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Forward-looking Disclosures in Integrated Reporting: Evidence from Poland

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Abstract:

Purpose: *The purpose of the paper is to identify and evaluate forward-looking disclosures in integrated reports published by Polish companies. The article uses the results of literature studies on the subject, the results of previous research, and observations of business practice in the area of integrated reporting.*
Design/Methodology/Approach: *The quantitative and qualitative content analysis of forward-looking disclosures in integrated reporting was performed in order to assess the current status of integrated reports prepared by Polish companies. The analysis covered 73 integrated reports prepared in the years 2016-2019.*
Findings: *The findings proved that most of the items of future disclosures has the nature of qualitative narrations regarding strategy, information on growth opportunities, industry or market risk, environmental risk, while less attention was paid to investment projects, product research and development plans and financial risk; the analysis also indicated the level of association between current company financial performance and the quality of forward-looking disclosure of integrated reporting.*
Practical Implications: *The results of the study complement the research gap of current literature on integrated reporting and forward-looking disclosures in Polish practice.*
Originality/Value: *The research presented in the article contributes to the current literature on integrated reporting by identifying the level of forward-looking disclosures in the examined integrated reports and is aimed at presenting a critical interpretative perspective. The findings of the research may provide the basis for proposing the use of different tools (such as management accounting tools e.g. balanced scorecard (BSC)) for the development and presentation of forward-looking disclosures.*

Keywords: *Integrated reporting, sustainability reporting, non-financial reporting, forward-looking disclosures, disclosure quality.*

JEL codes: *M40.*

Paper Type: *Research article.*

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1. Introduction

The integrated report (IR) has undoubtedly become the world's basic form of reporting of non-financial information. Integrated reporting has emerged as a new reporting paradigm that provides a more comprehensive view of an organization, unlike traditional financial statements, by combining financial and non-financial disclosures about an entity. Integrated reporting is not only "an evolution of corporate reporting, focused on brevity, relevance for strategy and future orientation"; it also has the potential to lead to "behavior change and performance improvement across the organization" (IIRC, 2013). The International Integrated Reporting Council promotes integrated thinking that enables "a better understanding of the factors that significantly affect an organization's ability to create value". Thus, communicating about value has become the basis and fundamental concept of integrated reporting.

However, both the results of practice and literature research indicate a number of problems related to preparing and disclosure of non-financial information. In particular, problems related to lack of compliance of integrated reporting (IR) structure with requirements presented by the International Integrated Reporting Council (IIRC), the absence of external audits of reports, a high degree of similarity with corporate social responsibility (CSR) reports and high convergence with Global Reporting Initiative (GRI), apart from the IIRC principles and lack of forward-looking disclosures are being emphasized. The research emphasizes the board's reluctance to present forward-looking disclosures due to the number of facts: Accountability towards investors regarding unrealized results; disclosure of the intentions of the competition; failure in obtaining the assumed rates of return; fear of lawsuits.

Therefore, the question may be asked whether the integrated report fulfils its role since it does not add value in comparison to the previously published reports. Integrated reporting in the literature on the subject is therefore defined as a holistic approach to organization reporting, which allows all stakeholders to understand how a given organization really works and what effects it achieves. Publishing integrated reports promotes better transparency of the company by providing the information stakeholders need to assess long-term prospects in a clear and concise form.

Integrated reporting guidelines emphasize the importance of consistent and multi-dimensional reporting that communicates the factors influencing an organization's value over time. The orientation for the future has been described as one of the key guiding principles of the IIRC's integrated reporting framework. In addition, the forecast is contained in the eight content elements described in this framework (IIRC, 2013, p. 5). Thus, integrated reporting helps to hold organizations accountable for their future financial and non-financial performance to all their stakeholders.

In general, the information published in the integrated reports can be divided into two main groups, backward-looking information (retrospective information) and forward-looking (prospective information). Retrospective information refers to past financial results and related disclosures. On the other hand, disclosure of forward-looking information (prospective) refers to current plans and future forecasts that provide information about future perspectives of the company. It should be emphasized that the latter – forward-looking information disclosures – constitute a particular important element of the integrated report content. As emphasized in the literature on the subject forward-looking disclosures are very important and would be beneficial for all stakeholders, including future forecasts regarding both financial (i.e., future, investment expenditure, income targets, cash flow forecasts and next year's sales) and non-financial items (i.e., risk and uncertainty) (Bravo, 2016).

It should also be emphasized that future orientation is described as one of the key guiding principles of the Integrated Reporting Framework developed by IIRC. Moreover, the Outlook is an important element of the eight content elements described in the IR Framework, because it contains forward-looking disclosures and forecasts of the organization's future financial and non-financial performance. An analysis of voluntary forward-looking disclosures in integrated reporting appears to be necessary to determine whether the integrated report is actually fulfilling its role and facilitating economic decision-making for stakeholders.

The purpose of the paper is to identify and evaluate forward-looking disclosures in integrated reports published by Polish companies. A quantitative and qualitative analysis of forward-looking disclosures was made. The research process included the following stages:

- identification of Polish companies preparing integrated reports;
- quantitative and qualitative assessment of future disclosures in integrated reports;
- exploring the association between current company financial performance and the quality of forward-looking disclosure of integrated reporting.

The article is based on the results of literature studies, results of previous research, as well as observations of business practice in the area of integrated reporting. The research presented in the article contributes to the current literature on integrated reporting and future disclosures in Polish practice through the use of a novel, not yet analyzed dataset.

2. The Theoretical Background of Forward-looking Disclosures as Part of IR Content

2.1 The Integrated Reporting Framework

Integrated reporting is the latest approach to organization reporting, the main goal of which is to present a more holistic image of the organization by integrating economic, social and environmental issues in a single report, instead of focusing only on traditional financial statements (Eccles *et al.*, 2010; Maroun and Solomon, 2012; Dragu and Tudor-Tiron, 2013; García-Sánchez *et al.*, 2013; Rensburg and Botha, 2014; Stubbs and Higgins, 2014; Walińska, 2015; Bek-Gaik, 2015; Bek-Gaik and Rymkiewicz, 2016). Integrated reporting is the model of corporate reporting developed by the International Integrated Reporting Council to represent and communicate the organization's process of value creation according to a holistic approach (IIRC, 2013).

The IIRC Framework, published in December 2013 (revised in 2021), defines IR as "a concise communication about how an organization's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value over the short, medium and long term" (IIRC, 2013, p. 7). The presented definition of integrated reporting emphasizes its multidimensional character and the transition from the concept of value for a shareholder to the coherence and connecting the company strategy, corporate governance, business activities and performance, as well as forecasts for the future. The IR is a periodic report on the value creation history that provides a measure "to assess the plausibility of what has been reported concerning the present-to-future period and in analyzing current capabilities and the quality of management" (IIRC, 2013, p. 17).

