

Intellectual Capital Disclosure Practices: Evidence from Banking Industry in Sri Lanka

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Abstract

Intellectual capital (IC) is recognized as a strategic asset which gives competitive advantages by driving organizations for superior performance in the modern day knowledge-based economies. Traditionally, tangible assets have been considered as significant in the process of value creation, whilst, intangible assets have not been recognized as equally important. The IC, knowledge related intangible assets in its existence have become more important than physical assets during the last two decades. However, in developing nations there can be seen very less amount of IC studies that have been carried out in comparison to the developed nations. Having identified the usage of IC as a strategic asset in modern day business and recent developments in the field of knowledge-related intangible assets, the prospective value and at the same time importance of research on IC can be understood. Therefore, a study which is ground in other than the IC disclosures in the context of Sri Lanka is timely needed.

The objectives of the study are to identify the reporting trend in IC disclosure practices in licensed commercial banks in Sri Lanka and to examine the differences in the disclosure of intellectual capital among licensed commercial banks in Sri Lanka over the period of 2010 to 2015. The study is based on data drawn from 25 listed licensed commercial banks in Sri Lanka in the period of 2010 and 2015 and collected from published annual reports of the licensed commercial banks. Content analysis method was adapted to analyze the data and recorded using the framework identified through literature.

Keywords: *Banking Industry, Disclosure Practices, Intellectual capital,*