

# **THE IMPACT OF SUSTAINABILITY REPORTING ON FIRMS' FINANCIAL PERFORMANCE IN PRE COVID-19 AND POST COVID-19 PERIOD: EVIDENCE FROM HOTEL INDUSTRY IN SRI LANKA**

**Amalika O.<sup>1</sup> and Tilakasiri K.K.<sup>2</sup>**

<sup>1</sup>*oshinirathnayaka98@gmail.com*; <sup>2</sup>*ktilakasiri@kln.ac.lk*

## **Abstract**

The purpose of this study is to review the literature on the impact of business sustainability on financial performance of 30 listed hotels in Sri Lanka. The prior research findings indicate a positive relationship between corporate sustainability and financial performance that is measured by earning per share, debt to equity ratio, return on equity and current ratio. But using the financial data of listed hotel in Sri Lanka, we study the impact of COVID-19 on corporate performance and we show that COVID-19 has a negative impact on firm performance. The negative impact of COVID-19 on firm performance is more pronounced when a firm's investment scale or sales revenue is smaller. We show, in an additional analysis, that the negative impact of COVID-19 on firm performance is more pronounced in serious-impact areas and industries. These findings are among the first empirical evidence of the association between pandemic and firm performance.

The link between company sustainability policies and financial success is gaining traction in research, although a consensus has yet to emerge. As well as the sustainable practices used by the Sri Lanka hotel Industry are examined in this research. From the perspective of the developing world, sustainability is a relatively under-researched concept, and the research in particular lacks evidence from the Sri Lanka hotel industry.

The Covid-19 pandemic has posed a number of issues for Sri Lanka's hospitality, restaurant, and tourism industries. During the current Covid-19 outbreak, hotel, restaurant, and tourism businesses will be exposed to a number of potential financial hazards. As a result, study is required to determine the influence of Covid-19 on financial performance by evaluating Financial Statements and applying financial ratios.

**Key words:** *Covid-19, Sustainability Reporting Framework, Firms' financial performance, Hotel industry*