

The Impact of Firm-Specific Factors on Environmental, Social and Governance Reporting in Sri Lanka: Evidence from Listed Manufacturing Sector Companies of Colombo Stock Exchange

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Abstract

The main aim of this study is to identify the impact of firm-specific factors on Environmental, Social, and Governance Reporting (ESG) in manufacturing sector companies in the Colombo Stock Exchange (CSE). This paper analyses the relationship between some firm-specific factors and the Environmental, Social, and Governance Reporting in manufacturing sector companies in CSE. This study was based on 29 listed manufacturing sector companies in CSE. The ESG Disclosures in annual reports of the 29 listed companies for the past five years (2018-2022) were analyzed. The state of Environmental, Social, and Governance reporting for each company for each year was computed GRI disclosures included in annual reports using a scoring system developed by Dragmoir (2010) inspired by the GRI guidelines and multiple regressions were conducted to identify the relationship between firm-specific factors and ESG Reporting. Based on this study's research findings, Market Performance and Size of the company positively impact Environmental, Social, and Governance reporting of manufacturing sector companies in CSE. The profitability of the company and Leverage harms the Environmental, Social, and Governance Reporting of manufacturing sector companies in CSE. This research limited only four variables of firm-specific factors and one industry group of the Colombo stock exchange. To the best of the knowledge of researchers, there has been no study conducted before that verifies the Firm Specific Factors' impact on Environmental, Social, and Governance Reporting of manufacturing sector companies in CSE.

Keywords: Environmental, Social and Governance Reporting, Global Reporting Initiative (GRI), Firm Specific Factors