

IMPACT OF THE QUALITY OF CORPORATE SUSTAINABILITY REPORTING ON SHARE PRICES OF COMPANIES

By



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ABSTRACT

The topic of corporate sustainability reporting has seen rapid growth in the past couple of years as more firms are placing a greater emphasis on becoming sustainable. However, the true impact of sustainability reporting quality on firm value has been widely debated, often due to the nature of the qualitative data in sustainability reports.

This research was carried out by the researcher to measure the the impact of the quality of corporate sustainability reporting on share prices of companies. Here theoretical concept of share price and corporate sustainability reporting quality were illustrated. The relationship between corporate sustainability reporting quality and share price were clearly discussed. The summary of the research evidences regarding sustainability reporting quality and share price also was presented.

Researcher has randomly selected some company who are producing sustainability report in their annual reports and research was carried out with 25 listed companies which are listed in Colombo stock exchange. Data were mainly collected by reference to the four years annual reports. This thesis uses a normalized sustainability scoring system to examine the impact of sustainability reporting quality on firm value. In particular, this paper analyzes these effects during four years. The relationship between sustainability reporting quality and share price was identified. Correlation regression and percentage analysis are used for data analyzing. Collected data are presented by using table, scatter diagram, diagram and bar chart.

The ultimate findings of this research indicated positive relationship between sustainability reporting quality and share price ($r = 0.304$). Based on the findings valuable suggestions were provided for the companies to create high quality level of sustainability reports in their organization to achieve sustainable competitive advantage. And also for the further researchers who are doing researches on this kind of study. Therefore, the results of this thesis have important practical uses and serve as a basis for analyzing the effects of corporate sustainability initiatives as this type of reporting becomes more prevalent in the future.

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