

Corporate Governance and Firm Performance: Empirical Evidence from Selected Listed Companies in Sri Lanka

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Corporate governance practices are very important to the corporates and its impact to the company's performance is much debated areas. Good corporate governance practices enable to reduce the risk of the investors, to attract more investments and to improve the performance of companies. This study analyzed the current context of corporate governance and firm performance in listed companies in Sri Lanka. Data and other reliable information are taken from the audited financial statements and the governance section of annual reports from each selected companies. The sample was obtained from the "business today top 25 companies 2014- 2015" journal article, for the period from 2010 to 2014. Descriptive statistics, Pearson's correlation, regression analysis and analysis of variance were applied to analyze the relationship between corporate governance and firm performance. The results shows that there is a positive relationship between corporate governance practices and ROE and ROA, in the Sri Lankan context. And also it was found that the relationship between number of meetings that hold by the companies and board composition with ROE and ROA is negative, and the relationship between Board committees and Board leadership structure with ROA or ROE is Positive. It is concluded that there is a positive relationship between corporate governance and firm performance in listed companies in Sri Lanka. On the other hand, some corporate governance practices were significantly related with firm performance and some other corporate governance practices were insignificantly related with firm performance.

Keywords: Corporate governance, Firm performance, Board leadership structure, Board composition, Board committees, Board size