

Exploring the Rationale for Integrated Report Assurance in Sri Lanka: A Proposed Conceptual Model

Herath H.M.R.W.¹, Samanthi Senarathne², Gunarathne A.D.N.³

^{1,2,3}*Department of Accounting, University of Sri Jayewardenepura, Sri Lanka, Sri Lanka*

roshanherath@sjp.ac.lk¹, samanthisenaratne@sjp.ac.lk², nuwan@sjp.ac.lk³

Abstract

A growing demand for an integrated report's external assurance is observed, despite the challenges involved in the assurance process. Despite this popularity, the rationale for external assurance of integrated reports is mostly unknown, and how it leads to organizational changes is not sufficiently explored. This study, thus, offers a conceptual model to explore the rationale behind obtaining external integrated reporting assurance, its impacts on internal assurance practices, and justifications for modifications made to the internal assurance practices. This conceptual model, grounded on the framing and institutional theories, suggests that the companies tend to assure their integrated reports externally as a response to various isomorphic pressures. The assurance of an integrated report in response to various isomorphic pressures can propose modifications to companies' current internal assurance practices. Subsequently, the rationale for the proposed modifications is exposed to encourage implementing the proposed changes to internal assurance practices.

Key Words: *Integrated Reporting, IR Assurance, Framing Theory, Institutional Theory.*

1. Introduction

There is a growing global trend for companies to adopt new corporate reporting models, such as integrated reporting (IR) (Cooray et al., 2020). IR provides a forward-looking assessment of an entity's value creation process by considering multidimensional aspects through its six capitals that entail financial and non-financial information. This forward-looking assessment of value creation, consideration of multidimensional aspects, and financial and non-financial information inclusion bring certain subjectivity into integrated reporting. Although this subjectivity in IR makes the assurance of an integrated report challenging (Maroun, 2019), a growing demand for external assurance on the integrated report has been witnessed globally (Maroun, 2019; KPMG, 2017; IIRC, 2014). Despite the developments in the IR assurance practice, only a limited number of studies have been conducted in this area. For instance, these studies have explored limited areas such as the challenges in the assurance process (Stubbs & Huggins, 2014; Simnett & Higgins, 2015; Cheng et al., 2014; Huggins et al., 2015), motives for assurance (Briem & Wald, 2018; Maroun,