The main principle of management emphasized within <IR> is the so-called integrated thinking, according to which the decision-making process of the organization must take into account the interrelationships existing between business units, functions and resources. The integrated thinking principle (Kunc *et al.*, 2020) stated in the <IR> framework is not strictly related to the pursuit of social and environmental goals, but rather to the necessity of establishing connectivity among all of the business units and functions. Specifically, the framework identifies four aspects underpinning the integrated thinking process, respectively, related to the need of considering the interdependencies (or trade-offs) among the resources used, balancing the different (or conflicting) stakeholders' needs, facing the risks and opportunities coming from the external environment and connecting the organization's activities and performance over time (past, present and future) (IIRC, 2013, p. 2).

It is emphasized that integrated reporting represents the latest stage of development in a long series of initiatives and reporting practices implemented by organizations, including traditional annual reports, as well as sustainable development reports, and corporate responsibility reports (Stubbs and Higgins, 2014). The integrated report is also aimed at presenting the relationship between financial and non-financial performance measures and how these mutual relations create or "destroy" value for shareholders and other stakeholders (Eccles and Armbrester, 2011). It should be noted that we encounter various translations of the International <IR> Framework in the literature on the subject - for example, such terms as: framework structure, concepts statements, conceptual framework are used.

The International <IR> Framework published by IIRC in 2013, the concepts statements (or the framework structure) of integrated reporting stress that the objective of integrated reporting is a more coherent and effective approach to corporate reporting and to improving the quality of information available to financial capital providers to allow a more efficient allocation of capital.

The integrated report should be useful for all stakeholders interested in the organization's ability to create value, and should present the effects of integrated thinking about the organization. The integrated report’s aim is to show the way in which the organization uses its broadly understood capital to create value (IIRC, 2013, p. 4, p. 11-12). The framework structure developed by the IIRC defines six types of capital, namely financial, manufacturing, natural, intellectual, human and, social. The main objective of the integrated report is to increase accountability in relation to these capitals and to provide an understanding of the interrelationships and tradeoffs between them.

In contrast to traditional reporting, integrated reporting is focused on the future and aims to confirm the interrelationships between financial and non-financial performance stimulants (Stubbs and Higgins, 2014). Berg and Jensen (2012) state that through integrated reporting future performance indicators of the organization can be shown. As fundamental concepts of integrated reporting, various resources (capitals) that the organization uses in its activities and value creating processes, i.e., the business model used by the organization are indicated (IIRC, 2013, p. 10). The IIRC framework (IIRC, 2013, p. 24) includes eight elements of content including organizational overview and external environment, governance, business model, risks and opportunities, strategy and resource allocation, performance, outlook and basis of preparation and presentation.

This requires the company to disclose its future projections, which include future goals, the way these goals will be achieved, and what are the challenges and obstacles in achieving these goals. The conceptual framework published by IIRC also shows the guiding principles for the preparation of an integrated report.

Strategic focus and future orientation is one of the key guiding principles (which form the basis for the preparation of the integrated report). The integrated report should provide insight into the organization's strategy and how it relates to the ability to create value in the short, medium and long-term, as well as its application and impact on capitals (resources). An integrated report explains how an organization creates value over time. Value is not created only by or within the organization.

The created value is influenced by the external environment, and is created through relations with stakeholders and depends on various resources. The framework structure emphasizes that an integrated report should answer the question, “what challenges and uncertainties is the organization likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance?” (IIRC, 2013, p. 28). It is also important to provide information on anticipated changes over time, based on reliable and transparent analysis, concerning the organization's expectations about the external environment that the organization is likely to face in the short, medium and long term, and how the organization is currently prepared to respond to critical challenges and uncertainties that may arise.

Among the other guidelines in the conceptual framework, the following guiding principles were indicated (IIRC, 2013, p. 1), connectivity of information, stakeholder relationships, materiality, conciseness, reliability and completeness, consistency and comparability.

In the perspective of this study, two content elements of the integrated report are extremely important – "strategic orientation and future orientation". According to these guidelines, the report "should provide insight into the organization's data, strategy and its relationship to the organization's ability to create value in the short, medium and long term" (IIRC, 2013, p. 16). This statement is directly related to the content elements mentioned in the <IR> Framework: “strategy and resource allocation” and “outlook” in the overall perspective of supporting effective and productive capital allocation by investors. To this end, the integrated report should present all information that may be useful in predicting the organization's ability to create value in the medium to long term, including both qualitative information on risks and opportunities affecting the organization's operations and quantitative information on current resources, and future projections of the performance to be achieved.

2.2 Forward-looking Information in Integrated Reporting

Forward-looking disclosures are one of the foundations of integrated reporting. It should be emphasized that forward-looking disclosures are related to the signaling theory. The signaling theory suggests that managers reveal a significant level of information in company reports to send specific signals to potential users of these reports. In the literature on the subject, many authors present arguments regarding the advantages of forward-looking information disclosure.

First, disclosing forward-looking information mitigates information asymmetry, which arises when some entities possess private information about the firm that is not available to investors and other stakeholders. Further, forward-looking disclosures relative to future operations, plans, strategies and financial targets are useful in estimating expected cash flows and the future value of companies. As backward-looking information is insufficient for investors to forecast possible opportunities and risks, forward-looking information plays a crucial role in their investment decisions (Celik *et al.*, 2006; Bravo, 2016; Kiliç and Kuzey, 2018). The presentation of forward-looking disclosures in integrated reporting also carries some risks, primarily regarding disclosure of sensitive information to competitors.

Forward-looking disclosures relate to business forecasts about the future condition of the business and, as a result, provide shareholders with useful information about the company's future prospects. A common question asked by company shareholders to the management of an organization is the question about the company's predictions, i.e. about what will happen to the company in the future (Alkhatib, 2014). It is obvious that management is unable to predict or give a definite answer to what will happen to the company in the future, but by observing the latest market trends they are able to provide shareholders with an explanation of what the company is proposing or intending to do.

On the other hand, entities may hesitate to disclose company specific risks and future perspectives due to concerns about the possible negative impact of such information disclosures on their competitive position (Uyar and Kilic, 2012). It is also important that the future situation is described by uncertain estimates, burdened with risk. The potential inaccuracy of future forecasts reduces incentives for managers to disclose quantitative and forward-looking information due to fear of potential litigation costs (Healy and Palepu, 2001; Oliveira *et al.*, 2011). Certainly, forward-looking disclosures are risky and costly, not only because of the difficulty of predicting the future, the accuracy and the possibility of lawsuits arising from erroneous predictions (Field, 2005), but also because of the negative consequences of providing competitors with useful information on the organization’s activities (Healy and Palepu, 2001).

On the other hand, the threat to the enterprise itself is the communication of proprietary information of strategic importance to the outside world (Uyar and Kilic, 2012). At the same time, forward-looking disclosures in corporate reports can bring some significant benefits to the organization. According to the agency theory (Jensen and Meckling, 1976), the main advantage concerns the reduction of information asymmetry between managers and investors, which may favor a more efficient allocation of capital and lower costs of external financing of the organization (Bujaki, 1999; Healy and Palepu, 2001).

