

Young Accountants' Research Conference - 2023

Book of Abstracts



University of Sri Jayewardenepura

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ஸ்ரீ ஜயவர்த்தனபுர பல்கலைக்கழகம்

Young Accountants' Research Conference – 2023

Book of Abstracts

Department of Accounting
Faculty of Management Studies and Commerce
University of Sri Jayewardenepura
Nugegoda
Sri Lanka
<https://mgt.sjp.ac.lk/acc/>

26th July 2023

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Message from the Head of the Department



I take great pleasure in extending my congratulations to the "Young Accountants' Research Conference – 2023" (YARC – 2023), the fourth undergraduates' research forum organised by the Department of Accounting, Faculty of Management Studies and Commerce, University of Sri Jayewardenepura. The primary objective of this event is to cultivate a research culture among the undergraduates of the Department. Therefore, I am delighted to convey this congratulatory message to the YARC - 2023.

Recognising its leadership in Sri Lankan accounting education, the Department identifies that fostering a research-centred learning culture will encourage students to develop critical, logical, and innovative thinking skills while improving their academic writing skills. This approach will contribute to the establishment of a culture of excellence in scholarly pursuits. This provides an opportunity for emerging researchers to share their novel findings related to the field of accounting. By presenting their scholarly contributions, these individuals can unlock pathways to pursue post-graduate studies and pursue careers in various domains.

I humbly express my aspiration that the research conference fosters innovative learning experiences and sustains intellectual discussions among academicians, scholars, and students. On behalf of the Department of Accounting, I extend my heartfelt congratulations to all the presenters who have accomplished their final year research study. Further, I commend and express my gratitude to Dr. Nuwan Gunarathne, the Chair, and the organising committee of the YARC – 2023, Ms. Amali Henadirage, Ms. Nathasha Kaumadi, Mr. Gayantha Jayasooriya and Mr. Janith Dayarathna for their dedication and tireless efforts in ensuring the success of this event.

Snr. Prof. Kennedy Gunawardana
Head
Department of Accounting
Faculty of Management Studies and Commerce
University of Sri Jayewardenepura.

Message from the Conference Chair



As the Chair of the Young Accountants' Research Conference 2023, organised by the Department of Accounting, University of Sri Jayewardenepura, I take immense pleasure in expressing my heartfelt appreciation to the abstract presenters and the respective supervisors for their outstanding contributions.

This conference has provided a platform for young accountants to showcase their research and innovative ideas, and I am truly impressed by the quality of the abstracts presented. Each author has demonstrated a remarkable level of dedication, expertise, and commitment to advancing the field of accounting. The diverse range of topics covered in their studies, including sustainability and sustainability reporting, technological advancements and their implications for accounting, auditing, and accountability, and the changing nature of corporate reporting practices and the accounting profession, is a testament to the calibre of the accounting graduates and also a reflection of the sweeping changes in our profession.

These studies, carefully selected from the students who obtained the highest grades for their research reports, have undoubtedly added value to the conference, fostering intellectual discussions and inspiring fellow attendees and present undergraduates. The enthusiasm and passion exhibited by all the presenters and their supervisors have created an engaging and enlightening experience for everyone involved.

Once again, I extend my warm appreciation to all the abstract presenters for making this conference a resounding success. Your contributions have laid a strong foundation for the future of accounting research, and I eagerly look forward to witnessing your continued growth and success in the years to come.

Dr. Nuwan Gunarathne
Chair, Young Accountants' Research Conference - 2023
Department of Accounting
University of Sri Jayewardenepura.

Message from the Keynote Speaker



Technological disruption is fundamentally affecting business and commerce more broadly. The accounting profession is not immune to the significant changes that are taking place. However, the application of technology within organisations is not a one-size-fits-all scenario. Accountants need to be conversant with the technical and social aspects of emerging technologies such as Artificial Intelligence to continue to add value to the organisations they work for.

As the keynote speaker of the Young Accountants' Research Conference - 2023, organised by the Department of Accounting, University of Sri Jayewardenepura, I am pleased to emphasise the importance of Internet-of-Things, Blockchain, Big Data Analytics and Artificial Intelligence technologies and their implications for accounting, auditing, and accountability. I would also like to call new graduates of the Department of Accounting at the University of Sri Jayewardenepura, recognised as some of the best and brightest in Sri Lanka, to take actions and lead conversations about the use of technology to solve business and global challenges.

Dr. Sanjaya Kuruppu
Senior Lecturer in Accounting
UNISA Business School
University of South Australia.

Message from the Guest Speaker



I am writing this message with a deep sense of gratitude and honour as I express my heartfelt thanks to the Department of Accounting, University of Sri Jayewardenepura, Sri Lanka, for inviting me as the guest speaker at the esteemed Young Accountants' Research Conference 2023. As a proud graduate of this department, it is indeed a privilege to contribute to this remarkable event.

In today's rapidly evolving business world, research in the field of accounting holds the utmost significance, particularly in light of the digitalisation and AI-driven transformations sweeping across industries. Accountants are not exempt from this phenomenon; in fact, it is crucial for us to actively engage in research to stay abreast of the changing landscape. Research equips us with the necessary tools to navigate the complexities brought about by technological advancements.

Moreover, research is not merely a professional obligation; it is a problem-solving skill that transcends disciplines and finds relevance in our daily lives. It equips us with the ability to critically analyse situations, explore innovative solutions, and make informed decisions. I commend the Department of Accounting for its unwavering commitment to fostering a research culture within the department and among young accountants.

I extend my best wishes to the Department of Accounting, University of Sri Jayewardenepura, for its continued success in the future. May you continue to shape young minds, nurture innovation, and lead the way in advancing the field of accounting research.

Best wishes for a fruitful and enriching conference!

Upekha Atupola
Doctoral Candidate
Centre for Markets, Values and Inclusion
UNISA Business School
University of South Australia.

Organising Committee - YARC - 2023



Ms. Amali Henadirage



Ms. Nathasha Kaumadi



Mr. Gayantha Jayasooriya



Mr. Janith Dayarathne

Table of Contents

TECHNICAL SESSION 1 – CORPORATE REPORTING, AUDITING AND ASSURANCE

External audit function in a digitalised business environment and business process reengineering (BPR): A case study in a leading audit firm in Sri Lanka.....2

Dananjaya, M. and Samudrage, D.N.

Characteristics of information communication technology (ICT) and audit practices: Evidence from Sri Lanka.....3

Kobewaththe, T. N. and Henadirage, A.

Navigating challenges in integrated reporting assurance: Insights from an assurance provider's perspective.....4

Sakunika, W.S.S. and Gunarathne, N.

Impact of non-audit services on audit independence and audit quality: Evidence from Sri Lanka.....5

Shabeer, M.Y.M. and Udayashantha, P.D.C.

Readiness and challenges of implementing LKAS 29 - Financial Reporting in Hyperinflationary Economy: Perception of accounting professionals in Sri Lanka.....6

Shehan, R.P.C. and Manawadu, I.N.

TECHNICAL SESSION 2 - SUSTAINABILITY MANAGEMENT AND REPORTING

Accountant's role in contributing to corporate sustainability practices under the current financial and economic crisis: Evidence from Sri Lankan apparel manufacturing industry.....8

Balasooriya, B.A.D.S. and Samudrage, D.N.

The moderating effect of GRI compliance in the relationship between sustainability disclosures and firm value in Sri Lanka.....9

Jayasekara, W.M.H.K. and Manawadu, I.N.

Adoption of United Nation's Sustainability Development Goals (SDGs) in a private commercial bank in Sri Lanka.....10

Kaushika, J.P.N. and Manawaduge, A.S.P.G.

Employee awareness towards e-waste management in the financial sector of Sri Lanka.....11

Madhushika, H. and Gunarathne, N.

Influence of economic crisis and pandemic on the implementation of environmental management accounting techniques and environmental strategies in the hotel sector: Insights from Sri Lanka.....12

Mendis, W.B.M. and Gunarathne, N.

