

Corporate Governance and Firm Performance

Panditharathna, K. M.¹

This study examines the relationships between corporate governance attributes on firm performance of listed financial sector companies in Sri Lanka. Empirical analysis focused on 56 companies registered in the Colombo Stock Exchange (CSE) covering the industries of banking, finance and insurance for the years 2012, 2013, 2014 and 2015. The study used Ordinary Least Squares (OLS) method to analyze the data. The study finds that relationship between corporate governance and firm performance are not strong. Board size, proportion of independent directors and the proportion of female directors have not significant relationship with performance measures. But board effectiveness has a significant positive relationship with ROE. This study enables to companies to evaluate and restructuring of their board to enhance the performance of the company while contributing to the economic development of the country. Findings of prior study are more focused to the developed countries. This study fills that research gap and contribute to the present literature on corporate governance in the industries of banking finance and insurance.

Keywords: *Board Structure, CSE, Corporate Governance, Firm Performance, Sri Lanka*

¹Department of Commerce and Financial Management, Faculty of Commerce and Management Studies, University of Kelaniya, Sri Lanka