

IMPACT OF CORPORATE GOVERNANCE ON INTEGRATED REPORTING QUALITY; EVIDENCE FROM LISTED COMPANIES IN COLOMBO STOCK EXCHANGE IN SRI LANKA

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Abstract

The changing economic and business environment has emphasized the weaknesses of business reporting historical information and financial information. Most investors are currently interested in both financial and non-financial information. As a result, a new business reporting framework named the Integrated Reporting Framework was introduced by the International Integrated Reporting Council (IIRC). This study primarily investigates the impact of corporate governance mechanisms on the integrated reporting quality (IRQ) of the listed companies in Sri Lanka. Adopting integrated reporting practices is not a mandatory requirement in Sri Lanka. However many companies voluntarily adopt to an integrated reporting framework to present and disclose their financial and non-financial information in one comprehensive report. Numerous studies have been done to find the impact of corporate governance on IRQ worldwide. Nevertheless, there is a research gap in the Sri Lankan context. This research uses the IRQ index to measure Integrated Reporting Quality. All the listed companies are considered as the population, and 50 companies were selected as the sample for the study. Data to be collected from annual reports for the period from 2018 to 2021. In this study Pearson correlation analysis, and regression analysis are used to find relationships. Findings will offer a better understanding of the impact of corporate governance mechanisms on integrated reporting quality. Further, the findings will be useful for regulatory bodies to understand the existing level of integrated reporting in Sri Lankan listed companies on the Colombo Stock Exchange, and helpful for developing a common reporting framework. In addition to that, the different other stakeholders, such as present and potential investors, also can use these findings to obtain an understanding of the impact of corporate governance mechanisms on integrated reporting quality.

Keywords: *Corporate governance, Integrated Reporting, Integrated Reporting Quality, Board Size, independence on board, CEO duality, Gender diversity, and audit committee.*