Biodiversity reporting in Sri Lanka: Coverage and trend	13
<i>Perera, D.M.T.C. and Gunarathne, N.</i>	

Corporate sustainability reporting in line with GRI framework: Developed vs. developing countries	14
<i>Wijethunga, D.L.C.K. and Karunaratna, A.H.G.K.</i>	

TECHNICAL SESSION 3 - TECHNOLOGY AND INNOVATION IN ACCOUNTING

An analysis of the cloud computing practices on small and medium enterprises’ (SMEs’) financial performance	16
<i>Dharmawansha, W.D.A.P. and Gunawardana, K.D.</i>	

Future relevance of innovative information technology in external auditing and the gap between the expertise on such future relevant IT techniques and current audit expertise in Sri Lanka	17
<i>Lakshitha, M.H. and Ajward, R.</i>	

Impact of information technology investment on financial performance: Evidence from licensed commercial banks in Sri Lanka	18
<i>Nipunika, M.H. and Udayashantha, P.D.C.</i>	

Factors associated with the adoption of data analytics in the internal audit functions: Empirical evidence from Sri Lankan listed companies	19
<i>Padipperuma, R. and Ajward, R.</i>	

Predicting fraudulent financial reporting using artificial neural network in companies listed on the Colombo Stock Exchange (CSE)	20
<i>Ranasinghe, T.P. and Gunawardana, K.D.</i>	

Adoption of information technology (IT) by external auditors in Sri Lanka	21
<i>Rathnayaka, T. and Henadirage, A.</i>	

Impact of ERP systems on management accounting: The case of a Sri Lankan private sector conglomerate	22
<i>Wimalasooriya, J. and Gunarathne, N.</i>	

TECHNICAL SESSION 4 - FINANCIAL MARKETS AND RISK MANAGEMENT

Impact of digital banking on customer satisfaction in the private commercial banking sector of Sri Lanka	24
<i>Jayasekera, D.D. and Udayashantha, P.D.C.</i>	

Factors affecting the usage of financial derivatives: Evidence from financial sector listed companies in Colombo Stock Exchange (CSE)	25
<i>Jayasundara, J.M.D.S.W. and Karunaratna, A.H.G.K.</i>	

Dynamic interlinkages among cryptocurrencies and global equity markets.....	26
<i>Kumara, D.K.T. and Karunaratna, A.H.G.K.</i>	
An analysis of factors affecting the implementation of Equity Crowdfunding in Sri Lanka.....	27
<i>Pebotuwa, D.N. and Gunawardana, K.D.</i>	
The impact of Covid-19 on the financial structure and performance of licenced commercial banks in Sri Lanka.....	28
<i>Perera, G.O.V. and Udayashantha, P.D.C.</i>	
Credit risk management practices of licensed commercial banks and licensed finance companies in Sri Lanka.....	29
<i>Perera, K.A.D.C.I. and Manawaduge, A.S.P.G.</i>	

TECHNICAL SESSION 5 - ACCOUNTING EDUCATION AND PROFESSIONAL DEVELOPMENT

Updating the knowledgebase by the accounting profession in public practice to be resilient to a crisis: The case of the Institute of Chartered Accountants of Sri Lanka during the Covid-19 pandemic.....	31
<i>Ashara, D.M.L. and Cooray, T.C.M.G.M.S.S.</i>	
An empirical analysis of accounting undergraduates' perspectives on integrating forensic accounting into the university curriculum in Sri Lanka.....	32
<i>Dharmasena, S.D.T.N. and Seneviratne, S.M.C.P.</i>	
The application of knowledge in professional work by accounting professionals in business with the Covid-19 pandemic: The case of a coir products manufacturing business in Sri Lanka.....	33
<i>Maheshika, S. and Cooray, T.C.M.G.M.S.S.</i>	
Association between organisational learning and job satisfaction of trainee auditors in Sri Lankan audit firms.....	34
<i>Nawanjana, H.G.H. and Herath, R.</i>	
Challenges faced by women in career development: Perspectives from Sri Lankan apparel industry.....	35
<i>Weligalla, D. and Gunarathne, N.</i>	

TECHNICAL SESSION 6 - BEHAVIOURAL PERSPECTIVES IN ACCOUNTING

Auditor's perception on the level of usage and significance of fraud detection and prevention through software-based methods: Evidence from Sri Lanka.....	37
<i>Fernando, I.A. and Manawadu, I.N.</i>	

Factors affecting the behavioural intention to adopt and use of computer-assisted audit techniques (CAATs) in the audit process of external auditors in Sri Lanka.....	38
<i>Hakmanage, Y. and Henadirage, A.</i>	
Factors affecting the audit quality reduction behavior with the mediation effect of work stress in the Sri Lankan external audit context.....	39
<i>Kumari, R.P.H.U. and Ajward, R.</i>	
Exploring the impact of students' knowledge and attitude regarding the sustainable development concept on their sustainable behaviour.....	40
<i>Matarage, T. and Herath, R.</i>	
Factors affecting the tax compliance intention of individual taxpayers in Sri Lanka.....	41
<i>Nethmika, B.H.M.C. and Manawadu, I.N.</i>	

**TECHNICAL SESSION 1 – CORPORATE REPORTING, AUDITING
AND ASSURANCE**

External audit function in a digitalised business environment and business process reengineering (BPR): A case study in a leading audit firm in Sri Lanka

Dananjaya, M. and Samudrage, D.N.
University of Sri Jayewardenepura, Sri Lanka

Purpose:

Digitalisation has started to make an impact on the external audit function so that the audit process is redesigned in audit firms. Accordingly, this study aims to gain an in-depth understanding of how the external audit function has evolved in an increasingly digitalised audit firm environment where the audit process is redesigned and how IT advancements impact on Process Reengineering (BPR).

Design/ methodology/ approach:

This study adopted a qualitative case study approach by selecting one of the Big 4 audit firms as the empirical site. Data was collected through structured interviews with manager-level auditors, associate-level auditors, and representatives from client companies. The collected data was analysed thematically based on the framework developed on the Business BPR model.

Findings:

The analysis reveals that the scope of the external audit function has not changed due to the transformation in the auditing process with digitalisation despite a significant change in the working practices. Further, the findings indicate that key performance indicators (KPIs) have been positively influenced by the changes in working practices. Further, the skills gap of auditors has been broadened so that the KPIs are affected negatively.

Practical implications:

As this study provides a deep analysis of the changes to the scope and working practices due to digitalisation, its findings are helpful for partners and managers to set novel standards and goals in their operations for auditors. Furthermore, the skill gap in audit associates can be diagnosed early so that the top management can take action to bridge the gap.

Originality/ value:

The impact of digitalisation and BPR on the external audit function is an underexplored area. This study evaluates the real impact of engagement of high-level IT on BPR for that to be a success or a failure in an audit firm.

Keywords: Audit Firms, Business Process Reengineering, Digitalisation, External Audit Function, Skills Gap, Working Practices

Characteristics of information communication technology (ICT) and audit practices: Evidence from Sri Lanka

Kobewaththe, T. N. and Henadirage, A.
University of Sri Jayewardenepura, Sri Lanka

Purpose:

As the auditing profession continues to embrace technological advancements, audit, and assurance are undergoing a transformative shift towards becoming more technologically enabled. Yet, there is a dearth of studies that identify the relationships between ICT characteristics (i.e., adaptation, confidence, competency, and training practices) and auditing practices. Therefore, the purpose of this study is to investigate the impact of ICT characteristics on auditing practices considering the context of Sri Lanka.

Design/ methodology/ approach:

Data was collected using questionnaires from 102 respondents working in the field of audit as managers, supervisors, and audit seniors with full or partial professional accounting qualifications. The collected data was analysed through descriptive statistics and regression analysis.

Findings:

The results showed that ICT adoption, competency, and training have a positive relationship with audit practice while ICT confidence does not have any relationship with audit practices. Consequently, the availability of ICT-competent staff, their practical ICT knowledge, and their adequate ICT training assist audit firms in conducting audits by adopting specifically designed audit software for audit practice.

Practical implications:

The findings provide insights to audit professionals on how ICT characteristics such as adaptation, confidence, competency, and training practices impact auditing practices. The study encourages auditors to actively engage with ICT interventions, as this engagement can help ensure the fairness of financial statements to stakeholders. Furthermore, the study emphasises the importance of auditors advancing their ICT skills and adopting audit software for the benefit of audit firms.

Originality/ value:

Most of the prior research has examined the relationship between ICT adoption and audit practices but has not focused on the impact of other ICT characteristics on audit practices. This study fills that gap in the literature considering the context of Sri Lanka.

Keywords: Auditing Practices, Information Communication Technology, Sri Lanka

Navigating challenges in integrated reporting assurance: Insights from an assurance provider's perspective

Sakunika, W.S.S. and Gunarathne, N.
University of Sri Jayewardenepura, Sri Lanka

Purpose:

While a plethora of studies on integrated assurance exists, they predominantly concentrate on developed countries, leaving a gap in understanding the unique challenges faced by assurance providers in developing nations. This study aims to address this gap by examining the different challenges faced by Sri Lankan assurance providers when undertaking integrated reporting assurance practices.

Design/ methodology/ approach:

Semi-structured interviews were conducted by selecting assurance providers in both Big 4 and non-Big 4 audit firms in Sri Lanka. The data were analysed thematically based on the contingency theory by taking the external environment, technology, strategic content, size and structure of the firm and client.

Findings:

This study shows that in Sri Lanka, integrated reporting and assurance is not carried out with the same degree of rigour as the financial audits by the clients. As assuring integrated reports is not a mandatory requirement, any adverse change in the country or the world such as political, economic and social can result in losing clients. On the other hand, technological development is the main factor that determines the competitiveness of assurance providers. The strategy of an assurance firm should be tailored to ensure high-quality output, with all internal functions, including HR, aligned accordingly.

Practical implications:

This study emphasises the key areas that practitioners should prioritise when engaging in their work. It also identifies the limitations and emerging opportunities in this field that require immediate attention from standard setters and regulators. Furthermore, these findings aim to raise awareness among clients, guiding them to provide practitioners with high-quality, sufficient, and reliable information, thus enabling successful engagement.

