IMPACT OF SUSTAINABILITY REPORTING ON FIRM FINANCIAL PERFORMANCE OF LISTED MANUFACTURING COMPANIES IN SRI LANKA DURING PRE AND POST COVID 19.

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Abstract

Sustainability reporting (SR) is the disclosure of environmental, social and governance (ESG) goals. It is not a mandatory requirement of many countries as well as Sri Lanka. Although, GRI guidelines are not mandatory disclosure requirements, large number of companies use them. One way of measuring firm performance is by considering their financial performance and it is the best way to analyses firm performance. In Sri Lankan research cannot identify a consistent result on relationship between firm financial performance and sustainability reporting of Manufacturing sector. This study fills the gap of previous studies and will contributes to the existing literature by identifying the significant relationship between firm financial performance and SR during pre and post covid 19. According to the listed manufacturing companies in Sri Lanka, every companies do not disclosure separate sustainability reports. Thus, the study will develop a sustainability scoring model to measure SR with considering the lack of usage of the GRI guidelines of Listed manufacturing companies in Sri Lanka. This research will use the return on equity (ROE) and Return on Assets (ROA) to measure the financial performance of the organization. This study has used all the listed manufacturing companies as the population, and all the Listed manufacturing companies which disclosure sustainability reporting is consider as the sample of the study. Since Sri Lanka had faced with covid 19 during the year 2020 onwards, the analysis will be divided into 2 phases whereby 1st phase will be named as "pre-covid period" from 2015 to 2019 and the 2nd phase will be named as "Post-covid Period" from 2020. In the study, the researcher focuses on secondary data collection technique to gather data and required data will have collected through annual reports and sustainability reports. The study uses some statistical methods to analyse quantitative data which collect from manufacturing companies listed in CSE.Data will be analysed using Descriptive Statistics, Pearson Correlation and Panel Data Regression Analysis. Mean, standard deviation, variance graphs and tables will be used to discuss the

findings, according to the descriptive analysis. Regression analysis used for testing the relationship between environmental, corporate social responsibility and corporate governance disclosures and firm financial performance. Findings of this research helps to take decisions of the stakeholders of manufacturing companies in Sri Lanka. Finally, such information will help the investors, decision makers, regulators, policy makers and scholars to improve their knowledge about sustainable reporting practices.

Keywords: Sustainability reporting, Global Reporting Initiative, return on Assets, return on Equity, Total Assets, Financial Performance, sustainability scoring model, sustainability reports