

## IMPACT OF MANAGERS' INTENTION ON SUSTAINABILITY REPORTING OF LISTED NON-FINANCIAL COMPANIES IN SRI LANKA

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### INTRODUCTION

Managers' intentions on sustainability reporting are important parts of an organization. Sustainability reporting depends on managers' decisions. Their decision depends on their intention. Hence, evaluating how managers' intentions affect sustainability reporting is an important activity for all organizations. However, there are not sufficient recent studies related to this topic in the Sri Lankan context. This needs to be studied to justify what needs to be done for managers' intentions. This study is important for all managers, investors, and directors. Directors can identify the affecting factors for sustainability reporting and take action to change their intentions. Investors can make decisions based on identified concepts related to managers' intentions. Managers can manage their intentions and evaluate findings. Sustainability reporting is an important concept, but some organizations do not engage in it. It depends on the organization's management intention to report or not (Thoradeniya et al., 2015). Managers' intentions depend on attitude, subject norms, and perceived behavioral control (Aman & Ismail, 2017; Hutzschenreuter et al., 2007). These factors are used to evaluate the managers' intentions. The Partial Least Square analyses' findings demonstrate a relationship between managers' belief sets (behavioral, normative, and control beliefs) and their attitudes, subjective norms, and perceived behavioral control which in turn influence managers' intentions to participate in sustainability reporting.

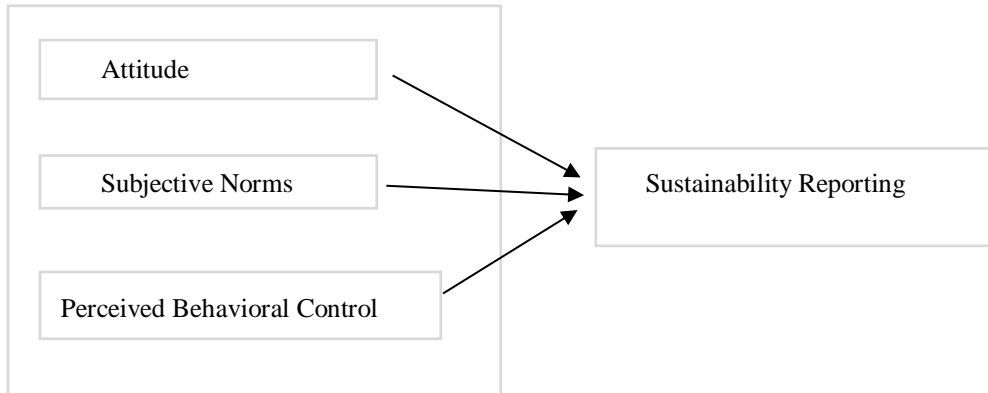
In the Sri Lankan context, inadequate studies related to management intention and sustainability reporting were found. Some studies related to sustainability practice, affecting factors, etc. (Economies, 2020; Thoradeniya et al., 2015). Sustainability reporting is updated day by day and can be concluded that Sri Lanka's sustainability reporting situation is improving and that corporations have gradually enhanced the quantity and quality of their sustainability disclosures (Sooriyaarachchi & Sooriyaarachchi, 2018). However, the Sri Lankan context hasn't been studied related in nearly years. Some studies related to this topic show various findings for the accountant side (Keong, 2020). According to this, this research's main purpose is to identify the managers' intention that affects sustainability reporting listed companies in Sri Lanka.

Accordingly, the problem of the study is "What is the impact of management intention on sustainability reporting listed non-finance companies in Sri Lanka?"

### METHODOLOGY

A quantitative approach was used to perform the study. The following conceptual framework was developed to show the relationship between managers' intentions and sustainability reporting.

**Figure 1**  
Conceptual Framework of the Study, 2023



Hypotheses were developed based on the previous research (Thoradeniya et al., 2015).

*H<sub>1</sub>*: Managers' attitude has a significant effect on the intention to engage in SR.