Originality/ value:

This is one of the first studies that identify the challenges encountered by assurance providers in developing countries relating to integrated reporting assurance.

Keywords: Assurance Providers, Contingency Theory, Developing Countries, Integrated Reporting, Sri Lanka

Impact of non-audit services on audit independence and audit quality: Evidence from Sri Lanka

Shabeer, M.Y.M. and Udayashantha, P.D.C.
University of Sri Jayewardenepura, Sri Lanka

Purpose:

This study aims to address the contrasting relationship between the provision of non-audit services (NAS) on audit independence and audit quality which has a dearth of studies in the context of Sri Lanka. The purpose of the study is, therefore, to investigate the impact of the provision of NAS on audit independence and audit quality in the context of Sri Lanka.

Design/ methodology/ approach:

Data was collected from 165 external auditors who work in the Big 4 and non-Big 4 audit firms in Sri Lanka. Descriptive statistics were used mainly in analysing the data.

Findings:

The findings suggest that the provision of NAS can have a dual impact on audit independence and audit quality. More specifically, the provision of NAS can impair audit independence while improving audit quality. These findings highlight the potential conflict of interest created by providing NAS and its impact on audit independence and auditors' reporting decisions. Further, it recognises the positive effect of NAS on the technical expertise and efficiency of audit engagements.

Practical implications:

This study emphasises the importance of carefully considering the provision of NAS and its impact on audit independence and the overall quality of the audit engagements while considering auditors' reporting decisions. The study also provides suggestions for future research, such as exploring other factors that could influence these variables, using a more diversified sample, and collecting data using other methods. The findings are valuable for accounting bodies, researchers, practitioners, and policymakers in the field of auditing and accounting, as well as for countries facing similar challenges in maintaining audit independence and ensuring high-quality audits.

Originality/ value:

The study contributes to the existing literature by examining the impact of providing NAS on audit independence and audit quality in the unique context of Sri Lanka. It addresses a research gap within the Sri Lankan context and provides practical knowledge and understanding specific to an emerging economy.

Keywords: Audit Independence, Audit Quality, Auditors' Reporting Decisions, Non-Audit Services, Sri Lanka

Readiness and challenges of implementing LKAS 29 - Financial Reporting in Hyperinflationary Economy: Perception of accounting professionals in Sri Lanka

Shehan, R.P.C. and Manawadu, I.N.
University of Sri Jayewardenepura, Sri Lanka

Purpose:

The main objective of this research is to examine the readiness and challenges of adopting LKAS 29 (Financial Reporting in Hyperinflationary Economies) in the Sri Lanka context. The lack of studies relating to financial reporting for hyperinflationary situations encouraged us to develop this kind of study.

Design/ methodology/ approach:

This study selected accounting professionals (accountants, finance managers, CFOs, and CEOs) in listed manufacturing, finance and industrial sector companies in Sri Lanka. As per the Central Bank of Sri Lanka, these sectors were more important for growth in our economy. A sample of 100 random professionals was selected for our study. Descriptive analysis was used in this study.

Findings:

The study finds that only 19% of accounting professionals have a clear understanding of the challenges of implementing LKAS 29. Also, most of the companies have the challenges of resource availability, pressures, and regulatory requirements when implementing LKAS 29 in financial statements.

Practical implications:

This study focuses on CEOs, finance managers, and accountants, providing them guidance on how they should be prepared to focus on the assessment of LKAS 29 within the context. Also, the findings of this study suggest that the board of directors should determine the training of staff and quantify the effects of LKAS 29. Ultimately, they will determine the enhancements need for their systems to reach some complex calculations of LKAS 29.

Originality/ value:

This is one of the first studies that examined LKAS 29 in the Sri Lankan context.

Keywords: Accounting Standards, Economy, Financial Reporting, Hyperinflation, Sri Lanka

**TECHNICAL SESSION 2 - SUSTAINABILITY MANAGEMENT AND
REPORTING**

Accountants' role in contributing to corporate sustainability practices under the current financial and economic crisis: Evidence from Sri Lankan apparel manufacturing industry

Balasooriya, B.A.D.S. and Samudrage, D.N.
University of Sri Jayewardenepura, Sri Lanka

Purpose:

This study aims to discuss the role of accounting professionals in connection to corporate sustainability practices and how they handle any difficulties that may arise during the current economic crisis in Sri Lanka.

Design/ methodology/ approach:

This study was conducted following a qualitative approach to gain a better understanding of the key research issue. Four semi-structured interviews were conducted with sustainability professionals in leading apparel manufacturing companies in Sri Lanka.

Findings:

Accounting professionals are responsible for integrating environmental, social, and governance (ESG) considerations into financial reporting, decision-making process, and overall corporate strategy. However, the adoption of corporate sustainability practices can present certain challenges for accounting professionals such as lack of standardisation, data availability and quality, the complexity of non-financial reporting and stakeholder expectations. This research study does not only stress out the methods of overcoming challenges when adopting corporate sustainability practices but also the methods that could have been used as a tool for gaining a competitive advantage for the organisation during the economic and social crisis.

Practical implications:

It is expected that the findings of this research study will contribute to identifying best practices adopted by accounting professionals and organisations in promoting corporate sustainability during economic crises, developing guidelines and frameworks specially tailored to address sustainability challenges in times of economic crisis and strengthening stakeholder engagement.

Originality/ value:

The research study contributes to the existing literature by investigating the role of accountants in contributing to corporate sustainability during a crisis. Only a few studies have been conducted recently on how accounting professionals can contribute to corporate sustainability practices, especially during an ongoing crisis.

Keywords: Accountant's Role, Corporate Sustainability, Crisis, Sustainable Development

The moderating effect of GRI compliance in the relationship between sustainability disclosures and firm value in Sri Lanka

Jayasekara, W.M.H.K. and Manawadu, I.N.
University of Sri Jayewardenepura, Sri Lanka

Purpose:

Prior studies have mostly examined the relationship between sustainability disclosures and firm value. Despite the availability of the Global Reporting Initiative (GRI) as an accepted universal standard for sustainability disclosures, there is a dearth of studies in Sri Lanka that uses GRI as a moderator. Hence, this study examines the moderating role of GRI compliance in the relationship between sustainability disclosures and firm value in Sri Lankan listed companies.

Design/ methodology/ approach:

Data was collected from the annual reports of 30 listed manufacturing companies encompassing seven industries from 2013 to 2022. The authors employed signaling theory and a generalised method of movement model to study how corporate sustainability disclosures impact firm value when using GRI compliance as a moderator.

Findings:

The results reveal a positive and significant relationship between sustainability disclosures and firm value. This study illustrates that GRI compliance has a moderating effect on the relationship between sustainability disclosures and firm value. When adopting the GRI guidelines in sustainability reporting, firm value is increased. But individually, GRI compliance does not positively affect the firm value.

Practical implications:

The findings of the study provide a favourable signal for managers, industry analysts, investors, lenders and customers to adopt GRI guidelines and understand the value of the firm when making their decisions. Further, it reveals the need for regulatory frameworks for adopting sustainability practices for listed companies in Sri Lanka.

Originality/ value:

As it is observed, no prior study has examined the direct relationship between GRI compliance and its moderating effect on the relationship between sustainability disclosures and firm value in the Sri Lankan manufacturing sector. Further, this study is valuable for managers and industry analysts for implementing sustainability disclosures voluntarily and using GRI guidelines to add value to the firms.

Keywords: Firm Value, Generalised Method of Movement Model, GRI, Signalling Theory, Sri Lankan Manufacturing Sector, Sustainability Disclosures

Adoption of United Nation's Sustainability Development Goals (SDGs) in a private commercial bank in Sri Lanka

Kaushika, J.P.N. and Manawaduge, A.S.P.G.
University of Sri Jayewardenepura, Sri Lanka

Purpose:

This study aims to highlight the role played by commercial banks in reporting on SDGs and emphasise the importance of their contribution to sustainable projects.

Design/ methodology/ approach:

Data was collected using semi-structured interviews with 10 officers who represented the sustainability committee of the selected bank. Additionally, secondary data was gathered from annual reports, internal guidelines, and research articles. Thematic analysis was utilised to analyse the collected data.

Findings:

The findings of this study reveal that the bank employs diverse strategies to implement SDGs. These strategies encompass developing sustainable finance products, promoting financial inclusion, and reducing environmental impact. The bank has established specific departments and a unit dedicated to sustainability and SDG implementation, while others have integrated sustainability goals into their overall business strategy. To measure and track its progress toward achieving the SDGs, they engage with stakeholders, such as customers, investors, and civil society, to gather feedback, do self-sustainable audits by hiring external auditors, and collaborate on sustainable solutions.

Practical implications:

Loan interest is one of the main income sources for a bank. Banks indirectly become the main financier of commercial projects when providing funding. Consequently, any social or environmental issues associated with these projects can directly impact the goodwill of a bank. Hence, this study sheds light on the importance of project evaluations for banks, assisting them in rejecting unsustainable projects or informing them to make the necessary adjustment to project proposals.

