

**IMPACT OF VOLUNTARY DISCLOSURES ON FINANCIAL  
PERFORMANCE OF LISTED COMPANIES IN SRI LANKA**



**BY**

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## ABSTRACT

Stakeholder's demands for transparent information have created a challenging disclosure environment for listed companies in Sri Lanka. Therefore, the voluntary disclosure (VD) practices in Sri Lanka have changed dramatically over the last decades. The purpose of this study is to expand the understanding of impact of voluntary disclosure on financial performance of listed companies in Sri Lanka. Although a few studies have been undertaken in Sri Lanka, this study provides new insights about VD in Sri Lankan context. By reviewing 290 companies' annual report published in recent year. Out of them, 41% of (119) companies were selected as sample for this study. Company annual reports from 2017 for independent variables and from 2018 for dependent variables were scrutinized for find the VD and financial performance. Forward-looking information disclosure, general, corporate and strategic information disclosure, intellectual capital information disclosure and socio-environmental and board information disclosure are identified as independent variables financial performance identified as dependent variable for this study.

VD weighted score coding framework was obtained using content analysis of reports of the companies on various component of voluntary disclosure as reported in their annual financial reports. This study employed Return on Assets (ROA) to identify the financial performance. Descriptive Statistics, Frequency Analysis, Pearson Correlation, Simple Regression Analysis and Multiple Regression analysis were used to analyze the data. The study demonstrated that although the level of voluntary disclosure in Sri Lankan listed companies is lower. However, it is acceptable compared to other similar countries. The finding indicated that a statistically significant moderate positive relationship between voluntary disclosure and financial performance which measure in Return on Assets. Moreover, this study has identified that all voluntary disclosure categories such as Forward-looking information disclosure, general corporate and strategic information disclosure, intellectual capital information disclosure and socio-environmental and board information disclosure have significant positive impact on financial performance (ROA). The finding from this research could provide relevant insights to the Sri Lankan listed companies.

**Key words:** Voluntary Disclosure, Financial Performance, Listed Companies, Return on Assets

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