

Impact of Sustainability Reporting on Firm's Financial Performance: A Comparative Analysis between Banking Industry and Consumer Service Industry Companies in the Colombo Stock Exchange in Sri Lanka

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Abstract

Sustainability reporting, which comprises economic, environmental, and social performance towards achieving better financial performance, has become a contemporary issue due to the absence of an exact model for evaluating this field. Therefore, this study aims to identify how sustainability reporting influences a firm's financial performance by using the main industries of the bank industry and consumer service industry in the Colombo Stock Exchange (CSE). Further, the study intends to investigate whether there is any difference in the level of sustainability reporting between the two industries and whether there are any changes in the level of sustainability reporting across the period of five years from 2016 to 2020 for the two industries. This study is conducted as quantitative research, and it is collected data through annual reports of listed banking and consumer service industries in the CSE. To measure the sustainability disclosures in annual reports, the study is calculated a sustainability reporting disclosure index based on the Global Reporting Initiative (GRI) guidelines. Return on Assets (ROA) and Return on Equity (ROE) are complementarily considered as the dependent variable which is used as the proxies for financial performance. Descriptive statistics and Panel regression methods are employed in analyzing data of the study using EViews software. The findings of this study will be provided a great contribution to the sustainability reporting literature and to make comparison banking industry and consumer service industry.

Key words: *sustainability reporting, financial performance, Global Reporting Initiative framework, bank industry, consumer service industry, Sri Lanka*