Originality/ value

Many case studies can be found on the adoption of SDGs in the banking sector globally. Yet, there is a dearth of studies in the Sri Lankan context.

Keywords: Banking Industry, Lending Facilities, Sustainability Development Goals, Sustainability Reporting

Employee awareness towards e-waste management in the financial sector of Sri Lanka

Madhushika, H. and Gunarathne, N.
University of Sri Jayewardenepura, Sri Lanka

Purpose:

Financial institutions heavily use electronic and electrical products in their operations. Yet, e-waste management awareness among employees has not been explored, as prior research focused mostly on public awareness. Therefore, this study aims to identify the impact of employee awareness on e-waste management practices in the financial sector in Sri Lanka.

Design/ methodology/ approach:

The conceptual model of this study was developed by combining the theory of planned behaviour and the theory of situational awareness. Regression analysis was used to analyse data collected from 85 financial sector employees through a questionnaire.

Findings:

The findings revealed that employee awareness has a moderate positive impact on e-waste management practices. The results confirm employee attitude and subjective norms are impacting employee awareness and behavioural intentions towards e-waste management are partially mediating the relationship between employee awareness and e-waste management practices.

Practical implications:

The study suggests that employers have a major role in changing employee attitudes favourably about e-waste management. It also highlights the need for the producers of electronic and electrical items to create awareness about the effective usage of office-based electronic devices such as printers, laptops, cables, and air conditioners. Further, it shows how co-workers are in a position to motivate and pressurise their peers to make informed decisions on e-waste management practices such as the reuse of electronic products (e.g., laptops and mobile phones), reducing wastage in printing, and disposal of electronic waste responsibly.

Originality/ value:

There is a scarcity of studies on employee awareness towards e-waste management specifically in the financial sector of Sri Lanka. This is one of the first studies that analyse the impact of awareness variable on an actual behaviour (e-waste management) combining the theory of planned behaviour and the theory of situational awareness.

Keywords: Employee Awareness, E-Waste, Financial Sector, Theory of Planned Behaviour, Theory of Situational Awareness

Influence of economic crisis and pandemic on the implementation of environmental management accounting techniques and environmental strategies in the hotel sector: Insights from Sri Lanka

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Purpose:

While studies on environmental management accounting (EMA) and environmental strategies do exist, the influence of unfavourable periods on the implementation of these practices remains largely unexplored. This study thus explores the factors influencing the execution of EMA techniques as well as environmental strategies in the hotel sector, specifically exploring the potential effects of the continuing financial downturn and outbreak on these practices.

Design/ methodology/ approach:

This study followed a multiple case study approach by selecting two hotels. Primary data for this analysis were collected from semi-structured interviews with the managers, engineers, accountants, and sustainability committee. Data were analysed using the thematic approach based on isomorphic forces in the institutional theory.

Findings:

The study reveals the impact of normative, coercive, and mimetic pressure in implementing environmental practices during an unfavourable time. Environmental legislation as coercive pressure had a positive influence on implementing environmental practices whereas the parent companies acted as a barrier in implementing such practices during the pandemic and crisis period. Nevertheless, normative pressures were quite neutral while mimetic pressures had a significant impact on implementing environmental management practices.

Practical implications:

This study emphasises the importance of strengthening environment-related regulations and legislation for policymakers. It also underscores the need for providing learning insights on sustainability by environmental professionals and institutions. Additionally, it highlights the value of peer companies, especially leading and large companies in similar industries, sharing their innovative ideas and strategies as industry norms, particularly in relation to reforms and further advancements in EMA techniques and environmental strategies during challenging periods.

Originality/ value:

This is one of the first studies to explore how that factor influences to implementation of EMA and strategies in the hotel sector in an economic crisis and the Covid-19 pandemic.

Keywords: Economic Crisis, Environmental Strategies, Environment Management Accounting, Hotel Sector, Sri Lanka

Biodiversity reporting in Sri Lanka: Coverage and trend

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Purpose:

Effective biodiversity management requires systematic biodiversity accounting and reporting. However, the adoption of biodiversity reporting in Sri Lanka remains largely unexplored. This study thus assesses the coverage and trends in biodiversity reporting in Sri Lanka based on the Global Reporting Initiative (GRI) framework.

Design/ methodology/ approach:

The biodiversity disclosures of 28 companies listed on the Colombo Stock Exchange were evaluated using the content analysis tool. The data was collected from the published annual reports for three years from 2019-2022. A disclosure quality index was developed to measure the data. The coverage was described using descriptive statistics, while ANOVA and paired sample t-test were applied for analysing the trends. Subsequently, the findings were theorised using the legitimacy theory.

Findings:

This study shows that Sri Lankan listed companies scored poorly in biodiversity reporting. It is noted that such information is generic when it is presented. Despite the low scores, the extent and coverage of the biodiversity disclosures have gradually increased over time. Besides, the Sri Lankan entities provide biodiversity information to attain social legitimacy accompanied by coercive, mimetic, and normative pressures.

Practical implications:

Top management can use the findings of this study to assess their degree of biodiversity disclosure and to detect any gaps because it indicates the reporting areas to be addressed and improved. Further, this study stimulates non-reporting firms to adopt biodiversity disclosure practices. Finally, the study provides an index for assessing the quality of biodiversity disclosure for practitioners and researchers.

Originality/ value:

This is the first study that evaluates the compliance of biodiversity reporting adopters with the GRI framework over time in Sri Lanka. Further, the study develops a quality scoring index for the first time in evaluating biodiversity disclosures.

Keywords: Biodiversity, Biodiversity Reporting, Global Reporting Initiative (GRI), Sri Lanka

Corporate sustainability reporting in line with GRI framework: Developed vs. developing countries

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Purpose:

This paper aims to investigate and compare the sustainability reporting practices of companies in developed versus developing countries as per the GRI framework. There is a scarcity of research on sustainability in developing countries while there is a high level of understanding of the issue in affluent ones.

Design/ methodology/ approach:

For this study, five each from developed and developing countries were chosen. The study sample contains 216 companies from developed including the USA, UK, Australia, Germany, and Sweden and developing countries including China, India, Sri Lanka, Taiwan, and Malaysia. The data was collected from sustainability reports published from 2017 to 2022 by the selected entities.

Findings:

This study found that both developing and developed countries have relatively low scores on sustainability reporting. Further, it indicated that organisations in developed countries disclose slightly more sustainability-related data than businesses in developing countries albeit this difference was not statistically significant.

Practical implications:

Although awareness of sustainability has grown in both developed and developing nations, there is still a need to implement more sustainable accounting practices. As standardised frameworks are being introduced, developed countries have to increase the practical usage of the GRI framework. The adoption of sustainable accounting practices has steadily increased in developing countries, but research suggests that this adoption is not yet at its highest potential, and there are still issues that need to be addressed.

Originality/ value:

Past researchers on sustainability reporting have predominantly concentrated on developed nations, leaving a dearth of studies on the subject in developing countries. However, it has been observed that developing countries are increasingly embracing sustainability reporting. For this study, developing countries were represented by those with limited prior studies, whereas developed nations were represented by countries worldwide.

Keywords: Developed Countries, Developing Countries, GRI Framework, Sustainability Reporting

**TECHNICAL SESSION 3 - TECHNOLOGY AND INNOVATION IN
ACCOUNTING**

An analysis of the cloud computing practices on small and medium enterprises' (SMEs') financial performance

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University of Sri Jayewardenepura, Sri Lanka

Purpose:

The aim of the study is to present the existing cloud computing practices and their impact on SMEs' financial performance as there are no prior studies on cloud computing practices among SME holders.

Design/ methodology/ approach:

The data was collected using a sample of 94 SMEs in the Colombo district which are listed in the Ceylon Chamber of Commerce Centre for SMEs and those with less than 100 employees. The data collection was conducted using an online questionnaire.

Findings:

Cloud computing practices can be mainly identified as SaaS, IaaS and PaaS. Cloud computing practices are used either individually or in combination in the real-world business setting. The study finds that the majority of SMEs used cloud computing in conjunction with SaaS and IaaS rather than using it separately. The findings elaborated that the financial performance of SMEs is positively impacted by all cloud computing practices individually or by a combination of cloud computing practices.

Practical implications:

The findings of the study are anticipated to benefit SMEs by enabling them to expand the usage of cloud computing practices further. Also, cloud computing lowers IT expenses, which will ultimately cause to enhance the financial performance of businesses. Furthermore, the study can be used by employees, prospective investors and employees of SMEs for the decision-making process.

Originality/ value:

The use of cloud computing is very common among large-scale companies since they have been using these practices for years. Consequently, a number of studies have been conducted on large-scale companies and their usage of cloud computing practices. However, only a limited number of SMEs use cloud computing practices. Therefore, this study is geared toward SMEs in Sri Lanka, which makes the study unique.

