

The Impact of Corporate Governance Issue on Business Failure

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Corporate governance is the process to control and direct the companies for long term results. There have been many ways to achieve this via good corporate governance but failure of some big companies raised various questions and issues. This study is motivated by the frequent reforms to strengthen the effectiveness of corporate boards and their oversight committees, in the wake of high profile corporate failures. The empirical question which is tested by this study is enhance board and their committee effectiveness and in this way, reduce the likelihood of firm's failure. This examines whether the lack of capability of achieving the corporate governance perspectives are related to the probability of business failure. Accordingly, the objective of this study is to find out the relationship between Corporate Governance issue and the Business Failure. As the methodology of this study, the all data will be collected through the secondary sources. The corporate governance will be measured by the terms; Accountability, Integrity, Transparency and Efficiency. The Business Failure will be measured by the Working capital to total assets ratio, Leverage of the firm, return on Total assets (ROI), Gearing Ratio, Asset turnover Ratio of the selected firms. The conclusion of this study is; there is a relationship between Corporate Governance issue and the Business Failure. The findings of this study provides a guidance to managements of these companies and existing other listed companies in the Sri Lankan context.

Keywords: Corporate Governance, Business failure, Accountability, Integrity and transparency