

THE IMPACT OF CORPORATE GOVERNANCE ON THE LEVEL OF SUSTAINABILITY REPORTING IN SELECTED SRI LANKAN LISTED COMPANIES

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Abstract

This study aims to analyze the impact of corporate governance on the level of sustainability reporting in Sri Lankan listed companies. Most of the prior research has been devoted to studying the impact of corporate governance on firm performance and only limited research has been undertaken to study the impact of corporate governance on sustainability reporting particularly in the context of developing countries such as Sri Lanka. This gap in the literature provides the rationale for the study. Corporate governance attributes such as Board Size, Board Independence, Frequency of Board Meetings, CSR Committee, and ESG Reporting have been used as independent variables of the study. The sample of the study consists of 50 listed Sri Lankan companies consecutively recognized for their sustainability reports by professional accounting bodies. Data was collected from the sustainability disclosures in the annual reports of the selected companies for the four years from 2017 to 2021.

The state of sustainability reporting for each company for each year was computed by scoring the GRI – GR core disclosures included in annual reports using a one-zero ordinal scoring model. Trend analysis was conducted for each company and all 50 companies based on the calculated state of sustainability disclosure and multiple regressions were conducted to identify the impact of corporate governance on the level of sustainability reporting disclosures of selected companies. The findings of the research will be useful to companies in understanding the importance of corporate governance practices that enhance the sustainability practices of companies.

Key Words: *Board Independence, Frequency of Board Meetings, Board Size, ESG Reporting, GRI Guidelines, Sustainability Reporting.*