

Environmental Accounting Practices and Firm Financial Performance: An Empirical Analysis of Selected Listed Manufacturing and Construction Companies in Colombo Stock Exchange of Sri Lanka

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Abstract

This research focused on the Environmental Accounting practices (disclosures) and the firm financial performance of the selected listed Construction and Manufacturing companies in Sri Lanka. The main objective of this research is to investigate the present state of environmental reporting practice of Sri Lankan listed companies and to show the relationship between EA disclosure level and financial performance of the selected companies.

Environmental Accounting disclosures and financial performance are being the main variable. GRI Guidelines were used as independent variable and also financial performance as dependent variable. Material, Energy, Water, Biodiversity and Emissions are used as environmental accounting disclosure aspects. All the companies listed in Colombo Stock Exchange under Manufacturing and Construction sectors were considered in this research. As well as the methodology follows the content analysis. The target population was 04 listed construction companies and 45 listed manufacturing companies. Both qualitative and quantitative data were collected using annual reports.

The findings of this research indicate that the environmental disclosure practice of listed Manufacturing and Construction companies in Sri Lanka is not at a satisfactory level. But there is a significant relationship between EA disclosure level and firm financial performance.

Key Words: Environmental Accounting Practices, Firm Financial Performance, GRI Reporting Guidelines, Return on Capital Employed (ROCE), Content Analysis