Overall, the disclosure of future earnings forecasts certainly attracts investors and supports economic, financial and social gains. Forward-looking disclosures help stakeholders better understand the determinants of business value, support potential investors by identifying which opportunities and exposures may affect the organization in the future, help analysts assess the organization's prospects and forecast its future performance, taking into account the goals and actions that will be carried out (Kunc *et al.,* 2020). Effective forward-looking disclosures should also reflect the organization's competitive advantage strategy and constitute a recipe for "future orientation". However, a high degree of uncertainty related to the disclosure of future outcomes results in a limited transfer of this data, which is indicated by many researchers in their research.

The <IR> Framework showing how to improve the forward-looking disclosures compared to the backward-looking disclosures in integrated reports argues that integrated reports will eventually drive organizations to disclose information on leading performance indicators, although quantitative disclosure is currently limited (forward-looking indicators in the integrated reports analyzed). Similarly, Kilic and Kuzey (2018), examining the factors determining the disclosure of forward-looking information in integrated reports, such as gender diversity or company size, emphasized the tendency of organizations to disclose more qualitative than quantitative forward-looking information, thus confirming the existence of an "information gap" that needs to be filled by integrated reports.

Disclosure of information is reflected in investors' perceptions of the company's value (Healy, 1999). Miller (2010) also points out that investor decisions to invest in the companies depend on their expectations regarding the company's future cash flow and earnings, and that these expectations are based on forward-looking disclosures. Disclosure of information reduces the asymmetry of information between management and investors, as suggested by the agency theory (Jensen, 1986). Van Buskirk (2012) in his study states that the quantity of information disclosed is associated with reduced information asymmetry. Reducing information asymmetry may reduce the uncertainty related to the company's future performance, which in turn affects the company's share prices and thus its value (Healy, 1999).

Similarly, voluntary disclosure of forward-looking information may reduce the benefits that controlling shareholders and management may obtain. This would increase the expected cash flow for shareholders and, consequently, the value of their companies. It should also be emphasized that forward-looking information is disclosed outside the audited financial statements and therefore remains unverified. The lack of a mechanism for verifying forward-looking information may lead investors to ignoring it (Li and Yang, 2016).

To sum up, forward-looking disclosures are a very sensitive area in integrated reporting for both those who draw up integrated reports and also for all interested stakeholders. Risk projections may pose a threat and claims (bringing legal actions) for unrealized returns. In turn, the lack of such information puts into question the future of integrated reporting.

3. Empirical Research on Forward-looking Disclosures in Integrated Reporting

The dynamic development of integrated reporting in the world resulted in the rapid development of research on IR, which we can generally divide into two main groups – the first one covering literature studies on the concept of integrated reporting (Adams and Simnett, 2010; Eccles *et al.*, 2010; Eccles and Saltzman, 2011; Ernst & Young, 2011; Maroun and Solomon, 2012; Radley Yeldar, 2012; Deloitte, 2012; KPMG, 2012; Dragu and Tudor-Tiron, 2013; García-Sánchez *et al.*, 2013; Bilolo *et* *al.*, 2014; Eccles *et al.*, 2014; Haller and van Staden, 2014; Eccles and Serafeim, 2014; Rensburg and Botha, 2014; Dumay *et al.*, 2017; Feng *et al.*, 2017; Velte and Stawinoga, 2016; Eccles and Klimenko, 2019) and the second group of research on the practice of integrated reporting (Berg and Jensen, 2012; Sierra-Garcia *et al.*, 2013; Eccles and Krzus, 2014; Eccles and Serafeim, 2014; Stubbs and Higgins, 2014; van Bommel, 2014; Bek-Gaik and Rymkiewicz, 2015; Chersan, 2015; Eccles *et al.*, 2015; Jinga and Dumitru, 2015; Veltri and Silvestri, 2015; Albertini, 2019; Malola and Maroun, 2019; Bek-Gaik and Surowiec, 2020). The authors of the research undertake the following issues:

- Analysis of factors influencing the development of integrated reporting (e.g., Berg and Jensen, 2012; Dragu and Tudor-Tiron, 2013; García-Sánchez *et al.*, 2013; Frías-Aceituno *et al.*, 2013a; Frías-Aceituno *et al.*, 2013b; Sierra-Garcia, *et al.*, 2013; de Villiers and Maroun, 2017; de Villiers *et al.*, 2017).
- Analysis of relations between integrated reporting and sustainable development reports and CSR reports (e.g., Churet and Eccles, 2014; Lueg *et al.*, 2016).
- The problem of verification of non-financial information included in the integrated report (e.g., Wen *et al.*, 2017; Maroun, 2017; Yousef, 2020).
- Cost-benefit analysis of implementing integrated reporting (e.g., Kaya and Türegün, 2014; Flower, 2015; Walińska, 2015; Perego *et al.*, 2016; Feng *et al.*, 2017; Caraiania *et al.*, 2018; Abhishek and Divyashree, 2019).
- Internal mechanisms of implementing IR (e.g., Stubbs and Higgins, 2014; Lai *et al.*, 2016; Argento *et al.*, 2017; Lai *et al.*, 2018; Higgins *et al.*, 2019).
- The use of management accounting tools in the process of preparing an integrated report (Massingham, 2019).
- Quality of disclosures in in integrated reporting (e.g., Pistoni *et al.*, 2018; Kiliç and Kuzey, 2018; Bezverkhyi *et al.*, 2019; Gerwanski *et al.*, 2019; Agustia *et al.*, 2020; Songini et al., 2020; Al Amos and Mansor, 2021; Iatridis *et al.*, 2021; Songini *et al.*, 2021).
- Analysis of the information content of integrated reports and comparison of the structure of integrated reports with the framework of integrated reporting (e.g., Eccles and Krzus, 2014; Eccles and Serafeim, 2014; Chersan, 2015; Eccles *et al.*, 2015; Jinga and Dumitru, 2015; Albertini, 2019; Malola and Maroun, 2019).

The research on the quality of integrated reporting was conducted on the example of different regions. Agustia *et al.* (2020) found that the integrated reports published by European firms show moderate quality, however they observed an partial improvement in integrated reporting quality over time, especially for readibility and clarity of reports. Al Amos and Mansor (2021) examined the current state of integrated reporting quality in a developing country and indicated significant variations in the current practice, where the high level of disclosure presented only two reporting elements – risks and opportunities, and the basis of preparation and presentation, while the disappointing level of disclosure showed such reporting elements as governance and outlook.

