

CORPORATE SUSTAINABILITY REPORTING AND ITS IMPACT ON FIRM VALUE; EVIDENCE BY PUBLIC LISTED COMPANIES IN SRI LANKA

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Abstract

In the past few years, the adaptability of sustainability reporting has increased because companies should be responsible for the impact of their company activities on the environment. Hence most business organizations pay attention to identifying and connecting with the societal environment. This study mainly focuses on corporate sustainability reporting and its impact on firm value concerning the listed companies in Sri Lanka. The study used social, economic and environmental disclosure as corporate sustainability practices and evaluate their impact on the firm value of the companies listed on the Colombo Stock Exchange (CSE). In this study, 100 listed companies were selected that all the selected companies following the Global Reporting (G4) Guidelines. This study mainly used secondary data which gathered both financial and non-financial data from the annual reports of the selected companies. In this study descriptive statistics, correlation, and regression analysis were used to analyze data. The findings of this research demonstrate a moderate positive relationship between the corporate sustainability reporting disclosure including environmental, social, and economic disclosures and the firm value measured by ROA. Further, it shows a moderately positive correlation between ROE/ROA on firm value and corporate sustainability reporting, encompassing economic, environmental, and social disclosures. Thus, a company can achieve a moderately positive effect annually by taking into account both its financial and sustainability performance.

Key Words: *Corporate sustainability reporting, Firm value, GRI framework, Firms performance.*