

The Impact of Sustainability Reporting on Company Performance of Public Listed Companies in Sri Lanka

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Abstract

Sustainability Reporting is a voluntary requirement that consists of three aspects which are economic performance, environmental performance and social performance. The purpose of this study is to investigate the impact of sustainability reporting as a whole, and each of the aspects of sustainability reporting on company performance of Sri Lankan public listed companies. The sample of this study consists of all the non-financial companies listed in the Colombo Stock Exchange that disclose sustainability reports using GRI G4 guidelines/GRI Standards during the period of 2014/2015 to 2018/2019. For this study, secondary data were collected from the Colombo Stock Exchange and official websites of companies. Sustainability reporting, disclosure of economic performance, disclosure of environmental performance and disclosure of social performance were considered as the independent variables. Global Reporting Initiative (GRI) guidelines were assisted for calculating the disclosure index as a basis to measure all independent variables. Return on Asset (ROA) was used to measure the company performance. Descriptive statistics and panel data regression were used to test hypotheses using E-views statistical package. The findings of this study encourage public listed companies to adopt sustainability reporting disclosures according to GRI guidelines mainly to attract investors, to take operational decisions, to generate revenue and to achieve shareholder objectives.

Keywords: Sustainability Reporting, Company Performance, GRI, ROA, Colombo Stock Exchange.