THE IMPACT OF FIRM BASED CHAACTERISTICS ON INTELLECTUAL CAPITAL DISCLOSURES: A STUDY ON TOP LISTED COMPANIES IN SRI LANKA

Larojan, C.[1]

[1]Department of Finance and Accountancy, Faculty of Business Studies, Vauniya Campus of the University of Jaffna, Sri Lanka

ABSTRACT

In the today's knowledge based economy, Intellectual Capital (IC) is considered as a strategic asset which determines the value of the company. The objectives of this study are to find out the relationship and impact between the firm based characteristics and Intellectual Capital Disclosure (ICD) practices of listed companies on Colombo Stock Exchange (CSE) for the period of five- years from 2010 to 2014. Content analysis of annual reports as the qualitative method and questionnaire survey as the quantitative method were used. This study is a longitudinal study. Top fifty companies were selected based on market capitalization.The data was analyzed using correlations and panel regression analysis based on pooled regression, fixed effect and random effect. Most of the Sri Lankan listed companies are now being disclosed ICD in text, sentences, pictures, tables and graphs with the core discipline of Global Reporting Initiative (GRI) guidelines in their annual reports. According to the pooled regression analysis, GRI compliance, size and board independence had a positive significant impact on ICD. Other factors such as: industry type, age, profitability, leverage and ownership concentration did not have a significant impact on ICD. This study makes an original contribution as a longitudinal study to the growing body of empirical studies on ICD practices in Sri Lanka.

KEY WORDS: Colombo Stock Exchange (CSE), Global Reporting Initiative (GRI), Intellectual Capital (IC) and Intellectual Capital Disclosure (ICD)