

Impact of Sustainability Reporting Practices on Financial Performance in Listed Companies in Sri Lanka

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Abstract

The changing global environment is challenging businesses to look beyond financial performance to drive business. Sustainability has potential to influence company performance and its reporting contribute organizations to measure, understand and communicate their economic, environmental, social and governance performance, and then set goals, and manage change more effectively. This study is investigated the impact of Sustainability Reporting Practices on Financial Performance of listed companies in Sri Lanka by using the Global Reporting Initiative (GRI) framework. Data is collected from annual reports of the listed companies in CSE for the years 2015-2019 by representing five sectors: Beverage & Tobacco, Construction & Engineering, Manufacturing, Plantation and Power & Energy. The study measures and analyzes economic, environmental and social performance parameters, as suggested in the GRI guidelines. Statistical analysis would discuss on Sustainability Reporting practices and the Financial Performance of listed companies in CSE. The findings of the study would be suggested that managers, practitioners, regulators and policy makers in emerging economies should adopt the GRI guidelines to report sustainability performance disclosures and focus on specific factors to improve the quality of sustainability disclosures. The main contribution of this study is that it aims to increase the visibility of organizations and there continue ethical business practices.

Keywords: Financial Performance, Global Reporting Initiative (GRI), Return on Equity (ROE), Sustainability Reporting