

The Impact of Integrated Reporting on Firm Performance: The Case of Sri Lanka

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Abstract

Integrated Reporting is a process found on Integrated Thinking which relates communications about organizations strategy, governance, performance and prospects. This results in value creation over the short, medium and long term. This study investigates the impact of integrated reporting (IR) on firm performance with relevant to the listed companies in Sri Lanka. IR was introduced to the reporting world around seven years back as an official reporting framework to the corporate world. Therefore, the concept IR is relatively new to the reporting world. Hence, the application of the concept, the impact of it is yet to discover. Specifically, how IR impact on firm performance is under research and in Sri Lankan context, it is at zero level. Therefore, the research problem of this study is to investigate the impact of IR adaption on the performance of organizations. This Study is identified as a quantitative study which draws on secondary data. This research is based on all the IR adopted companies which are listed in Colombo Stock Exchange. Therefore, 79 companies listed in the CSE are selected for the purpose of conducting this research. Among 79 companies, 38 companies were eliminated due to some limitations. The integrated reporting adopted period is designated as 2015 to 2019. Therefore 41 companies were selected as the sample which comprises 205 firm year observations. IR is measured by using an index which was used by Zhou et al. (2017) and firm performance were measured based on ROA and Tobin's Q. This study employs Ordinary least square multi variate regression analysis to investigate the impact of IR on firm performance. The findings of the study will provide useful insights to the accounting professionals and managers who are seeking for the adoption of IR in their companies and regulators seeking to accelerate the adoption of IR among listed companies.

Keywords: Integrated Reporting (IR), IR adoption, Firm Performance, Sri Lanka