

Impact of Integrated Reporting on Firm Value of Listed Companies in Consumer Discretionary Sector in Sri Lanka: Analysis of Moderating Effect of External Financing

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Abstract

Introduction: Integrated reporting is new approach to business reporting that is built around the organization's strategy to create and sustain value in the short, medium and long term. This process results in the production of a periodic integrated report, which according to the framework issued by the IIRC. This study aims to investigate the impact of integrated reporting on firm value of listed companies in consumer discretionary sector in Sri Lanka by considering moderating effect of external financing.

Methodology: This research develops an informative outcome, covering 13 consumer discretionary sector companies listed in the Sri Lankan Stock Exchange from 2015 to 2022. The integrated reporting was measured using content analysis with the support of an integrated reporting developed index and, the firm value was measured by Tobin's Q. In analyzing the data, the study adopted the panel regression using Stata -13 software.

Findings: The study results revealed that integrated reporting has an insignificant positive relationship with firm value, and this relationship is not strengthened in firms with higher needs for external financing.

Conclusion: Sri Lankan consumer discretionary sector companies have failed to gain the benefits of integrated reporting yet.

Keywords: Integrated Reporting, Firm Value, External Financing, Content Analysis