Keywords: Cloud Computing, Financial Performance, IaaS, PaaS, SaaS, SMEs

Future relevance of innovative information technology in external auditing and the gap between the expertise on such future relevant IT techniques and current audit expertise in Sri Lanka

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Purpose:

In order to address an identified empirical dearth and due to its contemporary significance, this study first examines the perception of current expertise and the expertise on the future relevant innovative information technology (IT) based techniques of external auditors; then, assesses whether there is a gap between current auditor expertise and future relevance in Sri Lanka. Also, this study identifies the characteristics of auditors, that affect the current auditor expertise in IT and the future relevance of innovative IT.

Design/ methodology/ approach:

This study's population consisted of external auditors in Sri Lanka, including auditors ranging from audit juniors to audit partners, from both Big 4 and non-Big 4 audit firms. Accordingly, a sample that consisted of 200 auditors was selected using a convenient sampling strategy. A structured questionnaire was used to gather data, which were analysed using descriptive and inferential statistics.

Findings:

The study found that external auditors have sufficient expertise, and they recognise the future relevance of IT in their field. Further, findings indicated that there is a gap between perceived current IT expertise and perceived expertise on future relevant IT-based techniques of them. Moreover, in terms of auditor characteristics, work experience and the position of external auditors were identified as key factors affecting both current IT expertise and the future relevance of IT.

Practical implications:

The findings of this study suggested that there is a gap between the current IT expertise and the expertise on future relevant IT-based techniques, and therefore immediate and active steps should be taken to address this gap by relevant regulatory and educational authorities. This is also expected to reduce the audit expectation performance gap.

Originality/ value:

This study is a pioneering attempt in an emerging market context to examine the current IT expertise and the expected expertise in future relevant IT-based techniques and thus fills an observed empirical dearth. Moreover, the findings of the study provide significant policy implications.

Keywords: Current IT Expertise, External Auditing, Future IT Relevance, Innovative Information Technology

Impact of information technology investment on financial performance: Evidence from licensed commercial banks in Sri Lanka

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Purpose:

The study focuses on the impact of information technology investment on the financial performance of licensed commercial banks in Sri Lanka.

Design/ methodology/ approach:

The sample of the study consisted of 13 licensed commercial banks in Sri Lanka. The data was gathered from annual reports and published data from 2015 to 2022. Correlation analysis, linear regression analysis, and panel regression analysis were employed as the primary statistical methods to examine the relationships of the study. Information technology investment was measured using hardware and software investment, the number of ATMs, and the availability of cyber branches.

Findings:

The study demonstrated that financial performance has a weak positive relationship with investment in hardware and software and the number of ATMs. However, this study found that there is no significant relationship between financial performance and the availability of cyber branches of licensed commercial banks in Sri Lanka.

Practical implications:

The study emphasises the importance of careful planning and execution of information technology investments to maximise the financial benefits. Moreover, it offers policymakers valuable insights into the potential advantages associated with promoting information technology investment in the banking sector. This study suggests that banks should continue to invest in information technology in order to remain competitive and improve their financial performance. The study enhances understanding of how information technology initiatives drive growth and help achieve strategic objectives in the banking industry.

Originality/ value:

This is a pioneering study that contributed to the literature on information technology investment in the banking industry using data collected over seven years. Prior research has primarily focused on other sectors and often in different countries, making the findings of this study a valuable addition to the existing literature.

Keywords: Banking Sector, Financial Performance, Information Technology Investment, Sri Lanka

Factors associated with the adoption of data analytics in the internal audit functions: Empirical evidence from Sri Lankan listed companies

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Purpose:

In order to address the empirical dearth observed and contemporary topical significance, this study examines the factors that have an impact on the adoption of data analytics by different internal audit functions (IAFs) in the Sri Lankan listed companies.

Design/ methodology/ approach:

Using a self-administered structured questionnaire, this study secured 105 valid responses from a population of internal auditors of the internal audit departments of the listed companies in Sri Lanka. Adopting a quantitative approach, the data were analysed using bivariate correlation and multivariate regression analysis.

Findings:

The study finds that the information technology infrastructure of the internal audit departments, the internal auditor's trust in technology, and organisational support towards the internal audit departments are the significant factors associated with the adoption of data analytics by IAFs.

Practical implications:

The study suggests that data analytics adoption in IAFs may face obstacles when organisations fail to consider its suitability within their existing context. Therefore, it is essential to consider the above significant factors for the successful adoption that will enhance both the efficiency and effectiveness of the IAFs.

Originality/ value:

Currently, there is a dearth of studies as well as mixed evidence on the factors that affect the adoption of data analytics in IAFs. Hence, this provides further evidence to clarify the relevant factors that are associated with the successful adoption of data analytics by IAFs in the context of a developing country context by selecting Sri Lanka as the study setting.

Keywords: Adoption, Data Analytics, Internal Audit Function, Sri Lanka

Predicting fraudulent financial reporting using artificial neural network in companies listed on the Colombo Stock Exchange (CSE)

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Purpose:

This study aims to identify the factors affecting fraudulent financial statements and to predict fraudulent financial reporting using an artificial neural network (ANN).

Design/ methodology/ approach:

Data was collected through the published financial statements of the companies listed on the CSE from 2017-2022. The Beniesh M-score acted as the benchmark for differentiating financial statements and selected the 68 possible manipulated companies and 47 possible non-manipulated companies. The selected sample has been used to generate the results from the data mining technique of ANN to achieve the research objective.

Findings:

This research study classified the fraudulent financial reporting for the period of 2017- 2022 and the model had a success rate of 92% for its predictions. Pressure, opportunity, and rationalisation have been identified as the main influencers to be involved in fraudulent financial reporting.

Practical implications:

The ANN facilitates to differentiation of possible manipulated financial statements and possible non-manipulated financial statements, allowing investors, lenders, auditors, and regulatory bodies to make proper decisions based on the predicted output. By relying on these predictions, these parties can recognise any red flags or inconsistencies in financial statements, enabling them to take early measures to mitigate the adverse consequences.

Originality/ value:

In Sri Lanka, there is a lack of research studies on the usage of the ANN model for the prediction of fraudulent financial reporting. Hence, this study facilitates the identification of the use of supervised backpropagation in ANN to predict manipulated financial statements.

Keywords: Artificial Neural Network (ANN), Backpropagation technique, Beniesh M-score, Fraudulent Financial Reporting, Prediction

Adoption of information technology (IT) by external auditors in Sri Lanka

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Purpose:

Prior research on the state of IT adoption in audit firms in the Sri Lankan context remains unexplored. Hence, this study aims to examine the level of adoption of IT in auditing and its perceived significance in Sri Lanka.

Design/ methodology/ approach:

This study collected data from 250 external auditors by using an online questionnaire. The adoption and perceived significance of nineteen audit applications and six productivity tools used in audit firms were measured. Mann-Whitney and Kruskal-Wallis tests were used to test the research hypotheses.

Findings:

The adoption level and perceived significance of IT differ substantially according to the type of audit firm based on size. However, the adoption level of only six audit applications and the perceived significance of only eight audit applications differ according to the client's technological proficiency.

Practical implications:

The findings of the study highlight the need for auditors to possess knowledge and skills related to IT. Furthermore, auditors should understand which IT tools to prioritise based on the type of firm because the resource capability of the type of audit firm affects the effectiveness of conducting audits.

Originality/ value:

This study makes an important contribution as one of the pioneering research efforts to investigate both the level of IT adoption in auditing and its perceived importance within the context of a developing country. Exploring these aspects provides valuable insights into the unique dynamics of IT utilisation in the auditing profession, shedding light on an underexplored area of research.

Keywords: Auditing, Information Technology, Level of Adoption, Perceived Importance

Impact of ERP systems on management accounting: The case of a Sri Lankan private sector conglomerate

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Purpose:

The purpose of this paper is to explore how Enterprise Resource Planning (ERP) system implementation will affect management accounting practices and the activities of management accountants in a Sri Lankan private sector conglomerate. It contributes to resolving the dilemma in the relationship between ERP systems, management accounting practices, and the activities of management accountants.

Design/ methodology/ approach:

The case study method was adopted while collecting primary data from semi-structured interviews from a Sri Lankan private sector conglomerate and its four listed subsidiaries in several industry sectors. Data were triangulated using other sources such as informal conversations and perusing documents. The collected data were analysed thematically based on prior literature.

Findings:

The results suggest that ERP implementation has a significant impact on management accounting practices in terms of automation, comprehensiveness, accuracy, and user-friendliness. Previous accounting methods have been improved or eliminated, and new methods have been introduced. The traditional tasks of management accountants have been automated or transferred while new roles such as analysis and advisory have been assigned upon the ERP implementation.

Practical implications:

The findings have significant implications for management accountants and other stakeholders such as top-level managers, ERP developers and vendors, and other similar organisations, particularly in terms of determining the impact of ERP implementation on management accounting practices and management accountants' activities in an organisation.

Originality/ value:

This is one of the first studies to explore the relationship between ERP systems, management accounting practices, and the activities of management accountants in the Sri Lankan context.

Keywords: Case Study, Enterprise Resource Planning System, Management Accounting, Sri Lanka

**TECHNICAL SESSION 4 - FINANCIAL MARKETS AND RISK
MANAGEMENT**

Impact of digital banking on customer satisfaction in the private commercial banking sector of Sri Lanka

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Purpose:

This study examines the effect of digital banking on consumer satisfaction in the private commercial banking sector of Sri Lanka while addressing the research gap of the existing studies which analysed digital banking perception from a consumer perception.

