

## **The Impact of Integrated Reporting on Firm Value and Performance: With Special Reference to the Selected Listed Companies in Sri Lanka**

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### **Abstract**

The changing economic and business environment have emphasized the weaknesses of business reporting historical information and financial information. Most of the investors are currently interested in both financial and non-financial information. As a result, a new business reporting framework called the Integrated Reporting Framework was introduced by the International Integrated Reporting Council (IIRC). This study primarily investigates the impact of integrated reporting (IR) on firm value and performance of the listed companies in Sri Lanka. Even though adopting integrated reporting is not a mandatory requirement in Sri Lanka, most companies voluntarily adopt an integrated reporting framework to present and disclose their financial and non-financial information in one report. Numerous studies have been done to find the impact of IR on firm value and performance worldwide. Nevertheless, there is a research gap based on this in the Sri Lankan context. Hence the purpose of this study is to investigate the impact of IR on firm value and performance for the listed companies in Sri Lanka. This study mainly will test the relationship between the level of compliance to IR and its influence on the firm value and performance of the organizations in order to achieve this purpose. This research will use the return on equity (ROE) and Debt Ratio (DR) to measure the performance of the organization and market price per share to measure the firm value. This study will construct the IR index to measure the level of compliance with IR. This research has used all the listed companies as the population, and 35 companies were selected as the sample out of them for the study. Data will be collected from annual reports for the period from 2015 to 2019. In this study, descriptive analysis, Pearson correlation analysis, and regression analysis are used to analyze the data. Accordingly, the findings of this will offer a better understanding of the influence of integrated reporting has on firm value and performance. Further. The findings of this study will be useful for regulatory bodies to understand the existing level of integrated reporting in Sri Lankan listed companies in the Colombo Stock Exchange, and it will be helpful for developing a new reporting framework. In addition to that, the different other stakeholders, such as present and potential investors, also can use these findings to get an understanding of the impact of integrated reports on the performance and the value of firms.

**Keywords:** firm value, integrated reporting framework, integrated reports, integrated thinking, IR implementation, leverage, performance, profitability,