

Impact of Integrated Reporting on Corporate Performance in Sri Lanka

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Abstract

Integrated reporting (IR) has become a new reporting dimension in current financial reporting area. It is a concise communication about an organization's strategy, governance, performance and prospects in the context of its external environment, leading to creation and preservation of value over short, medium and long term.

This research explores how integrated reporting impact on corporate performance of listed companies in Sri Lanka. Objectives of this study include investigating the impact of the level of the IR compliance on the corporate performance and market capitalization across the listed companies in Sri Lanka. IR adopted 40 companies are selected based on stratified sampling method as the sample of the study. Data collected for 5 years from 2016 to 2020 using the annual reports of the sampled companies. Integrated Reporting score is measured using the self-constructed index representing the eight IR content elements from the IIRC framework. Performance explains using the return on equity (ROE), market value, firm size, leverage and growth. The study explores the relationship through descriptive statistics, correlation and regression analysis using E-views software.

The findings revealed that there is a significant impact of return on equity, market value, firm size, leverage, growth on IR. This study contributes empirically and practically to the literature. The results will be of interest to regulators, accounting prepress, investors, Firms of developing countries who have already adopted and seeking to adopt IR in their countries.

Key words: *Integrated Reporting (IR), Return on Equity (ROE), CSE, Sri Lanka*