Design/ methodology/ approach:

Data for this study was collected from customers of Sri Lankan private commercial banks using a web-based online survey. Collected data was analysed using multivariate factor analysis, structural equation modelling, and analysis of variance by taking the main digital banking elements including ATM, internet banking, mobile banking, credit cards, debit cards and telephone banking, as the independent variables and customer satisfaction level as the dependent variable.

Findings:

The study shows that the development of digital banking platforms, including mobile, internet, and ATM services, has significantly improved the customer experience and increased clients' access to and comfort with banking. Overall, it cannot be denied that digital banking has a beneficial effect on customer satisfaction and that this trend will continue to benefit the banking sector.

Practical implications:

Understanding factors influencing digital banking usage and their impact on customer satisfaction aids private commercial banks in creating persuasive strategies for survival and outperforming competitors. Such findings would assist policymakers and bank managers in improving public awareness and trust in digital banking practices.

Originality/ value:

Despite the availability of many global studies that examined how banking practices are measured, no prior studies have been conducted in a developing nation in South Asia such as Sri Lanka. Since this study fully and explicitly discusses digital banking practices, this fills a vacuum in the literature.

Keywords: ATM, Credit Cards, Customer Satisfaction, Debit Cards, Digital Banking, Internet Banking, Mobile Banking, Telephone Banking

Factors affecting the usage of financial derivatives: Evidence from financial sector listed companies in Colombo Stock Exchange (CSE)

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Purpose:

This study examines the current context of financial derivatives and the factors affecting the usage of financial derivatives in listed companies in the financial sector of Sri Lanka.

Design/ methodology/ approach:

The latest annual report data of all 63 finance sector companies was referred to as secondary data collection while 137 valid responses were gathered from a questionnaire under the primary data collection, covering six factors including perception, misuse, expertise, risk management controls, benefits and legal factors based on prior literature. Descriptive and regression analysis methods were used to analyse the collected data.

Findings:

The findings indicate that 22% of the companies in the financial sector use derivatives (83% of the banks and 10% of finance companies use derivatives while insurance companies have not started using derivatives). Further, it was found that perceptions and risk management controls have a positive relationship with derivative usage while misuse, expertise, benefits, and legal factors have a negative relationship.

Practical implications:

The Securities and Exchange Commission of Sri Lanka and CSE have long considered facilitating the creation of derivative securities and markets which is yet to be established. Hence, the findings of the study will provide insights for the local regulators towards the establishment of the derivative market. Management of the companies will benefit by identifying the factors that impact the derivatives related decision making.

Originality/ value:

The study addresses the lack of updated studies on financial derivatives, and this is the first study conducted to identify the factors affecting derivative usage in Sri Lanka.

Keywords: Financial Derivatives, Financial Sector, Sri Lanka

Dynamic interlinkages among cryptocurrencies and global equity markets

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Purpose:

This study examines the dynamic interlinkages between cryptocurrencies and equity indexes, as well as the correlation among the chosen cryptocurrencies.

Design/ methodology/ approach:

The time-varying parameter vector autoregressions (TVP-VAR) combined with an aggregate joint connectedness approach were used to quantitatively assess the interconnectedness of the cryptocurrency market and the stock market in a time-varying manner. Three leading cryptocurrencies by market capitalisation (Bitcoin-BTC, Ethereum, Binance coin) and five stock indices from the global stock market (PFTS, PSEI, BSES.30, VN, S&P 500 index) based on the top five countries ranked in the global cryptocurrency adoption index 2022 were used for data collection through a rich database that covers weekly data from January 2018 to September 2022. Each cryptocurrency's weekly price was converted into a logarithmic return using $rt = \ln (Pt) / \ln (Pt-1)$.

Findings:

The overall interconnectivity within the VAR system was found to be 35.4%, indicating a low level of spillover effects. This suggests that stocks and cryptocurrencies are not considered dependent on each other. But, through the Dynamic pairwise connectedness test and network plot, it was discovered that the selected cryptocurrencies exhibit a significant link among themselves. BTC was the only cryptocurrency with connectivity to an equity Index. Also, it was found that PFTS, VN, BNB, ETH, PSEI, and BTC are net receivers of shock, while BSES 30 and S&P 500 are net transmitters of shock.

Practical implications:

The results can inform future investigations into BTC portfolio risk-return characteristics and investment possibilities. Also, policymakers may consider cryptocurrency behaviour and fluctuations in taking equity market-related decisions.

Originality/ value:

This study adds to the limited existing research on the correlation between cryptocurrencies and equity indexes. It is one of the first research conducted utilising the TVP-VAR approach considering the global cryptocurrency adoption index 2022.

Keywords: Bitcoin, Cryptocurrencies, Dynamic Connectivity, Equity Markets, TVP-VAR Approach

An analysis of factors affecting the implementation of Equity Crowdfunding in Sri Lanka

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Purpose:

The study aims to identify the factors affecting the implementation of Equity Crowdfunding (ECF) in Sri Lanka, investigate the investor mix, identify international trends of ECF, and investigate the relationship between the identified factors and the implementation of ECF in Sri Lanka.

Design/ methodology/ approach:

The population of this study consisted of investors of the Colombo Stock Exchange and the sample was selected from the members of the Chartered Financial Analyst Society, Sri Lanka (CFASSL) using the Simple Random Sampling method. Data was collected from 144 respondents through a structured questionnaire. Qualitative data were collected through each country's equity crowdfunding websites and quantitative data were analysed using inferential statistics such as hypothesis testing, confidence intervals, multiple linear regression analysis, analysis of variance, and descriptive statistics.

Findings:

The study reveals that ECF implementation in Sri Lanka is influenced by information disclosure (due diligence), and regulations imposed by the Securities and Exchange Commission, followed by the limits on investments. Investor mix affects the limits on investments. Mediating variables of capital market knowledge and risk tolerance are having indirect effects on the implementation of ECF.

Practical implications:

This study considers investors, issuers, regulators, and operators. ECF as a financing mechanism is potentially beneficial for startups. Further, ECF will provide investors with an ownership stake and non-monetary advantages such as influence and recognition. Regulators can set investment limits based on the provided insights.

Originality/ value:

The study identifies the right investor mix for equity crowdfunding in Sri Lanka and suggests regulatory agencies to set investment limits based on this mix. Results from Malaysia and Thailand support this choice. Regulators should focus on relevant aspects and enhance regulations and due diligence.

Keywords: Equity Crowdfunding, Finance, Investors, Sri Lanka

The impact of Covid-19 on the financial structure and performance of licenced commercial banks in Sri Lanka

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Purpose:

This study examines the impact of the Covid-19 pandemic on capital structure, liquidity, and profitability of licensed commercial banks in Sri Lanka and the determinants of profitability of commercial banks before and during the Covid-19 pandemic period. The current study was conducted to fulfil the literature gap which arose due to the dearth of studies in the local context.

Design/ methodology/ approach:

Data was collected from 72 annual reports of licensed commercial banks from 2018 to 2021. Ratio analysis was conducted by considering capital structure, liquidity and profitability as independent variables and the impact of Covid-19 on financial structure, liquidity and profitability as the dependent variable. The collected data was analysed using descriptive statistics, t-test, and multiple regression.

Findings:

The results of this study indicate that there is a significant impact of Covid-19 on the liquidity and profitability of licensed commercial banks whereas the impact on capital structure is insignificant. During the Covid-19 pandemic, higher non-performing loan (NPL), equity to asset (EAR), and loans to deposit (LTD) ratios had a negative impact on profitability (ROA & ROE) whereas inflation managerial efficiency, diversification, and size of banks did not have a significant impact on profitability.

Practical implications:

The findings provide insights for bankers, government and regulators when making policy decisions. Banks must reallocate their resources and reorganise their capital structure. Executives of banks should pass a review of their commercial strategies and financial decisions in order to minimise the negative impacts. Governments and regulators should improve the oversight of licensed commercial banks during a crisis and enhance their financial support for them.

Originality/ value:

Most of the prior research in the global context has been conducted to analyse the impact of Covid-19 on the Islamic banking industry. In the local context, researchers have focused on the sectors such as tourism, textile, and agriculture. Therefore, this is one of the first studies that examined the impact of Covid-19 on the capital structure, profitability, and liquidity of commercial banks in the context of Sri Lanka.

Keywords: Capital Structure, Commercial Banks, Covid-19, Liquidity, Profitability

Credit risk management practices of licensed commercial banks and licensed finance companies in Sri Lanka

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Purpose:

This study examines the perceptions of risk managers in banks and finance companies in Sri Lanka about the commonly used Credit Risk Management (CRM) practices and the significant perceptual differences in risk managers between banks and finance companies. Also, the research explores the most used CRM practice in a bank in Sri Lanka.

