0	0	0	0	0
Garanti	1	1	1	1	1	1	0
Halkbank	0	0	0	0	0	0	0
Is Bankasi	1	1	1	1	1	0	0
Sinai Kalkinma	1	1	1	1	1	1	1
Vakifbank	0	0	0	0	0	0	0
Yapi Kredi	1	1	1	1	0	0	0

The integrated report Sinai Kalkinma had published for the year 2016 was the first integrated report published by the publicly held banks in Türkiye. Sinai Kalkinma continually published integrated reports since its first integrated report for the year 2016. After Sinai Kalkinma, Garanti had published its first integrated report for the year 2017 and then Is Bankasi had published its first integrated report for the year 2018. They also continually published integrated reports since their first integrated reports. On the other hand, ICBC, Halkbank and Vakifbank had never published an integrated report yet. The scope of the study was determined as 2016-2022, because the first integrated report of the publicly held banks was published for the year 2016.

Moreover, Return on Equity (ROE) and Net Interest Margin (NIM) ratios are other independent variables which were calculated by conducting ratio analysis, and they were used as control variables as it is known that profitability may significantly affect the stock prices (Sayar & Tokdemir, 2018; Tümer & Sayar, 2023). The required financial data of the publicly held banks for the calculation of the profitability ratios were collected from the unconsolidated financial statements of the publicly held banks. The calculated values of ROE and NIM for the publicly held banks in Türkiye are presented in Tables 4 and 5 respectively.

Table 4. The Values of ROE for the Publicly Held Banks in Türkiye (%)

BANKS	2022	2021	2020	2019	2018	2017	2016
Akbank	39,08	15,96	9,96	9,96	12,99	14,94	14,89
Albaraka	16,82	2,26	6,30	1,66	4,11	9,55	9,55
ICBC	45,79	8,00	4,41	3,24	5,50	3,88	2,30
Sekerbank	31,99	8,53	2,00	-34,61	3,63	4,24	4,94
Garanti	38,32	16,57	10,05	11,45	14,22	15,35	14,27
Halkbank	16,42	3,47	6,06	5,34	8,69	14,68	12,00
Is Bankasi	32,16	15,51	10,05	10,31	13,61	12,32	13,07
Sinai Kalkinma	31,72	15,69	12,00	12,38	14,01	16,85	16,27
Vakifbank	22,45	8,04	10,78	8,49	14,65	16,01	14,05
Yapi Kredi	41,78	16,52	10,68	8,74	11,97	12,01	11,23

Table 5. The Values of NIM for the Publicly Held Banks in Türkiye (%)

BANKS	2022	2021	2020	2019	2018	2017	2016
Akbank	7,15	3,22	4,38	4,36	4,45	3,34	2,91
Albaraka	3,68	1,55	2,46	1,60	2,41	3,50	3,12
ICBC	3,59	2,09	1,76	2,10	2,96	2,65	2,56
Sekerbank	2,38	4,00	4,21	3,74	4,67	4,00	4,56
Garanti	7,23	4,44	4,82	4,86	5,32	1,95	1,78
Halkbank	4,90	2,79	2,76	2,32	2,14	4,74	4,79
Is Bankasi	5,34	3,34	4,25	4,24	4,10	3,64	3,48
Sinai Kalkinma	5,83	3,40	3,89	4,60	4,58	3,59	3,24
Vakifbank	4,39	1,94	2,85	3,10	3,27	3,19	3,28
Yapi Kredi	6,94	3,08	3,69	3,81	4,01	3,09	3,02

On the other hand, the stock prices and the earnings per share of publicly held banks were separately used as the dependent variables of the econometric models. The data for the stock prices of publicly held banks were collected from Investing.com (2024), while the data for the earnings per share of publicly held banks

were obtained from the unconsolidated financial statements of the publicly held banks. The yearly average of the stock prices was used in the analyses, as yearly data were used for the rest of the variables. The average stock prices and the earnings per share of the publicly held banks in Türkiye are shown in Tables 6 and 7 respectively.