The level of disclosure of other reporting elements authors evaluated as medium. The association between disclosure quality and various factors was also examined by Gerwanski *et al.* (2019). Authors found that materiality disclosure quality is positively associated with learning effects, gender diversity, and the assurance of nonfinancial information in the integrated report. Integrated reporting quality was also examined in the context of dependence on various factors, such as board of directors' features, considered as size, composition and diversity (Songini *et al.*, 2021). Other research studied the relation between the quality of corporate narrative disclosure and the timeliness of goodwill impairments (Iatridis *et al.*, 2021). Authors indicated that the impairments of firms with low-quality narrative disclosures are less timely than the impairments of firms with high-quality disclosures and in consequence market response to goodwill impairments is more negative for firms with low disclosure quality.

Research on the quality of forward-looking disclosures is discussed in more detail as the article focuses on the quality of forward-looking disclosures. Academic research on future-oriented disclosures focus on the relationship between forward-looking disclosures and the volatility of stock returns. For example, Bravo (2016) examined whether forward-looking disclosures and corporate reputation lead to a reduction in stock return volatility. This study measures forward-looking disclosures concerning financial information by analyzing the content of annual reports for a sample of US companies. The results indicate that the forward-looking information disclosed by higher reputation companies has a greater impact on stock return volatility. Kiliç and Kuzey (2018) found that most entities tend to provide rather qualitative forward-looking disclosures rather than quantitative ones. What's more, the results showed that gender diversity and company size are positively related to forward-looking disclosures, while financial leverage is negatively related to prospective information disclosures (forward-looking). Contrary to expectations, the authors did not find a significant impact on the future disclosures by the size of the board, structure of the management board, profitability ratio or the industry-type activity.

Celik, Ecer, and Karabacak (2006) investigated the determinants of forward-looking in-formation disclosed by the Turkish companies listed on Istanbul Stock Exchange. The results of these surveys have shown that the total disclosure of forward looking information is positively related with the size and foreign offers, and negatively related with the variables of ownership structure, profitability, the level of foreign investment and the proportion of institutional investors. The study also indicated that the ownership structure and financial performance are determining factors affecting the disclosure of financial forward looking information. Several other researchers have examined the relationship between corporate governance mechanisms and the level of future oriented disclosures (O'Sullivan *et al.*, 2008; Wang and Hussainey, 2013). The results obtained indicate that increasing the effectiveness of corporate governance mechanisms does not improve forward-looking disclosures, which was in line with expectations.

Another study by Hassanein *et al.* (2019) investigated the impact of forward-looking narrative disclosures on the value of UK FTSE all-share non-financial companies. Annual reports from 2005 to 2014 were analyzed and it was found that forward-looking disclosures have a positive effect on the value of British companies included in the UK FTSE all-share index. The study also found that forward-looking disclosures do not impact the value of performing companies, while positively increasing the valuation of lower-performing companies by investors. In addition, the results suggest that in the UK, forward-looking narrative information and reporting statements are viewed as reliable if they are verified by any of the top four auditors.

Subsequent studies concerned the relationship between future-oriented disclosures and their verification by auditors (Yousef, 2020). This study analyzed the level of disclosure of information in integrated reports for a sample of 52 non-financial companies for 2017. The results indicate that the size of the audit firm and the size of the audit committee are positively related to the level of forward-looking disclosures in integrated reports, while there is no statistically significant the relationship between the independence of the audit committee and the financial knowledge of the audit committee, and forward-looking disclosure in integrated reports.

Liu (2015) revealed that high levels of foreign ownership, more independent management, and a higher level of financial literacy among audit committee members may increase management disclosure incentives or may strengthen monitoring mechanisms, leading the firm to disclose more forward-looking information. Additionally, a study by Ho and Taylor (2013) found that improved corporate governance mechanisms are associated with greater disclosure of corporate strategies, financial information, forward-looking information and corporate social responsibility information.

When analyzing integrated reporting over time practices, many studies have particularly emphasized that forward-looking disclosures are a potential weak point in the overall <IR> structure, and the fact that organizations seem reluctant to present future disclosures in integrated reports (Menicucci, 2018, p. 102). In particular, it appears that organizations are unwilling or unable to disclose the links between the organization's activities and results over time (from the past to the future) as required by the integrated thinking principle (IIRC, 2013, p. 2). Certainly, forward-looking disclosures in integrated reports will help investors in assessing the company's future performance, ability to create value (Menicucci, 2013; Bozanic *et al.*, 2018) and will enable better investment decisions (Leung, 2015; Kiliç and Kuzey, 2018; Abad and Bravo, 2018).

However, forward-looking disclosures are characterized by a high degree of uncertainty and may vary significantly from actual results (Celik *et al.*, 2006), leading to potential litigation and loss of the disclosing firm's reputation

(Abdulrahman, 2010; Bozanic *et al.*, 2018; Kiliç and Kuzey, 2018). Therefore, there is a need for external audits to reduce uncertainties related to forward-looking disclosures.

It should be emphasized that there is a small number of studies on the scope of future oriented disclosures in the integrated reports, while many studies have examined the overall reporting practices of integrated reporting. Hence, the need for research in this area seems to be justified due to the fundamental feature of the integrated report, which is future orientation.

4. Research Methodology

The aim of the study is the quantitative and qualitative assessment of future-oriented disclosures in the practice of integrated reporting of Polish companies. Starting from 2013, the number of companies publishing integrated reports has been gradually increasing, and the quality of published reports has also changed. Due to the fact that the objective of the study is to assess the current status, the integrated reports prepared by 24 capital groups in the years 2016-2019 were subject to analysis. Some of the surveyed units prepared their integrated report both in traditional form and in an interactive form, some only in traditional or only interactive form. The research process included the following stages: identification of polish companies preparing integrated reports; quantitative and qualitative assessment of future disclosures in integrated reports; exploring the association between current company financial performance and the quality of forward-looking disclosure of integrated reporting.

In order to conduct the research, the following research questions were formulated:

1. What elements of forward-looking disclosures are most often shown in reports?
2. How the quality of individual elements of forward-looking disclosures is shaped?
3. Whether there is a separate part in the integrated reports in the form of outlook?
4. Whether or to what extent current company financial performance influence the quality of forward-looking disclosure of integrated reporting?

For this purpose, the authors defined a list of elements being subject to both quantitative and qualitative assessment. The study evaluated the following areas of future disclosures: marketing; finance; intellectual capital; social responsibility; and environmental protection. The first of these areas (marketing) assesses whether the document presents information on the following issues, growth opportunities, industry or market risks, sales target, advertising and publicity plan(s), planned products research and development, expected market share. In the area of finances, it was analyzed whether the report contains such information as, investment projects, capital expenditure plan(s), financial risks, earnings targets, share price, expected profitability, expected cash flows, expected EBITDA.

The next aspect assessed was the disclosure in the field of intellectual capital. In this area, the disclosures about intellectual capital development plans, the elimination of various forms of discrimination, health and safety at work as well as disclosures about the risks associated with human capital were analyzed. The fourth assessed area concerned the analysis of forward-looking disclosures in the field of social responsibility.