Design/ methodology/ approach:

This study utilises an explanatory sequential design in the mixed method. The quantitative phase involved a perception study conducted with 24 licensed commercial banks and 37 licensed finance companies in Sri Lanka. Risk managers responded through a Likert scale survey, analysed using descriptive and inferential statistics. The qualitative phase focused on a licensed commercial bank, using a case study approach, examining credit manuals, and conducting semi-structured interviews with risk managers.

Findings:

The study reveals the most common CRM practice in Sri Lankan banks is incorporating counterparty credit risk into interest rates. Finance companies rely on credit application forms and debt collection. Differences in perceptions exist between banks and finance companies, except for CRM process steps. Qualitative analysis of a selected bank shows the use of internal credit risk rating and a percentage in the prime lending rate calculation. These findings offer valuable insights into CRM practices in Sri Lanka's banking and finance sectors, with specific applications and sector-based variations.

Practical implications:

The study's quantitative findings have practical implications for risk managers in Sri Lanka, concerning coercive and normative isomorphism within institutional theory. Understanding peers' common perceptions of CRM practices offers valuable insights into industry norms and standards. This knowledge helps evaluate and align their CRM practices, ensuring compatibility with industry expectations.

Originality/ value:

This study's originality lies in Sri Lanka's unique developing country context, where CRM practices' implementation and effectiveness may differ from those in developed countries. These contributions enhance understanding and have practical implications for risk management in similar developing country contexts.

Keywords: Credit Risk Management, Licensed Commercial Banks, Licensed Finance Companies, Sri Lanka

**TECHNICAL SESSION 5 - ACCOUNTING EDUCATION AND
PROFESSIONAL DEVELOPMENT**

Updating the knowledgebase by the accounting profession in public practice to be resilient to a crisis: The case of the Institute of Chartered Accountants of Sri Lanka during the Covid-19 pandemic

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Purpose:

This study focuses on addressing how the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), responded to the Covid-19 pandemic, by updating its knowledgebase, in the sphere of public practice.

Design/ methodology/ approach:

This study is an explanatory case study based on the qualitative approach. The data were collected via semi-structured interviews with divisional heads, students, and professionals of CA Sri Lanka, published articles, and reports. Thematically, the themes that emerged from the data were matched with key concepts of the theoretical framework developed based on Abbott's (1988) writings in the sociological analysis of professions.

Findings:

The CA Sri Lanka, to maintain the monopoly of public practice, during the Covid-19 pandemic, updated knowledgebase, in collaboration with the International Federation of Accountants (IFAC), Sri Lanka Accounting and Auditing Standards Board (SLAASB) and Confederation of Asian and Pacific Accountants (CAPA). Consequently, CA Sri Lanka brought in changes to accounting standards, when accounting mainly for, inventory, property, plant *and* equipment, impairment of assets, government grants, revenue, events after the reporting period, financial instruments, fair value measurement, interim reporting, deferred tax, etc. Furthermore, in collaboration, CA Sri Lanka updated the public practice knowledge base through inspections on uncertainties and ethics. A dedicated resource gateway has also been developed for the benefit of stakeholders with solutions to technical problems.

Practical implications:

The findings of this study elicit the importance of updating the knowledgebase of a profession focusing on public practice during a crisis when performing professional work to protect its secured jurisdiction.

Originality/ value:

According to prior researchers, the professional accounting bodies' focus on public practice has been bringing in various apparatuses to secure a jurisdiction. This study elicits that, in a crisis, updating the knowledge base to be resilient is of paramount importance.

Keywords: Public Practice, Accounting Profession, Knowledgebase, Covid-19 Pandemic

An empirical analysis of accounting undergraduates' perspectives on integrating forensic accounting into the university curriculum in Sri Lanka

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Purpose:

This study examines the current level of forensic accounting education within Sri Lanka as a developing nation and its level of sufficiency from the viewpoint of accounting undergraduates who study in Sri Lankan government universities. Further, it explores their opinion of the appropriate approach to make this coverage.

Design/ methodology/ approach:

Data was collected using a questionnaire distributed among the third and fourth-year accounting undergraduates of Sri Lankan government universities where a total of 160 responses were secured. Descriptive statistics have been mainly used for the purpose of describing the collected data.

Findings:

The results state that the existing auditing course modules and stand-alone forensic accounting course units do not adequately cover forensic accounting topics in response to the rising demand for forensic accountants' services in Sri Lanka. Therefore, government universities in Sri Lanka are required to restructure the existing integration of forensic accounting education with more coverage. Further, as per the accounting undergraduates, the precise method of covering forensic accounting within accounting education would be to introduce a separate degree programme that covers all forensic accounting discussions.

Practical implications:

The findings provide insights for university administrators on how they can integrate forensic accounting into the accounting curriculum. Further, these suggested modifications will provide undergraduates with the necessary skills required to practice forensic accounting after graduation.

Originality/ value:

The extant literature on forensic accounting education mostly focuses on the perspectives of academics and practitioners. Hence, this adds insights into accounting undergraduates in the Sri Lankan context to the current body of literature. Further, it highlights undergraduates' desire to follow forensic accounting as a distinct and specialised degree programme.

Keywords: Accounting Education, Accounting Undergraduates, Forensic Accounting, Sri Lanka

The application of knowledge in professional work by accounting professionals in business with the Covid-19 pandemic: The case of a coir products manufacturing business in Sri Lanka

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Purpose:

The purpose of the study is to elicit how accounting professionals in business in a coir manufacturing business applied their knowledge in professional work to address business issues which emerged with the Covid-19 pandemic.

Design/ methodology/ approach:

This study is an explanatory case study carried out based on the qualitative research approach. The primary source of data collection was interviews and the secondary source of data collection was documentary review. The theoretical framework was developed by drawing from the writings of Abbott (1988) in the sociological analysis of professions. The data was analysed thematically. The themes that emerged from the data were matched with the key concepts in the theoretical framework developed for the study.

Findings:

The manufacturing company had business issues that emerged as a result of external forces such as the economic, political, and social environment. The accounting professionals in business addressed the business issues that emerged with the Covid-19 pandemic in multidisciplinary teams by the application of knowledge. These by increasing the demand for the professional work of accounting professionals in business within the manufacturing company.

Practical implications:

This study demonstrates that, within a crisis such as the Covid-19 pandemic, it is necessary to adapt their professional knowledgebase in the application of knowledge.

Originality/ value:

The study contributes to the accounting profession literature on the application of knowledge by accounting professionals in business, addressing business issues, as a response made due to external forces such as economic, political and social environment.

Keywords: Accounting Professionals in Business, Covid-19, Professional Knowledge, Professional Work

Association between organisational learning and job satisfaction of trainee auditors in Sri Lankan audit firms

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Purpose:

This study examines how the main three dimensions of organisational learning apply within the Sri Lankan context and the association between organisational learning and the job satisfaction of audit trainees. Further, this study investigates how this relationship differs based on gender and firm size.

Design/ methodology/ approach:

The data was collected from trainee auditors who work in the Big 4 and local audit firms in the Colombo district. A questionnaire consisting of fourteen questions was constructed to measure the main three dimensions of organisational learning (workplace interaction, supervision and mentoring, and supportive information systems) and job satisfaction. It also used two control variables (i.e., firm size and gender). Descriptive statistics, one-way ANOVA, one sample t-test and regression analysis were used in data analysis.

Findings:

The results of this study indicate that workplace interactions, supervision and mentoring, and supportive information systems are significantly associated with the job satisfaction of trainee auditors in Sri Lankan audit firms. Among these three dimensions of organisational learning, supervision and mentoring is the most significant factor which determines the job satisfaction of trainee auditors. Further, it was found that firm size has a positive relationship with job satisfaction while gender does not moderate job satisfaction.

Practical implications:

The findings of this study help to improve the management practices, decision-making process and human resource policies in audit firms and for trainees to improve their behaviour, attitudes and decision-making ability. It also suggests firms focus on the establishment of effective organisational learning cultures with workplace interactions, helpful supervision and mentoring and supportive information systems to satisfy trainees and retain them within the organisation.

Keywords: Firm Size, Gender, Job Satisfaction, Organisational Learning, Trainee Auditors

Challenges faced by women in career development: Perspectives from Sri Lankan apparel industry

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Purpose:

While there have been limited studies on the challenges faced by women in career advancement in developing countries, the obstacles encountered by females in the Sri Lankan apparel industry remain unknown. Therefore, this study examines the challenges faced by women in career development in the apparel industry of Sri Lanka.

Design/ methodology/ approach:

This study collected data from 200 female employees using a questionnaire by selecting leading apparel companies in Sri Lanka. Based on the 'glass ceiling theory', structural barriers, gender bias, stereotyping, individual mindsets and lifestyle choices were used as the independent variables which affect the dependent variable: career development of female employees.

Findings:

This study finds that structural barriers, gender bias, stereotyping, individual mindsets, and lifestyle choices negatively affect the career development of female employees in the apparel industry. Neglect in social gatherings, inflexible job roles, and perception of certain roles as incompatible with family responsibilities are significant structural barriers. Women face bullying and discouragement when challenging stereotypes. Many lack the confidence to advance their careers and may feel inadequate for promotions, sacrificing aspirations for family.