Table 6. The Average Stock Prices of the Publicly Held Banks in Türkiye (TRY)

BANKS	2022	2021	2020	2019	2018	2017	2016
Akbank	9,75	5,13	5,23	5,92	5,82	6,58	5,35
Albaraka	1,87	1,42	1,23	0,97	1,00	0,89	0,90
ICBC	6,27	5,76	5,62	3,99	5,45	3,42	1,56
Sekerbanks	1,79	1,15	1,14	0,86	1,07	1,08	1,10
Garanti	16,47	8,36	7,64	8,12	7,69	8,14	6,35
Halkbank	6,80	4,84	5,59	6,17	7,68	11,51	9,00
Is Bankasi	5,93	2,32	2,22	2,25	2,15	2,53	1,68
Sinai Kalkinma	2,67	1,44	1,31	0,84	0,99	1,10	0,91
Vakifbank	5,93	3,77	4,82	4,59	5,02	5,94	4,27
Yapi Kredi	5,74	2,35	2,09	1,96	1,99	2,37	2,09

Table 7. The Earnings Per Share of the Publicly Held Banks in Türkiye (TRY)

BANKS	2022	2021	2020	2019	2018	2017	2016
Akbank	0,12	0,02	0,01	0,01	0,01	0,02	0,01
Albaraka	0,67	0,08	0,19	0,07	0,15	0,26	0,24
ICBC	0,15	0,01	0,01	0,00	0,01	0,01	0,00
Sekerbanks	0,81	0,14	0,04	-0,65	0,07	0,10	0,11
Garanti	0,14	0,03	0,01	0,01	0,02	0,02	0,01
Halkbank	0,03	0,01	0,01	0,01	0,02	0,03	0,02
Is Bankasi	0,25	0,05	0,06	0,05	0,06	0,05	0,04
Sinai Kalkinma	1,45	0,39	0,26	0,28	0,24	0,25	0,23
Vakifbank	0,04	0,01	0,02	0,01	0,02	0,01	0,01
Yapi Kredi	0,06	0,01	0,01	0,00	0,01	0,01	0,01

Consequently, the econometric panel data models for testing H1 and H2 are respectively as follows:

$$\text{First Model: } SP_{it} = \beta_0 + \beta_1 IR_{it} + \beta_2 ROE_{it} + \beta_3 NIM_{it} + \varepsilon_{it}$$

$$\text{Second Model: } EPS_{it} = \beta_0 + \beta_1 IR_{it} + \beta_2 ROE_{it} + \beta_3 NIM_{it} + \varepsilon_{it}$$

As the impact of published integrated reports on the stock prices of publicly held banks is a lagged impact, lagged values of IR were used in the econometric panel data models for testing H3 and H4 which are respectively as follows:

$$\text{Third Model: } SP_{it} = \beta_0 + \beta_1 IR_{it-1} + \beta_2 ROE_{it} + \beta_3 NIM_{it} + \varepsilon_{it}$$

$$\text{Fourth Model: } EPS_{it} = \beta_0 + \beta_1 IR_{it-1} + \beta_2 ROE_{it} + \beta_3 NIM_{it} + \varepsilon_{it}$$

3. RESULTS

The results of the statistical analyses that were conducted to estimate the impact of preparing integrated reports and published integrated reports on the stock prices of publicly held banks are presented in separate sections.

3.1. The Impact of Preparing Integrated Reports on the Stock Prices of Publicly Held Banks

The estimation results of the First Model, where the dependent variable is the stock prices of publicly held banks, are shown in Table 8.

Table 8. The Estimation Results of the First Model

Variables	Coefficients			ANOVA		Adj. R ²
	β	t-statistic	t (p)	F-statistic	F (p)	
(Constant)	0,810	0,779	0,438	7,395	0,000	0,218
IR	-1,640	-2,146	0,036			
ROE	0,105	2,998	0,004			
NIM	0,723	2,258	0,027			

$$\text{First Model: } SP = 0,810 + (-1,640)*IR + (0,105)*ROE + (0,723)*NIM$$

According to the estimation results of the First Model, the model is statistically significant (F: 7,395; $p < 0,05$). Furthermore, although the β coefficient of IR is statistically significant (t: -2,146; $p < 0,05$), preparing integrated reports is estimated to have no positive impact on the stock prices of publicly held banks controlling for ROE and NIM as the coefficient is negative (β : -1,640). Therefore, H1 is rejected.

The estimation results of the Second Model, where the dependent variable is the earnings per share of publicly held banks, are shown in Table 9.

Table 9. The Estimation Results of the Second Model

Variables	Coefficients			ANOVA		Adj. R ²
	β	t-statistic	t (p)	F-statistic	F (p)	
(Constant)	0,046	0,593	0,555	9,626	0,000	0,273
IR	0,114	2,011	0,048			
ROE	0,011	4,073	0,000			
NIM	-0,034	-1,446	0,153			

$$\text{Second Model: } EPS = 0,046 + (0,114)*IR + (0,011)*ROE + (-0,034)*NIM$$

The estimation results of the Second Model show that the model is statistically significant (F: 9,626; $p < 0,05$). Moreover, the β coefficient of IR is statistically significant (t: -2,011; $p < 0,05$) and preparing integrated reports is estimated to have a positive impact on the earnings per share of publicly held banks (β : 0,114) controlling for ROE and NIM. Additionally, it is found that around 27% of the variance in the earnings per share of publicly held banks is accounted for by the independent variables of the research model (Adj. R²: 0,273). Hence, H2 is accepted.

