

THE IMPACT OF CORPORATE GOVERNANCE STRUCTURE ON THE QUALITY OF SUSTAINABILITY REPORTING OF FINANCE SECTOR LISTED COMPANIES IN SRI LANKA.

Neranji J.G.T.¹ and Perera P.R.M.R.²

¹tharushi.neranji@gmail.com; ²malinthar@kln.ac.lk

Abstract

Companies, management, and shareholders employ a set of interconnected rules known as corporate governance to regulate their behavior. One of the factors that can be used to explain the wide range of sustainability reporting by organizations is corporate governance structure, whether it takes the form of internal or external procedures. The purpose of this study is to investigate the impact of corporate governance structure on the quality of sustainability reporting from the perspectives of agency theory and resource dependence theory. In this study, stakeholders include the environment, employees, consumers, and shareholders, while elements of corporate governance include the effectiveness of the board of commissioners and family ownership. This study demonstrates how different stakeholder categories and corporate governance structures in finance sector PLCs respond to CSR and consequently affect the quality of sustainability reports. Corporate governance was evaluated in terms of board independence, board size, dual leadership, female directorship, accessibility of the CSR committee, and cross directorship. The degree of sustainability reporting was evaluated in accordance with GRI G4 recommendations. Regression analysis was used to examine the impact of corporate governance structure on the quality of sustainability reporting. Data collected for this study from 250 sustainability reports of Sri Lankan finance companies that are listed in the CSE for the period of 2017 to 2022..

Findings of this study would offer important insights for companies to focus on accepted corporate governance practices to enhance the quality of the Quality of Sustainability Reporting.

Key Words: *corporate governance, sustainability reporting, GRI Guidelines, public listed companies, finance sector.*