

Impact of Corporate Governance on the Level of Sustainability Reporting of Sri Lankan Listed Companies

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Abstract

This study explores the relationship between corporate governance mechanisms and the level of sustainability reporting in Sri Lankan listed companies. As sustainability reporting becomes increasingly vital in global business, understanding the influence of governance structures on sustainability practices is particularly relevant for developing economies like Sri Lanka. A quantitative approach was adopted, utilizing secondary data collected from annual reports of 100 companies listed on the Colombo Stock Exchange between 2022 and 2024. The analysis was conducted using EViews software, a powerful econometric tool widely used for regression modeling, descriptive analysis, and hypothesis testing. The level of sustainability reporting was assessed using the Global Reporting Initiative (GRI) G4 guidelines, and the data were analyzed through descriptive statistics, correlation, and multiple regression techniques. The findings reveal that CEO duality, board size, and the existence of a CSR committee have a significant positive impact on the level of sustainability reporting. However, board independence did not show a statistically significant influence. These results highlight the importance of active and structured governance practices, especially leadership separation and dedicated CSR oversight, in enhancing sustainability transparency and accountability. The study contributes to the limited body of empirical research on sustainability governance in the Sri Lankan context. It offers practical implications for corporate boards, policymakers, and investors aiming to align governance frameworks with global sustainability standards. Ultimately, it emphasizes the need for companies to go beyond regulatory compliance and embed sustainability into their strategic decision-making processes.

Keywords: corporate governance, CSR committee, GRI guidelines, Sri Lanka, sustainability reporting