In the area of CSR, the presence of such elements as future CSR assumptions and business ethics standards were analyzed in the reports. The last assessed area concerned environmental protection disclosures referring to the identification of ecological risk and planned pro-ecological activities. In addition, the form of publication of forward-looking disclosures has been quantified. In case of a quantitative assessment, the presence or absence of each proposed variable was assessed. Result 0 was given in the absence of a particular element, while score 1 was assigned if the element was included in the report. In order to assess the quality of future disclosures, a 6-point Likert scale was adopted, where 5 is the highest rating, and 0 means that the element is absent in the content of the report. The research sample included 73 integrated reports, prepared by 24 corporate groups, published in 2016-2019. The number of reports in individual years is presented in Table 1.

Table 1. *List of reports included in the study*

Item	**Company**	**2016**	**2017**	**2018**	**2019**
	Stock index: WIG20				
1	JSW			+	+
2	KGHM	+	+	+	+
3	LOTOS	+	+	+	+
4	LPP		+	+	+
5	MBANK		+	+	+
6	ORANGEPL	+	+	+	+
7	PGE	+	+	+	+
8	PGNiG		+	+	+
9	PKNORLEN	+	+	+	+
10	TAURONPE	+	+	+	+
	Stock index: WIG30				
11	GRUPAAZOTY	+	+	+	+
12	INGBSK	+	+	+	+
13	PKPCARGO		+	+	
	mWIG40				
14	BOGDANKA	+	+	+	+
15	BUDIMEX	+	+	+	+
	Stock index: sWIG80				
16	PEKABEX			+	+
17	Śnieżka	+			
	WIG-Poland, WIG				
18	ERBUD	+	+	+	+

	Other, not listed				
19	ANG	+	+	+	
20	GAZ-SYSTEM	+	+		
21	Pelion	+			
22	PSE		+	+	+
23	GK PZU			+	+
24	GK TIM			+	+
	Total	**15**	**18**	**21**	**19**

Note: *+ Integrated Report published.*
Source: *Own study.*

5. Results

The quantitative and qualitative assessment of forward-looking disclosures in integrated reporting comprised few steps.

5.1 Analysis of Level of Advancement in Relation to Forward-looking Disclosures

In the first stage of the analysis, the entire sample of 73 reports was assessed in order to obtain a general level of advancement in relation to forward-looking disclosures (Tables 2-3). The results of the analysis indicated that the majority of reports do not have a separate outlook part in the structure, only 31 reports presented the outlook as an individual chapter. Preparing the forward-looking disclosures, companies use their own individual approach, most often presenting that information as part of the strategy, in the form of description without providing specific data and deadlines.

Table 2 presents the level of variables characterizing the examined integrated reports in the overall sample (24 firms, 73 firm-year observations for years 2016-2019). Not all companies published integrated reports in each of the four years, some stopped publishing during the period in question, others were just starting to publish, 11 companies published reports in each of the four years.

Table 2. *Presence of variables characterizing forward-looking disclosures in integrated reports in the overall sample*

Item	**Variables**	**NO**	**%**	**YES**	**%**	**Total**	**%**
1	Growth opportunities	5	7%	68	93%	73	100%
2	Industry or market risks	-	0%	73	100%	73	100%
3	Sales target	15	21%	58	79%	73	100%
4	Advertising and publicity plan(s)	50	68%	23	32%	73	100%
5	Planned products research and development	25	34%	48	66%	73	100%
6	Expected market share	19	26%	54	74%	73	100%
7	Investment projects	15	21%	58	79%	73	100%

8	Capital expenditure plan(s)	33	46%	39	54%	73	100%
9	Financial risks	8	11%	65	89%	73	100%
10	Earnings targets	49	67%	24	33%	73	100%
11	Share price	72	99%	1	1%	73	100%
12	Expected profitability	40	55%	33	45%	73	100%
13	Expected cash flows	70	96%	3	4%	73	100%
14	Expected EBITDA	39	53%	34	47%	73	100%
15	Intellectual capital development	10	14%	63	86%	73	100%
16	Elimination of various forms of discrimination	32	44%	41	56%	73	100%
17	Health and safety at work	6	8%	67	92%	73	100%
18	Intellectual capital risk	9	12%	64	88%	73	100%
19	Social commitment	20	27%	53	73%	73	100%
20	Future CSR guidelines	-	0%	73	100%	73	100%
21	Standards of business ethics	9	12%	64	88%	73	100%
22	Environmental risks	8	11%	65	89%	73	100%
23	Planned pro-ecological activities	12	16%	61	84%	73	100%
24	Goals and tasks in various areas of activity	-	0%	73	100%	73	100%
25	Outlook as a separate part of IR	42	58%	31	42%	73	100%

Source: *Own study.*

All analyzed reports indicate industry or market risks, future CSR assumptions and goals and tasks in various areas of activity. Growth opportunities are indicated in 93% reports. Also health and safety at work are indicated in a large proportion of reports (92% of reports). The financial as well as environmental risks are presented in 89% reports. A large part of the reports (88%) also indicated intellectual capital risk and standards of business ethics. The financial information do not include almost any data on the forecasted share prices (only 1 report indicates such data) and forecasted cash flows (only 4% of reports), and to a small extent (only 33%) provide information on dividend policy. In the remaining areas, it can be observed that the majority of reports indicate plans regarding the development of intellectual capital (86%) as well as planned pro-environmental (84%) external activities, 79% of reports also specify sales targets and investment projects. A small number of reports (32%) indicate advertising and promotional plans and some information on expected profitability (45%).

Elements of forward-looking disclosures occurring in the analyzed integrated reports were subsequently assessed in terms of quality (Table 3) in accordance with the proposed scoring system. In the qualitative analysis of the assessed variables, the results may be more subjective than in the quantitative assessment due to the wider scale of scoring.

Table 3*. Qualitative assessment* of variables characterizing reports forward-looking disclosures in the overall sample*

