

Integrated Reporting Disclosures: An Empirical Analysis

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Integrated Reporting has come to the financial reporting arena as a newly emerged concept which depicts the holistic view of an entity. IR is still diffusing among companies since it has not yet become a mandatory reporting requirement in most countries. Hence, entities voluntarily adopt IR for their reporting. Unavailability of regulation over adoption of IR induce companies to adopt IR in various scales and even various aspects. Thus, it is essential to investigate the level of IR adoption and which dimensions companies mostly concentrated as IR disclosures. Therefore this study focuses to investigate how well companies disclose IR elements in their integrated reports and the level of IR adoption in companies listed in Colombo Stock Exchange. Objectives of this study are to analyze the level of IR adoption and examine the disclosure dimensions in IR. All 48 companies which have adopted IR by 2015 were selected as the sample. Data were collected from year 2015 to year 2017. For this study, self-constructed scoring model and index were developed with the assistance of Integrated Reporting Framework articulated by International Integrated Reporting Council (IIRC). 31 items were included in the index under 8 dimensions such as organizational overviews and external environment, governance, business model, risk and opportunities, strategy & resource allocation, performance, outlook and basis of preparation & presentation. *Kudar-Richardson 20* test was employed in order to ensure the reliability of the data set and it suggested that the items have relatively high internal consistency. The findings revealed that companies have moderately adopted IR for their reporting perspectives. Most reports highly demonstrate the elements of basis of preparation and presentation and performance of the entity. The total average scores for performance and basis of preparation and presentation are 0.902 and 0.907 respectively. Strategy & Resource allocation component is the lowest reported component in the integrated reports as its average total score is recorded as 0.59. All components other than Risk and Opportunities component have increasing trend over the period of 2015 to 2017. Reporters seemingly paid more attention to record items which are mandatory to report under the various regulatory frameworks and accounting standards. Hence, it is clear that voluntarily adoption of IR is still in lethargic situation in Sri Lanka. Findings of this research will be beneficial for both IR adopted companies as well as non-adopted companies. The findings of this study provide an insight for companies to rethink whether their so called integrated reports really depicts the integrated aspects.

Keywords: Colombo stock exchange, Integrated reporting, Integrated reporting disclosures, Integrated reporting framework, IR Index