3.2. The Impact of Published Integrated Reports on the Stock Prices of Publicly Held Banks

The estimation results of the Third Model, where the dependent variable is the stock prices of publicly held banks and the IR values are lagged, are shown in Table 10.

Table 10. The Estimation Results of the Third Model

Variables	Coefficients			ANOVA		Adj. R ²
	β	t-statistic	t (p)	F-statistic	F (p)	
(Constant)	0,840	0,728	0,470	6,054	0,001	0,204
IR	-1,504	-1,681	0,098			
ROE	0,097	2,625	0,011			
NIM	0,724	2,052	0,045			

$$\text{Third Model: } SP = 0,840 + (-1,504)*IR + (0,097)*ROE + (0,724)*NIM$$

According to the estimation results of the Third Model, the model is statistically significant (F: 6,054; $p < 0,05$). However, the β coefficient of IR is not statistically significant (t: -1,681; $p > 0,05$) and the coefficient is negative (β : -1,504). This means that published integrated reports are estimated to have no positive impact on the stock prices of publicly held banks controlling for ROE and NIM. Thereof, H3 is rejected.

The estimation results of the Fourth Model, where the dependent variable is the earnings per share of publicly held banks and the IR values are lagged, are shown in Table 11.

Table 11. The Estimation Results of the Fourth Model

Variables	Coefficients			ANOVA		Adj. R ²
	β	t-statistic	t (p)	F-statistic	F (p)	
(Constant)	0,073	0,812	0,420	8,082	0,000	0,265
IR	0,102	1,460	0,150			
ROE	0,011	3,955	0,000			
NIM	-0,040	-1,473	0,146			

$$\text{Fourth Model: } EPS = 0,073 + (0,102)*IR + (0,011)*ROE + (-0,040)*NIM$$

The estimation results of the Fourth Model showed that the model is statistically significant (F: 8,082; $p < 0,05$). However, although the β coefficient of IR is positive (β : 0,102), it is not statistically significant (t: 1,460;

$p > 0,05$). This means that published integrated reports are estimated to have no positive impact on the earnings per share of publicly held banks controlling for ROE and NIM. Thence, H4 is rejected.

CONCLUSION

The world is rapidly changing, and the businesses are paying close attention to the changes and adapting accordingly. As a natural consequence, the language of business, that is the accounting science, is also continually changing and developing. There is a tremendous need for non-financial information in today's world and the accounting science is communicating this information to stakeholders through non-financial reports. It is also essential that financial and non-financial information are presented together in an integrated way to stakeholders in order to better communicate the value created by businesses for their stakeholders; and the language of business had started doing it with the emergence of integrated reporting.

In this context, we aimed to statistically investigate the impact of integrated reporting on the stock prices of publicly held banks in Türkiye where the integrated reporting is still rather a new concept and the publicly held banks are pioneers in publishing integrated reports. By utilizing the OLS estimator, we found that preparing integrated reports has a positive effect on the earnings per share of publicly held banks, although we could not find the same effect on the stock prices of publicly held banks. This suggests that, preparing integrated reports indeed adds value to publicly held banks by helping them achieve a more institutional structure and increasing the overall efficiency of their operations.

On the other hand, we found that neither the earnings per share of publicly held banks nor the stock prices of them were positively affected by published integrated reports. The reason for this might be the fact that the integrated reporting is just newly being adopted by firms in Türkiye and the stock market investors are not yet giving enough attention to the integrated reports. It can be concluded that the financial literacy of stock market investors in Türkiye is not high enough and must increase.

Our findings are partially in accordance with the theoretical expectations and the results of other studies in the literature that found a positive impact of integrated reporting (Gal & Akisik, 2020; Nakajima & Inaba, 2022; Sayar & Tokdemir, 2018; Utami & Wahyuni, 2018). The present study contributes to the literature by presenting further evidence of the importance of integrated reporting in creating value for businesses in developing countries, while showing the need for increased financial literacy. On the other hand, the main limitation of the study is that we only focused on the banking industry and more specifically the publicly held banks in Türkiye. Similar research can be done for other industries and countries. Also, different statistical analyses can be conducted.

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