Variables	Frequencies						Mean	Median	Total
	0	1	2	3	4	5			
Growth opportunities	10%	26%	25%	16%	23%	0%	2,18	2	73
Industry or market risks	0%	10%	26%	48%	16%	0%	2,71	3	73
Sales target	23%	22%	27%	19%	8%	0%	1,67	2	73
Advertising and publicity plan(s)	68%	29%	1%	1%	0%	0%	0,36	0	73
Planned products research and development	36%	16%	27%	12%	8%	0%	1,41	1	73
Expected market share	27%	30%	23%	7%	11%	1%	1,48	1	73
Investment projects	21%	26%	23%	18%	10%	3%	1,78	2	73
Capital expenditure plan(s)	47%	10%	18%	14%	10%	1%	1,33	1	73
Financial risks	11%	25%	36%	22%	7%	0%	1,89	2	73
Earnings targets	67%	15%	12%	1%	4%	0%	0,60	0	73
Share price	99%	0%	0%	0%	1%	0%	0,05	0	73
Expected profitability	55%	25%	14%	1%	1%	4%	0,82	0	73
Expected cash flows	96%	4%	0%	0%	0%	0%	0,04	0	73
Expected EBITDA	53%	7%	21%	5%	11%	3%	1,22	0	73
Intellectual capital development	14%	41%	34%	11%	0%	0%	1,42	1	73
Elimination of various forms of discrimination	44%	30%	25%	1%	0%	0%	0,84	1	73
Health and safety at work	10%	26%	40%	22%	3%	0%	1,82	2	73
Intellectual capital risk	12%	33%	38%	16%	0%	0%	1,59	2	73
Social commitment	27%	33%	27%	12%	0%	0%	1,25	1	73
Future CSR guidelines	0%	11%	25%	51%	14%	0%	2,67	3	73
Standards of business ethics	12%	27%	37%	23%	0%	0%	1,71	2	73
Environmental risks	11%	32%	33%	22%	3%	0%	1,74	2	73
Planned pro-ecological activities	16%	29%	36%	19%	0%	0%	1,58	2	73

Note: ** 0 - element not present in the content, 1 - element present, but poor description, 2 - element present, description based on some quantitative information, 3-element present, balanced description of contents; average quantity of information, 4 - element present, good and detailed description, 5 - element included in the content, excellent description.*
Source: *Own study.*

The qualitative assessment shows significant differentiation – only 3 out of 23 items reach the average score higher then 2. The industry and market risks, future CSR assumptions and growth opportunities are described in the most detailed and comprehensive way, while advertising and promotional plans are presented in the smallest scope (average rating 0.36), as well as the planned level of dividends (average grade 0.60) (Table 3). Almost all reports lack information on planned cash flows and share prices. These results suggest that the content of future disclosures in integrated reports still needs to be refined, especially regarding financial information.

5.2 Analysis of Presence and Average Scores of Variables

In the next section of the study, the presence of variables for each of the four years was analyzed (Table 4). The comparison of the presence of individual variables of forward-looking disclosures over time is difficult due to the different number of published reports, which is why the survey is of an illustrative nature and the relative values expressed by the structure ratios have been compared.

The presence of variables characterizing forward-looking disclosures in four analyzed years does not show a significant variation, which indicates the stabilization of the forward-looking disclosures in practice, although this does not mean that the level of disclosures is satisfactory. The growing interest in integrated reports did not translate into a significant increase in the number of reports published by Polish companies in 2017 compared to 2019.

The average scoring of forward-looking disclosures in integrated reports (Table 5) indicate that the results for most items (except for the elimination of various forms of discrimination) are at a similar level in each of the four years. Deviations in the level of average scores of the analyzed variables in the majority do not exceed 20%. A significant improvement occurred in the case of such items as capital expenditure plans, planned dividend level, health and safety at work and planned pro-ecological activities.

***Table 4**. The presence of variables characterizing forward-looking disclosures in years 2016-2019*

	2016 15 reports		**2017 18 reports**		**2018 21 reports**		**2019 19 reports**	
Variables	**Quantity**	**%**	**Quantity**	**%**	**Quantity**	**%**	**Quantity**	**%**
Growth opportunities	13	87%	15	83%	21	100%	19	100%
Industry or market risks	15	100%	18	100%	21	100%	19	100%
Sales target	11	73%	11	61%	18	86%	18	95%
Advertising and publicity plan(s)	4	27%	3	17%	8	38%	8	42%
Planned products	9	60%	12	67%	14	67%	13	68%

research and development								
Expected market share	10	67%	12	67%	16	76%	16	84%
Investment projects	12	80%	13	72%	17	81%	16	84%
Capital expenditure plan(s)	8	53%	9	50%	12	57%	10	53%
Financial risks	13	87%	13	72%	20	95%	19	100%
Earnings targets	4	27%	5	28%	7	33%	8	42%
Share price	0	-	0	-	1	5%	0	0%
Expected profitability	7	47%	7	39%	10	48%	9	47%
Expected cash flows	0	-	0	-	0	0%	3	16%
Expected EBITDA	8	53%	7	39%	9	43%	10	53%
Intellectual capital development	12	80%	13	72%	20	95%	18	95%
Elimination of various forms of discrimination	1	7%	6	33%	18	86%	16	84%
Health and safety at work	13	87%	16	89%	20	95%	18	95%
Intellectual capital risk	12	80%	16	89%	19	90%	17	89%
Social commitment	7	47%	8	44%	20	95%	18	95%
Future CSR guidelines	15	100%	18	100%	21	100%	19	100%
Standards of business ethics	12	80%	12	67%	21	100%	19	100%
Environmental risks	13	87%	15	83%	19	90%	18	95%
Planned pro-ecological activities	11	73%	12	67%	19	90%	19	100%
Goals and tasks in various areas of activity	15	100%	18	100%	21	100%	19	100%
Outlook as a separate part of IR	3	20%	5	28%	11	52%	12	63%

Source: *Own study.*

The survey results showed that there was partly a significant increase in the quality of disclosures in IR, especially in terms of readability and transparency in the area of documents and content items.

Table 5. *Average scores on the single items characterizing forward-looking disclosures in years 2016-2019*

Item	Variables	2016	2017	2018	2019	2017/2016 %	2017/2016 %	2017/2016 %
1	Growth opportunities	1,93	1,94	2,33	2,42	101%	120%	104%
2	Industry or market risks	2,47	2,67	2,71	2,95	108%	102%	109%
3	Sales target	1,47	1,06	1,86	2,21	72%	176%	119%
4	Advertising and publicity plan(s)	0,33	0,17	0,48	0,42	50%	286%	88%
5	Planned products research and development	1,27	1,06	1,62	1,63	83%	153%	101%
6	Expected market share	1,07	1,06	1,76	1,89	99%	167%	108%
7	Investment projects	1,73	1,61	1,86	1,89	93%	115%	102%
8	Capital expenditure plan(s)	0,93	1,22	1,57	1,50	131%	129%	95%
9	Financial risks	1,53	1,50	2,05	2,37	98%	137%	116%
10	Earnings targets	0,33	0,44	0,71	0,84	133%	161%	118%
11	Share price	0,00	0,00	0,19	0,00			0%
12	Expected profitability	0,60	0,56	1,10	0,95	93%	197%	86%
13	Expected cash flows	0,00	0,00	0,00	0,16			
14	Expected EBITDA	1,20	0,83	1,33	1,47	69%	160%	111%
15	Intellectual capital development	1,27	1,11	1,52	1,74	88%	137%	114%
16	Elimination of various forms of discrimination	0,13	0,33	1,29	1,37	250%	386%	106%
17	Health and safety at work	1,27	1,61	2,05	2,21	127%	127%	108%
18	Intellectual capital risk	1,27	1,39	1,76	1,84	110%	127%	105%
19	Social commitment	0,60	0,67	1,62	1,89	111%	243%	117%
20	Future CSR guidelines	2,53	2,67	2,67	2,79	105%	100%	105%
21	Standards of business ethics	1,33	1,17	2,05	2,16	88%	176%	105%
22	Environmental risks	1,40	1,44	1,76	2,26	103%	122%	128%
23	Planned pro-ecological activities	1,13	1,33	1,67	2,05	118%	125%	123%
24	Goals and tasks in various areas of activity	2,40	2,61	2,48	2,63	109%	95%	106%

