The Impact of Board Characteristics on Sustainability Reporting: Empirical Evidence from Sri Lankan Firms

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Abstract

At the present scenario, Sustainability Reporting plays vital role in financial reporting as it is crucially impact on the growth and continuous development of a firm in certain and equity market. There are several factors influenced on sustainability reporting. Among them board characteristics impact more as disclosure decisions are one of the primary control functions of the board. The purpose of the research is to explore the role played by the board of directors in corporate sustainability reporting among the listed companies in Sri Lanka. Research problem is based on the board characteristics and it is impact on the detailed sustainability reporting. Data collected from the sample of 60 Sri Lankan listed companies over a period of four years (2014-2017), representing practically four business sectors which represent the highest number of companies under sector classification of CSE in 2017. Board size (BS), Board independency (BIND), Dual leadership (DL), Board with female directors (BFD), Board ethnicity (BE) and Impact of ownership structure (OS) were used as the board characteristics. Binary logistic regression is the method which used to analyze the research data. The results reveals that firms which follow a detailed sustainability reporting have larger boards, more female directors and higher portion of independent directors. This study also found that dual leadership, board ethnicity and board ownership have no influenced on detailed sustainability reporting.

This study contributes to provide value addition into the existing literature on this subject by providing sufficient evidences to fill up the gap in the existing literature.

Key Words: Sustainability Reporting, Corporate Governance, Board Characteristics, Agency Theory, Logistic Regression