

Impact of Integrated Reporting Disclosure Level on Value Relevance of Accounting Information: Evidence from Listed Companies in Sri Lanka

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The introduction of Integrated Reporting Framework by IIRC addressing the need of governing the disclosure of Non – Financial information in corporate annual reports significantly enhanced the accounting information’s value relevance. However, some studies concluded that <IR> disclosures do not enhance the value relevance of accounting information. Hence, the current study validates those contradictory ideas & conclude how <IR> impacts accounting information’s value relevance in the Sri Lankan context. For that purpose, the current study selected 38 listed companies considering four years of study period. The <IR> disclosure level measured using “<IR> Disclosure checklist” and accounting information’s value relevance measured using proxy measure of the “firm value” by taking the market price per share six months after each financial year ends. This study found that there is an increasing trend among the listed companies in the selected sample in terms of <IR> disclosures. However, the panel regression under fixed effect revealed the increasing level of <IR> disclosures negatively impacted on firm value or accounting information’s value relevance. Hence, this study encourages to promote <IR> and investors to get more familiar with taking firm valuation decisions with the support of <IR> disclosures. In addition, this study presents how the role of corporate regulatory bodies become vital in terms of pushing corporate reporters towards <IR>.

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