

## **Intellectual Capital Disclosure and Firm Performance: An Evidence from Sri Lankan Listed Banks**

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The demand for disclosure of non-financial information, including the disclosure of intellectual capital, has been increased by its wider users. However, those disclosures are still voluntary since their benefits are vague. The study aims to identify how intellectual capital disclosure influences the firm's financial performance of Sri Lankan listed banks. Intellectual capital is a vital element to service providing organization since it determines the service quality of the firms. Many firms nowadays voluntarily disclose their intellectual capital to signal the market and get legitimacy from society. Therefore, it could improve the firm performance. To ensure that, the study computes the intellectual capital disclosure index of all 11 listed banks throughout 2015-2019 based on the information gathered from annual reports and website. Firm performance was measured in two ways. Return on asset was used to measure the firm financial performance, while Tobin's Q was employed to measure the firms' market performance. Multiple linear regression was used to test the hypotheses of the study. The result reveals that ICD positively influences the return on asset and Tobin's Q. The finding of the study is significant to the policymakers of the banks to ensure the sustainability of the banks, which is vital to the national economy. Besides, knowledge of the benefits of ICD assists the policymakers to develop a framework for ICD to initiate the mandatory practices. Further, it provides evidence to the managers about the positive side of ICDs, which encourages them to focus on more IC development and disclosure. This study also contributes to the existing literature mainly based on the developing context. This study is new since it studied how ICD enhance financial and market performance, especially in the listed banks in Sri Lanka.

**Keywords:** Listed banks; Firm performance; Intellectual capital; Intellectual capital disclosure