

Impact of Integrated Reporting adoption on Firm Value of Listed Companies in Sri Lanka

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Abstract

Traditional accounting practices became less effective with the time being to satisfy stakeholders' expectations. Integrated Reporting (IR) is the latest reporting innovation to eliminate the shortcomings of the traditional reporting principles. By considering those trend, this study focuses to investigate how the concept of IR affects to the value of companies those registered in Colombo Stock Exchange (CSE). This research identifies the impact & relationship between the level of IR adoption and firm value of the CSE listed companies. For this study, all IR adopted Sri Lankan listed companies were taken as population and randomly selected 50 companies were taken as sample. Data was collected from 2015 to 2020 using annual reports of selected companies. Level of integrated reporting adoption was the independent variable while profitability, market value and leverage were taken as dependent variables to substitute to the firm value. Descriptive statistics, regression analysis and correlation analysis were used to find the results. Findings of the study shows a positive relationship between IR adoption and firm value. Results of the study brings an idea to the interested parties of business, how Sri Lankan organizations' value creation process affected as they implemented and producing Integrated Annual Reports. This research is a good motivation to companies which have not adopted integrate reporting as reporting principle. The study is beneficial to interested parties of businesses such as investors. The findings of the study contribute to the literature of IR adoption and its impact on the firm value.

Key words: *Integrated Reporting, Firm value, Sri Lanka*