



CORPORATE VOLUNTARY DISCLOSURES AND FIRM VALUE: EMPIRICAL EVIDENCE FROM SRI LANKAN LISTED COMPANIES

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ABSTRACT

The purpose of this study is to expand the understanding of corporate voluntary disclosures in Sri Lanka while ascertaining the relationship between corporate voluntary disclosures and firm value. Although a few studies have been undertaken in Sri Lanka, this study provides new insights about voluntary disclosures in Sri Lankan context. Sixty non-financial companies were selected based on market capitalization for the study purpose. Company annual reports from 2009 to 2014 were scrutinized to find the voluntary disclosures. Market related information was gathered from the data library of Colombo Stock Exchange. Panel regression was utilized due to the nature of time series and cross sectional. This study provides the evidence that corporate voluntary disclosures are signified in determining the firm value in Sri Lanka. In addition, leverage and profitability positively influenced to the firm value of Sri Lankan listed companies. Firm size has a negative significant impact towards the firm value. The outcome of this study would encourage developing standards for disclosing information in annual reports and persuading corporate managers to reform disclosure practices. Results of this study might be interested to regulators, investment analysis and market participants. Moreover, the cumulative effect of the major conclusion that are made at the end of this study would help future policy and procedure formulation in order to increase the quality and quantity of voluntary disclosures in Sri Lanka.

Keywords: voluntary disclosure, firm value, Leverage, profitability, firm size