*H<sub>2</sub>*: Managers' subjective norm has a significant effect on the intention to engage in SR.

*H<sub>3</sub>*: Managers' perceived behavioral control has a significant effect on the intention to engage in SR.

Operationalization presents measuring types for intention to engage in sustainability reporting, attitude, subjective norms, and perceived behavioral control. This measurable unit is identified according to previous studies (Kwakye et al., 2018; Thoradeniya et al., 2015). 16 questions are used to measure all variables. The Population of the study includes all the top-level managers in non-financial companies listed in Sri Lanka. Based on the convenience sampling method. This study sample consists of 153 managers in listed non-financial companies in Sri Lanka.

This research uses primary data collection and questionnaires for data collection. It relates to a non-financial company listed in Sri Lanka. The questionnaire consists of sections such as personal information and variable analysis information. After preparing the questionnaire, it is sent to an expert opinion from the academic supervisor, selection persons, and a prior study. The validity of the questionnaire is measured. Related questions are given to companies' management and the response is used for research purposes. This study uses descriptive analysis and a structure equation model to examine structural relationships between measured variables and latent constructs. The structure equation model is used to examine the structural link between measured variables and latent constructs by combining component analysis and multiple regression analysis. It relates to the theory of planned behavior.

## RESULTS AND DISCUSSION

Demographic analysis was conducted as the first analysis. A PLS-SEM confirmatory factor analysis was conducted to assess the structural validity of the variables. The Standardized Root Mean Squared Residual (SRMR) of 0.079 and the Normed Fit Index (NFI) of 0.751 showed a good fit for the model. Provide SRMR values as high as 0.06 and the NFI is nearer to 1, the better the fit.

**Table 1**  
*Diagnostics for the confirmatory factor analysis*

Variables	Cronbach's Alpha	Composite Reliability (rho_a)	Composite Reliability (rho_c)	The average Variance Extracted (AVE)
Attitude	0.794	0.799	0.866	0.619
Perceived Behavioral Control	0.762	0.763	0.849	0.584
Intention to Engage in Sustainability Reporting	0.728	0.731	0.831	0.552
Subjective Norms	0.783	0.787	0.860	0.606

Presents diagnostics for the confirmatory factor analysis, which used Cronbach's Alpha to identify the reliability of variables. Previous studies have indicated that variables are reliable if their alpha value is greater than or equal to 0.80, Composite Reliability (CR) values are more than 0.70, and Average Variance Extracted (AVE) values are more than 0.50 (Kumari et al., 2022; Thoradeniya et al., 2015). This research analysis achieved all of these criteria, with Cronbach's Alpha values nearly equal to 0.80, CR values more than 0.70 and AVE values more than 0.50.

**Table 2**  
*Discriminant Validity Analysis*

Variables	Attitude	Perceived Behavioral Control	Intention to engage sustainability reporting	Subjective Norms
Attitude	0.787			
Perce. Behavioral Control	0.694	0.764		
Intent. to Eng. in SR	0.727	0.697	0.743	
Subjective Norms	0.690	0.721	0.622	0.778

*Note.* presents the measurement model that meets the Fornel and Larcker criterion, which meets the discriminant validity of the constructs.

**Table 3**  
*Structural Equation Model (SEM) Analysis*

Hypothesized paths	Path coefficients	T Values
Attitude → Intention to engaging sustainability reporting	0.601	4.693**
Perceived Behavioral Control → Intention to engage in sustainability reporting	0.271	2.125*
Subjective Norms → Intention to engaging sustainability reporting	0.012	0.224

\*\*p<0.01, \*p<0.05

Managers' attitude has a significant effect on the intention to engage in SR accepted supported with the TPB (t = 4.693, p 0.00) as the main affected variable and managers' perceived

behavioral control has a positive significant effect with the intention to engage in SR accepted supported ( $t = 2.125$ ,  $p 0.03$ ).

