The Effect of Isomorphic Influence on Integrated Reporting Practice: Do disclosure Position Mediate the Relationship?

N.L.E. Abeywardana¹, S.M. Ferdous Azam², Kevin Low L.T.²
¹ Management and Science University, Malaysia and Department of Commerce and Financial Management, University of Kelaniya, Sri Lanka
² Graduate School of Management, Management and Science University, Malaysia

Abstract

In the past decades, firms increased their reliance on integrated reporting practice which is imperative for capital markets. Researchers, therefore, focus on the antecedents behind the integrated reporting practice. Therefore, the purpose of this study is to examine the impact of isomorphic influence on integrated reporting practice in greater depth with a focus on the mediating role of disclosure position. The study employed a sequential mixed method which is quantitative dominant. The qualitative phase uses to validate the quantitative findings. The study used the partial least square method to assess the relationships and directed content analysis to explore the qualitative data. The quantitative findings from a survey of 126 public listed companies in Sri Lanka reveal that isomorphic influence is an antecedent behind the adoption of integrated reporting practice, and the disclosure position is a mediator among this relationship. The qualitative findings further testify to the support given to the advancement of integrated reporting practice through coercive influence, normative influence, mimetic influence, opportunism disclosure position, and ritualism disclosure position. The findings provide important implications for academia, firms, professional accounting bodies, and regulatory bodies to diffuse the adoption of integrated reporting practice. The study provides the initial empirical evidence on the impact of isomorphic influence on integrated reporting practice and the mediating role of disclosure position.

Keywords: Gibbin’s model, institutional theory, international integrated reporting framework, isomorphism, partial least square method