Practical implications:

This study sheds important policy implications for many interested parties such as employees, leaders and organisations in the apparel sector and other sectors. Since gender equality is an important aspect of achieving sustainable development, this study emphasises the importance of redesigning organisations to address the challenges faced by women and create an environment that nurtures their ability to achieve their goals.

Originality/ value:

This study is one of the first studies to analyse the challenges faced by women in progressing their careers in the apparel industry- in a developing context.

Keywords: Apparel Sector, Career Development, Gender Equality, Glass Ceiling, Sustainable Development

**TECHNICAL SESSION 6 - BEHAVIOURAL PERSPECTIVES IN
ACCOUNTING**

Auditor's perception on the level of usage and significance of fraud detection and prevention through software-based methods: Evidence from Sri Lanka

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Purpose:

The existing literature on fraud detection and mitigation strategies in Sri Lanka is limited and not focused on new fraud detection and prevention techniques. This study, therefore, examines the level of usage and significance of fraud detection and prevention through software-based methods in Sri Lanka according to the auditor's perception.

Design/ methodology/ approach:

A self-administered questionnaire was used to gather primary data. Correspondingly, the survey research design based on a non-probability sampling procedure was applied to choose a representative sample of 104 internal and external auditors at supervisory and senior levels. In order to analyse data, a descriptive analysis, mean ranking, independent sample t-tests and one sample t-test were used.

Findings:

The findings indicate that software-based fraud prevention techniques like firewalls, password protection, and virus scanning are the most popular and highly effective methods. Sophisticated techniques like genetic algorithms, K nearest neighbours, and random forests had the opposite effect. The obstacles observed have demonstrated that Sri Lankan businesses lack knowledge, lack of training, and fraud patterns are constantly evolving. Results of the data analysis provide evidence that there is a significant perception difference between male and female auditors in this regard.

Practical implications:

The findings of this study are expected to promote the most significant software-based methods for fraud detection and prevention among the policymakers to set relevant policies and practitioners of organisations to overcome the challenges in implementing them.

Originality/ value:

This study went beyond the fraud detection and prevention techniques that are used by other extant literature by adding more artificial intelligence and machine learning techniques to support future research directions. The findings of this study can support organisations to mobilise their resources on preventing those types of fraud while companies can increase productivity and profitability.

Keywords: Frauds, Forensic Accounting, Software-based Methods, Sri Lanka

Factors affecting the behavioural intention to adopt computer-assisted audit techniques (CAATs) in the audit process of external auditors in Sri Lanka

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Purpose:

Despite the advantages of CAATs, research indicates that external auditors do not consistently and frequently use CAATs, and they put less effort to include up-to-date audit software in the audit process. Yet, there is a lack of studies that investigate the factors that motivate external auditors to incorporate CAATs into their audit procedures and thus, this study expects to bridge this gap.

Design/ methodology/ approach:

150 external auditors from the Big 4 audit firms were selected using a convenience sampling method to collect data. Six independent variables (i.e., performance expectancy, effort expectancy, social influence, facilitating conditions, perceived trust, and perceived risk) and four moderating variables (i.e., gender, age, experience, and voluntariness to use) were also used to analyse the relationships among the dependent and independent variables using regression analysis.

Findings:

The results indicate performance expectancy, effort expectancy, perceived trust, and perceived risk have a significant positive impact on the external auditors' behavioural intention to adopt CAATs. Moreover, gender and age are found to moderate the relationship between the identified independent variables and the behavioural intention of external auditors to adopt CAATs.

Practical implications:

The study's findings offer valuable insights to stakeholders involved in promoting the usage of CAATs in audit fieldwork. Audit firms can enhance audit efficiency and effectiveness by organising training sessions that provide guidelines on utilising CAATs, thereby improving the knowledge and skills of audit practitioners. Additionally, regulators aiming to enhance audit quality can benefit from the implementation of CAATs, as they increase the likelihood of detecting material misstatements in financial statements.

Originality/ value:

The findings of this study provide evidence for the use of the Unified Theory of Acceptance and Use of Technology (UTAUT) model to evaluate technological adoption in the audit field. Also, this is one of the first studies that examine factors that affect external auditors to adopt CAATs into their audit procedures.

Keywords: Computer Assisted Audit Techniques, External Auditors, Unified Theory of Acceptance and Use of Technology

Factors affecting the audit quality reduction behaviour with the mediation effect of work stress in the Sri Lankan external audit context

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Purpose:

Due to the empirical dearth noted and contemporary significance, this study first investigates the impact of work-family conflict, time pressure, role ambiguity, and work overload on audit quality reduction behaviour (AQRB), and then examines the mediation effect of work stress on this relationship.

Design/ methodology/ approach:

The data was collected using a self-administrated structured questionnaire from 200 external auditors ranging from audit juniors to audit partners who work for Big 4 and non-Big 4 audit firms in Sri Lanka. Partial Least Squares Structural Equation Modeling (PLS-SEM) was used to analyse the data.

Findings:

The study reveals that time pressure and role ambiguity have a positive direct impact on AQRB. On the other hand, it was found that work stress positively mediates between time pressure, work overload, work-family conflict, role ambiguity, and AQRB.

Practical implications:

The study findings are important for audit practitioners, regulators, policymakers, and decision-makers to reduce dysfunctional audit behaviour and improve audit quality. Furthermore, such initiatives are expected to reduce the audit expectation performance gap.

Originality/ value:

This study is a pioneering attempt in examining factors impacting dysfunctional behaviour among external auditors in the Sri Lankan context and provide several important policy inputs to reduce such behaviour that leads to safeguarding the external audit profession.

Keywords: Audit Quality Reduction Behaviour, Role Ambiguity, Time Pressure, Work-Family Conflict, Work Overload, Work Stress

Exploring the impact of students' knowledge and attitudes regarding sustainable development concept in their sustainable behaviour

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Purpose:

This study examines the impact of students' level of knowledge and attitude regarding the sustainable development concept, on their sustainable behaviour addressing the streams of economic, environmental and social.

Design/ methodology/ approach:

Following a convenience sampling method, the data was collected using an online questionnaire from 307 fourth-year accounting undergraduates in Sri Lankan government universities. Accounting students were selected due to their relevant knowledge and background in the subject matter.

Findings:

The findings indicate that the students have a favourable level of knowledge, attitudes, and sustainable behaviour. They further imply that there is a strong positive relationship between students' sustainable knowledge and their sustainable behaviour. However, there is a weak positive relationship between students' attitudes and sustainable behaviour. Finally, the study finds that there is a significant difference in the sustainable behaviour of students depending on their university.

Practical implications:

The findings of this study suggest that universities need to take steps to enhance the students' knowledge in relation to the economic, social, and environmental aspects of sustainable development. This can be achieved by introducing the importance of the UN Agenda for 2030 emphasising sustainable development goals and sustainability-oriented reporting practices such as sustainability and integrated reporting.

Originality/ value:

The prior studies have mostly concentrated on assessing the student's knowledge, attitudes and behaviour relating to environmental sustainability while ignoring the social perspective of sustainable development. Further, there is a dearth of studies that examined the student's knowledge, attitude, and behaviour on sustainable development in Sri Lanka. This study, thus, focuses on all three aspects of sustainability among accounting undergraduates in Sri Lanka.

Keywords: Accounting Undergraduates, Attitude, Sustainable Development Goals, Sustainability, Sri Lanka

Factors affecting the tax compliance intention of individual taxpayers in Sri Lanka

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Purpose:

No prior studies have been conducted after the recent amendments to the tax law. This study, therefore, examines the factors affecting the tax compliance intention of individual taxpayers in Sri Lanka.

Design/ methodology/ approach:

Data was collected using structured questionnaires distributed among randomly selected 100 individual taxpayers in Western, Southern and North Western provinces in Sri Lanka. The tax compliance intention was measured in terms of five factors as tax morale, tax fairness, trust in government, tax complexity and tax awareness. The collected data was analysed using structural equation modeling. Further, this study was framed using the Theory of Planned Behaviour.

Findings:

The findings of the study indicate that tax morale, tax fairness and trust in government show a significant positive impact on the tax compliance intention of individual taxpayers. However, no significant impact was identified from tax complexity and tax fairness towards the tax compliance intention of individual taxpayers.

Practical implications:

It is expected that the findings of the study would allow both the policymakers and the tax authorities in the Inland Revenue Department to gain a better understanding of the key variables that are significantly associated with the intention of individual taxpayers to comply with tax laws. This would enable them to implement suitable strategies that will minimise potential negative effects and increase government revenue through tax collections.

Originality/ value:

With consideration of the latest tax reforms introduced to the Sri Lankan tax laws, this study tests the applicability of different factors towards the tax compliance intention of individual taxpayers in Sri Lanka. In addition, this study validates the applicability of the theory of planned behaviour in investigating the factors that affect on tax compliance intention of individual taxpayers. This study also contributes its findings to the dearth of recent local literature on this topic.

Keywords: Sri Lanka, Tax, Tax Compliance Intention, Tax Payers



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