

SUSTAINABILITY REPORTING AND FIRM VALUE OF LISTED COMPANIES IN SRI LANKA

Rajapaksha R.M.E.W.¹ and Perera P.R.M.R.²

¹*eshanirajapaksha000@gmail.com*; ²*malintha@kln.ac.lk*

Abstract

Sustainability reporting refers to the voluntary, solicited, or required disclosure of non-financial performance information to outsiders of the organization. Sustainability reporting is a relatively new topic in Asia, thus only a few studies have been conducted. This study investigates the relationship between sustainability and firm value, which helps to validate the importance of sustainability reporting.

The research uses three independent variables which are economy, environment, social category and three dependent variables which are return on asset (ROA), return on equity (ROE) & market value per share to measure the firm performance.

This study's sample include 20 manufacturing companies that publish sustainability reports and are listed in the Colombo Stock Exchange (CSE) from 2018 to 2022. Multiple regression model is used to test the hypotheses. Secondary data were collected from annual reports and sustainability reports from each selected manufacturing company based on predetermined criteria. In addition, data are gathered from the Colombo Stock Exchange.

This research would fill a contextual gap in this field. Based on the findings, researchers can provide some guidelines for increasing the firm's value through sustainability reporting. Sustainability reporting will aid the company's long-term success and survival by increasing its firm value, which will attract more investors.. Managers of companies can better position their firms to withstand by understanding the three pillars of sustainability reporting and how they influence firm value. This knowledge can help firm management to make better decisions in order to maximize firm value.

Key Words: *sustainability reporting, firm value, listed companies, Colombo stock exchange, return on assets.*