Firm Characteristics and Intellectual Capital Disclosure: Evidence from Sri Lanka

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The purpose of this study is to examine the level of voluntary intellectual capital disclosure (ICD) by Sri Lankan listed companies and to evaluate four main company characteristics; industry type, listing age, leverage and auditor type on ICD.

In current context ICD has identified as one of the most significant factors in creating and maintaining stakeholder value and gaining competitive advantages for the organization. Majority of these disclosures are qualitative, non-financial and historical oriented.

In this study the level of ICD is examined in all non-financial traded companies (222) listed in the Colombo Stock Exchange using content analysis for the period of 2016 to 2018. The results of the study show that; the industry type has a significant impact on the disclosure level while, listing age and leverage did not show any significant influence on ICD. Further, knowledge-intensive and high technology-based industries as well as companies with Big Four auditors showed higher level of ICD than other companies. All other companies except previously mentioned, showed a homogeneous disclosure patterns over time. This study contributes new insights to the existing literature on ICD in Sri Lanka as the first study to consider all listed non-financial companies, while inviting future researchers to conduct more ICD related research for a considerable time period with different content analysis techniques.

Keywords: Firm Characteristics; Intellectual Capital; Disclosure; Sri Lanka

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