

## **Sustainability Reporting & Firms' Economic Performance: Evidence from Listed Companies in Sri Lanka**

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### **Abstract**

Sustainability reporting enables (SR) organizations to consider their impacts on a wide range of sustainability issues. This enables them to be more transparent about the risks and opportunities they face. A sustainability report in its basic form is a report about an organization's environmental and social performance. This study aims to investigate how the Sustainability Reporting impacts on Economic Performance of Listed Companies in Sri Lanka.

This research study analyzes secondary data of 45 non-Financial listed companies in Sri Lanka which have published sustainability reports following the G4 sustainability reporting guidelines during the period 2015-2020. The independent variables are Social Performance Disclosures and Environmental Performance Disclosures. These variables are measured by Sustainability Reporting Disclosure Index (SRDI). GRI G4 Guidelines from GRI database are used as the basis of calculating the index. The dependent variable is Tobin's Q (TOBQ) to measure the Economic Performances of the Firms. Correlation and multiple regression with the support of E-Views used as the method of analysis.

The findings of the study reveal that Social Performance Disclosure and Environmental Performance Disclosure have a positive and significant relationships with Firm's Economic Performance. Therefore, overall Sustainability Reporting has a positive and significant relationship with Economic Performances of Non-Financial Listed companies in Sri Lanka. The findings indicate that the firms should engage and disclose social performance and environmental performance to improve the economic performance. These findings will be important to the authorities who are seeking to popularize the application of SR by the companies and managers of the organizations who are strategizing to improve the economic performance. This study makes a contribution to the SR literature.

**Key words:** *Global Reporting Initiative (GRI), Sustainability Reporting Disclosure Index, Tobin's Q, Sustainability Reporting (SR)*