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The Impact of Integrated Reporting Quality on the Financial Performance of Listed Insurance Companies in Sri Lanka

A.S.Yamasinghe[1], S.D.P.Piayananda[2]

Department of Finance, University of Kelaniya, Sri Lanka[1,2]
ashasonali356@gmail.com1, dhanushkap@kln.ac.lk[2]

Abstract

Introduction: Integrated reporting quality (IRQ) is an emerging concept followed by organizations globally. The purpose of the study is to determine the impact of IRQ on the financial performance of Insurance Companies in Sri Lanka.

Methodology: This study considers 11 Insurance companies listed on the Colombo Stock Exchange (CSE) for the period from 2013 to 2022 as the sample. In this regard, secondary data was collected using annual reports. IRQ was employed as an independent variable in this study, with financial performance as the dependent variable. The data is analyzed using descriptive statistics, correlation analysis, and panel regression analysis using return on assets and return on equity as proxies. Data analysis was conducted using STATA statistical software.

Findings: According to the study found that there is no significant relationship between IRQ and the financial performance of insurance companies in Sri Lanka. Independent variables are not correlated with each other, as per the results of the inter-correlation matrix and VIF values. According to Hausman's test random effect model was selected to assess both return on equity and return on assets. The results of the random effect model regression analysis show that IRQ and growth opportunity does not have impact on ROA. Further, IRQ, and Mtb have an insignificant positive impact on ROE at 5% significance level.

Conclusion: The results of this study will help regulators apply IIRF in the Sri Lankan setting and prepare annual reports. The results have ramifications for policy makers and those who produce annual reports because investor relations significantly affects both market and financial performance.

Keywords: Integrated reporting quality; Financial performance; Return on equity; Return on assets; Insurance industry