Source: *Own study.*

5.3 Analysis of Company's Financial Performance Influence on the Quality of Forward-looking Disclosure

In the last section of the study, the influence of selected factors (i.e., total assets, equity capital, sales revenue, ROE, ROA, EBIT, EBITDA, net profit, EPS) on the quality of forward-looking disclosure of integrated reporting (which is measured by using a Likert scale based upon the content elements) were explored. Therefore, the two research question are proposed:

1. Whether or to what extent current company financial performance influence the quality of forward-looking disclosure of integrated reporting?
2. What is the impact of company financial performance characteristics on the quality of forward-looking disclosure of integrated reporting?

In order to find answers to these questions we proposed the following hypothesis: The company financial performance has a significant and positive impact on the quality of forward-looking disclosure of integrated reporting. The sample for the study consisted of the 73 integrated reports prepared by Polish companies during 2016-2019. The data for this research included forward-looking disclosure elements, assessed using Likert scale. We also used overall forward-looking disclosure index, calculated as arithmetic mean of the ratings of individual elements of forward-looking disclosures. All of the independent variables were retrieved from the corporate reports. Table 6 demonstrates the operational definitions of the dependent variable and independent variables.

Table 6. *The operationalization of independent and dependent variables*

Variables	**Characteristics**
Independent variables	
Total assets	book value (mln PLN)
Equity capital	(mln PLN)
Sales revenue	(mln PLN)
ROE	the percentage of net profit to equity (%)
ROA	the percentage of net profit to total assets (%)
EBIT	earnings before interest and taxes (mln PLN)
EBITDA	earnings before interest, taxes, depreciation and amortization (mln PLN)
Net profit	(mln PLN)
EPS	Earnings per share (PLN)
Dependent variables	
Growth opportunities; Industry or market risks; Sales target; Advertising and publicity plan(s); Planned products research and development; Expected market share; Investment projects; Capital expenditure plan(s); Financial risks; Earnings targets; Share price; Expected profitability; Expected cash flows; Expected EBITDA; Intellectual capital development; Elimination of various forms of discrimination; Health and safety at work; Intellectual capital risk;	measured by using a Likert scale (0 means element not present in the content, 5 means element included in the content, excellent description)

Social commitment Future CSR guidelines; Standards of business ethics; Environmental risks; Planned pro-ecological activities; Goals and tasks in various areas of activity	
Overall forward-looking disclosure index	arithmetic mean of the ratings of individual elements

Source: *Own study.*

The analysis of the relationship between financial performance characteristics and the quality of forward-looking disclosures in integrated reports was carried out using the eta coefficient, due to the level of measurement of the examined features. The eta correlations analysis results are shown in Table 7.

Table 7. *The eta coefficient analysis*

Dependent variables:	Total assets	Equity capital	Sales revenue	ROE	ROA	EBIT	EBITDA	Net profit	EPS
Growth opportunities	.207	.558	.589	.313	.285	.387	.615	.274	.294
Industry or market risks	.448	.509	.346	.219	.058	.638	.566	.272	.244
Sales target	.191	.260	.307	.303	.269	.096	.308	.189	.255
Advertising and publicity plan(s)	.350	.157	.170	.072	.106	.107	.149	.049	.280
Planned products research and development	.162	.503	.456	.227	.239	.233	.501	.223	.319
Expected market share	.266	.435	.444	.179	.186	.406	.508	.342	.246
Investment projects	.073	.577	.526	.271	.229	.295	.600	.290	.198
Capital expenditure plan(s)	.244	.546	.581	.357	.208	.269	.638	.350	.383
Financial risks	.469	.526	.413	.165	.219	.554	.578	.139	.439
Earnings targets	.126	.215	.191	.219	.233	.156	.203	.175	.163
Share price	.065	.081	.058	.020	.011	.069	.079	.029	.114
Expected profitability	.307	.222	.341	.296	.327	.294	.207	.258	.279
Expected cash flows	.097	.000	.065	.099	.413	.051	.011	.386	.071
Expected EBITDA	.341	.431	.509	.406	.425	.214	.570	.304	.305
Intellectual capital development	.316	.206	.213	.217	.078	.148	.306	.140	.133
Elimination of various forms	.396	.201	.072	.302	.222	.255	.253	.166	.291

of discrimination									
Health and safety at work	.334	.357	.324	.193	.174	.195	.438	.127	.284
Intellectual capital risk	.168	.355	.469	.312	.092	.357	.473	.122	.175
Social commitment	.225	.188	.102	.121	.048	.132	.136	.102	.068
Future CSR guidelines	.338	.232	.259	.171	.155	.486	.359	.262	.225
Standards of business ethics	.347	.222	.300	.168	.119	.242	.329	.101	.221
Environmental risks	.194	.188	.152	.256	.262	.309	.180	.252	.197
Planned pro-ecological activities	.219	.239	.136	.365	.331	.240	.281	.250	.284
Goals and tasks in various areas of activity	.336	.513	.391	.144	.177	.424	.547	.156	.333
Outlook as a separate part of IR	.145	.263	.380	.123	.037	.208	.341	.085	.168

Source: *Own study.*

The conducted analysis shows that the strongest correlation occurs between EBIT and industry or market risks disclosures, and between EBITDA and growth opportunities disclosures, investment projects disclosures and capital expenditure plan(s) disclosure, which is indicated by the values of the eta coefficient above 0.6. There is also a significant association (eta coefficient above 0.5) between equity capital and seven elements of forward-looking disclosures, and between sales revenue and four elements of forward-looking disclosures, and between EBIT and financial risk disclosure, and between EBITDA and two elements of forward-looking disclosures. The obtained results indicate that the higher the level of capital and the higher sales revenues the company has, and thus the higher the level of EBIT and EBITDA, the more accurately it discloses forward-looking information in integrated reports.

On the other hand, there is a very weak correlation between disclosing forecasted share prices and most financial performance characteristics, and between expected cash flows and most financial performance characteristics. This is due to a very low level of disclosure of these elements of forward-looking disclosures in integrated reports, which was shown in the earlier part of the study. The eta coefficient only indicates the strength of the relationship between the variables, it does not make it possible to assess the direction of correlation. For this reason, a coexistence study was also performed using the Spearman's rank correlation coefficient (Table 8).

