

Corporate Governance and Voluntary Disclosure Level: Evidence from Banking and Finance Companies in Sri Lanka

Panditharathna, K. M.¹ and Abeywardana, N. L. E.²

Drawing on the Agency Theory, the main objective of this research is to identify the relationship between corporate governance variables and voluntary disclosure level in banking and finance companies listed in the Colombo Stock Exchange (CSE). Sri Lanka. This study developed a voluntary disclosure index which includes 83 items under 9 sub categories. Through the content analysis for the period between 2012 and 2015 exhaust to gauging the levels of disclosures and panel data analysis used to measure the relationships. Moreover this study used size of the board, proportion of independent directors, and board with female directors and a large audit firm as independent variables and size of the firm, profitability, age and leverage are used as control variables. Empirical results show that independent directors and female directors on the board have significant positive relationships with voluntary disclosures whereas the board size has an insignificant positive relationship with voluntary disclosures and there is a significant negative relationship between voluntary disclosures and corporate governance.

Keywords: *Banking and Finance Company, Corporate Governance, CSE, Panel Data Analysis, Voluntary Disclosures*

¹ Department of Commerce and Financial Management, Faculty of Commerce and Management Studies, University of Kelaniya, Sri Lanka (kushanimanu@gmail.com)

² Department of Commerce and Financial Management, Faculty of Commerce and Management Studies, University of Kelaniya, Sri Lanka