**Table 4**  
*Hypothesized Paths*

Hypothesized paths	Finding
Attitude —→ Intention to engaging sustainability reporting	Strongly Significant effect
Perceived Behavioral Control —→ Intention to engage in sustainability reporting	Significant effect
Subjective Norms —→ Intention to engaging sustainability reporting	Not Significant effect

## RESULTS AND DISCUSSION

This study aims to investigate the impact of managers' intentions on sustainability reporting. According to this aim, a theoretical framework to identify the impact of managers' intention on the sustainability reporting of non-financial companies listed in Sri Lanka. H1, H2, and H3 were consequently developed based on the TPB fundamental constructs of attitude, subjective norms, and perceived behavioral control.

The current research theoretical framework including TPB highly supports with research aim. PLS-SEM analysis helped to evaluate the research hypothesis and identify its impact easily. According to current research findings, H<sub>1</sub>: Managers' attitude has a significant impact on the intention to engage in SR is accepted with the TPB ( $t = 4.693$ ,  $p 0.00$ ). Previous studies supported this finding (Thoradeniya et al., 2015). Compared to the other categories, attitude seems to be a stronger predictor of intention (Flannery & May, 2000). According to current studies, attitude is a main impacted variable. It has a strong significant relationship.

The findings of this study do not support H<sub>2</sub>: Managers' subjective norm having a significant impact on the intention to engage in SR ( $t = 0.224$ ,  $p > 0.05$ ). Instead, they support the idea that subjective norms serve as a key construct to explain social pressure from shareholders, employees, community, and management to influence behavioral intentions. This conclusion concurs with Thoradeniya et al. (2015) and Cordano & Frieze, (2000) reported unrelated outcomes. This may be the reason for the different characteristics of the sample and the period change effect. Current economic and social environments are mostly different from earlier situations. That can change some impact. On the other side, google Forms presented a high number of responses related to senior-level managers. Occasionally, It can't affect others for that kind of manager's intention. Perhaps, they are not concerned about employees' and other managers' pressure and they may be asked, what is the best thing for the company. At that time, they may be not concerned about others' pressure and respond with it.

Current research results, similarly showed that managers perceived behavioral control is positively correlated to engaging in sustainability reporting. In that, can identify H<sub>3</sub>: Managers' perceived behavioral control has a positive significant impact with the intention to engage in SR is supported ( $t = 2.125$ ,  $p 0.03$ ). This result is consistent with Thoradeniya et al., (2015) and Cordano & Frieze, (2000).

Considering all the results, it can be found that managers' intentions have a positive significant impact on engaging sustainability reporting. Because managers' attitudes and perceived behavioral control are positively affected. That can identify managers thinking sustainability reporting is a good and valuable thing for non-financial companies listed in Sri Lanka. Only negatively affect present subjective norms. Nevertheless, managers think of other parties' perspectives. That normally does not high effect on managers' thinking. It may be changing in various employment, shareholders, communities, and time.

## CONCLUSIONS AND IMPLICATIONS

This study found that managers' attitudes and perceived behavioral control have a positive relationship with the intention to engage in sustainability reporting. This research is important for managers, shareholders, employees, and other communities to improve their work with the environment. managers can improve their intentions for sustainability reporting and analyze others' thinking levels by engaging in sustainability reporting.

Shareholders can benefit from this research by identifying their impact level on managers' intentions, changing their thinking level for sustainability reporting, and understanding the value of sustainability reporting. This can help them understand the impact of managers on sustainability reporting.

Employees can identify their impact level for sustainability reporting on managers' intentions and use this knowledge to engage in sustainability reporting. They can then change their activities to align with the manager's intention.

Communities and investors use this research to make decisions about sustainability reporting. However, there are not enough studies related to managers' intentions and the relationship between sustainability reporting in Sri Lanka after 2015. This research fills the research gap and literature gap.

**Keywords:** Attitude, intention, perceived behavioral control, subjective norms

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