

The relationship between Corporate Governance Levels of the Board and Company's Voluntary Disclosure Level

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The Purpose of this study is to examine the association between corporate governance levels of the board and voluntary disclosure level of Sri Lankan companies. Quantitative approach was used in positivist paradigm as the research approach. Sample of 106 quoted companies (Representing Beverage Food & Tobacco, Diversified, Hotels Travels, & Manufacturing sectors) for the analysis is based on the list of quoted companies in Colombo Stock Exchange (CSE) in Sri Lanka and the sample data has been collected from published annual reports related to 2015/16 accounting period of 106 companies selected. There is a significant relationship between the board governance level and voluntary disclosures in Sri Lankan companies. Thus, higher board governance tends to disclose more disclosures regarding corporate and strategic, financial and capital market, forward looking and corporate social responsibility disclosures. The use of a board governance index to arrive at a general board governance score can possibly cover major underlying relationships of individual board governance attributes. The use of disclosure index which is based on most recent literature with amendments may also omit certain new information items that are disclosed in annual reports. In addition, the distinctive classes of disclosures are solely adapted from foreign studies with amendments. The findings of the research will help policy makers and practitioners in formulating corporate governance policies. However, this research is limited because it focuses on only companies listed on the CSE. The results may therefore not be representative of all companies operating in Sri Lanka. This study produces confirmation of the changing scene of management voluntary disclosure practices embedded in the corporate governance framework in a developing nation with a rising capital market.

Keywords: Corporate Governance, Voluntary disclosure, Annual reports, Sri Lanka