***Table 8.** The Spearman's rank correlation analysis*

Dependent variables:	**Total assets**	**Equity capital**	**Sales revenue**	**ROE**	**ROA**	**EBIT**	**EBITDA**	**Net profit**	**EPS**
Growth opportunities	.236*	.378**	.469**	0,035	.259*	.322**	.491**	.327**	-0,174
Industry or market risks	.587**	.588**	.280*	-0,088	0,049	.631**	.603**	.502**	0,172
Sales target	0,144	0,186	0,222	-0,215	-0,130	0,028	.265*	0,019	-0,056
Advertising and publicity plan(s)	0,113	-0,070	-0,093	-0,034	-.265*	0,016	-0,070	-0,027	0,063
Planned products research and development	.288*	.375**	.461**	-0,012	0,195	.318**	.482**	.363**	-0,017
Expected market share	.311**	.312**	.390**	-0,014	0,104	.363**	.404**	.358**	.300*
Investment projects	.278*	.429**	.546**	-0,192	0,151	0,222	.620**	.254*	-0,108
Capital expenditure plan(s)	0,139	.284*	.444**	-0,136	0,145	0,184	.482**	0,158	-0,011
Financial risks	.679**	.563**	.439**	0,003	-0,162	.587**	.612**	.412**	-0,078
Earnings targets	0,060	0,058	0,008	-.253*	-0,221	-0,011	0,052	-0,177	-0,030
Share price	-0,067	-0,056	-0,084	-0,084	-0,034	-0,080	-0,058	-0,067	0,160
Expected profitability	0,082	0,031	0,123	-0,193	-.239*	-0,023	0,038	-0,089	-0,098
Expected cash flows	0,154	0,065	-0,059	-0,036	-0,219	0,058	0,078	-0,105	-0,063
Expected EBITDA	.294*	.378**	.502**	-0,213	-0,100	0,161	.501**	0,116	-0,162
Intellectual capital development	-0,036	-0,129	-0,169	0,050	-0,112	-0,066	-0,210	-0,048	0,079
Elimination of various forms of discrimination	0,008	-0,083	-0,101	.323**	0,052	0,139	-0,233	0,176	.347**
Health and safety at work	0,171	.234*	.269*	0,118	0,177	.242*	.250*	.270*	0,050
Intellectual capital risk	.312**	.271*	0,216	0,083	0,083	.423**	.324**	.318**	0,219
Social commitment	0,092	0,016	0,000	0,027	-0,011	0,131	-0,005	0,153	-0,024
Future CSR guidelines	.503**	.353**	.350**	0,207	-0,022	.497**	.423**	.369**	0,198
Standards of business	0,173	0,029	0,049	0,220	-0,027	0,165	-0,011	0,203	0,183

ethics									
Environmental risks	0,056	0,185	.303**	0,005	0,197	0,130	.257*	0,197	-0,089
Planned pro-ecological activities	0,184	0,200	.258*	-0,017	0,121	.250*	.278*	0,210	0,243
Goals and tasks in various areas of activity	.480**	.460**	.354**	0,079	0,027	.454**	.445**	.385**	0,065
Outlook as a separate part of IR	0,208	0,210	0,219	0,042	0,041	0,159	0,246	0,136	-0,103
Overall forward-looking disclosure index	.432**	.463**	.483**	-0,016	0,092	.482**	.508**	.434**	0,132

Note: ** Correlation significant at level 0.05, ** Correlation significant at level 0.01.*
Source: *Own study.*

The Spearman's rank correlation analysis (Table 8) has confirmed the positive and significant association among EBITDA, EBIT, sales revenue, equity capital, and selected elements of forward-looking disclosures, as well as the overall forward-looking disclosure index. The positive sign of Spearman's rank coefficient, above 0.45, between EBITDA, EBIT, sales revenue, equity capital, and the overall forward-looking disclosure index, shows that an increase in EBITDA, EBIT, sales revenue, equity capital is generally accompanied by an increase in the quality of forward-looking disclosures. The analysis of Spearman's rank correlation did not show significant negative values of this coefficient between explored variables, which indicates that the increase in the quality of forward-looking disclosures is not usually accompanied by a decrease in the financial performance characteristics.

Answering to the research questions, it can be stated that only selected characteristics of current company financial performance influence the quality of forward-looking disclosure of integrated reporting. The analysis showed that the most important factors positively related to the quality of forward-looking disclosures are the level of equity, sales revenues, EBIT and EBITDA. However, there is no significant correlation between such indicators as ROE, ROA, EPS and the quality of forward-looking disclosures.

6. Conclusions

The results of the research have shown that the level of forward-looking information disclosures very significantly in the examined integrated reports. In the light of the research findings, it can be concluded that the quality of forward-looking disclosures is not satisfactory. The companies only briefly present prospective information. Many reports show the lack of reference to achieving the goals of previous periods, in spite of that this is one of the main goals of the IR. Considering the expectations of stakeholders, that information seems to be crucial when making strategic investment decisions. Therefore, the question is whether IR fulfills its role in accordance with the IIRC, or whether it requires the use of other management tools to fulfill its role. In addition, the author's findings proved that most of the items of forward-looking disclosures had the nature of qualitative narrations regarding strategy, information on growth opportunities, industry or market risk, environmental risk, while less attention was paid to investment projects, product research and development and financial risk. The results also showed that the majority of reports (84%) present a significant amount of quantitative disclosures on environmental issues, such as forecasts of greenhouse gas emissions, reduction of consumption of various energy sources or the use of recycling.

Most of the integrated reports do not include forecasted financial information, e.g. expected cash flows, and opportunities for growth in quantitative terms. The companies also avoided disclosing quantitative and qualitative information about the expected share price. The analysis also showed that selected characteristics of current company financial performance influence the quality of forward-looking disclosure of integrated reporting. Factors positively associated to the quality of forward-looking disclosures are the level of equity, sales revenues, EBIT and EBITDA. This means that the quality of forward-looking disclosures is higher when the company's equity is higher, sales revenues are higher, and the EBIT and EBITDA are higher.

Summing up, according to the authors, the forward-looking disclosures are the weakest element of the companies' integrated reports what is consistent with the results of studies by other authors (Al Amosh and Mansor, 2021; Kiliç and Kuzey, 2018; Pistoni *et al.*, 2018). The outlook undoubtedly requires improvement so that the integrated report would fulfill its role and would significantly differ from the existing ones. This is a difficult issue to deal with, and companies are reluctant to these disclosures. The limited scope of forward-looking disclosures in integrated reports may be due to the fear that the information is potentially significant to competitors and not revealing it is the source of competitive advantage for the organization. Negative forecasts also raise concerns about the potential reaction of financial markets and other stakeholders.

The authors are aware that the presented study has some limitations due to the small sample, covering only Polish companies. The second limitation is subjectivity in carrying out content analysis in order to assess the quality of forward-looking disclosures in integrated reporting. However, the study results provide the basis for in-depth research on a larger dataset, in relation to all disclosure elements of the integrated report, as well as using a more comprehensive assessment method of the quality of the integrated report.

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