

## **THE EFFECT OF SOCIAL AND INTELLECTUAL CAPITAL ON FRAUDS: EVIDENCE FROM LISTED COMPANIES IN SRI LANKA**

**Chathuranga M. P. S.<sup>1</sup> and Kaushalya M. D. P.<sup>2</sup>**

<sup>1</sup>*sahanchathuranga199@gmail.com*; <sup>2</sup>*pubuduk@kln.ac.lk*

### **Abstract**

This study aims to assess the relationship between intellectual and social capital and financial statement fraud of Sri Lankan. In other words, this paper seeks to answer the question of “whether the intellectual and social capital can contribute favorably to fraud in financial statements or not. For the study, the multivariate regression model is used for hypothesis testing. Research hypotheses have been examined using a sample of 50 listed firms on the Colombo Stock Exchange during 2017–2021, using the panel data technique-based multivariate regression pattern and fixed-effect model. This study provides helpful information for the users, analysts and legal institutions about intellectual capital and social capital that contributes significantly to the fraud of business units. Moreover, the study results help the development of science and knowledge in this field and fill the existing gap in the literature.

***Keywords*** : *Intellectual capital, Social capital, Fraud in financial statements*