

Determinants of Strategy Disclosure Quality in Integrated Reports of Listed Companies in Sri Lanka

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Abstract

Investors and other stakeholders are interested in strategy disclosure as part of integrated reporting (IR). Strategy disclosure can be seen as vital information for decision-making. Disclosure of just financial information is not sufficient. The purpose of this research is to investigate at the determinants of the quality of strategy disclosure in IR adopted listed companies in Sri Lanka. Hypotheses are formulated to study the determinants of voluntary strategy disclosure based on a theoretical analysis. Descriptive analysis, Correlation analysis, and Regression analysis are used to test the hypotheses. It is based on a hand-collected dataset with a previously constructed scoring model (strategy disclosure score), which is used to evaluate the quality of strategy disclosure. The sample comprises IR adopted, highest market capitalized 50 listed companies in Sri Lanka for the period 2016 – 2020. The findings indicate that size of a company, firm growth, and capital adequacy all have a significant and positive impact on voluntary strategy disclosure in integrated reports. Companies which demonstrate characteristics of large in size, growing and with capital adequacy disclose more quality information about the strategy of the organization. Firm age, financial leverage, and profitability do not have any impact on voluntary strategy disclosure in integrated reports. This study makes a contribution to strategy disclosure in IR. The findings will be useful to the practitioners and regulators in gaining a better understanding of voluntary strategy disclosures made by IR practicing listed companies in Sri Lanka.

Key words: *Integrated Reporting, Strategy Disclosure, Strategy Disclosure Score*